THE EFFECT OF THE BALANCED SCORECARD ON ORGANIZATIONAL PERFORMANCE IN THE PUBLIC SECTOR IN KENYA: A CASE OF KENYA BUREAU OF STANDARDS

BY
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UNITED STATES INTERNATIONAL UNIVERSITY

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

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STUDENT’S DECLARATION

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

Signed: ___________________________    Date: ______________________

Elizabeth Mokeira Ondieki (625169)

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

Signed: ___________________________    Date: ______________________

Dr. Paul Katuse

Signed: ___________________________    Date: ______________________

Dean, Chandaria School of Business
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ABSTRACT

The study was carried out at Kenya Bureau of Standards (KEBS), which is a state corporation situated in the Southern part of Nairobi County on Popo road off Mombasa road in South C. The study used a cross sectional descriptive design. From a total population of 700, a sample of 250 was the sample selected using proportionate stratified random sampling method. Data collection was done using a self-administered questionnaire. Informed consent was sought before the questionnaire was administered. The questionnaire was first pre-tested in another government organization, the Kenya power Company where a sample of 20 was used to validate the questionnaire. Data analysis was done using the IBM SPSS® version 23. Presentation of the results from the analysis was done using tables and bar charts. Bi-variate analysis and Pearson’s product-moment correlation co-efficient (r) were used to establish the relationship between dependent variable, performance and the independent variables. Each employee was assigned an employee motivation score generated based on their responses to the questionnaire.

The findings of this study indicated that the four factors under study namely; finance, internal business perspective, innovation and customer perspective; do have an effect on the performance of the organization and on the overall there was good organizational performance at KEBs despite the lack of profitability. On the financial perspective, the study revealed that there was good use of financial resources which promotes organizational performance. This was noted by the fact that there was very good system of financial reporting. Good use of financial resources (β = 0.45, p = 0.04) significantly predicted higher employee perception of organizational performance as shown in the multivariate analysis.

However, the organization was found not to be making any profits. The correlation of between good use of resources and profitability was -0.019 showing that it did not affect the company profitability. The reason for lack of profitability was due to a non-effective cost minimization strategy. The company was not able to meet its financial obligations and this kept it constantly seeking other avenues of revenue. From the study of the internal perspective, it is noted that KEBS provided high quality services to clients not only locally but worldwide and this had promoted organizational performance. Being able to provide good quality services (β = 0.36, p = 0.02) significantly predicted higher
employee perception of organizational. On the aspect of employee and innovation and learning perspective, the study revealed that, the organization accorded employees opportunities for professional development, and the management took the initiative to encourage employees to pursue further studies. Opportunities for professional development ($\beta = 0.43, p = 0.001$) and better remuneration than similar organizations ($\beta = 0.29, p = 0.01$) significantly predicted higher employee perception of organizational performance. The study revealed on the customer perspective that none of the customer perspective variables were related to organizational performance at KEBS. However, the organization was well aware of its customers that included, the employees, the shareholders, external customers covering clients and prospective customers and there was the general public and the government.

In conclusion, good financial reporting; good use of finances leads to shareholder satisfaction and it also impacts positively on the employee perception of the organization; which promotes organizational performance on the overall. Lack of profit is not an impediment to an organization’s performance, as long as the organization seeks new ways to raise revenue through innovation that will enable it to meet its financial obligations. Further, a strong strategic plan is imperative to businesses as it gives guidance and needed focus. A learning organization is a performing organization. This is due to the fact that in learning, skills and new competences are acquired that enhance the performance of employees. Key to this aspect however, was the fact that, despite employees being willing to go acquire more skills, top management have to believe in it and support it.
ACKNOWLEDGEMENT

I would like to acknowledge my supervisor, Dr. Paul Katuse, for his mentorship and guidance in the writing and preparation of this research project. He has provided feedback and critique instrumental to the completion of this work. I would also like to thank the Almighty God for His faithfulness throughout this entire process.
DEDICATION

I dedicate this work to my father, Frederick Naftal Ondieki.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The Balanced Score Card (BSC) is a carefully selected set of quantifiable measures derived from an organization’s strategy and is a management tool with three main elements namely; measurement system, strategic management system and communication (Bremser and Barsky 2004). It was introduced by Robert Kaplan and David Norton in 1992 to comprehensively evaluate performance (Kaplan & Norton, 2015). According to Kaplan and Norton, the BSC provides a logical connection between the Vision, Mission and Strategic Objectives with the desired results in terms of Customer and Stakeholder needs, financial, internal processes and capacity building (learning and growth) which are linked through cause-and-effect relationships (Kaplan & Norton, 2015). The authors explain further that the combination of financial and non-financial measures is a way to measure the success of an organization as well as provide a strategic control model to achieve its vision and strategic objectives (Kaplan & Norton, 2015).

A study by Hoque (2014) shows that, since 1996, the BSC was adopted by nearly half of the Fortune 1000 organizations. The basis for the BSC is the causal linkage of performance measures, both financial and non-financial, from four different perspectives: innovation and learning; internal business; customer; and the financial (Kaplan & Norton, 2015). The system involves four processes which are; clarification and translation the vision, communication, business planning and target setting as well as strategic feedback and learning (Kaplan & Norton, 2015).

As a measurement system, the BSC also allows managers to review tangible results (such as financial measures), as well also intangible assets such as customer perception, innovation, motivation and brand (Christesen, 2008). In addition to that it encourages managers to look at performance in a balanced manner as well as in a causal relationship approach between measurements in order to find the right drivers for a specific outcome. The BSC therefore takes the specific approach structure and components of a performance measurement system hence assurance of more profits to the firm’s activities due to its business efficiency occasioned by the four important balanced perspectives
(Christesen, 2008). For the balanced scorecard to work, (Kaplan and Norton (2015)) suggest that organizations should articulate goals for time, quality, and performance and service while remaining sensitive to the cost of their products in order to build customer confidence and loyalty.

Within the Balanced Scorecard lies an articulation of the linkage between performance measures and business strategy (Khan, Khalique, & Nor, 2014). Once linkages are understood, strategic objectives can be further translated into actionable measures to help organizations improve performance (Kaplan & Norton, 2015).

The internal process perspective aims at identification and improvement of critical internal business processes that yield competitive edge and result in greater customer satisfaction. Usually, the measures in this perspective are taken from those processes that give the highest impact on customer satisfaction and profitability. These measures according to Kaplan and Norton are the key drivers including innovation has become a key driver in the knowledge economy, many organizations have incorporated Innovation in this fourth perspective. A company's ability to innovate, improve and learn ties directly to the company's value. In other words, a company needs to be able to launch new products into the market fast, present more value adds to customers, and continually improve operating efficiencies in order to penetrate new markets and increase revenues and margins (Kaplan & Norton, 2015).

The financial perspective on the other hand measures important especially to the profit oriented organization particularly to the shareholders and investors. Nevertheless, financial measures have also gained some attention among the not-for-profit and public sector management. Previously most government agencies were required to spend completely any budget allocated within a calendar year, hence their performance was measured based on the percentage spent, nowadays, the financial measures are more strategic. This perspective will help the organization address the important concerns of the customers to build continued patronage. Organizations often presume customers’ concerns to be in these four categories namely quality, quantity of performance, product and service, timeliness, and cost. Among others, customer satisfaction has been one of the most consistent measurements whether in private or public sector.
The number of customers or stakeholders that a public sector organization serves determines the public sector’s performance as the financial measures in the BSC relate to financial performance, which is a means to satisfy investors (shareholders, investment firms, bondholders). In the public sector organization, the financial measures are just part of what is needed to please the “investors,” which in this case would be the funding agencies. Taxpayers also require accountability that their tax shillings are being used effectively and efficiently. Therefore, program performance, efficient use of resources, and satisfaction with the service by the public are additional key issues. These facts lead to the sort of hierarchical model for the balanced scorecard.

Various performance indicators (PIs) have been devised by organizations from several different tools and frameworks, such as the Business Excellence Model, Investors in People, charter mark, ISO 9000, the balanced scorecard and benchmarking (del Sordo, Orelli, Padovani, & Gardini, 2012). An alternative list of performance management frameworks was suggested by Lee (2006). The Performance Pyramid, the results and Determinants Matrix, the Balanced Scorecard, the Consistent Performance Measurement System, and the Integrated Performance Measurement System. The common point between the two lists is Kaplan and Norton’s Balanced Scorecard (Kaplan & Norton, 2015).

Today, few investors would disagree that the BSC system is the most influential management related factor affecting the quality of the services consumers receives (Wasatorn, 2012). Such recognition of the importance of highly qualified management system is well reflected in a string of recent public sector reforms. Managers have a very vital role in administering and refining the intellectual capacity of the quality of the services provided by their organizations (Wangari, Anyango, & Wanjau, 2012). The values, knowledge and the managers’ impact instilled to the public, determine the future of the economy and the future of the nationals as they are the citizen to consume the services provided. In order to attain sustainable development, every government strives to achieve consistent improvement in the quality of life for its taxpayers.

Public services in many African countries are confronted with many challenges, which constrain their delivery capacities (Abdalkrim, 2013). This pattern is noted with the Kenya government after years after independence where the country has experienced several challenges in the delivery of services in the public sector. These challenges
include shortages of manpower in terms of numbers and key competencies, lack of appropriate mindsets and the gradual erosion of the ethics and accountability. Public sector reforms meant to address these challenges have achieved minimal results (Niven, 2011).

A full implementation of the BSC in the public sector would therefore change the public sector’s performance thereby contributing to a more detailed history of the public sector’s achievements over years.

In addition to that it is noted that for public sector organizations, financial measures are just part of what is needed to please the “investors,” which in this case would be the funding agencies. This forgets the act that taxpayers also require accountability that their tax shillings are being used effectively and efficiently and also demand program performance, efficient use of resources, and give satisfactory service to the public.

In 1993 the Kenyan government launched the Civil Service Reform Programme to enhance Public Service efficiency and productivity (Hope Sr & others, 2013). The reforms were expected to facilitate equitable wealth distribution necessary for poverty alleviation and create an enabling environment for investment and enhanced private sector growth. Although the reforms seem to have contributed to the improvement of the public sector operations, the sector has not yet met the government’s strategic plans on improving the services delivered to the citizens.

1.2 Statement of the Problem

The Public sector also plays a leading role in the effective delivery of public services that are essential to the functioning of a state economy. The challenge however, has always been how to evaluate the performance of public sector organizations. With the increasing pressure for transparency, accountability and efficiency from the public and other stakeholders, it has become apparent that an evaluation method has to be implemented (Al Sawalqa, Holloway, & Alam, 2011). It is also noted that performance in the public sector is noted to be ineffective due to self interest service from the public sector officers unlike the private sector where focus is primarily on shareholder value.

However, just like any other private organization has a number of audiences interested in its performance, the public sector has even a larger spectrum of audience as it serves both
public and private sector which include the central government, donor countries and partners, the local citizens and the employees in these organizations. These audiences have been interested in getting information on the performance of the organization where they expect quality services. In view of this, the public sector organizations have increased their use of performance indicators [PI] as a tool for monitoring, managing and measuring performance.

In view of this organizations, especially in the public sector, have created strategic plans but don’t put it to use because they seem to have more urgent issues to deal with in the daily running of the organization. This situation therefore justifies the use of the Balanced Scorecard (BSC) a critical step in the strategic process implementation. In addition to that the balanced scorecard gives the organization feedback to know how well they are achieving their strategic direction.

In Kenya, most government institutions, KEBS included, have undergone the same problems as any other public sector organization towards the implementation and utilization of the BSC system. Its operations can be upgraded through the use of the BSC system which has never been fully employed due to the organization’s management reluctance on administering the revenue collection and allocation. This situation calls for implementation of more policies that would increase the public sector’s performance. Hence the purpose of this study to assess the effect of the balance scorecard on organizational performance in the public sector in Kenya with specific reference to KEBS with a view to giving solutions to its under bar performance.

1.3 Purpose of the Study

The purpose of this study was to assess the effect of the balance scorecard on organizational performance in the public sector in Kenya particularly at KEBS

1.4 Research Questions

This study seeks to answer the following questions:

1.4.1 How does financial perspective measurement affect performance in Public sector particularly at KEBS?
1.4.2 How does learning and development (internal business perspective) affect performance in Public sector particularly at KEBS?

1.4.3 How does stakeholder (customer) involvement affect organizational performance particularly at KEBS?

1.4.4 How does employee involvement affect organizational performance in the public sector in Kenya as a result of BSC particularly at KEBS?

1.5 Importance/ Significance of the Study

1.5.1 Policy Makers

The results of this study would be valuable to policy makers like KEBS, government parastatals, and public service organizations and other stakeholders concerned with implementing and improvement of public sector reforms for efficient, effective and ethical service delivery to the citizens.

This will make the Public sector to be proactive as the tax payers right to decent service would not allow it to remain passive to the ever changing and dynamic environment that has made it struggle with satisfying their stakeholders. Lack of complete insight into the organization’s capabilities results in imprecise goals that lead to serious limitation in achieving organizational goals. Therefore, selecting an appropriate set of strategies founded on the thorough understanding of the organization’s absorptive capacity and the high-end communication technology is not a luxury any more.

1.5.2 KEBS

The study will give direction to the management on the best practice to access the organization at once without having too many fragmented reports which will be easier for board presentation. The HR department will benefit as this will form the basis fro performance review that will be all round. The study will therefore influence KEBS policy on performance management and enlist a review of the same.
1.5.3 Organizations

This study will influence the process of performance reviews for both staff and the organization in general and will therefore influence policy review on the same.

1.5.4 Academia

The study gives insights to the academia on effectiveness of the BSC in dealing with inefficiency in the public sector. It also forms a foundation for further research. Additional research would therefore provide further evidence on the levels of efficiency of the BSC as a tool of evaluating performance and strategy implementation in organizations.

1.5.5 Policy

This study will positively influence the current policy on the public reform strategy in Kenya causing a review of the same.

1.5.6 General public

The study will influence the public service performance strategy integrating the BSC as part of its agenda. In view of that, the general public as customers will be part and parcel of the performance review as they will get to influence it by their opinion causing review for improvement. The study will also give them an insight to excellent service making them demand for the same.

1.6 Scope of the Study

This paper aims to contribute to the understanding of the factors that affect BSC application in the public sector, with specific focus on the Kenya Bureau of Standards (KEBS). The study covers only one state corporation, the KEBS leaving out other state corporations, government ministries and private businesses in Kenya that the result is to affect. The questionnaire will only be administered at the KEBS in Kenya.

1.7 Definition of Terms

1.7.1 Balance Score Card

The Balanced Scorecard [BSC] is a strategic planning tool developed by Kaplan and Norton as a response to the assumption that organizations only exist to satisfy
stockholders (Kaplan & Norton, 2015). It is based on a four dimensional framework, where each dimension represents a different set of stakeholders: Learning and Growth; Internal Business Processes; Customers; and Finance (Kaplan & Norton, 2015). It is an innovative approach to performance measurement (Mackay, 2005).

1.7.2 Culture

Culture is the foundation of the social order that we live in as it dictates how we perceive, feel and act in a given society, organization or occupation (Schein, 2010)

1.7.3 Employee

An employee is a person who is hired for a wage, salary, fee or payment to perform work for an employer (The Labour Relations Act, 2007)

1.7.4 Involvement

Involvement refers to the participation in decision making in whatever form either by giving views, or through workshop participation, project initiatives or advisory groups (Tresder, 1997)

1.7.5 Organizational Performance

Organizational performance comprises of the actual output or results of an organization as measured against its intended outputs. The three specific areas of firm outcome are (a) Financial Performance (b) Product market performance (c) shareholder return (Abdalkrim, 2013).

1.7.6 Organizational culture

Organizational culture refers to a to a series of attitudes and behaviors adopted by employees of a certain organization, which affect its function and total well-being (Belias, Koustelios, Vairaktarakis, & Sdrolias, 2015)

17.7 Public sector

Public sector refers to no profit community enterprise owned by the government to serve the community (Lienert, 2009)
1.7.8 Stakeholder

A stakeholder is anybody who can be affected by the situation or company or can affect the situation or company (Boutilier, 2012)

1.7.9 Stakeholder involvement

Stakeholder involvement is a process that allows stakeholders to participate in decision making on the projects that affect them (IFC, 2007)

1.7.10 Strategic planning

Strategic planning is the process of defining an organization’s plans for achieving its mission (Gates, 2010)

1.8 Chapter Summary

This chapter entailed the introduction, statement of the problem, research objective, research questions, and significance of the study, scope of the study and definition of terms. This will be followed by four more chapters and each will address the following: chapter two will deal with the literature review the empirical studies done on the subject of balanced score card followed by chapter three which will outline the study design, state the tools to be used plus ethical matters concerning the study while chapter four will give an analysis of the data and presents its results. Chapter five will discussion the findings in line with other studies done on the matter and it give the conclusions and recommendations as well as future research resulting from the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter examines and summarizes information from other researchers on the subject under study. The study specifically covers the theoretical discussions, history of the balance score method, it then discusses the components of the BSC as guided by the four main research questions which based on the four components of the balanced score card namely; financial perspective measurement, internal business perspective measurement; employee innovation and learning perspective measurement and customer perspective measurement and their effect on organizational performance in the public sector in Kenya as a result of BSC particularly at KEBS and ends by discussing the organizational performance and public sector.

2.2 The financial perspective and organization performance

The financial perspective, according to Mackay (2005), encompasses the objectives and performance measures associated with the shareholders’ perception and expectation of the organization. Christesen (2008) and Isoraite (2008) posit that the financial measure reveals the organizations past performance and may fail to give the status and predict the future and it does not cover the intangible assets of the organization.

In the financial perspectives the questions to consider include how to succeed financially, how the company will appear to our shareholders and it involves financial ratios and various cash flow measures to enable the company minimize cost of doing business through effective programme delivery and maximization of revenue and aims to deliver maximum to the customer at minimal cost (Isoraite, 2008; Kairu, Wafula, Okaka, Odera, & Akerele, 2013).

According to (Kairu et al., 2013)The financial measures also reveal whether measures indicate whether the organization’s strategy implementation and execution are contributing to improvement of the bottom-line. The performance measures for this perspective include; improved cost structure and increased assets utilization using the
productivity improvement strategy, enhanced customer value and expanded revenue opportunities through revenue growth strategies (Kairu et al., 2013).

2.2.1 Improve Cost Structure and Increased Assets Utilization

Mourafetis & Kamat (2014) posit organizations need an effective assets management strategy to manage both the people and operations for improved assets utilization to enable them to reap the benefits of cost reduction. They state that this requires a four step process that include; assets identification and measurement, have an asset vision for the future, develop work streams to align and prioritize actions and ensure deliver productivity results through enterprise asset management (EAM) integration and value analysis/value engineering (Mourafetis & Kamat, 2014).

Concerning the step of assets identification and measurement, the authors explain that the top management must ask three fundamental questions as follows; how often the asset is in use (utilization), how well the asset works (Reliability) and how much it costs to use the asset (unit cost) plus development of an performance index to measure the asset. A study by Lopes and Rodrigues (2007) revealed that assets, particularly intangible assets are associated with expected future returns because they have the capacity to give the company competitive advantage and they include, patents, knowledge.

For asset vision and the future Mourafetis & Kamat (2014) recommend that companies benchmark with the best to enable them set realistic targets for the future based on their capabilities, top management should create teams to redesign workflows for improvement and also enlist buy in from staff by collaboration with them. Bench marking is crucial as it has benefits of providing a systematic approach to quality improvement, establishes the extent of improvement required, brings an external focus to internal activities, uses existing knowledge about the effectiveness of particular processes, identifies new ideas and innovative approaches, demystifies, encourages and provides a framework for change, enables the incorporation of ‘best practices’ into one’s organization, decreases subjectivity in decision-making by basing it on hard data, helps create a learning organization and promotes contacts and networks (Stella & Woodhouse, 2007).

The authors add that bench marking influences policy and program development that enables policymakers to develop more effective methods for improvement (Stella & Woodhouse, 2007). In addition to that a study in Indonesia by Irawanto (2015) showed
that when there is collaboration between top management and employees, motivation to perform increased.

Development of work streams on the other hand, involve identification of factors that lead to time loss (Mourafetis & Kamat, 2014). Additionally, each work stream must have a detailed work plan which is then assigned to champions for review of performance periodically to an assets management team that gives report to the asset management committee and finally to senior management (Mourafetis & Kamat, 2014). Finally, is delivering productivity results through enterprise asset management (EAM) integration and value analysis and value engineering (Mourafetis & Kamat, 2014). This process, the authors state, must involve identification of what really matters in the process then develop processes for repair and testing, establish improvement councils to develop and install critical success factors, and a quality council to eliminate defects. In addition to that, there should be detailed road maps and timelines aligned to strategies for efficiency in asset utilization and achievement of set goals including a long term goal to reduce capital investments (Mourafetis & Kamat, 2014). The authors recommend integration with EAM for sustainability and value engineering overtime (Mourafetis & Kamat, 2014).

2.2.2 Enhanced Customer Value

Yamamoto (2007) defines customer value as the difference between the values the customer gains from owning and using a product and the cost of obtaining the product and it covers the total sum of product value, services value, personnel value and image value. The theory of consumption value according to Yamamoto (2007), must cover five consumption values namely, functional, social, emotional, epistemic and conditional which influence customer choice before buying the goods or services and in view of that, Yamato says, a company must have a value philosophy (Yamamoto, 2007).

With the current competitive business environment of rapid development of technology, constant emerging of new products and high customer expectation due to available information and skills demands at companies commit themselves to “design, manufacture and deliver products, and to provide customers with value beyond the competitors, they can obtain a competitive advantage for sustainable development in the fierce market.
competition”(Li, 2009). This, the author adds, expands and develops customer satisfaction and customer loyalty in the new situation of market competition (Li, 2009).

To gain that competitive advantage Li states that organizations must use the cost and price strategy but most importantly they must take into account the evolvement of customer expectations, new entrants in the market who create new value positioning and may sway the customers, appreciate that old method of work must change, be proactive, aim for constant improvement of competitiveness and mode of operation to meet the new requirements of the customer value positioning, take note that customers prefer up to date modern products, cost effective products and services, want to get exactly what they need, aim to be the first to enter the market, be innovative, control costs and improve quality, customize aim for brand loyalty, be a learning organization, and adopt a good organization culture(Li, 2009).

2.2.3 Expand Revenue Opportunities

Information Builders (2012) assert that revenue is about information how the organizations collects, cleanses, correlates, and analyzes its information, dictates its revenue because data is now the basis of competition and growth for individual firms. The author recommends eight steps to expand revenue using information and they include, sentiment analysis that requires the organization to have knowledge of what the customer thinks and how they feel about their company, its offerings, and its competitors; must master data management to obtain a fully unified view of all customers’ activities across product and service lines, as well as various service and support touch points to be able to sell to them.

Other strategies include: customer-Facing Business Intelligence (BI) that requires companies to expand their business intelligence beyond their enterprise to build trust and collaborative partnerships. This is so BI is said so because comprehend, forecast, and affect the conduct of their customers and it assists organizations to plan, assess and supervise their supply chains with the goal of achieving overall performance improvement in the businesses. A study by Aberdeen group in 2009, established that 53% of the best in class firms relied heavily on customer data for marketing and that 20 % of the top performing organizations were to reliance on customer service, sales, and service operations(White, 2010). The study established that collection of data on customers,
interacting with them, and taking note of their behaviour and using the same information, drives company sales and marketing performance operations (White, 2010).

Additionally, price simulation by use of elasticity of demand across different customer segments for various product and brand attributes is another strategy used to expand revenues (Information Builders, 2012). This strategy enables the company to drive pricing, discounting, and promotion decisions that maximize profitability and a study by established that frequent customers were more price sensitive when choosing between brands and when deciding whether to purchase (Andreeva, Cortiñas, & Elorz, 2010). Additionally, Arce-Urriza, Cebollada, and Tarira (2017), established that, frequent customers who shop offline are the most promotion-sensitive, and therefore the ideal target segment for a multichannel retailer’s promotion. However they give a rider that benefits verses costs would depend on the level of heterogeneity amongst the consumers within the segment (Arce-Urriza et al., 2017).

Predictive analysis is another strategy, which is a method that collects data at various touch points for customers to assist in identifying factors that have the greatest positive or negative impact on income to enable creation of more informed revenue generation plans to be put into place. This is attributed to the fact that the process helps the organization to reduce risk, identify fraud and pursue new revenue opportunities. An evaluation by IDC on firms that use predictive analytics established that an asset management firm can increase its rate in marketing offer acceptance by 300%, while an insurance company can be able to identify fraudulent claims 30 days faster than before and a manufacturer can be able to anticipate equipment maintenance issues (Vesset & Morris, 2011). Additionally, they revealed that a bank using predictive analytics can identify 50% of fraud cases within the first hour while a communications firm can increase its customer satisfaction by 53% based on the net promoter score (Vesset & Morris, 2011).

Finally, there is the Mobile Business Intelligence (BI) method where customers interact with their vendors enables sales teams to sell more effectively and finally, data quality management for efficient and cost effective operations for success (Information Builders, 2012). This is so because, Mobile BI allows for the real-time distribution of metrics through email, messaging systems and/or interactive displays (Ranjan, 2009). In the long run, Mobile BI enables companies to can eliminate a lot of guesswork within an organization, enhance communication within departments and help to coordinate
activities as well as enabling quick response by companies to changes in their financial conditions, customer preferences, and supply chain operations thereby improving the overall performance of the firm (Ranjan, 2009).

2.3 Learning and Development and Organizational performance

Training is the planned efforts by an organization to facilitate employee’s learning of job related competencies that include knowledge, skills or behaviors that are critical for successful job performance. Training and development help to optimize the use of human resource in the endeavour to achieve the organizational goals as well as their individual goals (Osibanjo, Abiodun, & Adeniji, 2014).

Additionally, training helps to develop and improve the organizational culture by building positive perception and feelings about the organization, creates better corporate image, that aids in organizational development because of more effective in decision making and problem solving acquired skills (Osibanjo et al., 2014).

Training and development demonstrates a commitment to keeping employees on the forefront of knowledge and practice (Osibanjo et al., 2014). Precise information and applicable knowledge made available via training and development assists performance, but erroneous information and irrational knowledge does the opposite (Levinthal & Rerup, 2006).

2.3.1 Organizational Culture and Training and Development

O’Reilly and Tushman (2013) stated that organizational culture lies at the heart of organizational norms that reflects the influence of organizational culture on creativity and innovation. It also plays an important role in creating an environment that enables learning and innovation to enable response to challenges, competitive threats or new opportunities (O’Reilly & Tushman, 2013). In view of this, managers should aim to create and influence an adaptive culture that enables training and development programs to avail the opportunities (Daft & Marcic, 2006).

Sussman and Siegal (2003), added that gaining competitive advantage through training and development, helps to integrate the organizational culture and social presence. Brooks and Muyia Nafukho, (2006) add that organizational development leads to
improved sustainability because it results in employee commitment in norms, values and objectives and continuous learning environment (Brooks & Muyia Nafukho, 2006). Thus, the loyalty of employee relies upon knowledge and awareness of culture that improves behavior of organization (Brooks & Muyia Nafukho, 2006).

Studies done on the four contributions on culture namely; power distance, individualism, uncertainty avoidance and masculinity revealed the competitive advantage of an organization is attained through strong association and establishment of culture which helps in measuring limitation to overcome performance measurement (Rousseau, Ho, & Greenberg, 2006).

Creativity and innovation also trigger the performance of employees and facilitated by organizational culture which training and development programs provide. O’Reilly and Tushman (2013) stated that organizational culture lies at the heart of organizational norms that reflects the influence of organizational culture on creativity and innovation. It also plays an important role in creating such an environment that enables learning and innovative response to challenges, competitive threats or new opportunities. Thus, creating and influencing an adaptive culture is one of a manager’s most important jobs and which training and development programs avail the opportunities (Daft & Marcic, 2006).

Precise information and applicable knowledge usually made available via training and development always assist performance, whereas erroneous information and irrational knowledge are likely to do the opposite (Levinthal & Rerup, 2006). Additionally, cultures provide cognitive frameworks through which people interpret what they observe and experience and provide language and referents to use in communicating with others (Yu & Wu, 2009). Culture through the different training and development activities contribute schemes and scripts that can affect performance by providing preexisting ways of understanding what is occurring, how to evaluate it and what sequences of actions are appropriate to the situation (Noe, 2010). However, Sussman and Siegal (2003), asserted gaining competitive advantage which surrounds knowledge adoption and helps to integrate the organizational culture and social presence can actually explain information sharing process which comes via training and development programs.

2.3.2 Employee Attitude
Employee attitude has been found to play a vital role in determining organizational performance in the long run because it could lead to the desired employees’ behavior and attitude that are needed in order to achieve the objective, mission and vision of the organization (Barma & Gupta, 2015; Omar, Fauzi, Zakaria, & Mohamed, 2015). Kreitner and Kinicki (2013), stated that attitude could be defined as ‘a learned predisposition to respond in consistently favorable and unfavorable manner with respect to a given object’. Moreover, Moorhead and Griffin (1992) suggested that attitude could arise from three major factors namely organizational factors, group factors and personal factors.

Organizational culture is one of the organizational factors and it involves shared values, beliefs, or perceptions held by employees within an organization (Tsai, 2011). There are four cultural namely; uncertainty avoidance versus risk taking; individualism-collectivism, masculinity/femininity and power distance, or the extent to which power is unequally distributed and they explain the different cultural orientations amongst the employees (Saari & Judge, 2004). Tsai (2011) established in a study that organizational cultures were significantly correlated with leadership behavior and job satisfaction irrespective of the work environment. It is therefore imperative that management takes note of these and their relation to variables of job satisfaction and job performance to mitigate the negative impact.

These cultural values and human resource development programs are consistent with organizational chosen strategies that led to successful organizations (Schein, 2010). The organizational culture is outlined in Schein (2010) as overall phenomenon of the organization such as natural settings, the rite and rituals, climate, values and programs of the company e.g. performance management, training and development, recruitment and selection.

Organizational training is yet another organizational factor that affects employee attitude and Truitt (2011) established that training plays a role in shaping employee attitude in that those employees who had positive training experience and attitude had great proficiency at work as opposed to those who did not and Saari and Judge (2004, p. 1) contend that happy employees are productive employees’. Other organizational factors include, leadership or management style, human resource management, managers characteristics as well as performance management system (Saari & Judge, 2004).
The personal factors that affect employee attitude on the other hand, involve one’s disposition and temperament as well as perception for the job itself (Saari & Judge, 2004). Group factors involve; characteristics the employee, experience of the job, desire to help, emotional personality, attitudes to change, experience of outcomes, recognition by manager, employee drive, level of education, level of activity, and their degree of power that they have in the organization (Devadass, 2011).

Barsade, Brief, Spataro, and Greenberg (2003) believe that the tendencies to behave in a certain way is the attribute to the work-related attitude and thus they describe attitudes as the stable clusters of beliefs, feelings and behavioral tendencies directed towards some aspects of the external world. Thus, there are reasons why managers should care about employee attitude. Employee attitudes are associated with many vital aspects of organizational behavior such as job performance. Mowday, Porter, and Steers (2013), show a negative relationship between job satisfaction, absenteeism, and turnover. However, positive attitudes should occur when the workers have high job satisfaction towards job factors such as opportunity for promotion and recognition (Mowday et al., 2013). Saari and Judge (2004) stated that management must be able to understand the relationship between business performance and work environment through the employee attitude.

The review reveals that the internal and external factors that affect the working environment enhances the employees’ capabilities to the fullest. Thus, human resource personnel will be able to identify the consequences, and the causes of the work-related attitude because it would influence the morale of the employees hence their output which finally impacts on organizational performance.

### 2.3.3 Job Satisfaction

Job satisfaction is defined as ‘a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience (García-Bernal, Gargallo-Castel, Marzo-Navarro, & Rivera-Torres, 2005). In simple terms, it is how an employee is contended with the job (Parvin & Kabir, 2011). Therefore, it encompasses feelings, cognition or thinking (García-Bernal et al., 2005). Employees view their work with emotional feelings of likes or dislikes which could contribute to job satisfaction (García-Bernal et al., 2005). The childhood temperament or childhood experience was identified as having certain impact
correlation towards job satisfaction up to a period of forty years (Park, Seo, Park, Bettini, & Smith, 2016). Thus, the person’s character affecting job satisfaction is not known and has represented a gap in the literature.

Other aspects that affect job satisfaction include, character differences (Park et al., 2016), perception, (Bono & Judge, 2003; Rowden & Conine Jr, 2005) and the facet of the job itself (Judge & Klinger, 2008). Other factors include; pay, perceived fairness of promotion system in the company, supervision (Judge & Klinger, 2008). However, for the employees, Job satisfaction (JS) is a spill-over of their own life satisfaction, their wellbeing, complexity of the job in terms of tasks, challenge, clarity of job description or requirements and employee attitude as revealed is a study of 300 companies (Parvin & Kabir, 2011; Saari & Judge, 2004).

Additionally, other factors that affect employee job satisfaction include; benefits, the quality of the working conditions, leadership, and social relationships (Parvin & Kabir, 2011). In their study, Parvin and Kabir (2011) established that employee job satisfaction can improve service quality as well as increase employee satisfaction and recommended that top management and senior managers need to pay attention to the factors that influence employee job satisfaction for them to improve their business performances (Parvin & Kabir, 2011). Key factors have been established that impact on employee satisfaction and they include; work conditions and physical work environment, fairness in terms of competitive environment, treatment, compensation, work hours; promotion, promotion, and pay (A. H. Khan & Aleem, 2014; Parvin & Kabir, 2011).

Employee job satisfaction is important to an organization because it determines the quality of work and attitudes that employees have towards their work, which ultimately assures the survival of the business and would aid in attaining a competitive advantage (Parvin & Kabir, 2011; Wright, 2006). Job satisfaction affects employees and organizations and it denotes an employee’s subjective assessment of his or her job (Hülsheger, Alberts, Feinholdt, & Lang, 2013; Millán, Hessels, Thurik, & Aguado, 2013).

Furthermore, Job satisfaction and organizational commitment are two of the most prominent work attitudes examined in work and organizational literature. Organizational commitment results in employee loyalty to an organization, which is important because of the need to retain a strong workforce (Pool & Pool, 2007). Cole and Brunch (2006) stated
that the relationship between employees and an organization influence their attitude and behavior. This relationship is referred to as organizational commitment (Cole & Brunch, 2006).

In view of the findings in their study, Parvin and Kabir (2011) recommended that for organizations to ensure performance improvement, they should endeavour to create employee job satisfaction by ensure favorable work conditions with effective communication and good interpersonal relations, improve the pay in terms of salary packages, have shifts where possible to reduce work load, ensure fairness by rewarding performance using performance appraisal system to evaluate employee performances and service quality, train employees to equip with proper skills and increase capacity to avoid heavy workloads and prepare them for future growth in the organization (Parvin & Kabir, 2011).

2.4 Stakeholder involvement and organizational Performance

King III, (2009) states that stakeholder involvement is a concept that embraces inclusiveness due to the many parties that have stakes in the company by virtue of the fact that they can affect or be affected by the company. Examples include shareholders, creditors, suppliers, contractors, lenders, customers, regulators, employees, the media, analysts, consumers, auditors and potential investors to mention a few and they be in the form of groups or individuals (King III, 2009).

The report adds that management should; manage the stakeholder relationships proactively, have in policy a policy to manage its stakeholders, should meet with stakeholders and communicate with them from time to time, strive to achieve the correct balance between its various stakeholder groupings, in order to advance the interests of the company, ensure the equitable treatment of shareholders, maintain transparent and effective communication is important for building and maintaining relationships and promote mutual respect between the company and its stakeholders (King III, 2009).

For the various stakeholders, the report recommends strategies for each as follows: - monitor for suppliers as daily and not a one-off event and involving everybody in the organization because its element is the relationship management with transparent and effective communication to manage those relationships (CIPS, 2013; King III, 2009). The company must ensure first and foremost that interest of all stakeholders are taken care of
Other elements in the monitoring include; supplier growth, market share and financial standing to keep the profile of the key suppliers done through regular meetings (CIPS, 2013). Further to that is ensuring balance between the varied stakeholder groupings to achieve company goals, engage the all stakeholders constructively and have mutual respect between them (King III, 2009).

The other strategy is pay creditors on time to avoid consequences that accrue due to late payments to the creditors, maintain good employee relationships with employees, and recognize the government as a stakeholder, appreciate external auditors for adding value to the company and should maintain mutual respect between the company and the external auditors, management should guide reputational risk in as far as the customers are concerned in relation to provision of products and services, as for the industry the company should promote sustainability and have a policy in place for the same, for local communities the company should avoid conflict of interest and guard its reputation as well as promote social involvement besides concerns for profitability and economic efficiency because a positive relationship with the community is important for the company’s survival (King III, 2009).

Concerning the media, the report says that the company should avoid sensational report but aim to give accurate information, for regulators the company should aim for compliance and the company should have clear ad transparent disclosure for potential investors and should maintain high standards for corporate governance, board integrity and exhibit confidence in the company business(King III, 2009). In the vent of disputes the board should ensure mechanisms are in place to handle the same with a clear policy to do so (King III, 2009).

The above scenario aims for good stakeholder relationship and according to Choi and Wang (2009) it is positive for the company because the type of relationship keeps the company at the top, which has a ripple effect of employees work harder, or customers buying more products or pay more for them resulting in good organizational performance. The study by Choi & Wang, (2009) revealed that good stakeholder relations were a key factor in sustaining above average financial performance and stakeholder relations were unique in that they help firms bounce back to ‘normal’ levels more quickly following problems.
In view of that Rensburg & De Beer (2011) that stakeholders must now be part of the decision making process and they recommend that communication in the organization should be customer focused to communicate strategic information. This involves stakeholders participation in organizational strategy formulation and planning process as the end users (Eden & Ackermann, 2013). Still, the role of stakeholders and performance measurement has been little discussed (Chin, 2004). The issue of who is seen as the end user of the performance measurement information generated has received little attention and yet, particularly in the public sector, is of critical importance.

Applying a stakeholder conception of organizations as opposed to the more traditional input output perspective implies adhering to a belief where all actors are involved with an organization to obtain benefits. This differs from the input-output model that illustrates how certain factors contribute input which the black box of an organization converts to benefits for its customers (Donaldson & Preston, 1995; Scott, Davis, & others, 2015). Stakeholder theory is primarily a management instrument. The attributes power, urgency and legitimacy of claims define an organization's stakeholders. Power and urgency must be attended to if managers are to serve the legal and moral interests of legitimate stakeholders (Mitchell, Agle, & Wood, 1997).

Stakeholder theory thus contains methods for identifying and managing’ stakeholders. King III (2009) recommends that organization take stock of the interest of all its stakeholders in its decision-making process. The idea that organizations have stakeholders, has become commonplace in management literature. Also, studies of health care organization embrace the logic of stakeholder theory (Brugha & Varvasovszky, 2000). Stakeholder theory has been applied in various settings to support strategy development and implementation. The public-sector performance measurement problem is complicated by the existence of many stakeholders with multiple views of what good performance means.

However, even though most public-sector managers perform their tasks for different ends as opposed to their private-sector counterparts their decisions have the same capacity of affecting individuals or groups when pursuing their organization's objective (Brugha & Varvasovszky, 2000). Just as in the private sector the public managers and their governmental organizations can be affected themselves by others as a consequence of their own decision-making (Kamal, Weerakkody, & Irani, 2011). In other words,
Freeman's stakeholder definition applies to managerial decision-making also in a governmental context.

A study by Murimi and Omondi (2014) established that stakeholders are import in an organization in that they are the ones who chart out the roadmap for the focus the actions, policies, priorities and resources in order to achieve its mission and strategic goals, thy are also involved in company strategy implementation and also point areas that need improvement. This is so because products and services of the company are made to meet customer needs and words as dictated by the market research and improvements made are done to appeal to customer complaints.

Additionally, the stakeholder in form of leadership, impact the performance by way of leadership style, as well as experience, skills, and competences (Murimi & Omondi, 2014). Stakeholders are also required for the successful implementation of the strategy because they support it after buy in and give resources for the same li; for example, the board or the government (Ndili, 2013). They are also in charge of formulating the policies that control the business environment (Ndili, 2013). In view of this it is important for organizations to carry out a stakeholder analysis to establish the strengths of each stakeholder and what their needs and wants are but also what they bring on board to aid the business (McElvaney & Foster, 2014). Key aspects in stakeholder involvement is for organizations to ensure adequate stakeholder involvement, build stakeholder confidence in the business which involves a lot of negotiations, recognize and integrate community values, and keep the participants stimulated and willing to be engaged for the project’s duration (McElvaney & Foster, 2014).

Furthermore, McElvaney and Foster (2014) states that there are key issues in stakeholder involvement are that most people resist change if they don’t believe it is of value to change the status quo, change is change is inevitable noting that the most successful human systems are those created to adapt to change, cultures do not change easily in general particularly those that have existed for a long time, change potentially threatens the stability of the whole system and hence perceived as dangerous, possible changes can be perceived as a threat to a person’s sense of self, there is resistance to change when the People don’t understand the processes of change, and finally, change that is imposed is strongly resisted but they support it when they are involved from the initial stages of
design if they perceive that their needs are taken into consideration (McElvaney & Foster, 2014).

When the above is taken care of, it is noted that stakeholder involvement significantly contributes to organizational performance hence the need for organizations to have a stakeholder engagement strategy (McElvaney & Foster, 2014). Additionally, the management needs to be able to be accountable to all the stakeholders equally but still meet their needs and wants and to do so they need to have an accountability standard that goes beyond mere managing of the stakeholders (Rasche & Esser, 2006).

Benefits accrue to organizations when they involve the right stakeholders and Kamal et al. (2011) state that it leads to making the right choice on what to do or implement to sort out existing issues and it is a solid decision when it comes to implementing integrated services where all stakeholders must be involved for its success. It is therefore imperative to note that decisions made by the public sector influence the employees as well as other groups alike as well as the private sectors hence the need to involve them (King III, 2009).

2.5 Employee involvement and organizational performance

Irawanto (2015) defines employee involvement as a situation where employees and managers work as a team to address problems and reach decisions working together. This process demands emotional and mental involvement which motivates the employees to contribute to the organizational performance and in the process, it elicits buy in (Irawanto, 2015). It is used interchangeably with terms like ‘employee involvement’, ‘employee participation’, ‘job engagement’ and ‘empowerment’ (Shaed, Ishak, & Ramli, 2015). This process allows sharing of important information between managers and employees to generate new ideas and possible alternatives, plan processes, evaluate results to achieve an organization’s objectives leading to a form of power distribution directly or indirectly (Shaed et al., 2015).

Irawanto adds that this process happens at all levels in the organization as employees use their set goals to participate in decision making leading to individual commitment and later to improved organizational performance (Irawanto, 2015). A study at Kenyatta University by Wainaina, Irawo, and Waititu (2014), revealed that employee participation in decision making significantly influenced university academic staffs’ organizational commitment in Kenya. Similarly in Malaysia by Shaed, Ishak, and Ramli (2015) revealed
that participation in decision making (PDM) was one of the effective tools in enhancing positive outcomes for organizations, and recommended that top management in organizations should give it its due priority.

In organization PDM can be done through various methods namely; consultative management, quality circles, suggestion systems and employee acceptance (Irawanto, 2015).

2.5.1 Consultative Management

Consultative management involves continuous seeking of opinions and views from employees at the work place either as individuals, groups or unions (Ombudsman, 2014). Management by objectives (MBO) is one such forum that allows management to focus on achievable goals and attaining the best possible results from available resources. It aims to increase organizational performance by aligning goals and subordinate objectives throughout the organization. MBO includes ongoing tracking and response to reach objectives (Ombudsman, 2014). It also empowers employees to implement and achieve the plans agreed upon, which automatically achieves the organization's goals. The principle behind MBO is that management consults at the bottom as a top-down planning which gives assurance to the people that they know the organization’s goals and what is expected of them in achieving them. During the process, managers deal with five basic operations namely; setting goals, coordinating the group, encouraging and conversing, evaluate accomplishment, as well as develop persons (Tiu, 2013). Objectives are mutually set and agreed upon by individuals and their managers and performance reviews are conducted periodically and rewards are given to individuals on the basis of how close they come to reaching their goals and it secures employee commitment to attain the firm goals (Tiu, 2013).

A study conducted in Nigeria by Wenceslaus (2010), revealed that MBO all the elements of MBO were relevant and could be beneficial in achieving continuous improvement in school management and MBO was a tool to enhance the collaborative nature of school leadership and develop a collaborative learning community.

The Balanced Scorecard management approach is another method and it uses a "strategic measurement system" (Kaplan & Norton, 2015). It also uses MBO method. One of the key foundational concepts of The Balanced Scorecard is that employees are motivated by
2.5.2 Quality Circles

According to Shobhara (2014) quality circle is a small group of employees in the same work-area or doing a similar type of work who voluntarily meet regularly for about an hour every week to identify, analyze and resolve work-related problems. This leads to improved performance, and enrichment of work life. In addition to that, the group is responsible for capital quality control activities, self-development, mutual development and improvement utilizing quality control techniques with all members participating (Shobhara, 2014). A study by Syla and Rexhepi (2013) showed that use of quality circles is the best way to involve employees in decision making and problem solving in the firm as it allows for participatory management, a technique for the development of human resources equipping employees high level of perfection and efficiency, increasing the awareness of the quality in the organization, offer of greater and more interesting challenges by providing different tasks, expression of potential and creative talent, development of positive feelings in the working environment, creating sense of belonging, allows employees to identify with the company, the products and its goals, motivate employees to increase their power and responsibility in the decision making process, and their authority to make changes, improves communication at between different levels in the organization, ensures greater transparency for the feedback of employees, opening the organization for new ideas of employees, building trust between employees in the organization (Syla & Rexhepi, 2013).

2.5.3 Suggestion Systems

Suggestion systems according to Buech, Michel, and Sonntag (2010) offer the opportunity for organizations to benefit directly from their employees’ innovativeness and it fosters creative ability in employees and is a process that understood as a collective process of interacting, participating, and inquiring into work situations or contexts. (Kesting & Ulhøi, 2008; Lasrado & Gomišček, 2015). This process allows for generation and implementation of new ideas, products, and processes originated by a single employee or by joint efforts of two or more employee as affected by the organizational and its culture that includes information availability, time and resources, cognitive biases,
incentives and decision making that supports and encourage innovation for without which, the employee innovation will just be hidden treasure to organizations (Kesting & Ulhøi, 2008).

According to Marksberry, Church and Schmidt (2014), systems suggestion is a way to improve participation from members of the organization to help solve problems that cannot be solved through traditional organizational practices but the employee involvement programmes are difficult to implement in government public mainly due to regular changes in management with new administration and these changes bring about many short-term management practices and systems (Marksberry et al., 2014).

The study by Marksberry et al., (2014) revealed that employee suggestion program by Toyota to involve non-management employees at the direct level to make improvements in their jobs on a small scale resulted in elimination of waste and suggested that employees in the public sector should be given the right opportunities and skills to be successful in providing suggestions to improve organizational performance but cautions that there is an element of risk in that the types of ideas and suggestions will have an impact on a large area beyond an employee’s immediate control (Marksberry et al., 2014).

2.5.4 Employee Acceptance

Wittig (2012) states that organizational change is important because it enables businesses to remain competitive but it requires successful implement change initiatives with the employee roles in mind that they tend to react to the change. The reaction is influenced by a number of factors including; employees’ emotions and cognitions, communication, and participation in decision making and there is need to apply the correct reaction to the same to enlist employee acceptance for the change (Wittig, 2012).

When change occurs there is a tendency to resist it due to various factors that include; emotional side effects, lack of trust, fear of failure, poor training, personality conflicts, perceived threat to job status or security, work group breakup, fear of poor outcome and the uncertainty of change, personal needs not met, the riskd outweigh the benefits, needs already met, feeling of mishandling the change process and that change will not meet their needs (Erkmen, 2006). This comes with forms of resistance that include, sabotage, malicious rumours, distorting of facts, threats to management, with holding information or just keeping silent and standing by to watch the change fail (Erkmen, 2006).
Erkmen (2006) noted that positive attitudes to change were found to be vital in achieving organizational goals and in succeeding in change programmes and that employee attitudes toward change can impact their morale, productivity, and turnover intentions. Concerning emotions, Hakkak, Nazarpoori, Mousavi and Ghodsi (2015) established that all aspects of emotional intelligence and the concept emotional intelligence itself have positive and significant effects on social-mental factors of human's force performance and recommended that organizations target to recruit employees with high emotional intelligence (Hakkak et al., 2015). The emotional intelligence includes aspects of intra-personal skills covering emotional self-awareness, self-expression, self-management, self-development, and independence. The other is inter-personal skills that involve interactions between people, social obligation, accountability, and unity (Hakkak et al., 2015). The third is adaptability which is the ability to resolve problem, being practical, being able to test reality and flexibility (Hakkak et al., 2015). The other aspects include; stress management which is one’s ability to cope with stress and impulses and the general mood that includes being optimism and happy (Hakkak et al., 2015).

To overcome the negative emotions Erkmen recommends use of; education to train the people about the benefits of change, coercion, discussion and negotiation on the challenges of the process, financial benefits, political support, allow participation in the change process by allowing ideas and suggestions of the for buy in, facilitation, negotiation or manipulation, communication of the change process highlighting the benefits and exaggerating the negative aspects of the change (Erkmen, 2006). The author established in his study that employees with a higher level of acceptance succeed in their performance as opposed to those negative ones (Erkmen, 2006).

The author notes that other dimensions of change concept consists of are performance standards, organizational commitment, support from the top management, organizational structure, responsibility (Erkmen, 2006). Additionally the organization should assign the person responsible for the change, create a shared need and vision, mobilize commitment, put enabling systems in place to institutionalize the change, carry out monitoring and evaluation to ensure it succeeds and then sustain it (Erkmen, 2006). Furthermore, change succeeds when some aspects are put in place namely; performance standards, organizational commitment, support from the top management, organizational structure,
conflict resolution mechanism, rewards, taking risk, responsibility and cohesiveness and warmth in interpersonal relations (Erkmen, 2006).

2.6 Chapter summary

The chapter examined the term Balanced Scorecard and then gave a review of the effect of the independent variables in the study namely; financial perspective, stakeholder involvement, learning and development and employee involvement and organizational culture and accountability on public sector performance. Organizational performance was the dependent variable of the study.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the approach that was taken to achieve the study objectives. It described the research design, study population and study sample size and sampling procedure. The data collection tools and procedures were also discussed, in addition to the procedures and statistical techniques that were utilized for the final analysis of the data generated from this study - with the aim of answering the research questions described in the prior chapters.

3.2 Research Design

This study utilized a cross-sectional descriptive design. This means that the data for this study was collected at one time point, that is, data on the independent and dependent variables were collected at the same time. In the case of this study, data on public sector performance (dependent variable) and organizational culture, stakeholder involvement, employee involvement and accountability (independent variables) was collected from respondents at the same time (Levin, 2006).

3.3 Population and Sampling Design

3.3.1 Population

The study population comprised employees of Kenya Bureau of Standards, based at the company’s Head Office located along Popo Road, off Mombasa Road, in Nairobi South C. At time of the study, there were approximately 700 employees based at this location.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

The sampling frame for this study comprised the 700 fulltime employees of Kenya Bureau of Standards based at the company’s offices along Popo road off Mombasa road, as shown in Table 3.1.
Table 3.1 Sampling Frame

<table>
<thead>
<tr>
<th>Departments</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>70</td>
<td>100</td>
<td>170</td>
</tr>
<tr>
<td>Non-management</td>
<td>205</td>
<td>325</td>
<td>530</td>
</tr>
<tr>
<td>Total</td>
<td>275</td>
<td>425</td>
<td>700</td>
</tr>
</tbody>
</table>

It is from among this population that the study sample was drawn.

3.3.2.2 Sampling Technique

Proportional Stratified random sampling was used to recruit respondents for the study. Similar to the sample frame, gender and department formed the strata for the study sample. For instance, since males in management account for 10% of the study population, 10% of the study sample was drawn from males in management and so on. Once the numbers of people in each stratum was known, simple random sampling was used to recruit that percentage. Thus, each and every employee, who belonged to a given stratum, stood an equal chance of being selected for the study (Levy & Lemeshow, 2013, p. 46).

A list of all the employees in a stratum was drawn up in alphabetical order and each name was assigned a serial number. Computer generated random numbers were used to select the individual numbers (based on the sample size calculated) and respondents whose names corresponded to the selected number were invited to participate in the study.

3.3.2.3 Sample Size

The sample size for this study was derived from Fisher’s formula (Rosner, 2010) as shown below:

\[ n = \frac{z^2 q p}{e^2} \]
Where;

\[ z = \text{standard normal deviate for } \alpha \text{ at 95% confidence}, \ Z_{1-\alpha/2} = 1.96 \]

\[ p = \text{estimated proportion of employees performing well with BSC (0.5)} \]

\[ q = 1 - p \ (0.5) \]

\[ d = \text{level of precision (margin of error) at 5% (0.05)} \]

\[ n_0 = \text{sample size} = 384.16 \approx 385 \]

Assuming maximum variability in the proportion of employees at KEBS performing well in terms of BSC, \( p = 0.5 \), that is, maximum variability. Since the total number of eligible employees at KEBS HQ was known, that is, 700, the finite population correction (Levy, 1998), was applied to the sample size estimated above as follows:

\[
\begin{align*}
    n &= \frac{n_0}{1 + \frac{(n_0 - 1)}{N}} = \frac{385}{1 + \frac{(385 - 1)}{700}} \\
    &= \text{correct sample size} = 248.62 \approx 249
\end{align*}
\]

Where;

\[ N = \text{finite population = 700} \]

\[ n_0 = \text{is the sample size estimate} = 385 \]

The minimum sample size for the study therefore was 249 respondents. The study sample was proportionately distributed as shown in Table 2, resulting in a minimum sample of 250 individuals.
Table 3.2 Sample Distribution Table

<table>
<thead>
<tr>
<th>Departments</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>25</td>
<td>36</td>
<td>61</td>
</tr>
<tr>
<td>Non-management</td>
<td>73</td>
<td>116</td>
<td>189</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>152</td>
<td>250</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data for this study was collected by means of a self-administered questionnaire. Each respondent was required to fill in the questionnaire by themselves. The questionnaire was administered in English language and it comprised four major sections. These were: socio-demographic data, organizational culture, stakeholder and employee involvement, accountability, and performance factors.

3.5 Research Procedures

A pre-test of the questionnaire was carried out among 20 employees of a different parastatal, that is, Kenya Power Company; to detect and rectify any errors that occurred with the questionnaire before data collection began. Prior to data collection, potential respondents had the study explained to them and they were given opportunity to ask questions. After that, they were given informed consent to participate in the study. Each respondent recruited for the study was assigned a serialized questionnaire and given at least 2 hours to complete the survey. This was done to ensure minimal interference with the performance of their routine duties.

3.6 Data Analysis Methods

Data analysis was carried out using IBM SPSS® version 23. In the case of discrete variables, frequency tables with single or multiple cross-classification criteria were
provided to give a good description of the variables. Bar-charts and pie-charts were also used to demonstrate data patterns. Each employee was assigned an employee motivation score generated based on their responses to the questionnaire. At the level of bi-variate analysis, Pearson’s product-moment correlation co-efficient ($r$) was used to establish the relationship between dependent variable, performance and the independent variables. Sampling error and measurements errors were provided. To adjust for confounding, all independent variables that significantly correlated with the dependent variable at bi-variate analysis were considered together using multiple linear regression. All tests were two-sided. A value of $p< .05$ was considered statistically significant.

### 3.7 Chapter Summary

This study utilized a cross-sectional descriptive design to achieve the study objectives. This study was carried out at the Kenya Bureau of Standards. A total of 250 employees were stratified and randomly selected using computer generated random numbers from the population for the study. Data was collected by means of a self-administered questionnaire and each respondent was allowed two hours to complete the questionnaire, so that the data collection process did not hamper the performance of their duties. A performance score was generated from each questionnaire and used to identify the factors affecting public sector performance using Pearson’s correlation and Multiple Linear Regression.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

The findings were presented in the following sections: socio-demographic data, descriptive analysis, and the effect of career development, flexibility of working hours and advanced compensation package on employee retention.

4.2 Socio-Demographic Characteristics

A total of 250 questionnaires were distributed and each was returned, resulting in a response rate of 100%. The section focuses on the socio-demographic data of the respondents in the study. The mean age of respondents in this study was 36.16 years ($SD=8.35$). The youngest respondent was 23 years old while the oldest was 54 years old. These respondents had worked for the organization for between 1 and 20 years. Males consisted 39.2% of the sample as shown in the figure below:

![Figure 4.1. Gender of Study Respondents](image)

Figure 4.1. Gender of Study Respondents
More than three-quarters (75.6%) of the respondents were non-management members of staff, with the remainder (24.4%) being management staff. The largest portion of respondents (56.0%) reported that they were married as shown in the table below:

**Table 4.1. Marital Status of Study Respondents**

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>77</td>
<td>30.8</td>
</tr>
<tr>
<td>Married</td>
<td>140</td>
<td>56.0</td>
</tr>
<tr>
<td>Divorced/ Separated</td>
<td>17</td>
<td>6.8</td>
</tr>
<tr>
<td>Widow/ Widower</td>
<td>16</td>
<td>6.4</td>
</tr>
</tbody>
</table>

### 4.3 Organizational Performance

Respondents were asked to give their rating of their organization’s performance on six key indicators. The organization performed well in terms of comparison with similar organizations, overall human resource management, and financial reporting. Respondents were divided over employee rights and strategic planning. Overall, slightly more than half (51.0%) of the employees felt that overall, the organization could do better, as shown in the figure below.

Based on the respondent responses and additive performance score was calculated to be used as the dependent variable in the statistical analysis.
Figure 4.2. Distribution of Responses to Performance Indicators
4.4 Financial Perspective and Organizational Performance

Respondents in the study were queried about various financial indicators as pertains to their organization. Almost two-thirds (65.4%) of the respondents indicated that their organization utilized its financial resources well, despite the fact that 43.8% of them thought that the organization is not profitable as shown in Figure 4.3.

4.4.1 Bi-variate Analysis

Bivariate analysis using Pearson’s product-moment correlation co-efficient (r) flagged the financial perspective variables associated with performance. The level of significance was set at $p < 0.05$. 
Table 4.2. Correlation Matrix for Financial Perspective and Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance index(^a)</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good use of financial resources(^b)</td>
<td></td>
<td>.600(^*)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise is profitable(^b)</td>
<td></td>
<td>0.214</td>
<td>-0.019</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization can’t meet financial obligations(^b)</td>
<td>0.389</td>
<td>.505(^*)</td>
<td>0.426(^*)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders satisfied with management(^b)</td>
<td></td>
<td>0.273</td>
<td>0.081</td>
<td>0.421</td>
<td>0.32</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Organization seeking avenues to increase revenue(^b)</td>
<td>.570(^*)</td>
<td>.470(^*)</td>
<td>0.125</td>
<td>.604(^*)</td>
<td>0.145</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Cost minimization ineffective(^b)</td>
<td></td>
<td>0.436</td>
<td>.428(^*)</td>
<td>-0.15</td>
<td>0.029</td>
<td>0.086</td>
<td>0.247</td>
</tr>
</tbody>
</table>

\(^a\)Performance Index: 6 – 42. \(^b\)Financial Perspective: 1 = strongly disagree, 2 = disagree, 3 = unsure, 4 = agree, 5 = strongly agree.

\(^*\)p < .05.

\(^*\)p < .01.
4.4.1 Multivariate Analysis

To adjust for confounding, all the Financial Perspective variables that significantly correlated with Performance (Table 4) were modelled together using Multiple Linear Regression. The results of the regression for Performance indicated that the predictors (Financial Perspective variables) explained 53.5% of the variance in Organizational Performance ($R^2 = 0.62, F = 7.14, p < 0.004$). Good use of financial resources ($\beta = 0.45, p = 0.04$) significantly predicted higher employee perception of organizational performance.

4.5 Internal Business Perspective and Organizational Performance

Respondents in the study were queried about various internal business indicators of their organization. Majority (84.3%) of the respondents indicated that their organization provided quality services. While a lower proportion expressed confidence in the organization’s tendering process, overall, the respondents rated the organization’s internal business perspective very highly as shown in Figure 4.4.
4.5.1 Bi-variate Analysis

Bivariate analysis using Pearson’s product-moment correlation co-efficient (r) flagged the financial perspective variables associated with performance. The level of significance was set at $p < 0.05$.

Table 4.3. Correlation Matrix for Internal Business Perspective and Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Performance index$^a$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Provides good quality services$^b$</td>
<td>.752*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Tender process to standard$^b$</td>
<td>0.365</td>
<td>-0.019</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Organization widely trusted$^b$</td>
<td>0.489</td>
<td>0.406*</td>
<td>.496*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5 Organization strives to improve service delivery$^b$</td>
<td>0.081</td>
<td>0.421</td>
<td>0.236</td>
<td>0.32</td>
<td>1</td>
</tr>
</tbody>
</table>

$^a$Performance Index: $6 - 42$. $^b$Internal Business Perspective: $1 = strongly disagree$, $2 = disagree$, $3 = unsure$, $4 = agree$, $5 = strongly agree$. 

Figure 4.4. Internal Business Perspective of the Organization
"p < .05.
**p < .01.

4.5.2 Multivariate Analysis

To adjust for confounding, all the Internal Business Perspective variables that significantly correlated with Performance were modelled together using Multiple Linear Regression. The results of the regression for Performance indicated that the predictors (Internal Business Perspective variables) explained 23.6% of the variance in Organizational Performance ($R^2 = 0.35, F = 3.18, p = 0.03$). Provision of good quality services ($\beta = 0.36, p = 0.02$) significantly predicted higher employee perception of organizational performance.
4.6 Effect of Employee Innovation and Learning on Organizational Performance

Respondents in the study were queried about various financial indicators as pertains to their organization. Majority (91.2%) of the respondents indicated that their organization provided them opportunities for continuing professional development as shown in Figure 4.5.

![Figure 4.5. Employee Innovation and Learning Perspective](image)

**Figure 4.5. Employee Innovation and Learning Perspective**

4.6.1 Bi-variate Analysis

Bivariate analysis using Pearson’s product-moment correlation co-efficient \( r \) flagged the financial perspective variables associated with performance. The level of significance was set at \( p < 0.05 \).
Table 4.4. Correlation Matrix for Employee Motivation and Learning and Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance index&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities for professional development&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.631&lt;sup&gt;**&lt;/sup&gt;</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better remuneration than similar organizations&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.605&lt;sup&gt;*&lt;/sup&gt;</td>
<td>0.326</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management encourages further studies for employees&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.271</td>
<td>0.085</td>
<td>0.28</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee innovation is encouraged&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.656&lt;sup&gt;**&lt;/sup&gt;</td>
<td>0.366</td>
<td>.426&lt;sup&gt;*&lt;/sup&gt;</td>
<td>.542&lt;sup&gt;**&lt;/sup&gt;</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employees find jobs repetitive and dreary&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.399</td>
<td>0.388</td>
<td>0.422</td>
<td>.541&lt;sup&gt;**&lt;/sup&gt;</td>
<td>.731&lt;sup&gt;**&lt;/sup&gt;</td>
<td>1</td>
</tr>
</tbody>
</table>

<sup>a</sup>Performance Index: 6 – 42. <sup>b</sup>Financial Perspective: 1 = strongly disagree, 2 = disagree, 3 = unsure, 4 = agree, 5 = strongly agree.

<sup>*</sup>p< .05.

<sup>**</sup>p< .01.

4.6.2 Multivariate Analysis

To adjust for confounding, all the Financial Perspective variables that significantly correlated with Performance (Table 6) were modelled together using Multiple Linear Regression. The results of the regression for Performance indicated that the predictors (Employee Motivation and Learning variables) explained 34.3% of the variance in Organizational Performance ($R^2= 0.42$, $F = 5.38$, $p< 0.001$). Opportunities for professional development ($\beta = 0.43$, $p = 0.001$) and Better remuneration than similar
organizations ($\beta = 0.29$, $p = 0.01$) significantly predicted higher employee perception of organizational performance.

4.7 Customer Perspective and Organizational Performance

Respondents in the study were queried about customer perspectives as pertains to their organization. Almost two-thirds (61.9%) of the respondents indicated that they recognized the government as a key stakeholder in the organization is not profitable as shown in Figure 4.6.

![Figure 4.6. Customer Perspective of the Organization](image)

**Figure 4.6. Customer Perspective of the Organization**

4.7.1 Bi-variate Analysis

Bivariate analysis using Pearson’s product-moment correlation co-efficient ($r$) flagged the financial perspective variables associated with performance. The level of significance was set at $p< 0.05$. 
Table 4.5. Correlation Matrix for Customer Perspective and Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Performance index&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Employees involved in decision making&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.389</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Accountability to clients&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.273</td>
<td>.426*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Public are important stakeholders&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.389</td>
<td>.505*</td>
<td>.426*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5 Accountability to government&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.273</td>
<td>0.081</td>
<td>0.421</td>
<td>0.32</td>
<td>1</td>
</tr>
</tbody>
</table>

<sup>a</sup>Performance Index: 6 – 42. <sup>b</sup>Customer Perspective: 1 = strongly disagree, 2 = disagree, 3 = unsure, 4 = agree, 5 = strongly agree.

* denotes p < .05.

** denotes p < .01.

None of the customer perspective variables were associated with organizational performance at bivariate analysis; hence, no multivariate analysis was carried out.

4.8 Chapter Summary

The findings of this study indicated that the four factors under study namely; finance, internal business perspective, innovation and customer perspective; do have an effect on the performance of the organization and on the overall there was good organizational performance at KEBs despite the lack of profitability.
CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to assess the effect of the balance scorecard on organizational performance in the public sector in Kenya particularly at Kenya Bureau of Standards (KEBS). It endeavored to do so by answering specific questions which included; how financial perspective measurement affected performance in Public sector, the extent to which internal business perspective measurement affected performance in Public sector; how employee innovation and learning perspective measurement affected organizational performance and whether customer perspective measurement affected organizational performance. The reference point was the public sector in Kenya with particular reference to Kenya Bureau of Standards (KEBS). The discussion of the study results in the chapter was organized around each research question including conclusions and recommendations.

5.2 Summary of Findings

The findings of this study indicated that the four factors under study namely; finance, internal business perspective, innovation and customer perspective; do have an effect on the performance of the organization and on the overall there was good organizational performance at KEBs despite the lack of profitability.

On the financial perspective, the study revealed in figure 4.3 that there was good use of financial resources (65.4%) which promotes organizational performance. This was noted by the fact that there was very good system of financial reporting 61.3% as shown in figure 4.2. In view of this, figure 4.3 revealed that the shareholders were satisfied with the management of the organization (87.5%). In addition to this, Good use of financial resources ($\beta = 0.45, \ p = 0.04$) significantly predicted higher employee perception of organizational performance as shown in the multivariate analysis.

However, the organization was found not to be making any profits as revealed in figure 4.3 as pointed out by 43.8 of the respondents against 39.7% who disagreed while 16.5% were not sure. The correlation of between good use of resources and profitability was -
showing that it did not affect the company profitability. The reason for lack of profitability was due to a non-effective cost minimization strategy (52.5%) as revealed in figure 4.3. In view of this also the study revealed that the company was not able to meet its financial obligations and this kept it constantly seeking other avenues of revenue (55.3%).

From the study of the internal perspective, it is noted that KEBs provided high quality services (84.3%) to clients not only locally but worldwide as responded strongly agreed (90.5%) as shown in figure 4.4. This had promoted organizational performance. This began with the company having in place a solid strategic plan as revealed in figure 4.2. In addition to that the study also revealed that the tendering process that met industrial standards (56.7%), figure 4.4. The company also aimed for continued improvement in its service delivery as shown again in figure 4.4 at 84.6%. Being able to provide good quality services ($\beta = 0.36$, $p = 0.02$) significantly predicted higher employee perception of organizational performance as indicated at table 4.5.

On the aspect of employee and innovation and learning perspective, the study revealed in figure 4.5 that, the organization accorded employees opportunities for professional development (91.2%) and the management took the initiative to encourage employees to pursue further studies (48.9%). Further to that employee innovation was encouraged (53.2% and the jobs were not found to be dreary or repetitive (54.3%) as shown in figure 4.5. In addition to that the study also revealed as shown in figure 4.5 that, the organization offered better remuneration (43.5%) compared to similar organizations. From the multivariate analysis, the study revealed that innovation, remuneration and continued learning promoted organizational performance as shown in table 4.6. In addition to that the table reveals that opportunities for professional development ($\beta = 0.43$, $p = 0.001$) and better remuneration than similar organizations ($\beta = 0.29$, $p = 0.01$) significantly predicted higher employee perception of organizational performance.

The study revealed on the customer perspective that none of the customer perspective variables were related to organizational performance at KEBS. However, the organization was well aware of its customers that included, the employees, the shareholders, external customers covering clients and prospective customers and there was the general public and the government. The employees were all aware that the government was the major customer (95.7%) since the organization was a government parastatal. The study also
showed that the internal customers, who were the employees and particularly the support staff, participated in the company decision making (45.3%) as opposed to those who said no at 36%. The organization also took initiative to update its external customers on regular basis (52.1%); thus, enabling them to make informed choices.

5.3 Discussions

5.3.1 Financial Perspective

On the Financial perspective measurement, the study revealed that there was good use of finances that the shareholders were satisfied with the company management; employees had a positive perception of the company as a result. At the same time, the company was not profitable and it kept on seeking new sources of revenue. According to Enderle (2004), when companies give financial reports, they make representation of themselves to the public, accounting for their activities and objectives and in the process, they convey clearly without any doubt or reservations the image of their activities and philosophies which enhances their reputation particularly with positive report. This also concurs with Christesen (2008); Isoraite (2008) who state that the financial report gives the organizations past performance. In the process it is able to account to its stakeholders the status of the company (Isoraite, 2008; Kairu et al., 2013). This aspect enables the shareholders to make informed decisions on the company investments.

Despite good financial reports, it was noted that the company was not making any profits. Which also concurs with the authors that, financial reports only gives the status of the company but does not give any projections in term of what will happen for improvements but gives shareholders perception and expectation of the organization (Isoraite, 2008; Kairu et al., 2013; Mackay, 2005). According to Elnaga (2012), the way individual perception shapes the organizational behavior and as result of that they also shape individual and organizational success. However non-profitability of the organization is explained by the fact that there was the issue of managing costs of production. Although according to Trivedi (2010), inefficiency is not a sole measure of profitability.

According to Six Sigma (2012), production is important in a business in that it generates goods and services for the organization; however, it does not make business sense when the cost exceeds the returns and they recommend adoption of efficiency and that utilizes resources to the maximum at the least cost which translates to lower prices, making the
firm competitive in the market with increased market share. This has a ripple effect in that it will motivate the employees who will also improve and increase production (Six Sigma, 2012).

On the issue of international benchmarking for the company, the process has benefits that include enabling the firm to compete internationally, adopt one market strategy, and in the process, enjoy economies of scale as well as having a wider market (Maria & Nampungwe, 2012). One notes that a wider market means more business, hence more revenue, or sales. Additionally, the company can compete globally, and remain business. Enjoying economies of scale results in saved costs of production and more investment in the brand (Maria & Nampungwe, 2012)

5.3.2 Internal Business Perspective

The internal business perspective on the other hand revealed that the company was fulfilled this dimension and was doing very well. This included; existence of company strategic plan, quality service provision to customers, tender process that met industrial standards, the company’s certification process was recognized international which means the company had benchmarked itself internationally. Additionally, the company strived for continued improvement and that the employees’ perception of the company was high. This formed a strong base for its business in the form of a solid strategic plan. Existence of a strategic plan meant the organization was able to focus on its core business as it keeps its goals and is able to identify and sort out its barriers that are anticipated (Pirtea, Nicolescu, & Botoc, 2009). It also enabled the organization to set realistic targets for the future based on their capabilities (Mourafetis & Kamat, 2014), which it is then able to achieve like in this case.

In addition to that organization benchmarked itself international as its service was internationally and locally trusted. This is in line with Hua and Lee (2014); Vorhies and Morgan (2005) who state that benchmarking is a management tool that identifies and enhances a company’s effective marketing capabilities to deliver sustainable competitive advantage. This enables the organization to utilize the existing good practices. With this, the organization is also able to benchmark itself with the competition and ensure sustainability (Mourafetis & Kamat, 2014; Stella & Woodhouse, 2007).
Further to that, there was good tendering service that met industrial standards. This meant the organization had good business practices, and according to Škrinjar and Hernaus (2007), business process orientation leads to better financial and non-financial performance. The authors further stated that business performance orientation has strong indirect impact on financial performance through non-financial performance based on the stakeholder theory (Škrinjar & Hernaus, 2007). The authors conclude then that the company has good relations with its key stakeholders namely; the employees, customers, and suppliers by creating a fertile environment for conducting business which is an environment that fosters good organizational performance. Additionally, other business practices like human resource management (Saddam & Mansor, 2015) show that effective recruitment and selection practices in organizations impact performance in terms of labour productivity, product quality, organizational innovations, and customer satisfaction but they must be made part of the business process for sustain superior performance (Saddam & Mansor, 2015).

Finally, the result showed that the company strived for continued improvement and which brought monitoring and continuous improvement of total quality management and customer satisfaction (Abdullah, Uli, Ismail, & Ahmad, 2007; Chang, 2005). It was noted that factors of management commitment, customer focus, employee involvement, training and education, as well as reward and recognition as well as measurement systems, including internal benchmarking and self-assessment leads to quality improvement which impacts on organizational performance (Abdullah et al., 2007; Chang, 2005).

5.3.3 Employee Perspective

Concerning the perspective of employee learning and innovation, the study revealed that the organization accorded opportunity for further studies and the management even encouraged the employees to pursue further studies. In addition to that the job structures were such that no dreariness or boredom existed and the remuneration was better than that of the competition and this had also impacted on the employee perception of the company; promoting performance.

The above is in line with PWC (2011) who state that innovation imperative in keeping company relevant because it enables them to stay in the game. On the issues of training, the study agrees with Osibanjo, Abiodu and Adeniji (2014) who posit that Training and
development help optimize the utilization of human resource leading to the employee achieving the organizational goals as well as their individual goals. This means that the set targets of the organization are met hence promotion of performance. It also follows that on training, new skills and competences are acquired leading to improved attitude and organizational culture as well as job satisfaction (Saari & Judge, 2004b; Shore & Martin, 1989; Sila, 2014).

On management support, the studies by Kojienda (2016); Zehir, Ertosun, Zehir, and Müceldili (2011), established that there was a link between firm culture types, leadership types and company performance and it implied that imply that organizational culture was key to leadership types and firm performance because organizational culture influenced organizational performance directly particularly, the competitive organizational culture (Zehir et al., 2011). In the various studies, it was noted that transformational leaders or competitive organizational culture had positive and significant impact on organizational performance (Kojienda, 2016; Naliaka & Namusonge, 2015; Zehir et al., 2011). Yıldız, Baştürk and Boz (2014) found that transformational leadership and transactional leadership resulting in innovativeness led to higher effects business performance.

On work structures where lack of boredom led to improved performance, the study by Davoudi and Allahyari (2013) concurred and stated that suitable job organizations, using the employees’ standards as affected by employees training and goals, led to higher performance by them which means increased productivity and overall organizational performance. The authors then recommend that managers need to establish specific, measurable, achievable, realistic and time-targeted goals for their employees and also provide appropriate training to enable the employees acquire the relevant skills, competences and ensure capacity for the job performance (Davoudi & Allahyari, 2013).

Concerning the remuneration being better than other organizations and accounted for good performance, the study concurs with Mphil, Ramzan, Zubair, Ali, and Arslan (2014) that compensation had a positive impact on employee performance; although the relationship between the variables, which included salary, rewards and incentives as well as indirect compensation, showed was weak or moderate. In particular, salary had a weak relationship with performance. However, Idris, Hamzah, Sudirman, and Hamid (2017) established that financial compensation had a positive and significant effect on the lecturer performance but non-financial compensation which included did not. The
financial compensation was on health insurance and funding for research (Idris et al., 2017). But the research also established that it was the nonfinancial incentive of professionalism that increased organizational performance in terms work out put in quality teaching, university management, mentorship and adherence to required standards of education and general lecturers performance (Idris et al., 2017).

On employees’ perception’s influence on organizational performance, Center for Advanced Human Resource Studies (CAHRS) (2011) revealed that first impressions can be the most enduring and organizations need to pay special attention to recruitment and early work experiences. The research noted that employees were more engaged when they had high perception of HR practices and management intentions and inversely the employees lagged in performance if they perceived that the HR practices aimed to reduce costs and to exploit employees (CAHRS, 2011).

5.3.4 Customer Perspective

On the customer perspective, it was noted that just by being a customer did not enhance organizational performance. This reveals the limitations of this study in that it failed to look at the issues connected to customers that affect business performance like attitude, retention and satisfaction (Neupane, 2014; Singh & Pattanayak, 2014; Williams & Naumann, 2011) but not that they merely exist.

However what the organization had done by taking stoke of its customers was in line with (King III, 2009), who stated that stakeholder analysis was inclusiveness due to the many parties that have stakes in the company by virtue of the fact that they can affect or be affected by the company. This also meant that the company had strategies in place to address the needs of the various stakeholders (CIPS, 2013; King III, 2009). This is in line with Ayuso, Rodríguez, García-Castro, and Ariño (2014) who state that stakeholders analysis enables the company to address each stakeholders needs by being stakeholder-centred or shareholders centred. During the study, the authors also established that board diversity and stakeholder involvement was positively related to company financial performance in terms of ROE, as affected by the legal requirements of a particular country as the study dealt with internal external stakeholder engagement (Ayuso et al., 2014). Variables examined included, stakeholder identification, holding of regular meetings, feedback incorporation and long-term partnerships (Ayuso et al., 2014).
Peltokorpi, Ahlo, Kujala, Aitamurto, and Parvinen (2008) state that any intervention needs to be planned and it can only be done by knowing one’s party to be dealt with. The authors add that this ensures buy in and hence success of the project or business the analysis also helps the company to take note of the stakeholders' capacity to influence the project's implementation; encouragement to participate; give them ability to change; manage the complexity involving them (Peltokorpi et al., 2008).

Additionally, adds that stakeholder analysis is important because different stakeholders have different social objectives as it was noted in a study by Tang and Tang (2012) that the government, competitors and the media weld different levels of power that affect the environmental performance of organizations (Tang & Tang, 2012). This is noted in Berman, Wicks, Kotha, and Jones (1999) who prove that indeed the type of stakeholder matters as the result showed that of the five broad variables examined, the variables of employees and product safety and quality, directly affected financial performance whereas the variables of community, diversity, and the natural environment did not have the same effect (Berman et al., 1999). Despite that, the three variables had had some other effect in that they moderated the relationship between the company strategy and its performance (Berman et al., 1999). This is imperative to the organization to ensure that the employee as a stakeholder is treated well.

This is also in line with Wang and Yu (2010) who stated that stakeholder character does not directly work on firm performance, however it has noticeable indirect impact on organizations performance via adapting of the corporate values externally as dictated by consistency of the corporate values internally (Wang & Yu, 2010). This then means that the firm faces challenge to adapt its culture as impacted by globalization and this assist the firm to appreciate the trend of these problems and take charge of the same by developing strategies to match the same (Wang & Yu, 2010). This can be seen in the fact that the company has international recognition which means has taken care of this challenge already.

5.4 Conclusion

The study has demonstrated that the variables under study that include finance, internal business perspective, innovation and customer perspective have an effect on the performance of the organization.
5.4.1 Financial Perspective

On the financial perspective, it was revealed that good financial reporting; good use of finances leads to shareholder satisfaction and it also impacts positively on the employee perception of the organization; which promotes organizational performance on the overall. On the other hand, lack of profit is not an impediment to an organization’s performance, as long as the organization seeks new ways to raise revenue through innovation that will enable it to meet its financial obligations.

5.4.2 Internal Perspective

The internal perspective appears to be the pillar of the business. The study revealed that a strong strategic plan is imperative to businesses as it gives guidance and needed focus. The other strong point to business performance is provision of good service to both internal and external customers. In addition to that was the issue of benchmarking where an organization must be able to measure up to industrial standards to make the business acceptable and to survive. This is then followed by it benchmarking both nationally, regionally and internationally for business to survive the competitive environment in view of globalization. The other aspect was the concerted effort that a company must make for continues improvement as this enables it to overcome the changes that may occur within the business environment.

5.4.3 Employee Perspective

The employee and innovation and learning revealed that a learning organization is a performing organization. This is due to the fact that in learning, skills and new competences are acquired that enhance the performance of employees. Key to this aspect however, was the fact that, despite employees being willing to go acquire more skills, top management believe in it and support it. This means that supporting it with resources like incentives. In addition to that, the management needs to have exiting job structures that avoid dreariness and boredom and they must support a culture of innovation. Finally, is the aspect of remuneration that is comparable or better than the competition. This promotes performance. Although as seen it is one of the factors and not a sole one.
5.4.4 Customer Perspective

On the issue of the customers the study noted that it is good to have a clear inventory of all stakeholders to enable the organizations to meet their varied need. It forms the basis of stakeholder management in that it enables the company to come up with the appropriate strategy to manage them.

5.5 Recommendations

From the results noted above from the study the following are the recommendations. On the overall, the organization of KEBs must aim to improve as there is room for the same by enhancing the good points and working on the weaknesses in each perspective noted in the study. To succeed in this, the organization must involve the employees on this aspect as they were the ones to implement the change for improvement.

5.5.1 Recommendations for the study

5.5.1.1 Financial Perspective

KEBs must consider the issue of cost of production to make it profitable and must improve on its cost minimization strategy. In addition to that there is need to have a permanent solution to steady funds to be able to meet its obligations. This then call for review of the strategic plan particularly on the sources of revenue. This would require carrying out a financial audit to check out areas that may not be core business to save the essential revenue.

5.5.1.2 Internal Business Perspective

On the internal perspective, there is need to review the strategic plan to aim for financial sustainability and to see how to improve on the human resource management. This requires the organization to improve on the knowledge management strategy to enable it to use the abundant knowledge for competitive advantage. Additionally, the organization should sustain its continued improvement to achieve sustainability.

5.5.1.3 Employee Perspective

On the employee perspective, the company should use the highly trained employees more by having an enhance employee involvement strategy to tap into the skills and
competences for more innovations for business improvement. Current and future needs with a view to tailoring them to suit the company requirements. Additionally, the organization should initiate incentive schemes to encourage innovation to create competitive advantage with the abundant knowledge. It may also require review of the training strategy as well as carrying out an audit to establish the acquired skills in relation to company requirement currently and for the future.

5.5.1.4 Customer Perspective

Concerning the customer perspective, the company needs to go beyond just listing of its customer. There need for market research to establish customer needs to enable the organization to tailor products and services to suit them. The customers need to be more involved more in decision making to make them feel cherished and to continue giving business to the organization instead of the competition. The organization needs to note that the customer is the business and they exist because of the same.

5.5.2 Recommendations for further research

Based on the study findings, more research needs to be carried out to understand the apparent disconnect between profitability and overall performance rating demonstrated in this study.
REFERENCES


Shobharani, H. (2014). Effectiveness of quality circles in Indian manufacturing enterprises an empirical study (pp. 1–33). Retrieved from http://ietd.inflibnet.ac.in/jspui/handle/10603/15949


Tiu, A. (2013). *In such an organization, management has to ask each employee - DBM - 001*. PowerPoint Presentation. Retrieved from https://www.coursehero.com/file/p5a6j9n/In-such-an-organization-management-has-to-ask-each-employee-three-questions/


APPENDICES

APPENDIX I: COVER LETTER

Elizabeth Mokeira,

P.O Box 24654 – 00502,

Nairobi, Kenya

Dear Respondent,

RE: REQUEST FOR YOUR PARTICIPATION IN MY ACADEMIC RESEARCH PROJECT

I am the above named student currently pursuing a course of Master of Business Administration (MBA) at United States International University-Africa. I am conducting a research project on employee motivation. You have been randomly selected to participate in this study. Participation is voluntary and I request that you spare a few minutes of your time to fill the questionnaire (attached overleaf). Kindly answer all questions as per the instructions given.

Please note that the information you provide was treated as confidential, and will only be used for purpose of this research. The final report was shared with all stakeholders, with priority given to you as a participant. Do not hesitate to seek clarification should have the need to at any point.

Your participation in this study was highly appreciated.

Yours Sincerely,

Elizabeth Mokeira
APPENDIX II: QUESTIONNAIRE

SECTION 1: SOCIO-DEMOGRAPHIC

| 1. Indicate your age (Years) | 1 | 2 |
| 3. Department           |        |   |
| 5. How many years have you worked at this organization? |                           |

FOR EACH OF THE FOLLOWING STATEMENTS, PLEASE THE LEVEL OF YOUR AGREEMENT INDICATE (USING A NUMBER BETWEEN 1 AND 7):

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Neutral</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION 2: PERFORMANCE

<table>
<thead>
<tr>
<th>Statement</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The organization I work for performs better than other parastatals</td>
<td></td>
</tr>
<tr>
<td>2. Human resource isn’t managed at all well (R)</td>
<td></td>
</tr>
<tr>
<td>3. Financial reporting is above board at this organization</td>
<td></td>
</tr>
<tr>
<td>4. Employee rights are taken care of here</td>
<td></td>
</tr>
<tr>
<td>5. This organization has a solid strategic plan</td>
<td></td>
</tr>
<tr>
<td>6. This organization could do better overall (R)</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 3: FINANCIAL PERSPECTIVE

<table>
<thead>
<tr>
<th>Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. This organization utilizes financial resources well.</td>
<td></td>
</tr>
<tr>
<td>2. The enterprise arm of the organization is profitable.</td>
<td></td>
</tr>
<tr>
<td>3. The organization is not able to meet its financial obligations.</td>
<td></td>
</tr>
<tr>
<td>4. The shareholders are satisfied with the management of the organization</td>
<td></td>
</tr>
<tr>
<td>5. The organization is constantly seeking new avenues to increase revenue</td>
<td></td>
</tr>
<tr>
<td>6. The organization’s cost minimization strategies are ineffective.</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 4: INTERNAL BUSINESS PERSPECTIVE

<table>
<thead>
<tr>
<th>Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. This organization provides quality services to its customers.</td>
<td></td>
</tr>
<tr>
<td>2. Tender processes in the organization meet industry standards.</td>
<td></td>
</tr>
<tr>
<td>3. Certifications from this organization are trusted worldwide.</td>
<td></td>
</tr>
<tr>
<td>4. The organization strives to improve service delivery.</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 5: EMPLOYEE MOTIVATION AND LEARNING PERSPECTIVE

<table>
<thead>
<tr>
<th>Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There are opportunities for continuing professional development at</td>
<td></td>
</tr>
</tbody>
</table>
this organization.

2. Employee remuneration is better than at comparable organizations.

3. The management encourages employees to pursue further studies.

4. Employee innovation is encouraged in the organization.

5. As an Employee I find my job dreary and repetitive.

SECTION 6: CUSTOMER PERSPECTIVE

1. The management involves subordinates in decision making.

2. Our clients are well aware of the work we do and we give regular updates.

3. The public are an important stakeholder in this organization.

4. This organization is accountable to the government.

THANK YOU FOR YOUR PARTICIPATION!
### APPENDIX III: WORK PLAN

<table>
<thead>
<tr>
<th>Activity</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Writing</td>
<td>🟦</td>
<td>🟦</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Study Approval</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collection</td>
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<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
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<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Report Writing</td>
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<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Presentation</td>
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<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
</tbody>
</table>
## APPENDIX IV: BUDGET

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Days</th>
<th>Unit Cost (Ksh.)</th>
<th>Total Cost (Ksh.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>1</td>
<td>10</td>
<td>100</td>
<td>1,000</td>
</tr>
<tr>
<td>Paper Ream</td>
<td>3</td>
<td>N/A</td>
<td>500</td>
<td>1,500</td>
</tr>
<tr>
<td>Pens</td>
<td>10</td>
<td>N/A</td>
<td>20</td>
<td>200</td>
</tr>
<tr>
<td>Airtime</td>
<td>1</td>
<td>5</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TOTAL 3,200</td>
</tr>
<tr>
<td>Contingency (10%)</td>
<td></td>
<td></td>
<td></td>
<td>320</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>3,520</td>
</tr>
</tbody>
</table>