

**EFFECT OF BALANCE SCORECARD STRATEGY ON  
PERFORMANCE OF PUBLIC SECONDARY SCHOOLS IN  
NAKURU COUNTY, KENYA**

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**A Research Project Submitted to the School of Business and  
Economics in Partial Fulfillment of the Requirement for the Award  
of the Degree of Masters of Business Administration in Strategic  
Management of Kabarak University**

**NOVEMBER 2018**

## DECLARATION

### Declaration by the candidate

This project is my original work and to the best of my knowledge, it has not been submitted to any institution or university for examination.

Signature.....Date.....

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GMB/NE/0588/05/10

**RECOMMENDATION**

**Recommendation to the school of Business and economics by supervisors**

This project entitled “Effect of Balance Scorecard Strategy on Performance of Public Secondary Schools in Nakuru County, Kenya” and written by Samwel Cheboi Kiptarus is presented to the school of Business and Economics of Kabarak University. We have reviewed the project and recommended it to be accepted in partial fulfillment of the requirement for the degree of Masters of Business Administration in Strategic Management of Kabarak University.

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## **DEDICATION**

This project is dedicated to my heavenly father, my beloved wife Teresia and my sons Nicholas, Emmanuel and Mark.

## **ACKNOWLEDGMENT**

To the almighty God the giver of life and purpose, I will forever be grateful that you accorded me life to go through the research proposal and research project successfully;

To my supervisors /lecturers Dr. Simon Kipchumba and Dr. Charles Zakayo for their tireless effort and invaluable time;

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May God bless your all indeed.

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## ABSTRACT

Balance Score Card (BSC) is multi-dimensional performance management able to measure both fiscal and non-fiscal indicators for the purposes of improving firms' performance. Balance Score Card has been used by firms to align their activities to strategic outcomes. The study assessed application of the Balance Score card Strategy on performance of public secondary schools in Nakuru County, Kenya. The study analyzed the effect of; stakeholders involvement (customer focused strategy), process improvement (internal business improvement strategy), continuous skills development (growth strategy) and strategy measurement (financial capability strategy) on performance of public secondary school performance. The study adopted descriptive research design which tested variables the way they occur in natural environment without interfering with them. The study targeted 261 public secondary schools principals. The study adopted the sampling formula recommended by Nassiuma (2000) which is representative and recommended for not very large population. Out of 261 target population, a sample of 78 was the main source of information for the study. The study was descriptive statistics including mean and inferential statistics like Pearson Correlation to test the relationship between each of components of Balance Score Card and schools' performance. Regression model was used to establish the combined influence of the four components of Balance Score Card and schools' performance. The analyzed data was useful in knowing the effect of application of the Balance Score card Strategy on performance of public secondary schools. The study established that two BSC strategies contributed to school performance, that is internal business improvement and financial capabilities strategies whereas customers focus and learning and growth strategies did not contribute to the schools' performance. The study recommends that the Ministry of Education should fully adopt Balanced Scorecard strategy within its policy as a means of improving school performance. Second, the study recommends that the County Education Directors should be the change agents that the ministry should use to implement the BSC in public secondary schools for improved schools performance.

*Key words: Performance Management, Balance Score Card, School Performance, Financial Capabilities, Customer Focused, Business Process Improvement*

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## **ABBREVIATIONS AND ACRONYMS**

BOM	Board of management
BSC	Balance Score Card
EVA	Economic Value Added
FDSE	Free Day Secondary Education
FPE	Free Primary Education
FSE	Free Secondary Education
KCSE	Kenya Certificate of Secondary Education
KM	Knowledge Management
MDG	Millennium Development Goals
MoE	Ministry of Education
NESSP	National Education Sector Support Programme
NSE	Nairobi Stock Exchange
PTA	Parents Teachers Association
RBV	Result Based Value
SBU	Strategic Business Units
TSC	Teachers service Commission
UPE	Universal Primary Education

## OPERATIONAL DEFINITION OF TERMS

<b>Customer Focus Strategy</b>	Customer satisfaction and service delivery (Balanced Scorecard Institute, 2015).The customers in this study are the students. The definition is used in the study.
<b>Balance Score Card</b>	This is a system based on the assumption that organizations exist for purposes of Stakeholders satisfaction in terms of organizational learning, internal business process and financial performance (Kaplan & Norton, 2015). It is an innovative approach to performance measurement (Mackay, 2005). The definition is used in the study.
<b>Performance Management</b>	This is a systematic process of communication to employees on performance expectation and delivery (Marsor, 2011). The definition is used in the study.
<b>School Performance</b>	These are the actual results compared to planned results of the schools. The three specific areas of the performance under this study include; (a) Financial Performance (b) learners performance (c) stakeholder satisfaction. The definition is used in the study.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, hypotheses of the study, significance of the study, scope of the study, limitation of the study and assumptions of the study.

#### **1.2 Background of the Study**

Balance Score Card (BSC) is multi-dimensional performance management tool that incorporates fiscal and non-fiscal measures enabling to improve firms' performance. The current firms' expected outcome are dependent on the firms' direction and the stage at which the firms are in terms of the strategic development, making BSC to be emerging tool in firms; management systems today (Wiersman, 2009) assembling all the firms objectives into one platform system that make their strategic directions clearer (Kaplan and Norton, 2004).

The BSC is derived from firms' strategic plan measurable parts including; measurement system, strategic management system and communication (Bremser and Barsky 2004). According to Kaplan and Norton, the BSC is a logical performance measurement tool that links strategic direction (Vision, Mission, Strategic Objectives) to the planned results (customer and Stakeholder expectations, financial, internal processes and capacity building learning and growth) (Kaplan & Norton, 2015).

Performance measurement is the current concern to firms as a competitive tool. Performance Measure Strategy is a tool managers can use to gauge progress towards specific achievement targets. Striteska and Spickova (2012) observe that the achievement of business is based on systems that firms have put in place to measurement performance. Firms in the recent past have introduced new performance measurement techniques;

activity-based costing and shareholder value analysis, Balance Score Card and the business excellence model (Nelly, 2007).

Being a performance assessment tool, the BSC helps the management review tangible results such as financials, and also intangible assets including customer perception of the firms, innovation, motivation and brand (Christesen, 2008). In addition to that it encourages managers to look at performance in a balanced way of performance measurements toward specific results. 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 success of Balanced Score Card firms should set measurable goals including time, quality, and performance and service bearing in minds the cost operating as a way of building customers loyalty (Kaplan and Norton, 2015)

In order to succeed, firms must identify and measure the key performance factors that drive success. In the history of management, performance measurement is a tool that assesses the firms' success. BSC requires that measurements are performed within planned time frame to enable investors perceptively frame expectations of future earning from the firms (Kennerley & Neely, 2003). From an internal point of view, BSC enable the management in resource allocation (operations evaluation), it helps firms' supplies give feedback on how the firms and the SBU are doing in terms of purchases and procurement (activity evaluation) and as incentives useful in achieving goals and strategic decision making (managerial evaluation) (Venanzi, 2012).

BSC is also useful in measuring internal competitiveness of the firms in terms of; teams, individuals, departments and country divisions (Liyai, 2014; Nelly, 2007; Kaplan & Norton, 1996). The measurement system can be a collaborative tool for benchmarking with internal SBUs and competitors, encouraging openness cross firms' to allow collaborative learning towards firms; success (Venanzi, 2012).



### **1.2.2 Balanced Score Card Performance Measurement Tool**

The BSC components include; Customer, internal business process, Innovation and learning and financial strategies. The first three components are for providing leading performance measurements on the other hand the last component is for monitoring performance. The Customer strategy monitors the firms' ability in providing demanded value that satisfies customer being priority to top management (Kaplan & Norton, 1992).

The system aligns firms' vision (shared vision) with employees' behaviors, business strategy, and operations (Kaplan & Norton, 1996). Other benefits of using BSC include measurement of; what matters, identification of efficient process based on customer needs, improving initiatives, internal and external communications, linking budget to strategy operations (Kaplan & Norton, 1996; Nelly, 2007; Kibicho, 2015). Within the Balanced Score Card lies on expression performance measures and strategy (Khan, Khalique, & Nor, 2014). These linkages translate strategic objectives into actionable performance measurements (Kaplan & Norton, 2015).

Internal processes improve business processes that satisfy customers and make firms generate revenue lead competitive edge. The results measurement according is important in helping firms in innovative strategy which create value for customers. For example, launching new products generate value addition to customers; continually improve which improves operating efficiencies leading to markets expansion and profit margins (Kaplan & Norton, 2015). The financial strategy on the other hand measures is key organization particularly to the shareholders and investors. In the past, governments' departments dependent on annual budget allocation with performance measured on percentages compared to today where financial measures are more strategic. BSC strategy enables firms build the required customers' loyalty including; quality, quantity of performance, product and service, timeliness, and cost (Kaplan & Norton, 2015).

Balanced Score Card enable the management charter forwards its strategic direction achievable through process improvement. BSC provides approach that leads to measurable strategic outcome. By developing strategic targets requires managers to come

up with BSC metrics, communicating them through teams that evolve firms' competitiveness (Sims, 2007). BSC emphasizes on measurement of business performance from the strategic implementation than relying on financial results (Ghosh, 2007).

### **1.2.3 Performance of Public Secondary Schools in Kenya**

System of education in Kenyan is composed of; early childhood, primary/elementary, secondary and tertiary education levels. The Kenya government has a mandate of providing quality education to all the levels (Basic Education Act No.14 of 2013; Sessional paper No. 1 2005).The Ministry of education Sector Strategic Plan of 2003 targets is presented in the Sessional Paper No. 1 of 2005 also within the scope of Millennium Development Goals (MDG) (Walekhwa, 2008).The ministry's strategic plan is cascaded down to individual public secondary schools that are expected to enact a strategic plan in tandem with the Ministry of Education's Strategic Plan. Evidently, strategic planning in public secondary schools is largely determined by external pressures such as policy. Pressure on existing resources, desire for quality, challenge of rapidly changing policy and the highly competitive environment in the industry makes strategic planning relevant. As Les Bell (2002) notes, strategic planning is a management tool that identifies firms' challenges and strategies that can solve the challenges within a time frame. The question of concern is therefore, whether the use BSC in schools has brought the desired performance improvement performance.

### **1.3 Statement of the Problem**

Public Secondary Schools in Kenya play leading role in imparting knowledge to students in their preparation to take up training in different fields in tertiary level to enhance their skills in participation in socio-economic activities in the country. 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).

Public Secondary Schools in Kenya stakeholders involved in performance improvement include; Ministry of Education which is policy maker, Teachers Service Commission

who supply human capital to the schools, School Board of Management who are trustees appointed by the ministry to manage the schools, Parents Association who are the owners of the students and also provide learning resources and the surrounding community. These stakeholders have been interested in getting information on the performance of the schools where they expect quality services. This has pushed the idea of schools implementing performance management strategies that can deliver (Gitonga, 2014). Schools are required to develop strategic plans; however, they fail to put such plans into use because they lack performance strategy that monitors performance and deliver the expected performance output. This situation therefore justifies the use of the BSC a crucial step in the strategic process implementation. In addition to that the Balanced Score Card gives the organization feedback to know how well they are achieving their strategic direction. The purpose of the study is to assess the effect of Balance Score Card strategy on performance of public secondary schools, more especially; effect of customer focused strategy, internal business improvement strategy, financial capability strategies, and learning and growth strategy on performance of public secondary schools.

#### **1.4 Purpose of the Study**

The main purpose of the study was to assess the effect of Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya.

#### **1.5 Objectives of the Study**

Specific objectives of the study were;

- (i) To establish the effect of customer focused strategy on performance of public secondary schools in Nakuru County, Kenya
- (ii) To establish the effect of internal business improvement strategy on performance of public secondary schools in Nakuru County, Kenya
- (iii) To establish the effect of growth strategy on performance of public secondary schools in Nakuru County, Kenya
- (iv) To determine the effect of financial capability strategy on performance of public secondary schools in Nakuru County, Kenya

## **1.6 Hypothesis of the Study**

HO<sub>1</sub>: Customer focused strategy does not have significant effect on performance of public secondary schools in Nakuru County, Kenya.

HO<sub>2</sub>: Internal business improvement strategy does not have significant effect on performance of public secondary schools in Nakuru County, Kenya.

HO<sub>3</sub>: Growth strategy does not have significant effect on performance of public secondary schools in Nakuru County, Kenya.

HO<sub>4</sub>: Financial capability strategy does not have significant effect on performance of public secondary schools in Nakuru County, Kenya.

## **1.7 Significance of the Study**

The findings from the study will add to the already created knowledge on the application of the Balance Score Card Strategy on performance of public secondary schools. First the findings will address policy on schools strategic direction in understanding whether the existing policy achieves the implementation of objectives towards the desired schools performance. Secondly, the findings of the study will be important to scholars in performance management, strategic management, and education management in broadening their knowledge on application of the Balance Score Card Improvement Strategy on performance of public secondary schools. Thirdly, since strategic planning attracts many stakeholders; the findings from this study will be important to such stakeholders in opening their understanding on how the schools application of BSC as a performance improvement tool.

## **1.8 Scope of the Study**

The study covered the following elements of Balance Score Card: Student's involvement (customer focused strategy), process improvement (internal business improvement strategy), continuous skills development (learning and growth strategy) and financial strategy measurement (financial capability strategy). The study also covered schools performance measured in terms of KCSE results. The study was conducted in Nakuru

County covering public secondary schools in the County September from to October 2018.

### **1.9 Limitation and Delimitation of the Study**

The following limitation were challenging for the study in achieving its objective. The sample size was adequate when schools in Nakuru County are compared to all public secondary schools in Kenya hence the generalization of the finding. This limitation will was addressed by selecting representative sample with high variability. Secondly the study challenges in getting response from schools' administration due to sensitivity of information to be collected. The researcher mitigated this limitation by guarantying that the study was purely for academic purpose and also the information obtained from them was treated confidentially. Thirdly the study faced constrain in terms of travel because some schools are in furlong areas. The researcher used three research assistances to collect data and therefore mitigated this limitation.

## **CHAPTER TWO LITERATURE REVIEW**

### **2.1 Introduction**

The chapter reviews relevant literature on assessment of effect of the Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya. This section include; the theoretical review, application of Balanced Score Card on performance improvement strategy, school performance measurement, empirical review, literature gap analysis and the conceptual framework.

### **2.2 Empirical Literature Review**

Pravena, (2011) study found out that the Balance Score Card performance measurement tool helps in the alignment between strategic objectives and daily operations performance. Opiyo (2010) study found out introduction of technology requires organizational change where BSC strategy is applied. According to Fayyazi, et al. (2014), the financial aspect is the most important criteria in BSC strategy. The other aspects are firms' performance and customer aspect which addresses attitudes change for better performance.

#### **2.2.1 Customer Focused Strategy and Performance of Public Secondary Schools in Nakuru County.**

According to the recent management philosophy, there has been a growing interest when it comes to focusing on customers and their satisfaction when it comes to any business. This is because such elements are considered to be very key indicators of a business performance in that if customers are happy with the services offered to them by any organization, then it goes without saying that eventually they look for suppliers who can satisfy their needs and wants. This means therefore that poor performance from this point of view is very largely considered to be one of the major leading indicators when it comes to future reduction on performance. In developing metrics for satisfaction, it is important for customers to be analyzed with particular consideration to the kinds of customers, the kinds of services they need, the kind of service they currently receive as well as what they expect when they come into the bank (Sterling, 2013). This strategy

envelops a firm's capability in providing unique services from which the customers draw the desired value (Balanced Score Card Institute, 2015).

King III, (2009) states that stakeholder involvement is a concept that embraces inclusiveness due to the many parties that has stakes in the company including; shareholders, creditors, suppliers, contractors, lenders who should 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. This will enable firms achieve the correct balance between its various stakeholders and firm performance (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 is taken care of (King III, 2009). 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).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).

### **2.2.2 Internal Business Strategy and Performance of Public Secondary Schools in Nakuru County.**

The business strategy usually relates to the internal operations. The logic behind this is based on the analogy that indeed this strategy helps to enable various managers to have a clear picture of how well their business is performing while also putting into considerations the element of whether its products and services are in line with the customer specifications. Such metrics need to be properly and neatly designed in a manner that allows for effective performance (Sterling, 2013). The internal business processes are considered to be well correlated to employee performance as well as their commitment to a particular organization. One good example is that of a teller who is supposed to spend a maximum of three minutes serving a customer and this is a parameter captured in their Balanced Score Card to appraise them. There is however instances where there are referrals for various transactions to a supervisor, who must authorize them before the transaction can be completed. This interferes with three-minute limit, and the system may need to be adjusted in order to cater for this (Schaap, 2006).

Strategic managers need to look beyond scanning and analyzing the external environment, for opportunities and threats, to scanning within the organization to identify internal strategic factors which enhance their competitive advantage (Tolbert & Hall, 2009). The internal environment is controllable and manageable through planning and consists of factors such as current employees, management systems and organizational culture (Kibera, Munyoki&Njuguna, 2014).

Waititu (2016) endeavored to determine whether communication systems, leadership styles, and organizational structure affect implementation of strategy. From the research findings, the study concluded that listed commercial banks in Nairobi County invested heavily in innovation, effective communication systems, inspirational leadership, functional organization structure, and culture. However, from the nine banks sampled Chase bank was not included. Whereas Kenyan banks lay a lot of importance on delivery of quality service to customers, the main challenge however is to create internal systems where a set of employees who are motivated are engaged to facilitate the companies



endeavor. Employees are critical to foster the firm's achievement of its goals and therefore, managers strive to ensure employees 'are fully engaged. Organizations therefore must spend time, money, and energy on programs, processes, and internal factors that will have a positive impact on employee engagement (Heartfield, 2012).

Lu, Deng, & Ma (2011) study explained employee' perceptions concerning transactional or transformational leadership variety of executive, each have extremely correlation statistics with perceptions concerning executives' encouragement factors of its innovation climate. Keter (2015) observes that lacking commitment of senior executives leaves the participants feeling misled. Commitment to the strategic direction may be a necessity for strategy implementation. Therefore, senior managers need to show their dedication and commitment to the agenda. To implement strategy with success, senior executives should not assume that lower level managers have an equivalent perception of the strategic arrangement, its implementation, its underlying explanation, and its urgency.

The external environment provides firms with inputs which they transform to outputs through internal processes and then the outputs are given back to the environment. Regardless of the industry in which they compete, the external environment influences firms as they seek strategic competitiveness and the earning above average returns (Hitt Ireland, Sirmon&Trahms, 2011).

For organizations to remain at the cutting edge they must keep pace with the dynamic environment by aligning their internal structures to environmental contingencies (Burnes, 2000). Organizational success is a function of its ability to fit internal structures to environmental contingencies. Contingency theory is often called the 'it all depends theory', because of its prescriptive nature of success of anything depending on prevailing circumstances. Contingency theory precludes that under different circumstances, different solutions may prove most effective (Dobak–Antal, 2010).

### **2.2.3 Growth Strategies and Performance of Public Secondary Schools in Nakuru County.**

Learning and growth strategy revolves around training of employees and a company's corporate attitudes in relation to personal and business self-improvement. Organization learning and growth involves staff development and hiring consultant to supplement staff capabilities. Employee's development is important component in the achievement of organizations' Balanced Score Card (Kaplan and Norton, 2008). The career development of employees is viewed as the process of having control over life, work and learning over the lifecycle. It consists of the provision of services in various jurisdictions and delivery settings to help individuals acquire knowledge, skills, attitudes and behaviors that assist them in the management of their careers. Career development initiatives allow for a deeper focus on the goals and aspirations of the employees.

This strategy takes into account organizational learning process for the improvement of its value based on employees' competence and their delivery (Balanced Score Card Institute, 2015). Globally, BSC is an important management tool that can motivate employees to achieve the long term goals. Training and development is an activity that helps organization develops skills useful in enhancing performance and optimizing human resource in the achievement of organizational goals as well as employee's individual goals (Osibanjo, Abiodun, & Adeniji, 2014). Additionally, training is important in changing organizational culture towards positive perception that creates better corporate image (Osibanjo et al., 2014).

Several studies have conducted to identify effect of BSC on performance. Nyangayo (2014) established that BSC has led to increase of profit, customer base, technological innovation and professionalism. Afande (2015) found out that BSC is a strategic management system in a firm. Mutonga (2013) carried out a study to determine the use and effectiveness of BSC as a performance tool for insurance companies in Kenya. The study found out that BSC was key in performance measurement. Ondieki (2017) established that BSC improved financial reporting systems that lead to stakeholders' satisfaction and overall organization performance. With regard to studies on strategy

implementation, Karani, (2009) examined strategy implementation at KenGen. These studies did not focus on effect of BSC in public school performance which the current study will analyze.

Mbugi (2015) varied out study on effect of the Balanced Score Card approach on performance of five star hotels in Nairobi employing cross sectional descriptive survey design. The study established BSC helped the hotels in solving performance problems they were facing since the hotels had well-defined measures for measuring financial performance, this may have contributed to significant results that eventually improved the financial bottom-line of the organization. Tien-Hui and Yuan-Feng (2011) established that in implementing BSC, there should be integration of performance measurements of financial and non-financial aspects. Peter and Atie (2012) established that given public health systems were not able to produce better performance because of; lack of health target indicators and quality indicators.

#### **2.2.4 Financial Capabilities and Performance of Public Secondary Schools in Nakuru County.**

The Monetary/ financial aspect mainly deals with the various ways in which an organization desires to be seen by its shareholders. On the other hand, a customer's viewpoint is mainly concerned with the determination of how the company wishes to be seen or rather how the company places itself in the eyes of the customers. Secondly, the internal business process point of view mostly deals with the prescription of processes that the company is particularly skilled so as to meet customers and shareholders satisfaction. Finally, the organizational learning and growth perception is mainly involved with the rapid changes as well as the various improvements which must be implemented if the company is to realize its vision (Pochampally et al., 2009; Hubbard, 2009; Hsu and Liu, 2009). According to Murali (2008), benchmarking is a practice used in management and principally strategic management, in which organizations assess a number of business process against set standards. This in turn permits organizations to come up with plans of adopting the best practice for improving business performance.

Benchmarking might be a limited edition event, but in most instances, it's treated as a continuous process in which organizations constantly seek to test their practices. It opens organizations to new techniques, ideologies and tools to improve their efficiency. It assists in cracking through resistance to change by displaying other methods of resolving issues than the one that is currently being used, and showing that they work.

MeenaChavan (2009) ascertains that the BSC approach spreads into connecting employee reward programs to performance in the four sections, with the right increments implemented depending on the relative performance of each section. In other cases, businesses view the non-financial initiatives as significant due to the set threshold performance level in each of the non-financials. An individual will only meet the requirements for performance related recompenses once they exceed the set threshold levels. This approach demonstrates the importance of the organization's place on creating the future capability and strategic issues to employees, while recognizing shorter-term financial performance at the same time.

The main aim of this strategy is to ensure proper utilization of shareholders' investment. According to Liyai (2014), financial measures provide key indicators of organization performance; narrate the organization's performance such as return on investment, operating income value addition and cost control. According to McDonnell, (1995) for hotel organizations to be successful, and remain successful for a long time, they must continuously enhance their current services, actions & processes, and developing and introducing new ones. This continuous process of improvement and modernization is the only way to ensure that companies grow.

### **2.2.5 Performance and Growth of Public Secondary Schools in Nakuru County**

According to Richard et al (2009) organizational performance encompasses three specific areas of firm outcomes namely financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.)

According to Mwangi and Nyagah (2013), the performance of an individual in the National Examination is a predictor of that person's future. Due to the concern of the countries around the globe about their citizen's future, education has become a major Centre of investment. Simiyu (2013) carried out research to examine the factors influencing the students' academic performance in public secondary schools in Trans Nzoia West Sub County. The study found that school factors greatly contribute to students' academic performance. The study further found that presence of a well-stocked library, relevant text books, well trained teachers', spacious classrooms are factor that can contribute to good academic performance. According to Onyara (2013), students' poor performance is due to lack of learning facilities and resources as well as poor supervision of learning activities. The study also shows that almost half of the heads of schools rarely take a look at teacher's professional records.

Academic performance is also influenced by the transfer of teachers from schools without replacements. This leads to lack of enough teachers' thus leading to poor academic performance (Wanyama, 2013). A study by Simiyu (2013); Onyara (2013) and Wanyama (2013) have been done in other Counties in Kenya and there is no evidence to show that a study on school based factors influencing student performance in KCSE has been done in Kathiani Sub County. The current study sought to investigate the school-based factors influencing students' performance in KCSE in public secondary schools in Kathiani Sub County, Machakos County.

The Kenya's education system is dominated by examination-oriented teaching. It is generally agreed that the most important manifestations of quality education have to do with literacy, cognitive abilities, performance and progression to higher levels of learning. There is reliance on scores and transition rates as core measures of achievement. In Kenya, examinations are generally acceptable as valid measures of achievement (Maiyo, 2009). Secondary school placement, and to some extent admission, depend on performance of Kenya Certificate of Primary Education (KCPE) examination in standard eight (Michael, Miguel & Rebecca, 2004). Although the government has channeled funds into basic education, performance at KCPE shows that most of the students making

transition to top schools are from private schools; this creates inequality to access of opportunities to national and top performing provincial schools (Ngugi, 2007).

## **2.3 Theoretical Literature Review**

The theories adopted for the study include; Resource Based View (RBV), Stakeholders Theory and Stewardship Theory.

### **2.3.1 Resource Based View**

The proponent of Resource Based Theory was Barney (1991). The Resource Based View (RBV) articulates the competitive advantage sustainable over a period of time (Barney, 1991). This strategy is based on the organizational structure and how such structures enhance competitiveness (Henderson & Cockburn, 1994; Porter, 1979). Organization is seen as composed of resources applicable across the board (Amit and Schoemaker, 1993). The theory emphasizes the firms' capabilities and mechanisms for enhancing performance (Penrose, 1959; Rumelt, 1984). The RBV explains the ability of the firm to develop and implement competitive advantage based on the existing resources.

Barney, Wright and Ketchen (2001) noted that every firm owns a diverse outline of tangible and intangible resources. Barney is one of the late contributors of RBV who studied and established the existence of key firm resources for superior performance. The theory of RBV assumes that individuals are inspired to make maximum use of economic resources available and rational choices that a firm makes which are shaped by economic framework (Barney, 2007). Resource Based View theory in this study played a role of evaluating and explaining resources and capability of a firm that have the capability to create and maintain a firm's advantage and thus higher performance among the mobile phone industries in Kenya (Sheehan & Toss, 2007).

In strategic management literature, resources are defined as stocks of accessible things that are possessed by the firm. Competencies are the firm's strengths that enable it to better differentiate its products or service quality by building technological system to respond to customers' needs, hence allowing the firm to compete more efficiently and

successfully than other firms (Arend & Levesque, 2010, & Anderson, 2011). Resource Based View has contributed in strategic management through its emphasis on firm-specific resources as bona fide source of CA and high performance (Mckelvie & Davidsson, 2009).

The theory of RBV contributes in enabling the firm managers to check whether factors relevant to superior performance exist or not. This enables them to be in a position of exploiting market imperfection to advance their performance. That way, managers are put in a place where they can combine resources to sustain their performance advantage. Resource Based View theory provides the benefit to the firm specifically highlighting factors that creates superior performance for a firm (Locket, Thompson & Morgenstern, 2009). Resource Based View allows executives of the organization to choose the most important strategic factors to invest in from a given range of probable strategic factors in the mobile telephone industry.

Rareness creates ideal competition in view of the fact that resources in that category are possessed by fewer firms. Inimitable resources are costly to duplicate and non-substitutable, meaning that there is no alternative to accomplishing an equal function instantly available to competitors. (Barney 2007, Barney & Hesterly, 2010). One of the critics of RBV is that it oversimplify organizational reality and it tends to assume a linear non-problematic relationship. Further the theory does not take into account the aspect of environmental factors which affect firm's performance.

### **2.3.2 Stakeholders Theory**

Customers lead strategy development and implementation is key in implementing of Balanced Score Card. They further observe that customers are important in the strategy development, first in identifying key customers and mapping their perception of their power relative to other groups and also in alignment of strategy to their needs (Ackermann and Eden, 2001)

Stakeholder theory has the following management tools and techniques, particularly developed to assist managers operating in complex settings. Key tenet of the theory

includes acknowledging that firm' stakeholders and their effect on performance (Amaratunga et al, 2002).Stakeholders interest are key in the analysis and identification of they represent in the project. The study uses this theory because secondary schools have stakeholders; BoM, TSC, PTA, the community determine the strategic direction the organization takes and monitoring stakeholders' performance for accountability.

### **2.3.3 Stewardship Theory**

The theory was evolved from industrial psychology and sociology stipulating that managers work on behalf of the owners of the firm to produce profit on their behalf (Donaldson & Davies, 1991). Good organizational performance is a motivator to managers and gives them energy to put more as a means of improving perception on the organizational performance. Managers generate revenue and are meant to balance expenses to produce profit desired by the owners of the company. Stewardship Theory is different from Agency theory because it entrust managers to work with integrity putting interest of the firm first (Shleifer&Vishny, 1997).

The stakeholder approach has been described as a powerful means of understanding the firm in its environment (Oakley, 2011). This approach is intended to broaden the management's vision of its roles and responsibilities beyond the profit maximization function (Mansuri&Rao, 2004) and stakeholders identified in input-output models of the firm, to also include interests and claims of non-stockholding groups. Patton (2008) elaborated that the stakeholder model entails that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no pre-set priority of one set of interests and benefits over another (Karl, 2007). Associated corporations, prospective employees, prospective customers, and the public at large, needs to be taken into consideration. This theory emphasizes the significance of the relationship between the top management staff with the stakeholders. Specifically, managers should understand the success of the projects can be influenced greatly by the participation of various stakeholders. These stakeholders will participate depending on



the relationship they foster with the top management and not junior workers acting on their behalf

## **2.4 Research Gap**

The chapter reviewed literature on the study objectives. The study used three theories (Resource based View, Stakeholders Theory and Stewardship Theory). The empirical reviews done on the application of the Balance Score card Improvement Strategy and performance with aim of critique, presentation of researcher's view creating research gaps to be filled by the current study and how it contributes to new knowledge as far as the theories are concerned. Application of the Balance Score card Improvement Strategy on performance of public secondary schools in Kenya still remains an area not adequately researched. The current study narrowed the gap by assessing the application of the Balance Score card Improvement Strategy on performance of public secondary schools in Nakuru County, Kenya.

## **2.5 Conceptual Framework**

The independent variables are; stakeholders involvement (customer focused strategy), process improvement (internal business improvement strategy), financial strategy measurement (financial capability strategy) and continuous skills development (growth strategy). The dependent variable is schools performance measured in terms of KCSE and financial managerial performances. The moderating variable is principals' managerial decisions. When the public secondary schools employ all the elements of Balance Score card effectively including; stakeholders involvement (customer focused strategy), process improvement (internal business improvement strategy), financial strategy measurement (financial capability strategy) and continuous skills development (learning and growth strategy), then the schools' performances is likely to improve in terms of better performance at KCSE and better principals' performance. When better managerial decisions are introduced in the BSC, then it will accelerate school performance and vice versa.

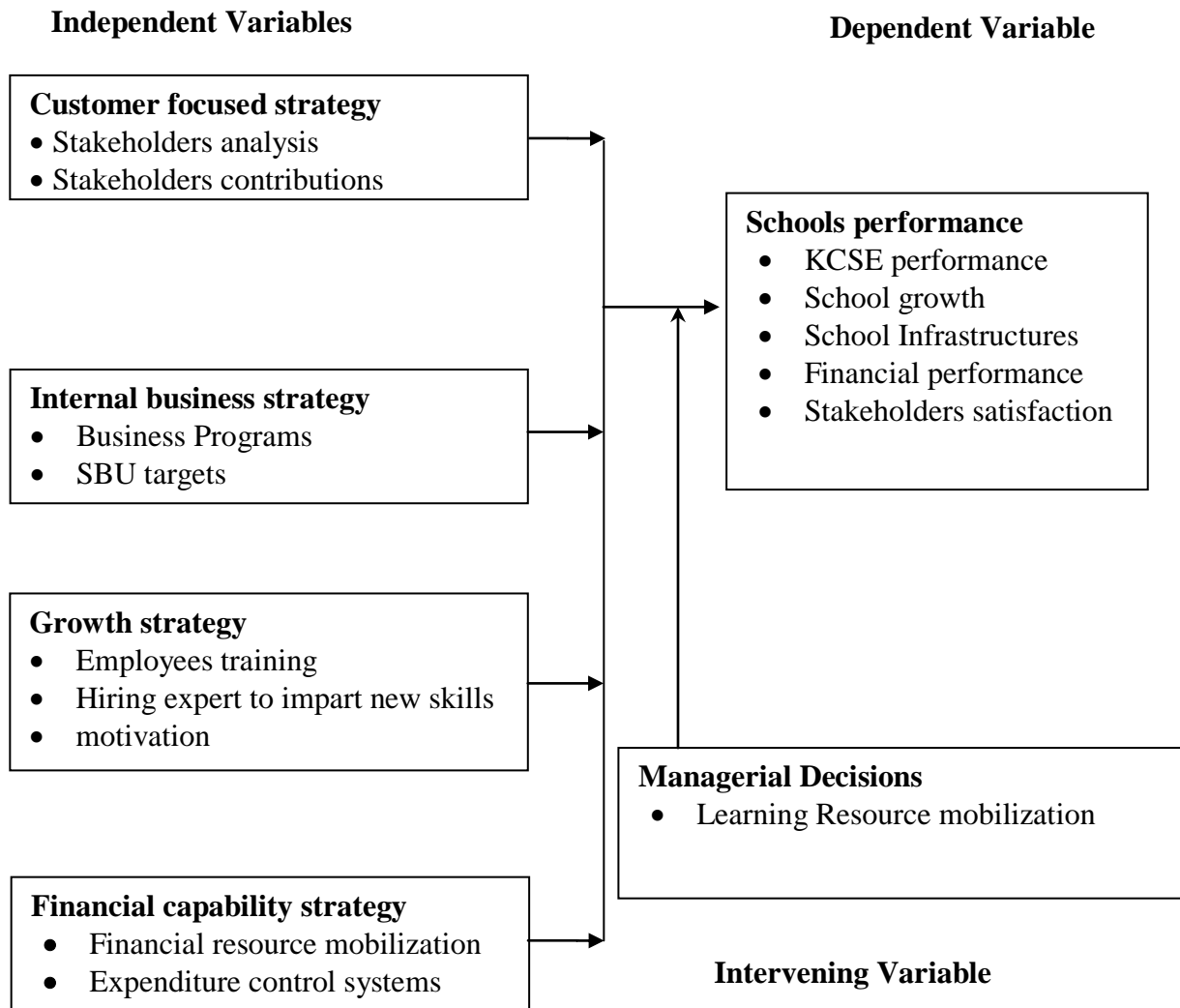


Figure2.1: Conceptual Framework

Source: (Researcher, 2018)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter contains the research methodology that the study adopted. This is the bridge between the literature review and analysis sections. It presents various themes including the research design, study population, sampling size and sampling procedures, data collection instruments and analysis of the data collected.

#### **3.2 Research Design**

Descriptive design is used to assess data as they occur in natural environment without interference (Mugenda and Mugenda, 2003). Therefore, this research design had the ability to produce information to assess application of the Balance Score card Improvement Strategy on performance of public secondary schools. This design describes the relationship between key variables in the phenomenal onto make inferential reference to the population (Orodho, 2002). The design is applicable in studding variable that cannot be directly observed and therefore by the use of questionnaires, such large amount of data can be collected about the population. The design also reduces bias by increasing reliability of the data collected and its focus on the objectives. This study used descriptive design to assess effect of BSC strategy on school performance.

#### **3.3 Location of the Study**

Nakuru County is one of the 47 Counties in Kenya with the following administrative Sub-Counties; Nakuru Town East, Nakuru Town East, Rongai, Molo, Njoro, Naivasha, Gilgil, Subukia, Kerusoi North, Kerusoi South and Bahati. The County has total of 261public secondary schools. 261 principals are drawn from the 261 public secondary schools.

### 3.4 Population of the Study

Population is the entire group of individuals or items under consideration in any field of inquiry and have a common attribute (Mugenda&Mugenda: 2003). Accordingly, (Mugenda&Mugenda: 2003) states that it is impractical to select a representative sample from the target; thus a sample was drawn from an ‘accessible population’ which is more narrowly defined and manageable. There are a total of 261 public secondary schools in Nakuru County as obtained from Nakuru County Education Headquarter. The target population of the study was the principal of the 261 public secondary schools was sampled.

### 3.5 Sampling Procedure and Sample Size

The study adopts the sampling formula recommended by Nassiuma (2000) of the 261 Principals. In surveys study, coefficient variation of 21% to 30% and standard error of 2% to 5% is usually adequate (Nassiuma, 2000).

$$S = \frac{N(Cv)^2}{(Cv)^2 + (N - 1)e^2}$$

Where S = the sample size

N = the population size

C<sub>v</sub> = the Coefficient of Variation

e = standard error

Therefore, the sample size was:

$$s = \frac{261(0.21^2)}{0.21^2 + (261-1) 0.02^2} = 77.7184 \approx 78 \text{ Principals}$$

### 3.6 Instrumentation

The study used primary collected by use of structured questionnaires. Questionnaires made it easy to collect data, coding and ultimate data analysis (Kothari, 2004). The questionnaires was divided into 6 parts. The first section sought to collect data on demographic data of the target population, section II on stakeholders’ involvement (customer focused strategy) and process improvement (internal business improvement strategy), financial strategy measurement (financial capability strategy), continuous skills

development (learning and growth strategy) section III performance of public secondary schools. The statements in the questionnaire were derived from indicators/parameters of each variable.

### **3.6.1 Pilot Study**

### **3.6.2 Validity of the Instruments**

Validity indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which differences found within a measuring instrument reflect true difference among those being tested (Kothari, 2004, Copper and Schindler, 2006). The instrument said to be valid if it contains a representation sample of respondents view. Validity is divided into various types including content, construct face and criterion related. The study performed content and constructed valid tests. Content validity measures the extent to which the instrument adequately covered the investigative questions in the study. The researcher did a pilot of 10 schools within Baringo County to pretest the validity of the data collection instrument. Expert lecturers from Kabarak University who tested and judge whether the measuring instrument to meet the set standards.

### **3.6.3 Reliability of the Instruments**

Kothari (2004) points out that reliability is getting the same results over repeated trial. The researcher used Cronbach Alpha to measure reliability of the instrument used as shown below.

$$KR_{20} = \left( \frac{k}{k-1} \right) \left( 1 - \sum \frac{s_i^2}{s_r^2} \right).$$

Here  $k$  stands for the number of conditions contributing to a total score, and  $s$  is the standard deviation, which students have learned to calculate and interpret early in the most elementary statistics course. The pilot test obtained reliability  $0.83 \geq 0.7$  which was acceptable. A higher coefficient obtained implies that the items correlate highly among themselves i.e. there is a consistency among the items in measuring concept of interest. This is called homogeneity of data. Kothari (2004) points out that reliability is also

concerned with how error may get introduced by different samples of the items being studied.

### **3.7 Data Collection Procedure**

After defending the proposal, the researcher obtained a letter from Kabarak University Graduate School. This enabled him apply for research permit from the National Commission for Science, Technology and Innovation (NACOSTI). The researcher then obtained an introductory letter/s to the authorities of Nakuru County to enable him collect data. The researcher hired services of 4 research assistants to help him collect data from the public secondary schools. Every day the researcher verified the quality of data collected by applying backstopping for any correction necessary.

### **3.8 Data Analysis**

The obtained data was extracted from the questionnaire and coded in data analysis software, Statistical Package for Data Analysis. Data was analyzed using both descriptive and inferential statistics. Inferential statistics was used to test the relationships between the independent variable (BSC components) and the dependent variable (secondary school performance) in Nakuru County. This informed whether the independent variables significantly matters on the application of the Balance Score card Improvement Strategy on performance of public secondary schools. The regression model was used for quantitative procedures examining the relationship between independent and dependent variables;

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = School performance

$\alpha$  = constant

$\beta_1, \dots, \beta_4$  = Regression Coefficients

$X_1$  = stakeholders involvement (customer focused strategy)

$X_2$  = process improvement (internal business improvement strategy)

$X_3$  = financial strategy measurement (financial capability strategy)

$X_4$  = continuous skills development (learning and growth strategy)

$\varepsilon$  = the error of term.

The results were presented in terms of tables and charts.

**Table 3.1: Summary of Data Analysis Methods**

Objective	IV - Indicators	DV-Indicators	Level of Analysis
Stakeholders involvement (customer focused strategy)	<ul style="list-style-type: none"> <li>• Stakeholders analysis</li> <li>• Stakeholders contributions</li> </ul>	<ul style="list-style-type: none"> <li>• KCSE performance</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Pearson Correlation</li> </ul>
Continuous skills development (learning and growth strategy)	<ul style="list-style-type: none"> <li>• Availability</li> <li>• Allocation</li> <li>• Disbursement</li> </ul>	<ul style="list-style-type: none"> <li>• KCSE performance</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Pearson Correlation</li> </ul>
Process improvement (internal business improvement strategy)	<ul style="list-style-type: none"> <li>• Business Programmes</li> <li>• SBU targets</li> </ul>	<ul style="list-style-type: none"> <li>• KCSE performance</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Pearson Correlation</li> </ul>
Financial strategy measurement (financial capability strategy)	<ul style="list-style-type: none"> <li>• Financial resource mobilization</li> <li>• Expenditure control systems</li> </ul>	<ul style="list-style-type: none"> <li>• KCSE performance</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Pearson Correlation</li> </ul>
combined effect of customer focused, business process, financial capabilities, learning	<ul style="list-style-type: none"> <li>• Employees training</li> <li>• Hiring expert to impart new skills</li> </ul>	<ul style="list-style-type: none"> <li>• KCSE performance</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Pearson Correlation</li> <li>• Regression analysis</li> </ul>

### 3.9 Ethical Considerations

This study involved a lot of care to make sure the intended data is collected including hiding the identity of respondents, assurance that the respondents information is only for academic purpose. The recruitment of respondents to the study remained voluntary and the recruited respondents have liberty to exit from the study when they choose to do so. The researcher used ethical research procedures as per university requirements.



## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND DISCUSSION

#### 4.1 Introduction

This chapter presents the results and discussion of assessment the effect of Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya. The first part of the results is descriptive statistics of research objectives and the second part if inferential statistics which show the relationship between Balanced Score Card and school performance. The relationship between Balanced Score Card and school performance using regression analysis with significance level tested statistic at 0.05. The results are presented using frequency tables, bar charts and figures. A total of 78 questionnaires were distributed to respondents according to the set sample size out of which 75 questionnaires were collected back representing 96% return rate efficient to answer the research objectives of the study

#### 4.2 General and Demographic Information

The results of demographic data included; age bracket, gender, and respondents' level of education and experience as entrepreneurs.

##### 4.2.1 Respondents Age Bracket

The age bracket included; 26-35 years, 36-45 years, 46-55 years and more than 55 years. Analysis of age bracket was important in knowing the most frequent age of the principals in public secondary schools in Nakuru County.

**Table 4.2: Respondents Age Bracket**

<b>Age bracket</b>	<b>Frequency</b>	<b>Percent</b>
26-35 years	6	8
36-45 years	8	11
46-55 years	42	56
>55 years	19	25
<b>Total</b>	<b>75</b>	<b>100</b>

Source: Field Data (2018)

Table 4.1 presents the results of the respondents' age bracket. The study established that majority of respondents 56% of the respondents were within 46-55 age bracket, 25% ages was greater than 50 years, 11% were within 36-45 years age bracket and 8% were within 26-35 years. This finding indicated that the public secondary school principals in Nakuru County were still within the middle age bracket.

#### 4.2.2 Respondents Gender

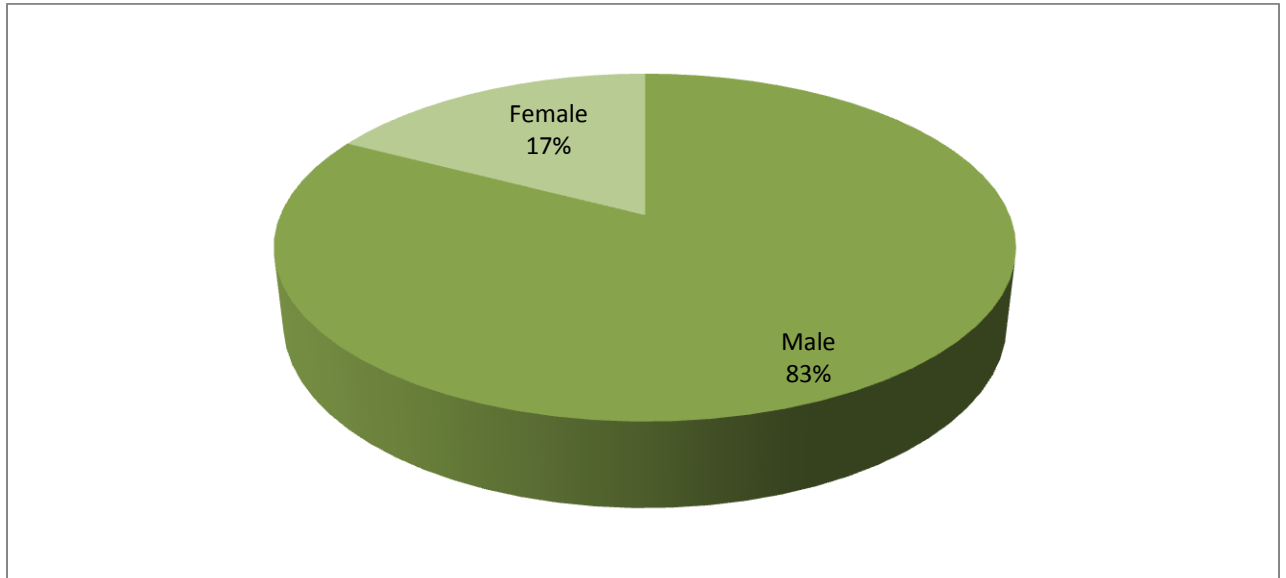


Figure 4.2: Respondents Gender

Results from figure 4.1 revealed that majority of the respondents 83% were male compared to 17% who were female. This finding indicated that Teachers Service Commission have deployed more men in the position of principal in public secondary schools in Nakuru County compared to women. The percentage of women principals was below the Kenya Constitution 2010 threshold which required that there should be 30% gender representation.

### 4.2.3 Respondents Highest Level of Education and Work Experience

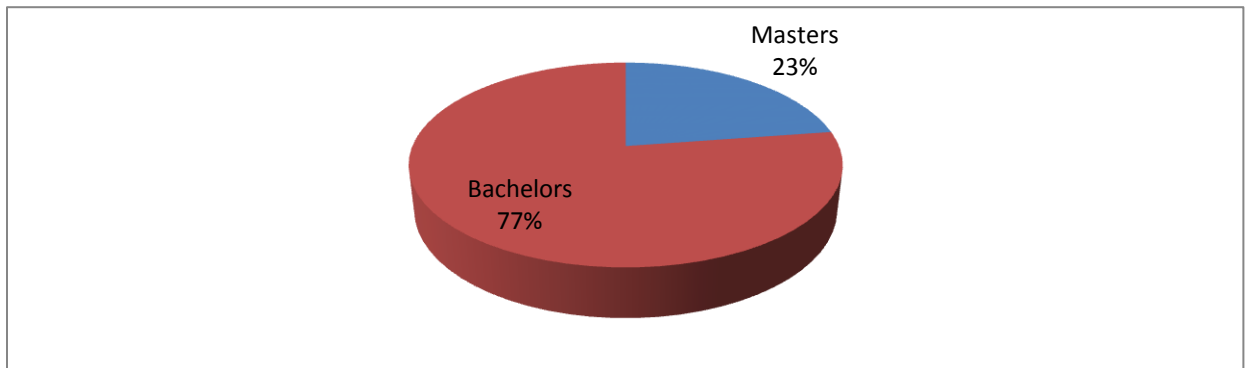


Figure 4.3: Respondents Highest Level of Education

The study established that majority of respondents 77% had Bachelors degree qualification compared to 23% who had masters degrees. Further findings on work experience established that in average the principals had worked for 18 years deviating by 5.4 years. The minimum work experience was 5 years whereas the maximum was 29 years. The finding indicated that the principals in Nakuru County were qualified teachers with a few who pursued further education.

### 4.3 Descriptive Statistics Knowledge of Balanced Score Card Strategy

This section presents the results of the analysis of principals' knowledge of the elements in BSC. The key variables analyzed include; respondents aware of application of Balanced Score Card in schools. Respondents aware of customer strategy element of Balanced Score Card, aware of internal business improvement strategy element of Balanced Score Card. Awareness of financial capability strategy element of Balanced Score Card and awareness of learning and internal growth strategy element of Balanced Score Card.

**Table 4.3: Knowledge of Balanced Score Card Strategy**

Knowledge	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Application of BSC	3	23	3	44	27
Customer strategy	20	7	-	25	48
Business improvement	1	12	7	17	63
Financial capabilities	3	3	24	25	45
Growth strategy	5	16	9	39	31

Source: Field Data (2018)

Table 4.2 presents results on principals' knowledge of Knowledge of Balanced Score Card Strategy. The study established that majority of respondents 71% disagreed that they were aware of application of Balanced Score Card in schools compared to 26% who were aware and 3% who were not sure. Findings on customers' strategy in the BSC revealed that majority of respondents 73% disagreed that they were aware of customer strategy element in the Balanced Score Card compared to 27% who were aware. Further findings on business improvement strategy established that majority of respondents 80% disagreed that they were aware of internal business improvement strategy element of Balanced Score Card compared to 13% who were aware and 7% who were not sure. Findings on financial capability revealed that majority of the respondents 70% disagreed that they were aware of financial capability strategy element and learning and internal growth strategy elements of Balanced Score Card compared 24% who were undecided and 6% who aware.

This finding reveals that principals in public secondary schools in Nakuru do not have knowledge on Balanced Score Card and its elements. This was empirically evident with majority of the principals unaware of; application of Balanced Score Card in schools, customer strategy element of Balanced Score Card, internal business improvement strategy element of Balanced Score Card, financial capability strategy element of Balanced Score Card and learning and internal growth strategy element of Balanced Score Card.

#### 4.4 Knowledge of Customers Strategy in BSC

The first objective of the study was to analyze establish the effect of customer focused strategy on performance of public secondary schools in Nakuru County, Kenya. The key variables analyzed under customer focused strategy included; the principals carrying out academic meetings to filter students' opinion, carrying out class meetings to evaluate performance, introducing students to library use, attendance of academic symposium to improve performance and conduct school prefect orientation and induction to improve administration of the school towards the school performance.

**Table 4.4: Knowledge of Customer Strategy**

Customer strategy	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Academic meeting	21	64	3	10	2
Class meeting	21	64	5	8	2
Library use	13	57	12	8	10
Symposium	25	61	8	4	2
Orientation	21	64	4	4	7

Source: Field Data (2018)

Table 4.3 presents the results of respondents' knowledge of customer strategy in the BSC. The study revealed that majority of respondents 85% agreed that the principals carried out academic meetings to filter students' opinion compared to 12% who agreed and 5% who were not sure. Findings on class meetings established that majority of respondents 85% agreed that the principals carried out class meetings to evaluate performance compared to 10% who disagreed and 5% who were undecided. Majority of respondents 70% agreed that principals introduced students to library use compared to 18% who disagreed and 12% who were not sure. Further findings on symposium established majority of respondents 86% agreed that the principals led encouraged attendance of academic symposium to improve performance compared to 8% who disagreed and were not sure respectively. Last, findings on orientation established that majority of respondents 85% agreed that the principals improved administration of the school towards the school performance compared to 11% who disagreed and 4% who were not sure.

The findings from customer strategy reveals that the principals were aware of customer strategy since majority of them implemented customer based strategies that improved performance including; carrying out academic meetings to filter students’ opinion, carrying out class meetings to evaluate performance, introducing students to library use, attendance of academic symposium to improve performance and conduct school prefect orientation and induction to improve administration of the school towards the school performance.

#### **4.5 Internal Business Improvement**

This section presents principals ability to understand internal business process which is one of the elements in BSC strategy. The key variables include; putting students first as our customers, making each department in school is concerned with students, making each department work complementarily, co-ordinating all the activities in the school and making heads of departments make decisions for the success.

**Table 4.5: Knowledge of Internal Business Improvement**

Improvement	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Students first	24	63	5	4	4
Departmental concern	13	63	9	8	7
Working together	20	71	3	2	4
co-ordination	23	69	1	3	4
Decision making	1	12	7	17	63

Source: Field Data (2018)

Table 4.4 presents the results of the principals’ knowledge of internal business improvement. The study established that majority of respondents 87% agreed that they have put students first as our customers compared to 8% who disagreed and 5% who were not sure. Results on departmental concern established that majority of respondents 76% agreed that the principals were able to make each department in school is concerned with students compared to 15% who disagreed and 9% who were not sure. Further

findings on working together revealed that majority of respondents 91% agreed that they were able to make each department work complementarily compared to 6% who disagreed and 3% who were not sure. Majority of respondents 92% agreed that BSC enabled them co-ordinate all the activities in the school compared to 7% who disagreed and 1% who was not sure. Last, findings on decision making established that majority of respondents 80% disagreed that the principals were able to make heads of departments make decisions for the success compared 13% who agreed and 7% who were not sure.

The findings revealed that apart from making heads of departments make decisions for the success, the principals applied internal business improvement process in managing the schools evident by their ability in; putting students first as our customers, making each department in school is concerned with students, making each department work complementarily, co-ordinating all the activities in the school.

#### **4.6 Knowledge of Learning and growth in Balanced Score Card**

Learning and growth are important components in school management that can make schools achieve their performance. This section present results of learning and growth by principals of public secondary schools in Nakuru, County. The variables analyzed include; growth in number of classrooms, labs, workshops, the school has grown in terms of students' number, the school facilitate training of teaching staff for better performance, the school use training needs assessment to recommend training areas and that the school encourages employees to pursue other trainings elsewhere.

**Table 4.6: Knowledge of Learning and growth in BSC**

Learning and Growth	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Growth in facilities	13	67	8	7	5
Growth in students number	7	8	7	48	31
Training of teachers	5	13	7	33	42
Training needs assessment	20	62	9	5	4
Pursue training	20	67	1	5	7

Source: Field Data (2018)

Table 4.5 shows the results of knowledge of learning and growth in BSC. The study established that majority of respondents 80% agreed that the implementation of BSC in the public schools in Nakuru County achieved growth in number of classrooms, labs, workshops compared to 12% who disagreed and 8% who were not sure. Findings on growth in the number of students established that majority of respondents 79% disagreed that implementation of BSC achieved growth in terms of students' number compared to 15% who agreed and 7% who were not sure. Further findings on training of teachers established that majority of respondents 75% disagreed that the implementation of BSC facilitated training of teaching staff for better performance compared to 18% who agreed and 7% who were undecided. Findings on training needs assessment established that majority of respondents 82% agreed that BSC implementation enabled the school use training needs assessment to recommend training areas compared to 9% who disagreed and were undecided respectively. Last, pursue of training found out that majority of respondents 87% agreed that implementation of BSC made the schools encourage employees to pursue other trainings elsewhere.

The finding revealed that apart from the students' number and teachers training, the implementation of BSC in public secondary schools in Nakuru County had the following achievements; the strategy made the schools growth in number of classrooms, labs, workshops. The school used training needs assessment to recommend training areas and that the school encouraged employees to pursue other trainings elsewhere.



#### 4.7 Knowledge of Financial Capabilities in BSC

This section presents results of the principals' financial capabilities in relation to the implementation of BSC. The key variables analyzed include; monitoring school revenue, principals ability to control expenditures, annually the schools have financial reserves pushed for the year due to the implementation of BSC, the revenue is in excess of our projected expenditures and that all financial reporting are done on time.

**Table 4.7: Knowledge of Financial Capabilities in BSC**

Financial capability	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Monitor revenue	20	68	3	5	4
control of expenditures	1	12	7	17	63
Financial reserves	3	15	8	14	60
Revenue is excess	3	15	3	17	62
Financial reporting	25	64	5	3	3

Source: Field Data (2018)

Table 4.6 presents results of principals' knowledge of financial capabilities after implementing BSC. The study established that majority of respondents 88% agreed that the principals were able to monitor schools' revenue compared to 9% who disagreed and 3% who were not sure. Findings on control of expenditures revealed that majority of respondents 80% disagreed that BSC gave the principals ability to control expenditures compared to 13% who agreed and 7% who were not sure. Further finding on financial reserves revealed that majority of respondents 74% disagreed that annually the schools have financial reserves pushed for the year due to the implementation of BSC compared to 18% who agreed and 8% who were not sure. Findings on excess revenue established that majority of respondents 78% disagreed that the school revenue was in excess of the projected expenditures compared to 18% who agreed and 8% who were not sure. Last, the study established that majority of respondents 89% agreed that all financial reporting are done on time due to the implementation of BSC by the schools compared to 6% who disagreed and 5% who were not sure.

This finding revealed that financial reporting and monitoring of financial activities, the study established the principals were unable to control expenditures, annually the schools have financial reserves pushed for the year due to the implementation of BSC, the revenue is in excess of our projected expenditures.

#### **4.8 School Performance**

This section presents the descriptive statistics of the school performance which was the dependent variable of the study. The study used the following performance indicators; KCSE Performance Indicators, financial performance, stakeholder satisfaction and learners performance.

##### **4.8.1 KCSE Performance Indicators**

The key variables under KCSE performance indicators included; Teachers finish syllabus on time due to Balance Score Card Strategy, teachers attend all lessons as required due to Balance Score Card Strategy, students have enough time to revise for KCSE due to Balance Score Card Strategy, the school provide all the equipment required by students to prepare for KCSE due to Balance Score Card Strategy and that the school continuously improve on KCSE performance due to Balance Score Card Strategy.

	SA	A	NS	D	SD
KCSE performance	(%)	(%)	(%)	(%)	(%)
Syllabus	13	64	12	5	6
Lesson attendance	24	59	4	12	1
Revision time	2	8	24	23	43
Equipment	6	17	9	43	25
Improve KCSE	1	16	7	16	60

Source: Field Data (2018)

The study established that majority of respondents 77% agreed that teachers attended all lessons as required due to Balance Score Card Strategy compared to 12% who were undecided and 11% who were not sure. Findings on lessons coverage established that majority of respondents 83% agreed that teachers attend all lessons as required due to

Balance Score Card Strategy compared to 13% who disagreed and 4% who were not sure. Further findings on revision time revealed that majority of respondents 66% disagreed that students have enough time to revise for KCSE due to Balance Score Card Strategy compared to 24% who were not sure and 20% who agreed. Findings on revision time established that majority of respondents 68% disagreed that the schools provide all the equipment required by students to prepare for KCSE due to Balance Score Card Strategy compared to 23% who agreed and 9% who were not sure. Findings on equipment revealed that majority of respondents 56% disagreed that that the school continuously improve on KCSE performance due to Balance Score Card Strategy.

The finding revealed that the implementation of BSC by principals enabled teachers finish syllabus on time due to Balance Score Card Strategy and teachers attend all lessons as required due to Balance Score Card Strategy. On the other hand, BSC did not help students have enough time to revise for KCSE due to Balance Score Card Strategy, the school provides all the equipment required by students to prepare for KCSE due to Balance Score Card Strategy and that the school continuously improves on KCSE performance due to Balance Score Card Strategy.

#### **4.8.2 Financial Performance**

The variables analyzed under financial performance included; Balance Score Card has enhanced financial performance in my school, Balance Score Card has enhanced financial discipline in the school, Balance Score Card has enhanced financial planning in the school, Balance Score Card has enhanced financial auditing in the school and that Balance Score Card has enhanced collection of school fees.

**Table 4.8: Financial Performance**

	SA	A	NS	D	SD
	(%)	(%)	(%)	(%)	(%)
Financial performance	3	17	9	17	54
Enhanced performance	3	15	7	17	58
Financial discipline	15	48	4	22	11
Financial planning	12	63	9	8	8
Auditing	12	63	9	8	8
Fess collection	12	63	9	8	8

Source: Field Data (2018)

Table 4.7% presents the results of financial performance due to implementation of BSC. The study established that majority of respondents 71% disagreed that Balance Score Card has enhanced financial performance in my school compared to 20% who agreed and 9% who were not sure. Majority of respondents 75% disagreed that Balance Score Card enhanced financial discipline in my school compared to 18% who agreed and 7% who were not sure. Majority of respondents 63% agreed that Balance Score Card has enhanced financial planning in the school compared to 33% who disagreed and 4% who were undecided. Findings on auditing revealed that majority of respondents 75% agreed that Balance Score Card has enhanced financial auditing in the school and that Balance Score Card has enhanced collection of school fees respectively compared to 16% who disagreed and 9% who were undecided.

This finding revealed that the implementation of BSC in the school brought the following benefits; Balance Score Card has enhanced financial planning in the school, Balance Score Card has enhanced financial auditing in the school and that Balance Score Card has enhanced collection of school fees.

### 4.8.3 Stakeholders Satisfaction

The variables analyzed under stakeholder satisfaction include; Students are satisfied by the learning process in the school, Parents are satisfied with learning activities in the school, BOM are satisfied by learning activities in the school, TSC are satisfied by teachers involvement in learning process and Ministry of education are satisfied by school management due to Balance Score Card Strategy.

**Table 4.9: Stakeholders Satisfaction**

Stakeholders satisfaction	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Students satisfied	9	15	5	33	38
Parents satisfied	20	68	1	4	7
BOM satisfied	21	67	1	5	6
TSC satisfied	23	67	1	4	5
MoE satisfied	8	15	3	33	41

Source: Field Data (2018)

The study established that majority of respondents 71% disagreed that Students were satisfied by the learning process in the school compared to 24% who agreed and 5% who were not sure. Findings on parents' satisfaction established that majority of respondents 88% agreed that Parents are satisfied with learning activities in the school and that BOM are satisfied by learning activities in the school respectively compared to 11% who disagreed and 1% who were not sure. Further findings on TSC satisfaction revealed that majority of respondents 90% agreed that TSC are satisfied by teachers involvement in learning process compared to 9% who disagreed and 1% who were not sure. Last, findings on Ministry of Education (MoE) satisfaction established that majority of respondents 75% disagreed that Ministry of education are satisfied by school management due to Balance Score Card Strategy.

The findings revealed that implementation of BSC increased satisfaction among parents BOM and TSC. Particularly, the study established that parents are satisfied with learning

activities in the school, BOM are satisfied by learning activities in the school, TSC are satisfied by teachers' involvement in learning process.

#### 4.8.4 Learners Performance

This section presents the findings of learners' performance as a result of implementation of BSC. The main variables analyzed under learners performance included; Learners in the school are disciplined due to Balance Score Card Strategy, learners keep time due to Balance Score Card Strategy, learners obey school rules due to Balance Score Card Strategy, learners do their assignments on time due to Balance Score Card Strategy and learners from the schools are respected in the community due to Balance Score Card Strategy.

**Table 4.10: Learners' Performance**

Learners Performance	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Discipline	20	68	1	4	7
Time management	21	63	1	5	10
School rules	23	63	1	4	9
Assignments	3	5	19	28	45
Respected	7	11	9	44	29

Source: Field Data (2018)

Table 4.9 was used to present the results of learner's performance indicators. The study established that majority of respondents 88% agreed that Learners in the school are disciplined due to Balance Score Card Strategy compared to 11% who disagreed and 1% who was undecided. Majority of respondents 84% agreed that learners keep time due to Balance Score Card Strategy compared to 15% who disagreed and 1% who were not sure. Findings on school rules revealed that majority of respondents 86% agreed that learners obey school rules due to Balance Score Card Strategy compared to 13% who disagreed and 1% who were not sure. Further findings on assignment revealed that majority of respondents 72% disagreed they did their assignments on time due to Balance

Score Card Strategy compared to 19% who were not sure and 8% who agreed. Last, further findings on respect revealed that majority of respondents 71% disagreed that learners from the schools are respected in the community due to Balance Score Card Strategy.

The finding revealed that BSC strategy enhanced learners performance based on; Learners in the school are disciplined due to Balance Score Card Strategy, learners keep time due to Balance Score Card Strategy, learners obey school rules due to Balance Score Card Strategy.

#### **4.9 Effect of Balance Score Card strategy on performance**

This section presents the results of the effect of Balance Score Card strategy on school performance. The independent variables which contribute to performance were the BSC strategies including; customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy. The school performance indicators were; KCSE performance, financial performance, stakeholders' satisfaction and learners' performance.

#### 4.9.1 Correlation between BSC Strategies and School Performance

**Table 4.11: Correlation between BSC Strategies and School Performance**

BSC Strategy /Performance	Customer Strategy	Business improvement	Learning & growth	financial capabilities	Overall performance
Customer Strategy	1	0.233*	0.023	0.096	0.022
		0.044	0.844	0.413	0.854
Business improvement	0.233*	1	0.300**	0.658**	0.646**
	0.044		0.010	0.000	0.000
Learning	0.023	0.300**	1	0.072	0.219
	0.844	0.010		0.543	0.061
capabilities	0.096	0.658**	0.072	1	0.722**
	0.413	0.000	0.543		0.000
Overall performance	0.022	0.646**	0.219	0.722**	1
	0.854	0.000	0.061	0.000	

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

Source: Field Data (2018)

The results from table 4.10 reveals that there was insignificant correlation  $r= 0.022$ ,  $p=0.854>0.05$  between customers focused strategy and schools performance. This finding indicated that customers focused strategy as one of the elements of BSC had insignificant contribution towards schools performance among the public schools in Nakuru County. Second, the study established positive and significant correlation  $r=0.646$ ,  $p=0.000<0.05$  between internal business improvement strategy and schools performance indicating that internal business improvement strategy significantly contributed towards schools performance among the public schools in Nakuru County. Third, the study found insignificant correlation  $r= 0.219$ ,  $p=0.061>0.05$  between leaning and growth strategy and schools performance indicating that leaning and growth strategy significantly contributed towards schools performance among the public schools in Nakuru County. Last, the study established positive and significant correlation  $r=0.646$ ,  $p=0.000<0.05$  between financial capability strategy and schools performance indicating that financial



capability strategy significantly contributed towards schools performance among the public schools in Nakuru County.

#### 4.9.2 Relationship between BSC Strategies and KCSE Performance

**Table 4.12: R-Square**

	R	R Square R <sup>2</sup>	Adjusted R Square	Std. Error of the Estimate
1	0.388 <sup>a</sup>	0.150	0.101	0.42224

The R value was 0.388 and R<sup>2</sup> of 0.150, which indicated a low degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "KCSE performance", was explained by the independent variables, "customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy". In this case, 15% was the R Squared, which was fairly low indicating that the data collected was fairly fitted to the regression line.

**Table 4.13: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.176	4	0.544	3.051	0.022 <sup>b</sup>
Residual	12.302	69	0.178		
Total	14.478	73			

Predictors: customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy. The Dependable variable: KCSE performance. Table 4.12 indicated that the regression model predicted the outcome variable significantly with  $p = 0.022$ , which was less than 0.05, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

**Table 4.14: Full Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.840	0.710		4.003	0.000
Customer Strategy	0.060	0.138	0.048	0.431	0.668
Business improvement	-0.230	0.182	-0.203	-1.261	0.211
Learning capabilities	-0.091	0.117	-0.092	-0.781	0.438
	0.303	0.099	0.471	3.066	0.003

The study established insignificant relationship  $r=0.06$ ,  $p=0.668>0.05$ , between customer focused strategy and KCSE performance. An increase in customer focus by 1 unit led to an increase in KCSE performance in the schools in Nakuru County by 0.060. Second, the study established insignificant relationship  $r=-0.230$ ,  $p=0.211>0.05$ , between internal business improvement strategy and KCSE performance. An increase in internal business improvement by 1 unit led to a decrease in KCSE performance in the schools in Nakuru County by 0.230. Third, the study established insignificant relationship  $r=-0.091$ ,  $p=0.438>0.05$ , between leaning and growth strategy and KCSE performance. An increase in learning and growth by 1 unit led to a decrease in KCSE performance in the schools in Nakuru County by 0.091. Four, conversely, the study established positive significant  $r=0.303$ ,  $p=0.003<0.05$  relationship between financial capability strategy and KCSE performance. An increase in financial capability by 1 unit led to a decrease in KCSE performance in the schools in Nakuru County by 0.303.

This finding indicated that apart from financial capability strategy of BSC which significantly contributed to KCSE performance among the public secondary schools in Nakuru County, customer focus, internal business improvement and leaning and growth strategies did not contribute to such performance. This finding is supported by According to Liyai (2014), financial measures provide key indicators of organization performance; narrate the organization's performance such as return on investment, operating income

value addition and cost control. According to McDonnell, (1995) for hotel organizations to be successful, and remain successful for a long time, they must continuously enhance their current services, actions & processes, and developing and introducing new ones. This continuous process of improvement and modernization is the only way to ensure that companies grow.

#### 4.9.3 Relationship between BSC Strategies and Stakeholders Satisfaction

**Table 4.15: R Square**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.521 <sup>a</sup>	0.272	0.230	0.58564

The R value was 0.512 and R<sup>2</sup> of 0.272, which indicated a low degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "Stakeholders satisfaction", was explained by the independent variables, "customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy". In this case, 27.2% was the R Squared, which was fairly low indicating that the data collected was fairly fitted to the regression line.

**Table 4.16: ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	8.837	4	2.209	6.441	.000 <sup>b</sup>
Residual	23.665	69	.343		
Total	32.502	73			

Predictors: customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy. The Dependable variable: Stakeholders satisfaction. Table 4.12 indicated that the regression model predicted the outcome variable significantly with p = 0.000, which was less than 0.05, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

**Table 4.17: Full Regression**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	0.685	0.984		0.696	0.489
Customer Strategy	- 0.194	0.192	-0.105	-1.011	0.315
Business improvement	0.446	0.253	0.263	1.763	0.082
Learning and growth	0.493	0.162	0.333	3.038	0.003
Financial capabilities	0.076	0.137	0.079	0.557	0.579

The study established insignificant relationship  $r=-0.194$ ,  $p=0.315>0.05$ , between customer focused strategy and stakeholders satisfaction. An increase in customer focus by 1 unit led to a decrease in stakeholders' satisfaction in the schools in Nakuru County by 0.194. Second, the study established insignificant relationship  $r=0.446$ ,  $p=0.082>0.05$ , between internal business improvement strategy and stakeholders satisfaction. An increase in internal business improvement by 1 unit led to an increase in stakeholders' satisfaction in the schools in Nakuru County by 0.446. Third, the study established significant relationship  $r=0.493$ ,  $p=0.003<0.05$ , between leaning and growth strategy and stakeholders satisfaction. An increase in learning and growth by 1 unit led to an increase in stakeholders' satisfaction in the schools in Nakuru County by 0.493. Four, conversely, the study established insignificant  $r=0.076$ ,  $p=0.579>0.05$  relationship between financial capability strategy and stakeholders satisfaction. An increase in financial capability by 1 unit led to an increase in stakeholders' satisfaction in the schools in Nakuru County by 0.076.

This finding indicated that apart from learning and growth strategy of BSC which significantly contributed to stakeholders' satisfaction among the public secondary schools in Nakuru County, customer focus, internal business improvement and financial capabilities strategies did not contribute to such performance. This finding is supported by several researchers Nyangayo (2014) established that BSC has led to increase of

profit, customer base, technological innovation and professionalism. Afande (2015) found out that BSC is a strategic management system in a firm. Mutonga (2013) carried out a study to determine the use and effectiveness of BSC as a performance tool for insurance companies in Kenya. The study found out that BSC was key in performance measurement. Ondieki (2017) established that BSC improved financial reporting systems that lead to stakeholders' satisfaction and overall organization performance. With regard to studies on strategy implementation, Karani, (2009) examined strategy implementation at KenGen. These studies did not focus on effect of BSC in public school performance which the current study will analyze.

#### 4.9.4 Relationship between BSC Strategies and Learners' Performance

**Table 4.18: R Square**

Model	R	R Square(R <sup>2</sup> )	Adjusted R Square	Std. Error of the Estimate
1	0.418 <sup>a</sup>	0.175	0.127	0.58380

The R value was 0.418 and R<sup>2</sup> of 0.175, which indicated a low degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "Learners performance", was explained by the independent variables, "customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy". In this case, 17.5% was the R Squared, which was fairly low indicating that the data collected was fairly fitted to the regression line.

**Table 4.19: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.987	4	1.247	3.658	0.009 <sup>b</sup>
Residual	23.517	69	0.341		
Total	28.504	73			

Predictors: customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy. The Dependable variable: Learners performance.

Table 4.18 indicated that the regression model predicted the outcome variable significantly with  $p = 0.009$ , which was less than 0.05, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

**Table 4.20: Full Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.294	0.981		2.338	0.022
Customer Strategy	-0.347	0.191	-0.200	-1.812	0.074
Business improvement	0.775	0.252	0.488	3.073	0.003
Learning	-.036	0.162	-0.026	-.221	0.826
capabilities	-.138	0.137	-0.153	-1.013	0.315

The study established insignificant relationship  $r=-0.347$ ,  $p=0.074>0.05$ , between customer focused strategy and learners' performance. An increase in customer focus by 1 unit led to a decrease in learners' performance in the schools in Nakuru County by 0.191. Second, the study established significant relationship  $r=0.775$ ,  $p=0.003<0.05$ , between internal business improvement strategy and learners' performance. An increase in internal business improvement by 1 unit led to an increase in learners' performance in the schools in Nakuru County by 0.775. Third, the study established insignificant relationship  $r=-0.036$ ,  $p=0.826>0.05$ , between leaning and growth strategy and learners' performance. An increase in learning and growth by 1 unit led to a decrease in learners' performance in the schools in Nakuru County by 0.036. Four, conversely, the study established insignificant  $r=-0.138$ ,  $p=0.315>0.05$  relationship between financial capability strategy and learners' performance. An increase in financial capability by 1 unit led to a decrease in learners' performance in the schools in Nakuru County by 0.137.

This finding indicated that apart from internal business improvement strategy of BSC which significantly contributed to learners' performance among the public secondary

schools in Nakuru County, customer focus, learning and growth and financial capabilities strategies did not contribute to such performance.

#### 4.9.5 Relationship between BSC Strategies and Overall Schools Performance

**Table 4.21: R Square**

Model	R	R Square R <sup>2</sup>	Adjusted R Square	Std. Error of the Estimate
1	0.767 <sup>a</sup>	0.588	0.565	0.25587

The R value was 0.767 and R<sup>2</sup> of 0.588, which indicated a low degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "Schools performance", was explained by the independent variables, "customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy". In this case, 58.8% was the R Squared, which was fairly low indicating that the data collected was fairly fitted to the regression line.

**Table 4.22: ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.458	4	1.615	24.661	0.000 <sup>b</sup>
	Residual	4.517	69	0.065		
	Total	10.976	73			

Predictors: customer focused strategy, internal business improvement strategy, growth strategy, financial capability strategy. The Dependable variable: schools performance. Table 4.18 indicated that the regression model predicted the outcome variable significantly with  $p = 0.000$ , which was less than 0.05, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

**Table 4.23: Full Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.455	0.430		3.383	0.001
Customer Strategy	-0.120	0.084	-0.112	-1.434	0.156
Business improvement	0.248	0.111	0.251	2.242	0.028
Learning capabilities	0.092	0.071	0.106	1.290	0.201
	0.310	0.060	0.554	5.182	0.000

The study established insignificant relationship  $r=-0.120$ ,  $p=0.156>0.05$ , between customer focused strategy and schools' performance. The first hypothesis  $HO_1$  was stated as customer focused strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since there study established insignificant relationship between customers focused strategy and schools' performance, the hypothesis that customer focused strategy does not have significant effect on performance of public secondary schools in Nakuru County was rejected. An increase in customer focus by 1 unit led to a decrease in schools' performance in the schools in Nakuru County by 0.120.

Second, the study established significant relationship  $r=0.248$ ,  $p=0.028<0.05$ , between internal business improvement strategy and schools' performance. The second hypothesis  $HO_2$  was stated as internal business improvement strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since the study established significant relationship between internal business improvement strategy and schools' performance, there was evidence to reject the hypothesis. An increase in internal business improvement by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.248.



Third, the study established insignificant relationship  $r=-0.092$ ,  $p=0.201>0.05$ , between leaning and growth strategy and schools' performance. The third hypothesis  $HO_3$  was stated as growth strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since the study established insignificant relationship between leaning and growth strategy and schools' performance, there was evidence to accept the hypothesis that growth strategy does not have significant effect on performance of public secondary schools in Nakuru County. An increase in learning and growth by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.092.

Four, conversely, the study established significant  $r=0.310$ ,  $p=0.000<0.05$  relationship between financial capability strategy and schools' performance. The fourth hypothesis  $HO_4$  was stated as financial capability strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since there was statistical significant relationship between financial capability strategy and schools' performance, there was evidence to reject the hypothesis that financial capability strategy does not have significant effect on performance of public secondary schools in Nakuru County. An increase in financial capability by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.310.

This finding indicated that two BSC strategies contributed to school performance, that is internal business improvement and financial capabilities strategies whereas customers focus and learning and growth strategies did not contribute to the schools' performance. The finding is supported by Mbugi (2015) varied out study on effect of the Balanced Score Card approach on performance of five star hotels in Nairobi employing cross sectional descriptive survey design. The study established BSC helped the hotels in solving performance problems they were facing since the hotels had well-defined measures for measuring financial performance, this may have contributed to significant results that eventually improved the financial bottom-line of the organization.

The finding is further supported by Meena (2009) ascertains that the BSC approach spreads into connecting employee reward programs to performance in the four sections, with the right increments implemented depending on the relative performance of each section. In other cases, businesses view the non-financial initiatives as significant due to the set threshold performance level in each of the non-financials. An individual will only meet the requirements for performance related recompenses once they exceed the set threshold levels. This approach demonstrates the importance of the organization's place on creating the future capability and strategic issues to employees, while recognizing shorter-term financial performance at the same time.

In terms of schools performance, the finding is supported by Simiyu (2013) carried out research to examine the factors influencing the students' academic performance in public secondary schools in Trans Nzoia West Sub County. The study found that school factors greatly contribute to students' academic performance. The study further found that presence of a well-stocked library, relevant text books, well trained teachers', spacious classrooms are factor that can contribute to good academic performance. According to Onyara (2013), students' poor performance is due to lack of learning facilities and resources as well as poor supervision of learning activities. The study also shows that almost half of the heads of schools rarely take a look at teacher's professional records.

From the unstandardized coefficients, the following regression equation was developed:

$$Y=1.455-0.120 X_1+0.248 X_2+0.092 X_3+0.310 X_4+\varepsilon$$

Y = School performance

X<sub>1</sub>= Customer focus strategy

X<sub>2</sub>=Internal business improvement strategy

X<sub>3</sub>= Growth strategy

X<sub>3</sub>= Financial capability strategy

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

Chapter five covers the summary of the study based on the results of every objectives, the conclusion based on hypotheses tested, recommendations for policy and practice and areas for further research.

#### **5.2 Summary**

The main objective of this study was to assess the effect of Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya. Presented below are the summary of the findings;

##### **5.2.1 Summary of Demographic Characteristics**

The study distributed 78 questionnaires to respondents according to the set sample size out of which 75 questionnaires were collected back representing 96% return rate which was significant to answer the set objectives of the study. First, the study established that the public secondary school principals in Nakuru County were still within the middle age bracket. Second, the percentage of women principals was below the Kenya Constitution 2010 threshold which required that there should be 30% gender representation. Third, the study established that the principals in Nakuru County were qualified teachers with a few who pursued further education.

##### **5.2.2 Summary of Principals' Knowledge of Balanced Score Card Strategy**

The study established that the principals in public secondary schools in Nakuru do not have knowledge on Balanced Score Card and its elements. This was empirically evident with majority of the principals unaware of; application of Balanced Score Card in schools, customer strategy element of Balanced Score Card, internal business improvement strategy element of Balanced Score Card, financial capability strategy

element of Balanced Score Card and learning and internal growth strategy element of Balanced Score Card.

### **5.2.3 Knowledge of Customers Strategy in BSC**

The first objective was to establish the effect of customer focused strategy on performance of public secondary schools in Nakuru County, Kenya. The study established that the principals were aware of customer strategy since majority of them implemented customer based strategies that improved performance including; carrying out academic meetings to filter students' opinion, carrying out class meetings to evaluate performance, introducing students to library use, attendance of academic symposium to improve performance and conduct school prefect orientation and induction to improve administration of the school towards the school performance.

### **5.2.4 Internal Business Improvement**

The second objective of the study was to establish the effect of internal business improvement strategy on performance of public secondary schools in Nakuru County, Kenya. The study established that apart from making heads of departments make decisions for the success, the principals applied internal business improvement process in managing the schools evident by their ability in; putting students first as our customers, making each department in school is concerned with students, making each department work complementarily, co-ordinating all the activities in the school.

### **5.2.2 Learning and growth in BSC**

The third objective of the study was to establish the effect of growth strategy on performance of public secondary schools in Nakuru County, Kenya. The study established that apart from the students' number and teachers training, the implementation of BSC in public secondary schools in Nakuru County had the following achievements; the strategy made the schools growth in number of classrooms, labs, workshops. The school used training needs assessment to recommend training areas and that the school encouraged employees to pursue other trainings elsewhere.

### **5.3.6 Financial Capabilities in BSC**

The fourth objective of the study was to determine the effect of financial capability strategy on performance of public secondary schools in Nakuru County, Kenya that financial reporting and monitoring of financial activities, the study established the principals were unable to control expenditures, annually the schools have financial reserves pushed for the year due to the implementation of BSC, the revenue is in excess of our projected expenditures. The implementation of BSC by principals enabled teachers finish syllabus on time due to Balance Score Card Strategy and teachers attend all lessons as required due to Balance Score Card Strategy. On the other hand, BSC did not help students have enough time to revise for KCSE due to Balance Score Card Strategy, the school provides all the equipment required by students to prepare for KCSE due to Balance Score Card Strategy and that the school continuously improves on KCSE performance due to Balance Score Card Strategy.

### **5.3 Conclusions**

The study main objective was to assess the effect of Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya. The study established insignificant relationship  $r=-0.120$ ,  $p=0.156>0.05$ , between customer focused strategy and schools' performance. Since there study established insignificant relationship between customers focused strategy and schools' performance, the hypothesis that customer focused strategy does not have significant effect on performance of public secondary schools in Nakuru County was rejected. An increase in customer focus by 1 unit led to a decrease in schools' performance in the schools in Nakuru County by 0.120.

Second, the study established significant relationship  $r=0.248$ ,  $p=0.028<0.05$ , between internal business improvement strategy and schools' performance. The second hypothesis  $H_{O2}$  was stated as internal business improvement strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since the study established significant relationship between internal business improvement strategy and schools' performance, there was evidence to reject the hypothesis. An increase in

internal business improvement by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.248.

Third, the study established insignificant relationship  $r=-0.092$ ,  $p=0.201>0.05$ , between leaning and growth strategy and schools' performance. The third hypothesis  $H_{O3}$  was stated as growth strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since the study established insignificant relationship between leaning and growth strategy and schools' performance, there was evidence to accept the hypothesis that growth strategy does not have significant effect on performance of public secondary schools in Nakuru County. An increase in learning and growth by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.092.

Four, the study established significant  $r=0.310$ ,  $p=0.000<0.05$  relationship between financial capability strategy and schools' performance. The fourth hypothesis  $H_{O4}$  was stated as financial capability strategy does not have significant effect on performance of public secondary schools in Nakuru County. Since there was statistical significant relationship between financial capability strategy and schools' performance, there was evidence to reject the hypothesis that financial capability strategy does not have significant effect on performance of public secondary schools in Nakuru County. An increase in financial capability by 1 unit led to an increase in schools' performance in the schools in Nakuru County by 0.310.

## **5.4 Recommendations**

### **5.4.1 Recommendation for Practice and Policy**

From the findings of this study, the following recommendations are important as far as the effect of Balance Score Card strategy on performance of public secondary schools in Nakuru County, Kenya. First, the study recommends that the Ministry of Education should fully adopt Balanced Scorecard strategy within its policy as a means of improving school performance. Second, the study recommends that the County Education Directors

should be the change agents that the ministry should use to implement the BSC in public secondary schools for improved schools performance.

#### **5.4.2 Suggestion for Further Studies**

The study recommends an empirical review to be carried out to analyze factors affecting the implementation of Balanced Scorecard Strategy in public secondary schools which was not within the scope of the current study. The findings shed more light on why the principals in public secondary schools are not implementing BSC in their managerial functions.

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## APPENDICES

### Appendix I: Introductory Letter to the Respondents

Kabarak University,  
Private Bag 20157,  
Kabarak.

Dear Sir/Madam

I am a postgraduate student pursuing a Masters in Business Administration (Strategic Management) of Kabarak University. I am currently carrying out a research project on “Effects of the Balance Score Card Strategy on performance of public secondary schools in NakuruCounty”

The purpose of this questionnaire is to gather information from members of Principals of public secondary schools in Nakuru County in Nakuru County, Kenya. You have been selected as one of the respondents with that kind of knowledge and experience which will assist the researcher in providing the necessary data for the study. Information supplied will be used for research purposes only and your name and views will be treated with confidentiality.

Thank you for your cooperation.

Samwel C. Kiptarus  
MBA Student

## Appendix II: Questionnaire

### Section A: Respondents Demographic Characteristics

1. Tick your age      18-25      26-35      36-45      46-55      >55
2. Tick your gender  
                                  M                  F
3. For how many years have you been working.....
4. What is your level of education?  
     O-Levels       A-Levels       Degree   
     Masters       PhD

### Section B: Effect of the components of Balance Score Card on school performance

The table below shows the effect of the components of Balance Score Card on performance of schools. You are required to give your level of agreement on each of the elements by ticking where; SA (5) Strongly Agree, A (4) Agree, NS (3) Not Sure, D (2) Disagree, SD (1) Strongly Disagree

<b>Knowledge of Balance Score Card</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
I am aware of application of Balanced Score Card in schools					
I am aware of customer strategy element of Balanced Score Card					
I am aware of internal business improvement strategy element of Balanced Score Card					
I am aware of financial capability strategy element of Balanced Score Card					
I am aware of learning and internal growth strategy element of Balanced Score Card					
<b>Customer Strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
We carry out academic meetings to filter students opinion					
We carry out class meetings to evaluate performance					
We introduce our students to library use					



We have academic symposium to improve our performance					
We have school prefect orientation and induction to improve administration of the school towards the school performance					
<b>Internal Business Improvement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
We put students first as our customers					
Each department in school is concerned with students					
Each department work complementarily					
The principal co-ordinates all the activities in the school					
Heads of departments make decisions for the success					
<b>Learning and growth</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
The school has grown in number of classrooms, labs, workshops etc.					
The school has grown in terms of students number					
The school facilitate training of teaching staff for better performance					
The school use training needs assessment to recommend training areas					
The school encourages employees to pursue other trainings elsewhere					
<b>Financial Capabilities</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
We monitor school revenue					
We control our expenditures					
Annually we have financial reserves pushed for the year					
The revenue is in excess of our projected expenditures					
All financial reporting are done on time					

### Section C: School Performance

The table below shows performance indicators in associated with KCSE. You are required to give your level of agreement on each of the indicators by ticking where; 5– SA – Strongly Agree, 4 – A – Agree, 3 – NS – Not Sure, 2– D – Disagree, 1 SD – Strongly Disagree

<b>KCSE Performance Indicators</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Teachers finish syllabus on time due to Balance Score Card Strategy					
Teachers attend all lessons as required due to Balance Score Card Strategy					
Students have enough time to revise for KCSE due to Balance Score Card Strategy					
The school provide all the equipment required by students to prepare for KCSE due to Balance Score Card Strategy					
The school continuously improve on KCSE performance due to Balance Score Card Strategy					
<b>Financial Performance</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Balance Score Card has enhanced financial performance in my school					
Balance Score Card has enhanced financial discipline in my school					
Balance Score Card has enhanced financial planning in my school					
Balance Score Card has enhanced financial auditing in my school					
Balance Score Card has enhanced collection of school fees					
<b>Stakeholders Satisfaction</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Students are satisfied by the learning process in the school					
Parents are satisfied with learning activities in the school					
BOM are satisfied by learning activities in the school					

TSC are satisfied by teachers involvement in learning process					
Ministry of education are satisfied by school management due to Balance Score Card Strategy					
<b>Learners Performance</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Learners in my school are disciplined due to Balance Score Card Strategy					
Learners keep time due to Balance Score Card Strategy					
Learners obey school rules due to Balance Score Card Strategy					
Learners do their assignments on time due to Balance Score Card Strategy					
Learners from my school are respected in the community due to Balance Score Card Strategy					

### Appendix III: Letter from Graduate School for data Collection.



#### BOARD OF POST GRADUATE STUDIES

Private Bag - 20157  
KABARAK, KENYA  
E-mail: [directorpostgraduate@kabarak.ac.ke](mailto:directorpostgraduate@kabarak.ac.ke)

Tel: 0773265999  
[www.kabarak.ac.ke](http://www.kabarak.ac.ke)

19<sup>th</sup> Oct, 2018

Ministry of Higher Education Science and Technology,  
National Council for Science, Technology & Innovation,  
P.O. Box 30623 – 00100,

Dear Sir/Madam,

**RE: SAMWEL CHEBOI KIPTARUS – GMB/NE/0588/05/10**

The above named is a student at Kabarak University taking Masters Degree in Business Administration (Strategic Management). His research entitled "*Effect of Balance Scorecard Strategy on Performance of Public Secondary Schools in Nakuru County, Kenya*" has been **examined and accepted** by the Board of Postgraduate Studies.

He is therefore authorised to proceed on with his research. Any assistance accorded to him is highly appreciated.

Thank you.

Yours faithfully,

**Dr. Betty J. Tikoko**  
**DIRECTOR - (POST-GRADUATE STUDIES)**



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#### Kabarak University Moral Code

*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)*



Kabarak University is ISO 9001:2015 Certified

**Appendix IV: Authorization Letter from NaCOSTI**



**NATIONAL COMMISSION FOR SCIENCE,  
TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/85700/26966**

Date: **14<sup>th</sup> November, 2018**

Samwel Cheboi Kiptarus  
Kabarak University  
Private Bag - 20157  
**KABARAK.**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Effect of balance scorecard strategy on performance of Public Secondary Schools in Nakuru County, Kenya”* I am pleased to inform you that you have been authorized to undertake research in **Nakuru County** for the period ending **14<sup>th</sup> November, 2019**.

You are advised to report to **the County Commissioner and the County Director of Education, Nakuru County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Nakuru County.

The County Director of Education  
Nakuru County.

## Appendix V: Research Permit from NaCOSTI


**THIS IS TO CERTIFY THAT:**

**MR. SAMWEL CHEBOI KIPTARUS**  
**of KABARAK UNIVERSITY, 10-20157**  
**KABARAK, has been permitted to**  
**conduct research in Nakuru County**

**on the topic: EFFECT OF BALANCE**  
**SCORECARD STRATEGY ON**  
**PERFORMANCE OF PUBLIC SECONDARY**  
**SCHOOLS IN NAKURU COUNTY, KENYA**

**for the period ending:**  
**14th November, 2019**

**Permit No : NACOSTI/P/18/85700/26966**  
**Date Of Issue : 14th November, 2018**  
**Fee Received :Ksh 1000**



**Applicant's Signature**

**Director General**  
**National Commission for Science, Technology & Innovation**