APPLICATION OF BALANCED SCORE CARD IN STRATEGY IMPLEMENTATION AT KENYA RED CROSS

ABDIRIZACK MOHAMED

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Declaration

I hereby declare that this is my original work and has not been submitted for any award at any other institution.

Student:

Signature……………………………                    Date……………………………………….

Abdirizack Mohamed

D61/61811/2010

Supervisor:

Signature………………………..                         Date……………………………………..

Prof. E. Aosa

School of Business

University of Nairobi
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Finally, but most importantly, I sincerely thank the Almighty God for giving me the strength and providing means to undertake this study. To each of the above, I extend my deepest appreciation.
Dedication

I dedicate this research project to my loving mother Sahara who has been a great source of inspiration and joy throughout my daily endeavors to attain my full potential and to my wonderful family members for their unconditional love, patience and support throughout the course of this project.

This project was conceived and delivered at around the same time as our elegant daughter Umulkheyr, to whom I also dedicate this research project.
Abstract

The main aim of the paper is to investigate on application of balanced score card in strategy implementation at Kenya Red Cross. Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing many firms have changed rapidly. Today's global competitive environment is complex, dynamic, and largely unpredictable. The study reviewed on strategy implementation, balanced scorecard framework for nonprofit organizations and challenges faced in using the balanced scorecard for strategic implementation.

This study was conducted through a case study and it was considered suitable as it allows an in-depth study of the subject on investigating the application of balance score card as a tool for strategy implementation. The study used primary data collected from the management and staff members of Kenya Red Cross Society. Using an interview guide, the researcher interviewed twelve top and middle level managers from the Nairobi branch including the secretary general or his designated assistant, a member from each of the six core-business areas of the Kenya Red Cross Society and five members from the support service departments. Content analysis was used to analyze the data. The study draws a conclusion that of Balanced Scorecard at Kenya Red Cross Society clearly stipulate how each objective will be achieved. Kenya Red Cross Society’s objectives regarding beneficiary/ stakeholders’ welfare are to improved livelihoods, increase contribution to national policy, enhance community ownership and to increase access to services. The application of Balanced Scorecard at Kenya Red Cross has resulted in benefits such as improved efficiency of disaster management at Kenya Red Cross Society, strengthening of disaster operations, improved provision of health and social services, strengthening the
organizational capacity for effective and efficient implementation of programmes, improvement of community livelihood and improved the work relationship among KRCS units. In order to achieve successful strategic implementation, Kenya Red Cross Society has to address challenges such as lack of funds, inefficiency in governance, lack of cooperation in the implementation of strategic plan, poor networking with other NGOs, ineffective communications, limited capacity, unfamiliarity with organizational strategic approaches, disparity in remuneration among NGOs and political interference.

The study recommends that when an organization applies Balanced Scorecard, it need to take a very close look at the organization structure and evaluate if it supports the strategies. The study recommends that when an organization applies Balanced Scorecard, it need to take a very close look at the organization structure and evaluate if it supports the strategies.
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy implementation includes planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance (Lipe and Salterio 2000; Kaplan, 2001). Organizations, while implementing strategies are faced with a myriad of challenges. This is usually the case because strategy implementation requires working with others and committing a substantial amount of organizational resources. Strategy implementation challenges emanates from a variety of sources with some coming from within the organization while others are as a result of the organization’s external environment. Implementing strategies successfully is about matching the planned and the realizing strategies, which together aim at reaching the organizational vision. The components of strategy implementation communication, interpretation, adoption and action are not necessarily successive and they cannot be detached from one another. According to Thompson and Strickland (2007), strategy implementation can be considered successful if things go smoothly enough that the company meets or beats its strategic and financial performance target and shows good progress in achieving management’s strategic vision.

Kaplan and Norton (1990) developed the Balance Scorecard with the realization that financials alone would not be enough for organizations attempting to thrive, or even compete in the twenty first century. They organized a research study of a dozen of companies attempting to discern the best practices in performance management and this led to development of the balanced scorecard (Niven, 2005).
The balanced scorecard is described as “a set of measures that give top managers a fast but comprehensive view of the business” Kaplan and Norton (1992, p. 23). It is compared to the dials and indicators in an airline cockpit, which pilots need for the complex task of navigating and flying airplane information on fuel, airspeed, altitude, bearing, destination etc. and in the scenario, reliance on only one instrument can be fatal. The complexity of managing an organization today, Kaplan and Norton (1992) point out requires that managers be able to view performance in several areas simultaneously. Kahihi (2005) adds that the measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.

1.1.2 Strategy Implementation

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful implementation remains a major challenge. The notion of strategy implementation might seem quite straightforward; a strategy is formulated and then implemented. To the contrary, transforming strategies into action is far complex, difficult and a challenging undertaking and therefore not as straight forward as one would assume (Aaltonen and Ikavalko, 2001).

Implementation is defined as the phase in which systems and procedures are put in place to collect and process the data that enable the measurements to be made regularly (Drazin and Howard (2002). Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy implementation is one of the components of strategic management and it refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to
achieve organizational objectives (Pearce and Robinson, 1997). Its purpose is to complete
the transition from strategic planning to strategic management by incorporating adopted
strategies throughout the relevant system (Bryson, 1995).

Implementing strategy is the connecting loop between formulation and control. It is what
integrates strategies. Strategy implementing is a process in which all planning and
budgetary activities, policies and procedures follow the defined strategy. It may involve
some changes in organizations culture, structure as well as managerial systems.
Implementation of strategies is also called practical strategic management. The purpose
of implementing strategies is that managers and employees collaborate to perform
formulated strategic planning. In other words implementing is the most difficult step in
the strategic management process and need a kind of self controlling and a corporate
culture as well (Pearce and Robinson, 1997).

1.1.2 Balanced Scorecard
Horngreen (1996) defines a balanced scorecard as a performance measurement system
that strikes a balance between financial and operating measures, links performance to
rewards and glues explicit recognition to the diversity of stakeholders’ interests. Simons
(2002) looks at balanced scorecard as a performance measure which communicates the
multiple linked objectives that companies must achieve to compete based on their
tangible capabilities and innovations. The specific objectives and measures of
organizations balanced scorecard are derived from the firm’s vision and strategy (Chow,
1998). According to Kaplan and Norton (1996), many companies already have
performance management systems that incorporate financial and non-financial measures.
These organizations are using their financial and non-financial performance measures
only for tactical feedback and control of short-term operations. The Balanced Scorecard emphasizes that financial and non-financial measures must be part of the information system for employees at all levels of the organization. Front-line managers must understand the financial consequences of their decisions and actions; senior executives must understand the drivers of long-term financial success.

The objectives and the measures for the Balanced Scorecard are more than just a somewhat ad hoc collection of financial and non-financial performance measures; they are derived from a top-down process driven by the mission and strategy of the business unit. The balanced scorecard should translate a business unit’s mission and strategy into tangible objectives and measures. The measures represent a balance between external measures for shareholders and customers, and internal measures of critical business processes, innovation, and learning and growth. The measures are balanced between outcome measures—the results from past efforts—and the measures that drive future performance. In addition the scorecard is balanced between objective, easily quantified outcome measures and subjective, somewhat judgmental, performance drivers of outcome measures (Kaplan and Norton 1996).

Ittner and Larcker (2003) discovered that most companies have not made little attempt to identify areas of non-financial performance that might advance their chosen strategy, nor have they demonstrated a cause-and-effect link between improvements in those non-financial areas and in cash flow, profit or stock price. The balanced scorecard can be thought of as the “strategic chart of accounts” for an organization to look ahead using leading indicators instead of looking back using lagging indicators (Dylan, 2002). It is important to note that that the balanced scorecard is not a template that can be applied to
businesses in general or even industry-wide. Different market situations, product strategies, and competitive environments require different scorecards to fit their mission, strategy, technology, and culture (Kaplan and Norton, 2001).

Evidence from Hackett Benchmarking Solutions, the US management consultancy, which surveyed one thousand, four hundred global businesses, shows that almost fifty per cent of companies apply some kind of balanced scorecard approach (Littlewood, 1999). The balanced scorecard in the Kenyan scenario has generally been adopted by sixty nine percent of the companies according to a survey by Kiragu (2005), some companies were actually found to be implementing balanced scorecard perspectives though not actually calling it balanced scorecard. The balanced scorecard was developed to communicate the multiple, linked objectives that organizations must achieve to compete on basis of capabilities and innovation, not just tangible physical assets (Kaplan and Norton, 2001).

1.1.3 Non-Governmental Organizations (NGOs) in Kenya

Most non-Governmental Organizations are funded by institutional and private donors, international agencies and the Kenyan Government initiatives (www.ngobureau.or.ke). These organizations are active in a cross section of sectors which include agriculture, water and sanitation, education, environment, health, human rights, gender and development, children’s rights, poverty alleviation, training, counseling, small scale enterprises development, many others. NGOs in Kenya play complementary role in providing services and essential facilities to deserving or underserved regions despite institutional, financial and program sustainability challenges.
Non-Governmental Organizations (NGOs) are increasingly being recognized by governments everywhere as potent forces for social and economic development; important partners in nation building and national development; valuable forces in promoting the qualitative and quantitative development of democracy and not least, important contributors to GDP.

The activities of NGOs have increased since 1980s. The 1980s and 1990s was a period in which Kenyan NGOs changed in several ways. They shifted their focus away from concerns about relief to more general interests in development. They increased their involvement in socioeconomic matters. The range of activities in which they began to involve themselves widened to include sectors such as energy, environment, primary health care, nutrition, education, and vocational training. The government of Kenya and development partners recognizes the role of NGOs as agents of development and positive change. In recognition of the important role NGOs play in the overall development of the country. The Government established the Non-Governmental Organizations Co-ordination Board (NGOs Co-ordination Board) through Act of Parliament in 1990 and the board commenced its business on June 15, 1992. The main reason for the creation of the Board was to streamline the registration and Co-ordination of NGOs and provide a “one stop office” for registration and co-ordination of NGOs in order to harmonize their activities with the overall Government policies and programs.

1.1.4 Kenya Red Cross

On 24th June 1859, the armies of imperial Austria and the Franco-Sardinian alliance fought a daylong battle near the northern Italian village of Solferino. The casualties were heavy - some 40,000 dead, wounded or missing. Military medical services at the time
were virtually non-existent; as a result there was great suffering and many of the wounded dies for lack of care. The injured were brought to the surrounding villages for whatever treatment they could get. In the church at Castiglione, a young Swiss called Henry Dunant, horrified by the agony of the soldiers, began to organize help with the aid of the local people (www.kenyaredcross.org).

Gustave Moynier, who was President of the Geneva Public Welfare Society, General Guillaume-Henri Dufour, Dr. Louis Appia and Dr. Theodore Maunoir - joined Dunant in setting up the "International Committee for Relief to the Wounded", which later became the International Committee of the Red Cross (ICRC). In response to an invitation from the International Committee, specialists from 16 countries met in Geneva in October 1863. They adopted ten resolutions that made up the founding charter of the Red Cross, defining the functions and working methods of the Committees for the Relief of the Wounded which Dunant had proposed (www.kenyaredcross.org).

The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavors, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and ensure respect for the human being. It promotes mutual understanding, friendship, co-operation and lasting peace amongst all people (www.kenyaredcross.org).

1.2 Research Problem
Strategy implementation is the process of allocating resources to support the chosen strategies. In the world of management, increasing numbers of senior people are
recognizing that one of the key routes to improved business performance is better implementation. However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today’s managers (Noble and Mokwa, 1999). A nicely drafted strategic plan, prepared through a sophisticated process by a team of accomplished management consultants or a group of top managers, is hardly likely to fail by itself. Failure, when it occurs, almost always happens during the implementation of the strategic plan. The apathy to strategy implementation can be ascribed to several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers (Aaltonen and Ikavaliko, 2001).

The balanced scorecard is a complementary strategic model that considers financial and non-financial measures. According to Johnsen (2001), balanced scorecard as a management model, that translates the organizational mission and strategy into a collection of performance measures. It is a complement of the Management by Objectives but “with more emphasis on feedback on results by formal and integrated performance measurement”. Performance measures cannot be only based on financial measures but should consider others perspectives (Wilson et al., 2003). The measurement focus of the scorecard is used to clarify and translate vision and strategy into specific strategic objectives which link the overall organizational strategy to the departmental and individual objectives. The performance of individuals, departments and the entire organization is then measured against the strategic objectives. The scorecard provides meaningful feedback both the internal business processes and external outcomes in order to continuous improve strategic performance and results. The scorecard allows managers
to evaluate the company from four perspectives namely; financial performance, customer knowledge, internal business processes and learning and growth.

Performance measures, with both lagging and leading indicators, is then linked to objectives identified in each of the four perspectives. These measures are intended not only to modify behavior, but also inform upper management if their stated objectives are ultimately in line with their corporate strategy. In order to ensure strategic focus, all objectives and measures in the other scorecard perspectives should be linked to achieving one or more objectives in the financial perspective ultimately; a business’s strategy should be oriented towards its financial bottom line. Historically, performance improvement systems have focused on measurements and indicators alone. What is unique about the Balanced Scorecard approach, in contrast to other methods, is that it links strategy with performance and goes beyond the traditional financial metrics in determining whether an organization has been successful.

Scholars have studied the role of the balanced scorecard in strategy implementation in different sectors. Mucheru, (2008), carried out a survey on the application of the balanced scorecard in performance management among commercial banks in Kenya; Karimi. (2010). carried out a case study of Safaricom, on the use of the balanced scorecard in strategy development and implementation and Ogendo, (2010), carried out a study on the application of the balanced scorecard in strategy implementation by Unilever Tea Kenya Limited. With regard to studies on strategy implementation, Karani, (2009) examined strategy implementation at KenGen. The above studies did not focus on challenges of the balanced scorecard as a strategy implementation tool.
Although the balanced scorecard has gained a lot of popularity as a tool for strategy implementation, it has its own challenges, which this study seeks to identify. Due to the contextual, sectoral and managerial differences among organizations, the application of the balanced scorecard and the challenges faced in application of the same would not be assumed to be similar, unless empirical studies demonstrate so. Mulu’s, (2010) research focused on Ernst & Young, which is an audit firm and there is need to validate her findings in a different context in this case Kenya Red Cross, since it is in a different industry. What is the effect of the application of balance scorecard as a tool for strategy implementation at Kenya Red Cross? And does the application of the balance scorecard enhance accountability at Kenya Red Cross?

1.3 Research Objectives

i. To determine the Challenges faced by Kenya Red Cross in strategy implementation

ii. To establish the extent of use of balanced scorecard as a tool in addressing the challenges faced in strategy implementation at Kenya Red Cross.

iii. To determine how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation.

1.4 Value of the Study

The findings of this study will assist the management of Kenya Red Cross to exercise organization control by diagnosing the training and development needs of the future. It will also provide information to assist in the human resource management such as promotions, transfers and performance management that will help to strengthen the relationship and communication between management and subordinates.
Employees of Kenya Red Cross will benefit from the findings of this study as performance appraisal will be a very effective tool to improve performance and productivity and to the career development of employees. This is by helping individuals to do better and to raise self-esteem and motivation, resulting in job satisfaction.

Other not for profit organizations will be able to understand the effects of balanced scorecard on their respective organizations and the industry as a whole and therefore will be prompted to seek ways through appropriate and proactive policies and procedures to enhance the adoption and implementation of the balanced scorecard methodology in their organizations and in the industry.

The application of balanced scorecard by not for profit organization in Kenya is relatively new, the study will provide background information to research organizations and scholars who may want to carry out further research in this area. They will also benefit from the findings of this study as it contributes to the existing literature.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter shall review the literature available on strategy implementation, balanced scorecard framework for nonprofit organizations and challenges faced in using the balanced scorecard for strategic implementation. Empirical studies in these areas shall also be reviewed.

2.2 Strategy Implementation

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing many firms have changed rapidly. Today's global competitive environment is complex, dynamic, and largely unpredictable. To deal with this unprecedented level of change, a lot of thinking has gone into the issue of how strategies are best formulated. Strategic management is about managing the future, and effective strategy formulation is crucial, as it directs the attention and actions of an organization, even if in some cases actual implemented strategy can be very different from what was initially intended, planned or thought. The assessment of strategy formulation processes becomes crucial for practitioners and researchers alike in order to conduct and evaluate different formulation processes (Olson et al. 2005).

The fatal problem with strategy implementation is the de facto success rate of intended strategies. In research studies it is as low at 10 percent (Judson, 1991). Despite this abysmal record, strategy implementation does not seem to be a popular topic at all. In fact, some managers mistake implementation as a strategic afterthought and a pure top-
down-approach. Instead, management spends most of its attention on strategy formulation. Research emphasizing strategy implementation is classified by Bourgeois and Brodwin (2004) as part of a first wave of studies proposing structural views as important facilitators for strategy implementation success. Beyond the preoccupation of many authors with firm structure, a second wave of investigations advocated interpersonal processes and issues as crucial to any marketing strategy implementation effort (Noble and Mokwa, 1999). Conflicting empirical results founded upon contrasting theoretical premises indicate that strategy implementation is a complex phenomenon. In response, generalizations have been advanced in the form of encouraging: early involvement in the strategy process by firm members (Hambrick and Cannella, 2003).

A company’s organizational structure maps out roles and responsibilities along with reporting relationships. It refers to the shape, division of labor, job duties and responsibilities, the distribution of power and division-making procedures within the company, which influences the types of strategy used by an organization (Okumu, 2003). It is a formal framework by which jobs tasks are divided, grouped and coordinated (Robbins and Coulter, 2002). Organizational structure is a major priority in implementing a carefully formulated strategy. It helps people pull together in their activities that promote effective strategy implementation.

2.3 Balanced Scorecard

The balanced scorecard is a complementary strategic model that considers financial and non-financial measures. Johnsen (2001) defines the balanced scorecard as a management model that translates the organizational mission and strategy into a collection of performance measures. It is a complement of the Management by Objectives but “with
more emphasis on feedback on results by formal and integrated performance measurement”. Performance measures cannot be only based on financial measures but should consider others perspectives (Wilson et al., 2003).

Kaplan and Norton introduced the balanced scorecard in the early 1990s as a means to provide a more holistic diagnosis of a business’s performance. They argue lagging financial indicators are not sufficient enough to tell senior management whether work taking place on the ground accurately corresponds to the business’s corporate strategy: overemphasis on reducing costs in the short run to boost financial indicators underestimates the value of large investments in research and development to the detriment of the company’s long-term survival strategy. This model assumes that senior management uses the profit motive as the main driver of the business’s strategy. The Balanced Scorecard (Kaplan and Norton, 1992) is a performance measurement tool that uses a strategy map to connect an organization’s day-to-day processes to its organizational goals. Rather than capture how an organization currently operates, the Balanced Scorecard is concerned with creating a strategy to drive future direction, building in cause and effect linkages while simultaneously taking into account both financial and intangible resources that can determine success or failure.

The balanced scorecard overcomes this limitation because it links the strategy and organizational objectives with four perspectives of performance measurement: financial; customer; internal processes and learning and growth (innovation) (Kaplan and Norton 1992). Thus, this management tool retained financial objectives and add the importance of non-financial measures like customer satisfaction, quality, innovation, flexibility and employees skills.
The balanced scorecard framework explains corporate goals through cause-and-effect relationships, and is filtered through four perspectives: financial, customer, internal processes, and learning and growth (also called intangibles) Kaplan and Norton (1996). By connecting financial to non-financial objectives, external to internal processes, and current to future performance, corporate strategy will be mapped more cohesively, and employees at all levels of the organization work towards the same goal. Performance measures, with both lagging and leading indicators, is then linked to objectives identified in each of the four perspectives. These measures are intended not only to modify behavior, but also inform upper management if their stated objectives are ultimately in line with their corporate strategy. In order to ensure strategic focus, Kaplan and Norton recommend that eventually, all objectives and measures in the other scorecard perspectives should be linked to achieving one or more objectives in the financial perspective – ultimately, a business’s strategy should be oriented towards its financial bottom line.

When it was first launched at the beginning of the 1990s, the Balanced Scorecard was promoted as a concept that addresses the performance measurement and management needs of the private organizations (Kaplan and Norton, 1996). Few years later, in 1996, the migration of the BSC concept to the nonprofit organizations was still in the incipient stages (Kaplan and Norton, 2001).

2.4 Balanced Scorecard Framework for Nonprofit Organizations

Many nonprofit organizations had difficulties with the original architecture of the Balanced Scorecard which places the financial perspectives at the top, followed by the Customer, Internal Process and Innovation & Learning dimensions (Kaplan and Norton, 2001). This is due to the fact that achieving financial success is not the primary objective
for these organizations. Instead, nonprofit organizations should be primarily concerned with how efficiently and effectively they meet the needs of their constituencies (Kaplan and Norton, 2001). This being the case, the scorecard perspectives can be adapted, in a structure that best fits the strategic interests of a nonprofit organization. A better framework, adapted for the nonprofit organization purpose, switches positions between the Financial and Customer perspective.

As the financial dimension is becoming for the nonprofit organizations an enabler for attaining its final purpose, many organizations who adopt the BSC place it at its very base (Kaplan and Norton, 2001). Additionally, Kaplan and Norton (2001), proposes the identification of several primary strategic themes that drives the organizations actions which can be placed at the very fore front of the scorecard.

One of the particularities of the nonprofit organizations Balanced Scorecard is the Customer dimension (Kaplan, 2001). If in the private sector, customers both pay and receive the service; in the case of a nonprofit organization two separate types of customers can be identified. On the one hand are the donors, who provide the organization with the necessary financial or other material resources to accomplish its mission, and on the other hand are the constituencies, who are receiving the services (Kaplan, 2001). As it might become hard for some organizations to distinguish between the two categories, both vital for a nonprofit organization, they can be placed in parallel at the top of the BSC (Kaplan, 2001).
2.5 Balanced Scorecard and Strategy Implementation

The Balanced Scorecard (Kaplan and Norton, 2001) is a performance measurement tool that uses a strategy map to connect an organization’s day-to-day processes to its organizational goals. Rather than capture how an organization currently operates, the Balanced Scorecard is concerned with creating a strategy to drive future direction, building in cause and effect linkages while simultaneously taking into account both financial and intangible resources that can determine success or failure.

Kaplan and Norton, (1992) introduced the balanced scorecard in the early 1990s as a means to provide a more holistic diagnosis of a business’s performance. They argue lagging financial indicators are not sufficient to tell senior management whether work-taking place on the ground accurately corresponds to the business’s corporate strategy: overemphasis on reducing costs in the short run to boost financial indicators underestimates the value of large investments in research and development to the detriment of the company’s long-term survival strategy. This model assumes that senior management uses the profit motive as the main driver of the business’s strategy.

The balanced scorecard overtakes performance management because it links the strategy and organizational objectives with four perspectives of performance measurement: financial; customer; internal processes and learning and growth (innovation) (Kaplan and Norton 1992). Thus, this management tool retained financial objectives and add the importance of non-financial measures like customer satisfaction, quality, innovation, flexibility and employees skills. Among the first nonprofit organizations who adopted a Balanced Scorecard was The United Way of Southeastern New England (Kaplan and Norton, 2001).
The success of the BSC implementation as outlined by Kaplan and Norton (2001) came from the positive reactions of the majority of employees who considered that it gave more clarity and outlined everyone’s contribution to the organization’s final mission. Another successful story of a Balanced Scorecard implementation in the nonprofit organizations is offered by the May Institute. The nonprofit organization, based in Massachusetts, is among the US largest providers of behavioral health care, education and rehabilitation programs for children and adults. Its Balanced Scorecard, built around the four traditional perspectives: Financial, Customer, Internal Processes and Learning & Growth offers a unique framework. The organization placed at the top of its BSC the customer perspectives for which five critical categories were identified: Patient and families, Funders, Academic community, Media and Legislators.

The second next in line, beneath the customer perspective was identified as being the Learning and Growth perspective (Kaplan and Norton, 2001). This was due to the fact that the organization’s leaders felt that the staff had the greatest impact on helping the nonprofit to achieve its customer objectives. The internal processes and the financial perspective promoting the viability of the organization came next. Overall, as acknowledged by Kaplan and Norton (2001), the BSC helped personnel to understand the importance of the business aspects especially in terms of budgets and marketing initiatives.

The balanced scorecard is an integrated management system consisting of three components: strategic management system, communication tool, and measurement system (Niven, 2003). It results in a carefully selected set of measures derived from and
linked to an organization’s core strategies. The measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives. Companies are using the scorecard to: clarify and update strategy; communicate strategy throughout the company; align unit and individual goals with strategy; link strategic objectives to long term targets and annual budgets; identify and align strategic initiatives; and to conduct periodic performance reviews to learn about and improve strategy, Niven (2003).

2.6 Challenges Faced In Using the Balanced Scorecard for Strategic Implementation

Even though potential benefits offered from an implementation of BSC are numerous, it has been suggested that many of the BSC projects either fail or does not materialize. According to Creelman (1998) half of BSC implementation fails because they fail to live up to the users’ expectations. The Balanced Scorecard relies on the concept of Strategy developed by Michael Porter. Porter argues that the essence of formulating a competitive strategy lies in relating a company to the competitive forces in the industry in which it competes. The scorecard translates the vision and strategy of a business unit into objectives and measures in four different areas: the financial, customer, internal business process and learning and growth perspective. The financial perspective identifies how the company wishes to be viewed by its shareholders. The customer perspective determines how the company wishes to be viewed by its customers. The internal business process perspective describes the business processes at which the company has to be particularly adept in order to satisfy its shareholders and customers. The organizational learning and growth perspective involves the changes and improvements which the company needs to realize if it is to make its vision come true. Creelman (1998) asserts that organizations
grapple with a problem that would become a core concern for virtually all scorecard users. The design of the classic balanced scorecard reflects the priority of public sector organizations to make money for their shareholders. This is why the financial perspective is at the top. The rules for the operation of public sector organizations are different and arguable more complex. While finance and budgets are perennial preoccupations, other obligations and goals are regarded as taking at least equal, but more commonly greater, precedence. These include satisfying citizen, community or other stakeholder expectations. A cursory scan of the scorecards in use within public sector organizations shows that customer, or some other stakeholder representation, is typically the top perspective. Next in the scorecard hierarchy is a ‘customer first’ perspective with objectives such as meeting customers needs first and provide accessible, local services. Finance is subsumed into an ‘organizational’ perspective, which also includes the conventional internal process perspective.”

Yet even when finance is relegated down the perspective hierarchy to be replaced by more important outcomes for public sector organizations, there are still other challenges to overcome (Creelman, 1998). For instance, while it is relatively straightforward to identify a single, and unifying, outcome of private sector performance – such as profit (which is well understood and simple to measure), this is not the case for public sector organizations, who typically have myriad and often competing objectives that they must deliver. As examples, for a local government ‘protect the environment’ is a typical key objective, as it ‘growing the economy’. As the latter will usually mean attracting new businesses (and sometimes ‘dirty’ as in some manufacturing or process industries) it compromises the former objective – but both must be delivered for the overall health of the city or area.
According to Creelman (1998), provides an illustration of how causality falls down in a public sector setting. Creelman used the example of a council that he called New Albany. Creelman writes: After reading various publications and attending some conferences, New Albany decided to stick with the orthodox view of a not-for-profit scorecard. They realized that private sector companies needed to put finance at the top of the scorecard value chain, but that a different situation applies to most government agencies. So their customer perspective went to the top of their scorecard value chain. There was general agreement that this was a good, sensible and obvious thing to do. However, it wasn’t long before this approach began to cause angst at many levels of the organization. Services and projects which were widely known to be failures showed up on this form of scorecard as successes. One very large IT project was a classic example: the project was on track and delivering the intended service to the community more or less on time. Consequently its scorecard Key Performance Indicator looked successful.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, population of study, sample and sampling techniques, data collection methods and comes to a conclusion with the data analysis and data presentation.

3.2 Research Design

This is a case study research design on investigating the application of balance score card as a tool for strategy implementation at Kenya Red Cross Society. This design is most appropriate for a single unit of study because it offered a detailed in depth analysis that gave valuable insights to phenomena.

This study was conducted through a case study and it was considered suitable as it allows an in-depth study of the subject on investigating the application of balance score card as a tool for strategy implementation. According to Gerring (2005), Case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods. The case that is the subject of the inquiry was an instance of a class of phenomena that provided an analytical frame, an object within which the study is conducted and which the case illuminates and explicates.
3.3 Data Collection

The study used primary data collected from the management and staff members of Kenya Red Cross Society. Using an interview guide, the researcher interviewed twelve top and middle level managers from the Nairobi branch including the secretary general or his designated assistant, a member from each of the six core-business areas of the Kenya Red Cross Society and five members from the support service departments.

The Kenya Red Cross Society’s core business areas, around which its activities revolve include: Disaster Management, Health and Social Services, Water and Sanitation, Organizational Development, Supply Chain and Finance. While, support services of the KRCS include the Public Relations, Human Resources, Monitoring and Evaluation, Training, Internal Audit, ICT, Legal Affairs and Security.

The interview guide had unstructured questions were used to encourage the respondent to give an in-depth response without feeling held back in revealing any information. With unstructured questions, a respondent’s response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

3.4 Data Analysis

The data was qualitative in nature, due to this fact, content analysis was used to analyze the data. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.
The data was obtained from the various management team members belonging to different departments and compared against each other in order to get more revelation on the issues under study. This research yielded qualitative data from the interview schedules and analyzed using content analysis because this study seeks to solicit data that is qualitative in nature. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter entails data analysis and interpretations of the study findings. The main objective of the study was to evaluate the application of Balanced Score Card in strategy implementation at Kenya Red Cross Society (KRCS). The main objective of the study was achieved through determination of the challenges faced by Kenya Red Cross Society in strategy implementation; establishment of the extent of use of balanced scorecard as a tool in addressing the challenges faced in strategy implementation at Kenya Red Cross Society; and determination of how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation.

Data was collected using interview guides administered to departmental heads in charge of Department of Disaster Management, Department of Health and Social Services, department of Department of Water and Sanitation, Department of Organizational Development, Department of Supply Chain and Department of Finance. The study also collected data from Chief Public Relations Officer at KRCS, Human Resources Manager, Chief Monitoring and Evaluation Officer and officers in charge of training, internal audit, ICT and Security.

4.2 Strategy Implementation at Kenya Red Cross Society

The study explored strategy implementation at Kenya Red Cross Society. The study established that Kenya Red Cross Society has been successful in strategy implementation. In the year 2011, the organization started the implementation of its strategies using a Balanced Scorecard.
The respondents indicated that strategy implementation at Kenya Red Cross Society has been successful since the adoption of Balanced Scorecard in 2011, it has enabled the organization to develop the potential of carrying out strategy successfully, disburse abundant resources to strategy-essential activities, create strategy-encouraging policies, employ best policies and programs for constant improvement, link reward structure to accomplishment of results and make use of strategic leadership.

The members, volunteers and other supporters of KRCS are more active participants because they are better motivated, organized and supported. KRCS enhances strategy implementation by encouraging teamwork at all levels of management and branches. KRCS has become more cohesive while respecting its internal diversity and the organization is more efficient in deploying collective capacities to help wherever and whenever needed. The study found out that efficiency in strategy implementation at KRCS is also attributed to efficient in working arrangements and the organization becoming more persuasive in advocating on behalf of the needs and rights of vulnerable people.

4.2.1 Measures that Facilitate Strategy Implementation at Kenya Red Cross Society

The respondents stated that KRCS has four broad strategic objectives which are to develop and operationalize a comprehensive and effective disaster preparedness and response programme, to develop an integrated and strengthened community-based health programme focusing on advocacy and prevention, to establish a well functioning society having the capacity and effectively and efficiently discharge its mandate and to promotion or dissemination and advocacy of the society’s principles.
The study established that KRCS has implemented its strategic objectives through a specific set of measures. In order to develop and operationalize a comprehensive and effective disaster preparedness and response programme, the organization train volunteers at branches/community level in Disaster Management skills and Emergency Response; carry out risk mapping in vulnerable areas; develop contingency plans and appeal budgets for recurring disaster. KRCS also reorganize, update inventory and strengthen control systems in main warehouse; plan outputs, stock and restock emergency supplies in the strategic branches; recruit more volunteers in the department; trained volunteers in Disaster Management skills and improved tracing and response to disasters.

The study established that KRCS develop an integrated and strengthened community-based health programme focusing on advocacy and prevention by advocating for behavior change in the target communities using behavior change communication methodology. The organization also participates in the activities of the national blood transfusion services (NBTS) by working closely with the NBTS units. KRCS provide support to VCT Centers which have been established by other partners in project sites and mitigation social impact through reduced stigma & improved social & psychological well being of infected & affected persons in the project sites. Moreover, KRCS increase the sense of responsibility of people in protecting themselves.

In order to establish a well functioning society that has the capacity and to effectively and efficiently discharge its mandate, the study found out that KRCS enhances training of Volunteers/Staff. KRCS also developed strategic branches and enhanced capacity Building for all branches in the country. The study established that KRCS achieved promotion or dissemination and advocacy of the society’s principle through production of dissemination materials, trainings
and workshops, placement of materials in libraries, internet dissemination and involvement of Mass media

4.3 Use of Balanced Scorecard as a Strategy Implementation Tool at Kenya Red Cross.

The study explored the use of Balanced Scorecard as a strategy implementation tool at Kenya Red Cross. The study established that Kenya Red Cross Society has a balanced score card strategic planning and management system. KRCS is among the first in 187 member societies of the International Federation of Red Cross and Red Crescent Societies (IFRC) to embrace the Balanced Scorecard. The respondents stated that Balanced Scorecard combines the best attributes of social services organisations and corporate organisations and seeks to point the organisation towards improved performance and increased contribution to social values. Subsection 4.3.1 presents the foundation of balanced score card strategic planning and management system at Kenya Red Cross Society and subsection 4.3.2 presents the Balanced Score Card at Kenya Red Cross Society.

4.3.1 The foundation of Balanced Scorecard and Management System at Kenya Red Cross Society.

The study explored the foundation of Balanced Scorecard and Management System at Kenya Red Cross Society and the findings revealed that the method is based on Cooperation Agreement Strategy (CAS) of Kenya Red Cross Society. Cooperation Agreement Strategy is a five-year corporate strategy that is broken down annually. The
current strategy, 2011-2015, is a business-like plan, aligned to the International Federation of Red Cross and Red Crescent Societies (IFRC) Global Strategy 2020.

IFRC Global Strategy 2020 strategy voices the collective determination of the International Federation of Red Cross and Red Crescent Societies to move forward in tackling the major challenges that will confront humanity in the next decade. It consolidates previous policies and strategies in presenting updated core concepts to guide National Red Cross and Red Crescent Societies in formulating their own mission statements and strategic plans in the context of the specific needs and vulnerabilities that concern them. It provides direction to the secretariat in setting its operational priorities in support of National Societies. It is also the basis for updating, harmonizing and developing new implementation tools and cooperation frameworks.

IFRC Global Strategy 2020 provides the basis for the strategic plans of National Societies. This is a dynamic framework that is responsive to differing contexts and changing circumstances. It invites all members, volunteers, staff and supporters to engage with creativity and innovation in giving practical effect to this strategy, and thereby make the difference that matters. In supporting the systematic implementation of Strategy 2020, the IFRC reports biennially on progress at the General Assembly. A midterm review will be carried out in 2015 and a final review in 2019.

The core values in the IFRC Global Strategy 2020 include people, integrity, partnership, diversity, leadership, and innovation. IFRC strive to build the capacities of people and communities to work in solidarity to find sustainable solutions for their most pressing needs and vulnerabilities. With regard to integrity, IFRC work in accordance with its
fundamental principles (the fundamental principles at IFRC are: humanity, impartiality, neutrality, independence, voluntary service, unity and universality) in a transparent and accountable manner. IFRC encourages partnership among its members, with governments, and with other organizations without compromising IFRC emblems and the independence, impartiality and neutrality that the emblems represent.

IFRC respect the diversity of the communities it work with and of its volunteers, members and staff, based on non-discrimination and our principles of impartiality, unity and universality. In addition IFRC show leadership and strive for excellence in its work, drawing attention to the rights, needs and vulnerabilities of communities and the factors that underlie them. IFRC also draw inspiration from its shared history and tradition, but the organization is equally committed to finding creative, sustainable solutions to problems that threaten human well-being and dignity in a changing world.

The objectives of the Global Strategy 2020 are to have a streamlined inclusive strategy to guide the overall work of the IFRC including both the domestic and international activities of all National Societies; to achieve greater substantiation of the auxiliary role of National Societies alongside their sustainable development as well resourced, led and managed independent entities with a strong and diverse base of members, volunteers and other supporters; to enhanced focus on development activities; to strive for equality in the organization and work; to adopt better ways of working together: to speak up and speak out more on the side of vulnerable and disadvantaged people.

The other objectives of the strategy are to have a harmonized federation-wide approach to planning, performance management and accountability; to adopt federation-wide
governance arrangements that provide fuller oversight and consistent support for National Societies in line with the constitution; and to have a right-sized, more focused and well-managed secretariat that fulfils its core membership support functions closer to National Societies, with impartiality, professionalism and accountability.

The study further established that each national Red Cross society (Kenya Red Cross Society in this study) use shared tools and data-collection method to sets its own indicators for assessing the progress of the specific services that it undertakes, compared with the baseline at the beginning of 2010. A harmonized approach to performance tracking allows the federation-wide aggregation and communication of results from National Societies. This enables IFRC, as a whole, to continue to learn and project our collective achievements, thereby gaining the trust of all stakeholders and amplifying our humanitarian diplomacy efforts.

As a minimum, the Federation-wide performance management and reporting framework consolidates feedback from National Societies on key indicators: the numbers of volunteers, staff and local units providing services; the numbers of people reached by them; and the resources received and expended on these services. These indicators are a proxy for ‘doing more and better and reaching further’ as they illustrate the degree of success achieved in developing IFRC capacities, and demonstrating the quality and magnitude of work that attracts enhanced resources. IFRC also assess the quality of its services more directly according to globally accepted standards for humanitarian and development work, including through a systematic programme of evaluations.
4.3.2 The Balanced Score Card at Kenya Red Cross Society

The balanced score card strategic planning and management system is structured into sections which include a preamble (entails mission, vision, core values and beneficiary value proposition), strategic themes, strategy map, objective performance measures, targets and initiatives.

The preamble of the Balanced Score Card at Kenya Red Cross Society

The preamble of KRCS has the mission of the organization, its vision, core values and beneficiary value proposition. The vision of KRCS is to be the leading humanitarian organization in Kenya, delivering excellent quality service of preventing and alleviating human suffering to the most vulnerable in the community. In pursuit of our vision of preventing and alleviating human suffering, the KRCS mission is to build capacity and respond with vigor, compassion and empathy to the victims of disaster and those at risk, in the most effective and efficient manner. The core values at KRCS are commitments, accountability, service to humanity and trust.

Strategic themes in the Balanced Score Card at Kenya Red Cross Society

Strategic themes in the Balanced Score Card at Kenya Red Cross Society are operation excellence, investing in the people, and building a strong national security. In regard to operational efficiency, Kenya Red Cross Society aims at provision of timely and appropriate services delivered with the involvement of the community.

Kenya Red Cross Society invests in the people by employing highly skilled and motivated staff and volunteers who choose to work for the society. Kenya Red Cross
Society builds a strong and resilient communities served by a sustainable national society that has strong partnerships and is supported by appropriate legal framework.

**Strategy Map of Kenya Red Cross Society**

The study established that the Balanced Score Card at Kenya Red Cross Society has a strategy map which outlines the objectives of the organization. Figure 1 illustrates strategy map of Kenya Red Cross Society.

**Figure 1: Strategy Map of Kenya Red Cross Society**

![Strategy Map of Kenya Red Cross Society](image)

**Source:** Kenya Red Cross (2011)

From the study findings in figure 1, the objectives of strategic plan at Kenya Red Cross Society are categorized in four major areas namely beneficiary/stakeholders, financial stewardship, building processes and organization capacity.
The objectives for beneficiary/stakeholders are to improved livelihoods, increase contribution to national policy, enhance community ownership and to increase access to services. In line with financial stewardship, Kenya Red Cross Society intends to optimize resource utilization. The objectives of building processes are to improve service delivery, strengthen partnership and strengthen disaster risk management process. Kenya Red Cross Society aim at building strong organization capacity by strengthening branch network and infrastructure, internalizing the economic engine, improving human resource alignment, improving health and safety and improving safety and management.

4.4 How the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation.

The second objective of the study was to establish how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation. The study found out that The Kenya Red cross Society Strategic Plan 2011-2015 presents the strategic directions that guide the society in order to realize its vision of being the leading humanitarian organization in Kenya delivering excellent quality service of preventing and alleviating human suffering to the most vulnerable in the country. The Strategic Plan 2011-2015 represents well defined strategic objectives and activities that will enable the Society meet the humanitarian challenge in the country and beyond talking into consideration the Society’s strengths and environmental opportunities that can be tapped to realize our mission of preventing and alleviating human suffering to the victims for disasters and those at risk in the most efficient and effective manner.

These strategic objectives are derived from the country’s national strategies and policies. Annual work-plans and budgets are produced on the basis of this Strategic Plan. This Plan
has been developed in a consultative manner which involved contribution from Headquarters and Branch staff and volunteers as well as the Executive Committee Members. Contributions from stakeholders inside and outside the Red Cross and Red Crescent Movement have also been taken into consideration.

The objectives of strategic plan at Kenya Red Cross Society are categorized in four major areas namely beneficiary/stakeholders, financial stewardship, building processes and organization capacity. Subsections 4.4.1, 4.4.2, 4.4.3 and 4.4.4 present the study findings on how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation.

**4.4.1 Meeting the objectives regarding obligations to Beneficiary/Stakeholders**

**Stakeholders**

The study established that Kenya Red Cross Society’s objectives regarding beneficiary/stakeholders’ welfare are to improved livelihoods, increase contribution to national policy, enhance community ownership and to increase access to services. The balance scorecard clearly stipulate performance measures, targets and initiatives aimed at accomplishing the objectives.

KRSC intend to improved livelihoods by strengthening the integrated approach to programming, strengthening food security program and building skills and resources. In order to increase contribution to national policy, KRSC intends to establish and implement system for identifying and participating in national policy development and develop and implement brand management strategy. The performance measures and the targets for the objective are establishment of 50% model households that meet minimum
standards, reduction in relief target units by 20% and saved 100% of lives during emergencies.

The study established that KRSC intend to increases contribution to national policy by establishing and implementing system for identifying and participating in national policy development, developing and implementing brand management strategy. The performance measures are achievement of 100% legal support to KRCS components (structure programming, disaster and emblem), having 75% of appropriate national policies contributed to, and projects that are aligned to appropriate national policy.

The enhance community ownership will be realized by establishing and implementing a community capacity building and leadership development program. The performance measures are ten-year average age of projects running after completion, 20% contribution to project budget by community (time and fund) and project being replicated by community and partners.

Kenya Red Cross Society’s aims at increasing access to services by develop policy on services to be delivered to beneficiaries and stakeholders develop and implement communication strategy. The performance measures are 95% of KRCS services being within the standard distance, having beneficiaries reached and 75% of information being available to the stakeholders.

4.4.2 Meeting the objectives regarding financial stewardship

The study established that Kenya Red Cross Society aims at effective financial stewardship through optimized resource utilization. Resource optimization will be
achieved by establishing and implementing an ISO and strengthening the system for capturing and reporting cost per beneficiary. The performance measures are 30% of core cost to total cost and cost per beneficiary which will be determined at the end of financial year.

4.4.3 Meeting the objectives regarding building processes

Kenya Red Cross Society strategic plan aims at building processes by improving service delivery, strengthening partnership and strengthening disaster risk management process.

Kenya Red Cross Society aims at improving service delivery by strengthening branch coordination role, establishing and implementing long term impact assessment system establish program performance standard. The performance measures and the targets for the objective are 80% increase in integrated program, 95% process success and 100% program standard compliance.

Kenya Red Cross Society will strengthen partnership by establishing and implement program for partnership management. The performance measures and the targets for the objective are 95% active partnership, 95% formal partnerships that have signed teaming agreement and 80% partner confidence score.

Strengthening disaster risk management process will be done by strengthen early warning systems and setting up Standard Operating Procedures (SOPs) and harmonizing the existing disaster risk management standards. The performance measures and the targets for the objective are having 100% of incidences responded to on time, 100%
compliance to disaster risk management process standards and having 20% of people assisted.

4.4.4 Meeting the objectives regarding organization capacity

The study found out that Kenya Red Cross Society intends to strengthen organization capacity by strengthening branch network and infrastructure, internalizing the economic engine, improving human resource alignment, improving health and safety and improving safety and management.

Branch network and infrastructure at Kenya Red Cross Society will be strengthened by Establishing and implement a branch upgrading program, developing strategy and system for membership management and establishing and implementing system for generating and capturing income raised locally by branches and regions. The performance measures and the targets for the objective are 100% of branches and regions meeting minimum standards, 60% participation in membership activities and increase in income raised locally by branches.

The economic engine will be internalized by developing and implementing income generation and investment strategy and developing and implementing a grant management strategy. The performance measures and the targets for the objective are 50% of cost paid from own fund, having 100% reduction in funding gap (budget vs. actual), attaining 20% of growth in disaster fund.

The human resource alignment will be improved by strengthening and implementing human resource policies and procedures, developing strategy and system for volunteer
management. The performance measures and the targets for the objective are 95% job satisfaction index (staff turnover, job security, absenteeism, complaints, work environment), increased staff retention (percentage of appropriate staff leaving), having appropriate skill and competence, and having 80% of hours spent on project vis a vis total hours.

Kenya Red Cross Society intends to improve health and safety by establishing and implementing project to create awareness and protect the emblem. The performance measures and the targets for the objective are raising emblem awareness index, zero reduction in incidences to staff and volunteers during operation and in the work place, 100% safety compliance score.

The study further established that Kenya Red Cross Society intends to review and implement health safety strategies. In order to improve safety and management, Kenya Red Cross Society will establish a knowledge management and support system and establish and implement an information resource center (virtual library through the internet). The performance measures and the targets for the objective are 100% of evidence based policy decision making (policy decision based on information/all decisions made), 95% documentation and dissemination of lesson learnt, and increase in employee information awareness.

4.5 The Benefits of the Balanced Scorecard Applied at Kenya Red Cross

The Balanced Scorecard has facilitated implementation of strategies at Kenya Red Cross. Strategic plan at Kenya Red Cross Society are broadly categorized under the following core business areas: disaster management, health and social services, water and sanitation: organizational development, supply chain, and finance. Support services of
the KRCS include the Public Relations, Human Resources, Monitoring and Evaluation, Training, Internal Audit, ICT, Legal Affairs and Security. In addition to the above, KRCS also has the Global Fund Programme Management Unit that was set up to manage the GF funds after the Organisation was appointed the Non state actors PR. The benefits realized from Balanced Scorecard are discussed in the following subsection:

4.5.1 The contributions made by balanced score card on disaster management at Kenya Red Cross Society.

The Balanced Score Card has improved efficiency of disaster management at Kenya Red Cross Society. KRCS has been able to alleviate threats to life, pain, distress, anxiety and destruction to the environment during emergencies. The department of disaster management at KRCS has improved its efficiency in issuing appropriate guidelines for coordination and response to all types of emergencies. KRCS has implemented hazard specific plans and trained relevant personnel on skills requisite to respond. The disaster management department has strengthened disaster operations in refugee operations, disaster risk reduction/ climate change adaptation, food security and livelihoods, and early recovery. KRCS has provided relevant departments with skilled personnel and further established capacity for timely and effective support as may be required.

4.5.2 The health and social benefits as result of Balanced Scorecard at Kenya Red Cross Society.

Balanced scorecard has enabled Kenya Red Cross Society to achieve its objectives on provision of health and social services. The Health and Social Services Department (HSS) at KRCS has increased its services towards People Living with HIV and Aids (PLHIVs) and Orphans
and Vulnerable Children (OVCs) through Community Home Based Care and Psychological support. The Health and Social Services Department (HSS) has been a great player in Malaria prevention and control through the Home Management of Malaria Project.

The HSS Department is further involved in awareness creation for blood donation through trained volunteers, community health workers and partnerships with key actors mobilization and recruitment of Voluntary Non Remunerated Blood Donors (VNRBD), retention of repeat donors, infrastructural support to the government of Kenya and advocacy on Blood Safety policy.

The Balanced Scorecard has enabled the HSS Department to enhance reproductive health care through increasing equitable access to reproductive health services, construction and equipping of maternity units and operation theatres to hospitals in hard to reach areas; strengthening referral systems and capacity building of health workers on reproductive health and providing psychological support.

4.5.3 The Balanced Scorecard has improved organizational development at KRCS

The Organizational Development Department at KRCS has strengthened the organizational capacity for effective and efficient implementation of programmes and has ensured that the same is achieved through improved capacity of its eight regions and 64 branches in the country to handle internal and external functioning and strategic relationships.

The dissemination programme adopted by the Organizational Development Department at KRCS has promoted understanding of the Red Cross and the Red Crescent movement’s Fundamental Principles, Humanitarian Values, International Humanitarian Law, and
Emblem use and ensured that these ideals, are understood, respected and applied throughout Kenya so as to promote ownership, acceptance and support of KRCS activities by stakeholders, partners and the community at large.

4.5.4 The Balanced Scorecard has improved provision of water and sanitation services by KRCS

The Balanced Scorecard has improved the efficiency of KRCS in improvement of community livelihood by continuously contributing to the achievement of the Millennium Development Goal 7, Target 7c, to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. KRCS continue to make advances towards greater access to safe drinking-water and progress in relation to access to basic sanitation. KRCS has taken a strategic focus in its programming by scaling up access to basic sanitation in line with MDG definition of improved sanitation as well as hygiene promotion by the year 2012. KRCS has also aligned itself to the Ministry of Public Health and Sanitation National strategy for environmental sanitation and hygiene.

KRCS has adopted a unique hygiene promotion model using an integrated approach by combining aspects of Participatory Hygiene and Sanitation Transformation (PHAST) and Community Led Total Sanitation (CLTS) methodologies targeted at rural pastoralist communities of Isiolo, Samburu East and Garbatulla districts. This has been carried out under the recently funded Isiolo EU WatSan project. The CLTS approach has triggered the community in order to enhance uptake of construction of latrines and their usage among these targeted pastoralist communities whose latrine coverage is low. The PHAST approach has provided constructive and effective elements that reinforce and stimulate key behavior practices enabling the community to achieve and sustain positive hygiene behavior in the long-term.
4.5.5 The Balanced Scorecard has improved work relationship amongst
KRCS

KRCS has improved the work relationship among its units. The improved work relationship between Finance Department and other departments has enhanced safeguarding of financial resources through an appropriate internal control environment with an emphasis on finance and accounting policies and procedures, effective budgetary control and asset and liability management. The Public Relations has to bolstered skills of public relations through trainings and investment in better tools for enhanced quality communication. The Human Resource (HR) unit has facilitated comprehensive induction and orientation exercise, strengthened HR Policy dissemination to the regions, and advise management on emerging trends in line with best practice.

HR unit has also promoted teamwork by facilitating activities that increase interaction and encourage experiential training. The Supply Chain Management Department (SCMD) has added value to KRCS by delivering efficient, effective and quality services to the Society. SCMD has enhanced efficiency in management of logistics, warehouse, procurement and business development functions. The Internal Audit has adopted a risk based audit approach to ensure value addition to the Society as a whole. The Monitoring and Evaluation (M&E) Unit on its part has strengthened data management, grants monitoring and decision-making systems and processes at all levels.

4.6 Challenges faced by Kenya Red Cross in strategy implementation

The first objective of the study was to determine the Challenges faced by Kenya Red Cross Society in strategy implementation. The study established that KRCS faces challenged such as lack of funds, inefficiency in governance, lack of cooperation in the
implementation of strategic plan, poor networking with other NGOs, ineffective communications, limited capacity, unfamiliarity with organizational strategic approaches, disparity in remuneration among NGOs and political interference.

**Lack of Funds**
Kenya Red Cross Society faces difficulty in finding sufficient, appropriate and continuous funding for their work. KRCS find accessing donors as challenging as dealing with their funding conditions. The study established that the funds mobilized locally are not sufficient KRCS to support operation of KRCS. The dependency on donors leads to the tendency of KRCS to shift interventions to match donor priorities which may not match the local economic environment. The study further established that KRCS the financial, project and organizational sustainability needs reevaluation with a view to strengthen the overall sustainability of the organization.

**Inefficiency in governance of some KRCS branches**
The study established that poor governance is still a challenge at KRCS. Knowledge of good governance varied widely in various branches within the country, with some regions indicating very little understanding of the roles and functions of leaders at various levels of management. The respondents explained that it is difficult to achieve good governance with leaders who do not create room for participatory stale of leadership. Participants with better understanding of good governance appreciated that this is fundamental to KRCS accountability and transparency. Some branches of KRCS mismanage their resources, quite often with the involvement and encouragement of the leaders who lack in leadership style. Some leaders are not easily accessible hence inefficient function of their branches.
Lack of cooperation in the implementation of strategic plan

The study established that there is failure of some KRCS branches in the country to fully implement strategic plans due to lack of cooperation among some stakeholders. Few NGOs have strategic plans which would enable them to have ownership over their mission, values and activities. This leaves them vulnerable to the whims of donors and makes it difficult to measure their impact over time.

Poor networking with other NGOs

Poor networking was identified as a major challenge in strategy implementation at KRCS. Poor networking with other nongovernmental organizations causes duplication of efforts, lack of learning from experience and inability of local branches to address local structural causes of humanitarian crises. Negative competition for resources with other non governmental organizations also undermines the effectiveness of KRCS activities. As a result there is a great deal of suspicion among NGOs, secrecy and lack of transparency. Many NGOs, large and small, intervene at community level without any community mapping and implement projects without due regard to ongoing initiatives.

Ineffective Communications at some KRCS branches

The study established that ineffective communication within Kenya Red Cross Society affect strategy implementation. Some regional branches of KRSC have little or no access to reliable email and internet connections, they receive almost no literature on humanitarian crises and are generally out of touch with issues of global, regional and national importance.
Limited Capacity

Strategy implementation at KRSC faces the challenge of limited capacity. There are branches of KRSC with limited technical and organizational capacity. Some branches are not able to pay for such capacity building. Weak capacity manifests in fundraising, governance, technical areas of development, and leadership and management. Some respondents felt that the existence of quality standards at all KRSC branches would assist them to develop the required capacities. The speed of technology changes is also a challenge particularly in areas of IT capacity.

Unfamiliarity with organizational strategic approaches in some KRCS branches

There are KRSC branches that are not totally familiar with all the aspects of strategic approaches adopted by the organization. Some KRSC branches are still focusing upon what some refer to the ‘hardware’ approach to development, i.e. the provision of services; rather than what some refer to as the ‘software’ approach of empowering people and local institutions to manage their own affairs. Other KRSC branches seem unaware of changes in the role of government, the changing Aid paradigm, and the effectiveness of a “right’s based” rather than “welfare” approach. While it is becoming harder to fund and sustain service delivery interventions, most KRSC branches persist with them. There is a lack of sustainability and ownership of organizational interventions. Besides, some communities have been spoilt by dependency creating interventions and are not inclined to do things for themselves. It is difficult to keep KRSC programmes relevant to changing situations and the culture of handouts is hard to counter.
Disparity in remuneration among NGOs

There are NGOs that pay government and community members to participate in their projects while other NGOs lack financial ability to do so. Some NGOs pay high salaries and attract personnel from other organizations such as KRSC. NGOs with adequate funds are also responsible for creating the high cost image that undermines the credibility of the organizations that depend on volunteers. NGOs with sufficient funds pay huge allowances and manipulate the people. It is difficult and inappropriate for KRSC to compete with the international and national giants. Many external organizations are not working with KRSC, they simply provide unfair competition and hold back the development of cost effective humanitarian interventions.

Political Interference

Strategy implementation at KRSC faces the challenge of political interference. In some regions KRSC leaders cite the interference of local politicians and civic leaders as a major hindrance to their work. Where KRSC is involved in humanitarian conflict arising from sensitive issues, such as land disputes, local leaders can oppose delivery of help to the rival communities. Some political leaders are opposed to activities of organization that provide humanitarian aid thus making it difficult for KRSC to implement its strategies.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations from the study findings. The main objective of the study was achieved through determination of the challenges faced by Kenya Red Cross Society in strategy implementation; establishment of the extent of use of balanced scorecard as a tool in addressing the challenges faced in strategy implementation at Kenya Red Cross Society; and determination of how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation.

5.2 Summary of the Study Findings

In regard to the use of Balanced Scorecard as a tool in addressing the challenges faced in strategy implementation at Kenya Red Cross, the study established Kenya Red Cross Society has a balanced score card strategic planning and management system. KRCS is among the first in 187 member societies of the International Federation of Red Cross and Red Crescent Societies (IFRC) to embrace the Balanced Scorecard. This Balanced Scorecard at KRCS combines the best attributes of social services organizations and corporate organizations. The Balanced Scorecard seeks to point the organization towards improved performance and increased contribution to social values.

The balanced score card strategic planning and management system is structured into sections which include a preamble (entails mission, vision, core values and beneficiary
value proposition), strategic themes, strategy map, objective performance measures, targets and initiatives.

The study aimed at establishing how the balance scorecard objectives are set to achieve the Kenya Red Cross strategic implementation. In this respect the study, established the objectives of strategic plan at Kenya Red Cross Society are categorized in four major areas namely beneficiary/ stakeholders, financial stewardship, building processes and organization capacity. There are various set of measures put in place to achieve the objectives in the balance scorecard. The enhanced community ownership will be realized by establishing and implementing a community capacity building and leadership development program. Kenya Red Cross Society’s aims at increasing access to services by develop policy on services to be delivered to beneficiaries and stakeholders develop and implement communication strategy.

Resource optimization will be achieved by establishing and implementing an ISO and strengthening the system for capturing and reporting cost per beneficiary. Service delivery will be improved by strengthening branch coordination role, establishing and implementing long term impact assessment system establish program performance standard. Kenya Red Cross Society will strengthen partnership by establishing and implement program for partnership management. Strengthening disaster risk management process will be done by strengthen early warning systems and setting up Standard Operating Procedures (SOPs) and harmonizing the existing disaster risk management standards.
Branch network and infrastructure at Kenya Red Cross Society will be strengthened by establishing and implementing a branch upgrading program, developing strategy and system for membership management and establishing and implementing system for generating and capturing income raised locally by branches and regions. The economic engine will be internalized by developing and implementing income generation and investment strategy and developing and implementing a grant management strategy. The human resource alignment will be improved by strengthening and implementing human resource policies and procedures. The human resource alignment will also be improved by developing strategy and system for volunteer management.

Kenya Red Cross Society intends to improve health and safety by establishing and implementing project to create awareness and protect the emblem. Besides, Kenya Red Cross Society intends to review and implement health safety strategies. In order to improve safety and management, Kenya Red Cross Society will establish a knowledge management and support system and establish and implement an information resource center.

The benefits of the Balanced Scorecard applied at Kenya Red Cross include: improved efficiency of disaster management at Kenya Red Cross Society, strengthening of disaster operations in refugee operations, disaster risk reduction/ climate change adaptation, food security and livelihoods, and early recovery, improved provision of health and social services to towards People Living with HIV and Aids (PLHIVs) and Orphans and Vulnerable Children (OVCs) through Community Home Based Care and Psychological support; strengthening the organizational capacity for effective and efficient implementation of programmes; improvement of community livelihood; and improved the work relationship among KRCS units.
The study established that Kenya Red Cross Society faces challenges such as lack of funds, inefficiency in governance, lack of cooperation in the implementation of strategic plan, poor networking with other NGOs, ineffective communications, limited capacity, unfamiliarity with organizational strategic approaches, disparity in remuneration among NGOs and political interference.

The study established that funds mobilized locally are not sufficient KRCS to support operation of KRCS. The dependency on donors leads to the tendency of KRCS to shift interventions to match donor priorities which may not match the local economic environment. Inefficiency is a challenge at KRCS. Knowledge of good governance varied widely in various branches within the country, with some regions indicating very little understanding of the roles and functions of leaders at various levels of management. Some leaders do not create room for participatory state of leadership. Some branches of KRCS mismanage their resources, quite often with the involvement and encouragement of the leaders who lack in leadership style. Moreover, some leaders are not easily accessible hence inefficient function of their branches.

Lack of cooperation hinders the implementation of strategic plan at some KRCS branches in the country. Strategy implementation is also hindered by poor networking with other NGOs. Poor networking with other nongovernmental organizations causes duplication of efforts, lack of learning from experience and inability of local branches to address local structural causes of humanitarian crises. The study also established that ineffective communication within Kenya Red Cross Society is a setback to strategy implementation. Some regional branches of KRSC have little or no access to reliable email and internet connections. The study also established that strategy implementation at KRSC faces the problem of limited technical and organizational capacity. Unfamiliarity with
organizational strategic approaches witnessed at some KRSC branches, disparity in remuneration among NGOs and political interference.

5.2 Conclusion of the Study

The study concludes that in order to achieve successful strategic implementation, Kenya Red Cross Society has to address challenges such as lack of funds, inefficiency in governance, lack of cooperation in the implementation of strategic plan, poor networking with other NGOs, ineffective communications, limited capacity, unfamiliarity with organizational strategic approaches, disparity in remuneration among NGOs and political interference.

The study concludes that Kenya Red Cross Society serve as a good example of effective application of Balanced Scorecard. The Balanced Scorecard adopted at Kenya Red Cross Society addresses strategic issues regarding beneficiary/ stakeholders, financial stewardship, building processes and organization capacity. This Balanced Scorecard seeks to point the organization towards improved performance and increased contribution to social values.

The study draws a conclusion that of Balanced Scorecard at Kenya Red Cross Society clearly stipulate how each objective will be achieved. Kenya Red Cross Society’s objectives regarding beneficiary/ stakeholders’ welfare are to improved livelihoods, increase contribution to national policy, enhance community ownership and to increase access to services. Kenya Red Cross Society aims at making financial stewardship effective by optimizing resource utilization. The building processes will be strengthened by improving service delivery, strengthening partnership and strengthening disaster risk
management process. Moreover, Kenya Red Cross Society intends to strengthen organization capacity by strengthening branch network and infrastructure, internalizing the economic engine, improving human resource alignment, improving health and safety and improving safety and management.

The application of Balanced Scorecard at Kenya Red Cross has resulted in benefits such as improved efficiency of disaster management at Kenya Red Cross Society, strengthening of disaster operations, improved provision of health and social services, strengthening the organizational capacity for effective and efficient implementation of programmes, improvement of community livelihood and improved the work relationship among KRCS units.

5.3 Recommendations of the Study

5.3.1 Recommendations for Policy Intervention

The study recommends that when an organization applies Balanced Scorecard, it need to take a very close look at the organization structure and evaluate if it supports the strategies. Organizations need to customize their organizational structures to fit the strategies.

The study recommends that organizations intending to apply Balanced Scorecard have to identify critical activities in the organization’s value chain. Primary activities have to be performed exceedingly well to develop organization’s core competencies. In order to identify the primary activities, organizations need to identify the processes it need to perform exceedingly well that will help achieve a competitive advantage and identify areas in value chain that will hurt us if the organization fare poorly.
The study recommends that Balanced Scorecard should clearly show the activities to be performed internally. Once the organization has identified critical activities, it needs to decide if non-critical activities are going to be outsourced. Deciding which activities to perform internally and what to outsource is of great strategic importance. Besides, organizations can enhance their organizational capabilities and build resource strengths that deliver value to clients if they leveraging collaborative partnerships.

The study recommends that organizations should not have a mismatch between strategy and structure when applying Balanced Scorecard. A mismatch can lead to poor strategy implementation. Matching structure to strategy should involve making strategy-critical activities the main building blocks in the strategic plan. The bottom line is once a strategy has been chosen; structure must be modified to fit the strategy.

The study recommends that when using a Balanced Scorecard, organizations need to decide on the authority for each manager and employee. It is advantageous to put some decision-making authority in the hands of the front line employees. The objective of decentralized decision-making is not to push decisions to front-line employees, but to empower those closest and most knowledgeable about the situation. Centralized and authoritarian organizations are not well suited to implementing strategies.

**5.3.2 Recommendation for Further Research**

The study recommends further research on the effective of monitoring and evaluation tools used by Kenya Red Cross Society to monitor and evaluate strategic implementation through balance score card. The recommended further study will supplement the findings
of this study by providing information on evaluation of effectiveness of Balanced Scorecard used at Kenya Red Cross Society.
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[www.kenyaredcross.org](http://www.kenyaredcross.org)

[www.ngobureau.or.ke](http://www.ngobureau.or.ke)
APPENDICES

Appendix 1: Interview Guide

1. What is your department?
2. How does your company go about implementing the chosen strategies?
3. Who is responsible in strategic implementation in your organization?
4. How often are the policies on implementation updated?
5. To what extent does your department deal with balanced scorecard in strategy implementation?
6. How often are balanced scorecard appraisal reviews conducted in your organization?
7. How would you generally rate balances scorecard as a performance management system in your organization?
8. What motivates you most at your work place in line with the balanced score card measures?
9. How do you feel about your job with balanced scorecard as the performance management tool?
10. Are the entire four balanced scorecard measures discussed during the appraisal reviews by your organization?
11. How is balanced scorecard set to achieve your organization objective in strategic implementation?
12. Compared to the traditional performance management system used before, is the balanced scorecard a better measurement?
13. What are the challenges of using the balance score card as strategic management tool?
14. How does your organization address these challenges?
15. Would you recommend the balanced scorecard performance management system to another organization? _________________