



**FACTORS AFFECTING APPLICATION OF BALANCED SCORE CARD: A CASE STUDY OF NON
GOVERNMENTAL ORGANIZATIONS IN ELDORET, KENYA**

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ABSTRACT

The balanced scorecard is a planning and management system that is slowly being adopted for use in non-governmental organization and industry, government, and nonprofit organizations worldwide to align organization activities to the vision and strategy of the organization. This study aimed at analyzing the factors affecting application of balanced score card by the non-governmental organizations. The objectives of the study were to determine how size of the organization, costs of adoption, and perceived benefits of the system and ease of use of the system affect the application of BSC. The researcher used a case study research design to carry out the study because it gave in-depth information about the study which involved several organizations in which data was collected. The information used in the study was collected from the management and other employees of various NGOs within Eldoret town. The target population included the 5 management employees of the 11 target NGOs operating in Eldoret Town. The research used questionnaires to collect data. The researcher consulted with the supervisor to ensure that the questionnaires were valid for use in the study. The researcher also carried out a pilot study to ensure that the questionnaires were reliable. After collecting data was analyzed using descriptive statistics and presented using tables, charts and graphs. From the findings, the study found out that the size of the organization largely affects the application of the tools of the balanced scorecard in non-governmental organizations. Most large organizations adopt BSC in order to improve their efficiency in coordinating the activities of the organizations this is according to 82 % of the respondents. 62 % of the respondents indicated that the more the perceived benefits of BSC in an organization according to the managers, the more they can adopt it much easier and faster. Managers also possess different characteristics and this affects their adoption of the tools of the model. Managers are also influenced by the costs of adoption of BSC according to 80% of the respondents. The study concludes that leadership support and employees involvement are also found to be important success factors in BSC use and performance improvements. It further concludes and recommends that a properly implemented and successful BSC, having the commitment and involvement of both employees and managers and being used as a strategic management system that aligns the entire organization to achieve its strategic goals, will eventually lead to a wide variety of performance improvements, both financial and non-financial.

Key Words: *Balanced Score card, Non-Governmental Organizations*

INTRODUCTION

Background of Study

The non government organizations are becoming gratified to respond to the highly challenging dynamic environmental forces that could threaten their survival. It would be useful to know if these forces are hindering movement towards strategic planning. These forces include: donors' budget control, lack of staff, size of the organization and range of operations, changing customers' expectations, government policy changes, comparability, stronger competition with other existing as well as emerging non governments, competition for international donors', accountability imposed by multiple stakeholders groups including public administrators, legislators, and citizens, staff and volunteers, and continuous government failure to satisfy public needs which increase the public demand for the services offered by these organizations (Eisenberg.P. 2004). Eisenberg argued that in response to these pressures, strategic management was recently introduced to the public and non government sector, especially by the end of the 1980s and the beginning of the 1990s, in order to address the basic values of accountability and social responsibility embedded in this sector (Djers, 2001).

Traditionally, non government organizations across the world have tried only to generate sufficient revenues to cover their expenses and be able to serve public needs but they did not seek to make operating profits, unlike for profit making organizations. Recently, however accountability from various stakeholders groups on the efficient use of scarce resources are becoming increasingly intense and although it is still not all about profits, yet efficiency

considerations are among the important criteria for assessing NGOs' performance (Mucheru, 2008). Thus, in response to these demands many non government/nonprofits are becoming obliged to apply formal strategic planning processes and utilize a balanced scorecard approach to measuring performance effectiveness as guided by their mission and vision statements. The balanced scorecard can be used effectively to assess performance. Stakeholders are demanding increased accountability and indicators of overall organizational performance; therefore, a systematic balanced means of promoting improved organizational performance and assessing performance are becoming increasingly important. The current study attempts to fill in this gap by studying the factors affecting the application of balanced score card in strategy implementation by the non-governmental organizations (Mucheru, 2008).

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 non-governmental organizations attempting to discern the best practices in performance management and this led to development of the balanced scorecard (Niven, 2005). The Balanced Scorecard (BSC) is a strategic performance management tool - a semi-standard structured report, supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions (Norton, 2000).

It is perhaps the best known of several such frameworks (it is the most widely adopted performance management framework reported in the annual survey of management tools undertaken by Bain & Company, and has been widely adopted in English-speaking western countries and Scandinavia in the early 1990s). Since 2000, use of the Balanced Scorecard, its derivatives (e.g., Performance Prism), and other similar tools (e.g., Results Based Management) has also become common in the Middle East, Asia and Spanish-speaking countries (Daniels, 2006).

While the "Balanced Scorecard" terminology was coined by Schneiderman (2000), the roots of performance management as an activity run deep in management literature and practice. By 2004ed about 57% of global non-governmental organizations were working with the balanced scorecard (Bain, 2005). Much of the information in the commercial sector is proprietary, because it relates to the strategies of specific non-governmental organizations. Public-sector (government) organizations are usually not concerned with proprietary information, but also they may not have a mandate (or much funding) to post their management information on web sites (David, 2008).

Enhancing the strategic work is a key component for driving the firms to succeed in accomplishing the expected opportunities or keeping away from the potential threats which accordingly lead to clarify and breakdown the goals and the requirements of each in the internal environment. The elite non-governmental organizations employ different performance measurements for analyzing, and judging the procedures, workforce, and programs. This involves strategic management (Doll, 1998).

The Balanced Score Card Concept

The conceptual framework of the Balanced Scorecard was introduced by Kaplan and Norton (1992, 1993,1996) for the purpose of designating, evaluating and measuring factors that drive an organization's performance. The Balanced Scorecard (BSC) is a strategic performance management tool - a semi-standard structured report, supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions (Norton, 2000). It is perhaps the best known of several such frameworks (it is the most widely adopted performance management framework reported in the annual survey of management tools undertaken by Bain & Company, and has been widely adopted in English-speaking western countries and Scandinavia in the early 1990s).

The balance score card is a management system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The balance score card which saw its initial development during the years of 1987-1992(Schneider man, 2002), links performance measures by looking at a business's strategic vision from four different perspectives: financial, customer, innovation and learning, and internal business process

The objectives and the measures for the Balanced Scorecard are more than just a somewhat adhoc collection of financial and non-financial performance measures; they are derived from a top-down process driven by the mission and strategy of the non-governmental

organization unit. The balanced scorecard should translate a non-governmental organization 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 non-governmental organization 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 (Davis and Albright, 2002). The balance score card consists of a set of performance measures that give a comprehensive view of the company based on the following four perspectives:

- **Financial perspective**, including traditional financial measures such as revenue growth, return on investment or return on assets, market share, and earnings per share,
- **Customer perspective**, with measures of importance to customers such as timeliness, quality, performance, cost, and service,
- **Internal business process perspective**, with measures of the critical internal activities and processes that the organization uses to meet its customers' expectations, and
- **Learning and growth perspective**, which measures the organization's ability to adapt and innovate for the future; this could include time to market for new product development, workforce training and development, and process improvement.

These perspectives provide a multi-dimensional balance between internal and external perspectives, leading versus lagging indicators, objective versus subjective measures, current versus future needs, etc. Tradeoffs become explicit business decisions based on strategy.

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).

Larcker (2003) discovered that most non-governmental organizations 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.

The last decades saw a skyrocketing development of concepts for corporate governance and business management systems. Strategic management has received a special attention. Studies have shown that running midsize and big business without strategic management system is full of risks (Dylan, 2002). That's why several new concepts, tools and paradigms have appeared in the field of strategic management.

Non- Governmental Organizations (NGOs) in Kenya

The Non Government Organizations (NGOs) play an important role in the socioeconomic process of the countries in which they operate. This is true not only in developing countries, but also in developed countries. NGOs in Kenya are no exception. These organizations are important players in both the social and political spheres. The first activities in Kenya,

similar to those of an NGO emerged during the British colonial period in the late 19th century. About 100 years later, with the macro changes in the country, a substantial expansion of NGO presence in Kenya took place. A considerable sum of funds, received from both national and international sources is handled by these NGOs (Ogendo, 2010). This situation has been further enhanced by the post election violence of 2007, which resulted in an unprecedented inflow of financial and other resources in to the country and the formation or representation in Kenya of many more such organizations. The non government sector in Kenya is mostly highly fragmented and ignores the formal aspects of strategic planning practices. This might be due to their belief that they do not possess enough resources to enable them to engage in formal strategic planning processes (Okumu, 2003).

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 (Niven, 2005).

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 (Niven, 2005).

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 non-governmental organization 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 (Kiragu,2005). The magnitude of the funds channeled through these organizations creates considerable responsibility in terms of follow up, monitoring and accountability. Transparency thus becomes an important issue. It is claimed that the statutory regulatory environment is vague. Clear procedures need to be provided to these organizations on how to conduct their affairs, including accounting and reporting activities. It is also acknowledged however, that extensive regulation is not necessarily fruitful, and that "too high" regulation might turn out to be equally as bad as "too low", considering the important role that these organizations play vital role within society at large (Mukuru, 2008).

Statement of the Problem

The balanced scorecard is a planning and management system that is slowly being adopted by non-governmental organization and industry, government, and nonprofit

organizations worldwide to align non-governmental organization activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. Today's organizations recognize that competitive advantage comes through intangible knowledge, capabilities and relationships created by employees, and not from physical assets and access to capital. These organizations therefore should employ the BSC as a guiding tool to effectively achieve best performance standards.

The problem is that, non governmental organizations in most developing countries are faced with inefficiency in their performance and management. The balanced scorecard is a management tool that ensures efficiency in organizational management by monitoring all the four arms of management. Most non-governmental organizations should follow the balance scorecard strategy in management to ensure efficiency and effectiveness in their delivery of their services.

Ideally, NGOs should have a clear laid down monitoring system for efficiency in management. Through this, they can manage to crystallize its vision and make it solid clear to its employees and other stakeholders. The employees of the organization can then come up with strategies to implement them and work towards achieving goals of the organization. There arises a need to communicate and link objectives, examine the performance of factors in the past and analyze factors that would lead to better performance in the future.

Scholars have studied the role of the balanced scorecard 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 Ogendo, (2010), carried out a study on the application of the balanced scorecard by Unilever Tea Kenya Limited. Although the balanced scorecard has gained a lot of popularity as a planning tool, it has factors affecting its implementation. 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.

It is against this background therefore that the study aimed to determine the factors affecting application of balanced score card by the non-governmental organizations.

Research Objectives

General objective

To determine the factors affecting the application of balance score card in NGOs in Eldoret.

Specific objectives

1. To determine how size of the organization affect the application of BSC by NGOs.
2. To assess how costs of adoption affect the application of BSC by NGOs.
3. To determine how perceived benefits of the BSC system affect the application of BSC by NGOs.
4. To determine how the ease of use of the BSC system affect the application of BSC by NGOs.

Research questions

1. How does the size of the organization affect the application of BSC by NGOs?
2. How do costs of adoption affect the application of BSC by NGOs?
3. How do perceived benefits of the BSC system affect the application of BSC by NGOs?
4. How does the ease of use of the BSC affect the application of BSC by NGOs?

Significance of the Study

The findings from this study will be of value to theory, policy and practice. The study will provide an insight to the management of NGOs and other stakeholders such as donors, beneficiaries and Government of Kenya on how the factors affecting the application of BSC in strategy implementation in order to enhance the strategic success and sustainability of the civil society. The study would assist the NGOs in understanding the strategic practices to engage in and help different and diverse NGOs to sustain themselves for the long term. The results of this study will also be invaluable to researchers and scholars, as it forms a basis for further research. The researcher established that they are very few studies that have focused on strategic management in NGOs and lesser studies still that have focused on the factors affecting the application of the BSC model in NGOs. The students and academics would use this study as a basis for discussions on strategic management in NGOs and the applicability of the BSC model in that sector. The study is therefore a source of reference material for scholars, students and future researchers on issues of the BSC applicability and strategic planning in NGOs.

Scope of the Study

The main focus of this study was NGOs in Eldoret where data was specifically collected from management team. The aimed to collect data from the respondents with a view to establish factors affecting the application of BSC in NGOs in Eldoret town.

LITERATURE REVIEW

Introduction

This chapter shall review the literature available on strategy theories of adoption of balance score card and factors affecting their application of the balanced scorecard.

Theories of application of BSC

Stakeholder Theory

Stakeholder theory offers another multi-dimensional approach for enterprise performance measurement. Stakeholders are defined as the groups or individuals, inside or outside the enterprise, that have a stake or can influence the organization's performance. The theory generally identifies five stakeholder groups for a company: three of them, shareholders, customers, and communities, define the external expectations of a company's performance; the other two, suppliers and employees, participate with the company to plan, design, implement and deliver the company's products and services to its customers (Atkinson et al., 1997).

Management control scholars who apply stakeholder theory to performance measurement, believe "performance measurement design starts with stakeholders" (Neely and Adams, 2002). The stakeholder approach to performance measurement starts by defining objectives for what each

stakeholder group expects from the corporation and how each group contributes to the success of the corporation. Once stakeholder expectations or, even further, implicit and explicit contracts between the stakeholders and the corporation get defined, the corporation then defines a strategy to meet these expectations and fulfill the contracts (Drucker, 1954). Thus, while the Balanced Scorecard approach starts with strategy and then identifies the inter-relationships and objectives for various stakeholders, the stakeholder approach starts with stakeholder objectives and, in a second step, defines a strategy to meet shareholder expectations.

Just as Chandler articulated that strategy precedes structure, I strongly believe that strategy also precedes stakeholders. The stakeholder movement likely developed to counter the narrow shareholder value maximization view articulated by Milton Friedman and, subsequently, financial economists, such as Jensen (Kaplan and S. Landekich, 1975). In this spirit, I believe the stakeholder helped us appreciate the value from nurturing multiple relationships that drive long-term and sustainable value creation.

But stakeholder theory confuses means and ends, and therefore ends up less powerful, less actionable, and, ultimately, less satisfying (at least to me) than the strategy map/Balanced Scorecard approach (Howell, Brown, S. Soucy, and A. Seed 1987). Kaplan and Norton advocate selecting a strategy first, and only subsequently working out the relationship with stakeholders, as needed by the strategy. Strategy is about choice. Companies cannot meet the expectations of all their possible customers. Strategy determines which customers the company has decided to serve and the value

proposition that it will offer to win the loyalty of those customer segments. The determination of strategy must come before defining measures of customer satisfaction and loyalty (Kaplan and S. Landekich, 1975). Otherwise, following the recommendations of the stakeholder theorists, the company would attempt to meet the expectations of all the existing and potential customers it could serve, getting stuck “in the middle,” as described by Michael Porter, with both a high cost and a non-differentiated approach, a recipe for strategy failure.

A similar situation occurs for employees (Drucker, 1954). The Balanced Scorecard deliberately did not label its fourth perspective the “employees” or “people” perspective, choosing a more generic name, “learning and growth,” to signal that companies were not taking a pure stakeholder approach.

Under the BSC approach, employee objectives always appear (in the learning and growth perspective) but they get there because they are necessary for the strategy, not because someone has labeled them as a “stakeholder.” Consider a pharmaceutical company in the early 1990s (Berliner, C. and J. Brimson, 1991). One of its most important groups of employees (what we would subsequently call a strategic job family) is the chemists performing research to screen and identify new compounds to treat specific diseases. The stakeholder approach would interview these key employees to learn their career expectations and develop a strategy that would meet their expectations and strive to continually motivate and satisfy these employees.

Again, the stakeholder view would lock the company into maintaining relationships with its soon-to-be-obsolete employee group and nonmoving swiftly enough to reflect that it

needed entirely new employees to help it implement the new strategy.

Stakeholder theorists also criticize the Balanced Scorecard for not having a separate perspective for suppliers, one of their five essential stakeholder groups (Howell, Brown, S. Soucy, and A. Seed 1987). But as with employees, suppliers get on the scorecard (typically in the Process perspective) when they are essential to the strategy.

Finally, the Balanced Scorecard does include performance in communities as process perspective objectives when such performance does contribute to the differentiation in the strategy (Kaplan and Norton, 2003). This view matches that articulated by Michael Porter when he advocates that environmental and social performance be aligned to and support the company strategy (Porter and Kramer, 1999, 2006). Occasionally companies do not want shareholder value to be the unifying paradigm for its strategy. That's ok; it's their choice. They don't have to abandon the Balanced Scorecard methodology and switch to the stakeholder view. They can use strategy map and Balanced Scorecard to articulate their strategy that attempts to simultaneously create economic, environmental and social value, and to balance and manage the tensions among them.

In summary, stakeholder theory was useful to articulate a broader company mission beyond a narrow, short-term shareholder value-maximizing model. It increased companies' sensitivity about how failure to incorporate stakeholder preferences and expectations can undermine an excessive focus on short-term financial results (Husted, 1995). The Balanced Scorecard, however, incorporates stakeholder interests endogenously, within a coherent

strategy and value-creation framework, when outstanding performance with those stakeholders is critical for the success of the strategy (Drucker, 1954). The converse is not true for stakeholder theory. It does not enable companies to develop a strategy when some of the existing "stakeholders" are no longer essential or even desirable in light of changes in the external environment and internal capabilities.

Uncertainty and Multi-Period Optimization

Many of the principal-agent models developed by economists and finance scholars are single-period in which the firm's output gets revealed at the end of the period and no further managerial (agent) actions are required. In these cases, contracting on output, such as measured financial performance, can be optimal (Howell et al 1987). Or, if financial performance, measured by end-of-period stock price or economic value added is a complete and sufficient statistic for the value managers have created during the period, then incentive contracts based on stock prices or economic value added can also be optimal.

Despite this, many of the actions that managers take during a period – such as upgrading the skills and motivation of employees, advancing products through the research and development pipeline, improving the quality of processes, and enhancing trusted relationships with customers and suppliers – are not revealed to public investors so that their implications for firm value cannot be incorporated into end-of-period stock prices (Huselid, 1995). Also, while managers may know the amount they spent on enhancing their intangible assets, they may have little idea, in the short-run, about how much value they have created. And, for sure, such value increases (or decreases if the

expenditures do not generate future value in excess of the amount spent) do not get incorporated into the end-of-period stock price or residual value (economic value added) metric.

Dynamic programming teaches that the optimal actions in the first period of a multi-period model are far from the optimal actions in the final period (Berliner, C. and J. Brimson, 1991). Managers attempting to maximize total shareholder value over, say, a ten year period cannot accomplish this goal by optimizing reported financial performance or stock price, period-by-period.

The Balanced Scorecard recognizes the limitation of managing to financial targets alone in short-time horizons when managers are following a long-term strategy of enhancing the capabilities of their customer and supplier relationships, operating and innovation processes, human resources, information resources, and organizational climate and culture (Huselid, 1995). But because the links from process improvements and investments in intangible assets to customer and financial outcomes are uncertain (recall the financial problems of several of the early excellent-quality companies), the Balanced Scorecard includes the outcome metrics as well to signal when the long-term strategy appears to be delivering the expected and desired results.

Shareholder Value and the Principal-Agent Framework

Not all strategies, however, had been exposed to the recent advances in operations management. Many remained focused on economics and finance, especially the efficient

markets theory from the 1960s and early 1970s (Fama, 1971). Economists also introduced principal-agent theory (Jensen-Meckling, 1976, Harris-Raviv, 1979; Holmström, 1979, Grossman-Hart, 1983) to formalize the inherent conflict of interests between hired executive teams and the companies' dispersed shareholders (owners).

The principal-agent adherents urged companies to provide more financial incentives to senior executive teams, especially incentives based on financial performance, the typical "outcome" measure assumed in principal-agent models. Efficient markets research; suggested that stock prices continually reflected all the relevant public information about companies' performance, and that executives' compensation could be better aligned with owners' interests through expanded use of stock options and other equity rewards (Jensen-Meckling, 1976; Fama-Jensen, 1983). In a similar vein, some argued for aligning compensation to better accounting surrogates of stock market performance, especially residual income under its new name, economic value added (Stewart, 1991).

The 1980s saw a huge increase in the linkage between executives' pay and incentives to financial performance (Kaplan and S., 1975). For the financial economists at the vanguard of this movement, the idea of senior executives paying attention to nonfinancial performance metrics was close to blasphemous.

As Michael Jensen (2001), a leading financial economics scholar, stated: Balanced Scorecard theory is flawed because it presents managers with a scorecard which gives no score – that is no single-valued measure how they have performed. Thus managers evaluated with such a systems have no way to make principled or

purposeful decisions. Jensen states that managers cannot be paid by a set of unweighted performance metrics (Berliner, C. and J. Brimson, 1991). Ultimately, if a company wants to set bonuses based on measured performance, it must reward based on a single measure (either a stock market or accounting-based metric) or provide a weighting among the multiple measures a manager has been instructed to improve. But linking performance to pay is only one component of a comprehensive management system.

Conceptual Framework

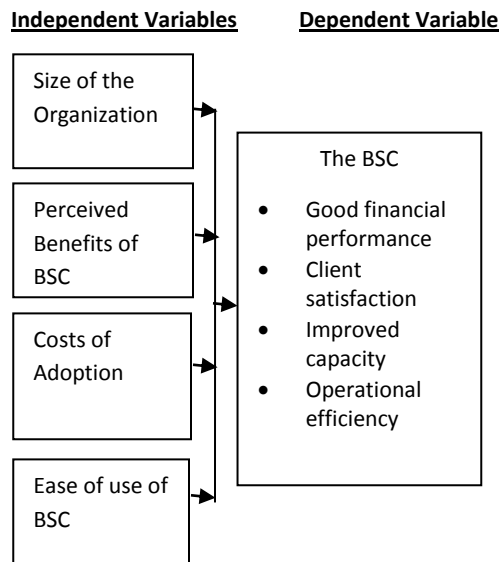


Fig 2.1 Conceptual Framework

The application of Balanced score card in an organization relies on several factors. These include the size of the organization in picture, cost of adoption of the system, perceived benefits of the strategy and the ease of use of the system. All these can independently influence how the balanced score card can be successfully applied in an organization in its planning and decision making.

Effects of Size of the Organization

The balanced scorecard has been described in many ways. Some authors when discussing BSC refers to it as a performance management system (PMS), management information system (MIS), a strategic management system (SMS) or a management control system (MCS). The factors that motivate implementation of such systems at both the organization and the individual use level by the manager vary. Factors like size of the organization, market share and high turnover have been associated with the adoption of such system (Wu et al. 2008).

Like non-governmental organization strategy, previous accounting research has suggested that a firm's size can affect the design and use of management control systems. As firms grow, problems in communication and control increase, so these organizations are more likely to adopt complex administration systems. As a result, larger organizations will likely depend on more sophisticated information and control systems that use diverse measures. The BSC represents an integrative management tool that is useful for coordinating cross-function and cross-level decisions and activities. Therefore it is hypothesized that the propensity to adopt the BSC was positively related to the firm's size (James, 2000).

Concerning the adoption of the BSC per se; Hoque and James (2000) are among the early researchers on BSC performance impact. They examine the contingent relationship between BSC usage, organizational size, product life cycle stage and the firm's market position on performance. The author's goals were to examine if BSC usage was related to the size of the organization, the life cycle stage of its product or its market position. Also they

wanted to establish if this relationship had an impact on the performance of the company (Bergeron, 1995).

The results from the study show that greater BSC usage was associated with large organization. Also non-governmental organizations with product at an early and growth stage of their life cycle are prone to use BSC. The authors further observed that whereas BSC usage is associated with the size of the company; no relationships however exist between BSC usage and market strength of the firm. The study concluded that large firms with a strong market position with new products in their product portfolios use the BSC more. On the other hand, Malina and Selto (2001) studied how effective BSC can serve as a communication vessel and a management control tool. This study is one amongst the early researches to show that BSC can be an effective communication tool. Although Kaplan and Norton (1996) commended the using BSC as a tool for communication; this study echoes the fact that BSC presents an opportunity to develop, communicate and implement strategy. Kaplan and Norton (1996) hinted that Strategy focused organization were using this tool to communicate objectives, measures and organizational values to member. The results from the study indicated that BSC is an effective tool for setting objectives and measures. Also, BSC can influence lower level managers to conform their actions to the overall goals of the organization (Creelman, 1998).

Effects of Benefits of BSC

How a manager perceives information from new management information sources may influence the way they use the BSC. Top managers generally have a dominant position in shaping an organization's strategy,

organizational design, and management systems and their perceptions of certain things influence key decision making policies (Child 1972; Hambrick and Mason 1984). Having an influential position in the organization and being accountable for the effectiveness of the company's strategy and operations, their involvement has been found to be one of the most important determinants for the adoption of innovations in general, and the adoption and development of management tools and practices in particular (Frambach, Barkema, Nootboom and Wedel 1998). Top management involvement may help to create commitment and generate organizational support for an innovation, which will positively affect the adoption of BSC. This should also apply to the BSC. Although important, leadership influence is restrained and influenced by many internal and external factors. A key factor is organizational structure. Centralization refers to the inverse of the amount of delegation of decision-making authority throughout an organization and the extent of participation by organizational members in decision-making (Aiken and Hage, 1968).

Centralization has been argued to have an ambiguous effect on innovation adoption decisions (Wiersman (2009). Centralization may hinder initial adoption because of organizational rigidity. However, a high level of centralization may help to create ready acceptance of the innovation by the different levels and functions of the organization once top management has accepted it, so a positive interaction between top management involvement and centralization may exist. The positive influence from top management involvement will be much more effective in a centralized than in a decentralized organization.

High centralization allows for more speedy dissemination of the early adoption than is possible in decentralized organizations (Burgess, 1995).

Almost two decade following the introduction of BSC; a considerably larger amount of studies have been carried out on the perceived usefulness of the BSC system by managers. Malina and Selto (2000) concluded in their study of a large manufacturing organization that the BSC was an effective tool for communicating the goals of the organization to its entire member. Also, Malmi (2001) has identified five reasons that appear to influence the decision of non-governmental organizations in Finland to adopt the BSC. The pursuit of quality awards such as Total Quality Management (TQM) certification, difficulties associated with executing strategy, problems related to implementing change within the organization, a change from the budgetary practice to a BSC framework and lastly, a mere fashion sweeping the organizational world. Likewise, Crabtree and Aaron (2008) found that many firms adopt BSC as a way to implement strategy and measure firm performance (Crabtree et. al, 2008).

Wiersman (2009) has argued that although a firm might decide to implement an Information System, use of it by individual managers will still differ. This is because individual managers have their idiosyncrasies. Some Managers are more innovative than others. That is to say, innovative managers are quick to adopt new accounting systems whereas; their counterparts (less innovative managers) are not. Therefore how the individual manager's use BSC will differ greatly among managers. He further observed that managers use BSC to support their decisions making and rationalism. Decision

support means they use it in two ways. The first is for problem solving and the other for decision rationalizing. To use BSC to solve problems means that managers use BSC report to justify that the reported measures are accurate based on the cause and effect logic of the BSC model (Wiersman, 2009).

Effect of Costs of Adoption of BSC

Hewlett (1999) suggests that most strategic plans are hurdled by the financial constraints during the time of their implementation. It is important, particularly at the non-governmental organization level, to integrate non-financial measures such as market share or market growth in the budget, so that one can better assess the extent to which improved competitive strength is being achieved as well as the extent to which deviations are due to changes in the non-governmental organization attractiveness. Also, since most budgets will be based on operating departments, it is important to superimpose key non-dollar factors that would signal whether the strategic programs are proceeding on schedule. The concern for financial measurement accuracy in the budgets seems to have jeopardized the concern for relevance in some non-governmental organizations' budgets (Hewlett, 1999).

The various program alternatives need to be economically evaluated in two respects. First, there are different ways to achieve a particular strategic implementation action and these alternatives should be compared. A cost/benefit analysis is needed, but unfortunately is done too often on narrow grounds. By only looking at the financial costs and benefits without taking a strategic risk-assessment into account one might easily pursue the less favorable project or fail to search for less risky alternatives (Porter 1985).

To assess risk in this strategic context three steps of analysis must be carried out: a specific assessment of which budgetary factors might significantly affect the strategic plan's success; an assessment of the degree of predictability of each factor; and an assessment of one's own potential for responding to a particular environmental development to ameliorate adverse effects or to take advantage of favorable developments. Thus, the choice of plan alternative should put major emphasis on maintaining strategic flexibility (Eisenstat 1993). Unfortunately, a too narrow financial analysis typically seems to take place which does not pay proper attention to maintaining strategic flexibility. The second aspect of the economic evaluation of the strategic planning activities relates to the aggregation of strategic programs into an overall "package" for the division. Many non-governmental organizations do not take existing programs into account when choosing the overall "package" of strategic programs; thus, the continued relevance of existing strategic programs is not examined (Kaplan, 2005).

However, even if a "zero-base" approach has been taken to the program package evaluation, another problem seems to be that the package is chosen according to some cut-off point on a cost-benefit ranking, without paying proper attention to how the combination of strategic programs provides the direction agreed upon for the non-governmental organization during the objectives-setting stage. Too often, the strategic programming activities are left open-ended without proper assessment of overall non-governmental organization strategy impact and consistency with the non-governmental organization objectives. When a set of strategic programs has been decided upon it is implied that resource allocations have been made for

these programs, often for several years into the future. Without providing for the necessary assets and strategic expenditures a strategic program cannot be implemented (Eisenstat 1993).

Premchand (2004) states that implementation of the strategic plan such as BSC requires an advance program of action evolved within the parameters of the ends of the budget and means available adequate (Premchand, 2004). This framework, he further states, should include the following; identification and enumeration of the implementation tasks, assessment of the suitability of the means of achieving the ends and prospects for the improvement of means if they are less than adequate (Premchand, 2004). The budgetary and economic tasks are rendered operational through the administrative process that comprises four major interrelated phases of work namely; an allocation system under which expenditure is controlled by release of funds, (Muleri, 2001).

Effect of Ease of Use of BSC

Another factor that might influence the manager to use BSC is how they perceive their company's BSC application software to be easy to use for them. In the information system literature different theories are used to explain the way user feels when confronted to use Information Systems. The main theory in this regard, is the Technology Acceptance Model (TAM) developed by (Davis 1989). The model explains that the perceived usefulness and ease of use of a technology by the user affect their behavioral intentions to use the technology and how they subsequent use the technology. Over the years, the BSC concept has been transformed into various powerful application software tools (Davis et al. 2004).

The advancement in modern technologies development has encouraged the development of different kinds of BSC applications software. Before, the BSC may have been implemented barely using simple spreadsheet applications like MS Excel or Access. However, given the complex nature of modern forms of organization and the need to report real time information has made it difficult to implement BSC with these simple applications. As a result, there are new BSC software applications developed to facilitate its implementation. Technology impact in the form of BSC applications software is examined to see how ease of use and their perceived usefulness of the tool affect the manager's decision to use BSC. When users are introduced to a new technology, factors like ease of use of the technology motivate them to use the system (Whalley, 2006).

In most organizations, Information technology investment is important and attracts much of a company's budget since most non-governmental organizations use IT applications to build, sustain and extend their competitive strength. They also use them to improve decision making speed, accuracy and comprehensiveness including to coordinate disperse group within the organization. In our knowledge-based economy, IT application tools help in serving higher customer's expectations, tightening control over personnel and expenditure and also to comply with governmental reporting regulations. The proliferation of diverse Information technology application in non-governmental organizations is making the integration of such IT tools difficult to use. These applications integration usually become too complex for the users and may affect their usage of the system especially concerning usage by senior executive with very

little time to learn new skills. Therefore, the influence of technology is used in this study as a variable to test how the PU and PEOU of the technology by the manager and their satisfaction with their particular company BSC applications software systems can motivate them to use BSC. They believe is that their satisfactions with their non-governmental organizations BSC applications software's thus influence their use of the system and the extent to which they will eventually use it after (Niven, 2002).

Therefore, we use two constructs of the technology acceptance model (TAM); Perceive usefulness (PU) and perceived ease of use (PEOU) of the BSC application software to evaluate the user's satisfaction with their company's BSC application software systems. Because, the way the user perceives the system as being useful in helping them perform their job will affect how they use the system. That is, when a person believes that by using the new system it will enhance her job performance, they definitely will use it more often. Thus, the perceive ease of use (PEOU) and usefulness variables explain that when users of information technology feel at ease using the technology they most probably like it and want to use it more (Bergeron, 1995).

RESEARCH METHODOLOGY

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.

Research Design

Research design is considered as a blueprint for research, dealing with at least four problems: which questions to study, which data are relevant, what data to collect, and how to analyze the results. The best design depends on the research question as well as the orientation of the researcher (Robson, 2003). In this research, case study research design was used to assess the factors affecting application of balanced score card by NGOs in Eldoret town.

Sample Size

Newman (2000) explains that the important factor to consider when determining a sample size is to keep it manageable enough. This enables the research to derive from the population detailed data within reasonable periods and efficient resource use. The research shall ensure a high degree of correspondence in the sampling population to enhance accuracy.

Purposeful sampling shall be useful because the information about application of BSC lies with specific categories of people; management team and staff members involved in strategic planning and decision making. A visit to the county government offices revealed that in Non Governmental Organizations operating in Eldoret town most of them have an average of 5 members in the management team and there were 11 Ngos within Eldoret town.

Data Collection

The study used primary data collected from the management and staff members of the various sampled organizations. The questionnaires were administered to the respondents who included managers, their deputies, a member from each of the core-non-governmental organization areas of the organizations involved in decision making and members from the

support service departments. Most of these organizations in Eldoret such as The Kenya Red Cross Society's, APHIA II Rift Valley, USAID, Open Arms International and Mercy Corps Society just to name a few have core non-governmental organization areas, around which its activities revolve: Disaster Management, Health and Social Services, Water and Sanitation, Organizational Development, Supply Chain and Finance. While, support services of these organizations include the Public Relations, Human Resources, Monitoring and Evaluation, Training, Internal Audit, ICT, Legal Affairs and Security. The questionnaires had structured open ended questions to encourage the respondent to give an in-depth response without feeling held back in revealing any information.

Data Analysis

Data analysis is the process of creating order, structure and meaning to the mass of information collected (Mugenda, 2003). Once the data had been collected the responses underwent coding before being entered into computer statistical software for analysis to develop inferences for the subjects of study. The descriptive statistics used included frequencies and percentages to determine the views of the respondents regarding the topic under study. Frequencies and percentages were used for easier comparison of the responses collected from the respondents and data was then presented using graphs, tables and charts.

DATA ANALYSIS, RESULTS AND DISCUSSIONS

Introduction

This chapter presents the findings of the study. Data was collected and analysed through the use of both descriptive and inferential statistics. The data was then presented in tables and graphs and the findings discussed. Data findings

were then linked with the researcher’s opinion in relation to the existing knowledge for the intricate interpretation and discussion. This chapter is organized in sections beginning with presentation of respondents’ background information and the subsequent sections have been organized following the research objectives. A total of 55 respondents were involved in filling the questionnaires. These were self administered questionnaires.

Response Rate

The researcher sought to find out the response rate of the respondents. All the 55 questionnaires administered were filled and returned. This represented a response rate of 100 %. This response rate was considered

adequate for reliability and generalization of the study.

Background Information of the Respondents

The study sought to assess the background information of the respondents in terms of their gender, age, their level of education and their level of experience in the organization. The results were as tabulated below.

Gender

The study sought to assess the respondents’ background information in terms of gender. This was necessary to determine the numbers of men and women in the management of non-governmental organizations and find out any gender disparities in the workforce. This was analyzed and presented in table 4.1

Table 4.1 Gender of Respondents

Gender	Frequency (f)	Percentage
Male	40	72.9
Female	15	27.1
Total	55	100.0

From the above findings, out of the 55 respondents, 40 (72.9%) of them were male while the females were 15 (27.1%). The purpose of collecting data from both male and female sexes was to avoid gender bias and also to obtain relatively accurate data. However, the study noted that the majority of the respondents were male. This could be because traditionally, it is perceived that the role of management is the responsibility of the men thus women have not participated much in the management of NGOs. This is also shown in the figure 4.1 below

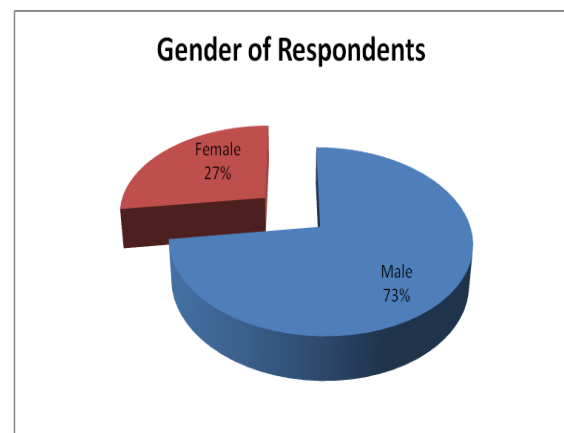


Figure 4.1 Gender of the Respondents

Ages of the respondents

It was necessary to also assess the respondents' information in terms of age. The ages were

Table 4.2 Age range of respondents

Age range	Frequency (f)	Percentage (%)
25-30	3	5.2
31-35	19	34.4
36-40	17	30.8
41-46	6	10.6
46 and above	11	19.0
Total	55	100.0

According to the table 4.2, majority of the respondents 19 (34.4 %) were aged between 31 – 35 years. 17 (30.8 %) were aged between 36 and 40 years, 11 (19.0 %) were aged 46 years and above, 6 (10.6 %) were aged between 41 and 46 years and only 3 (5.2 %) were aged between 25 and 30 years. From the table, it is evident that most of the respondents are youth aged between 31 and 35 years. These youth are physically fit and are capable of doing all the management functions including going out to the field to manage disasters around the County of Uasin Gishu.

segmented into a five year difference in order to accommodate respondents of every age bracket. This was presented on table 4.2.

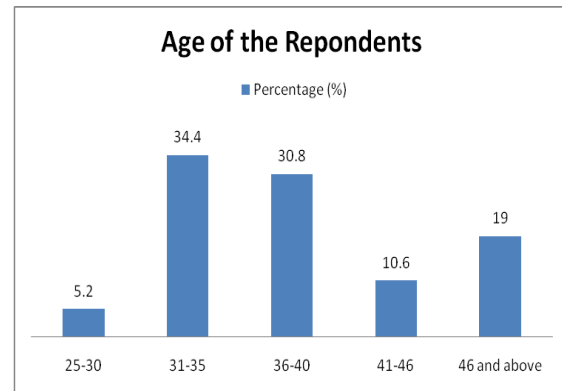


Figure 4.2 Age of the Respondents

Level of education

The researcher sought to establish the level of education of the respondents. This statistic was important so that views of people of different academic levels could be found as the levels of academics influences the reasoning of people. The findings were as presented on the figure 4.3 below.

Table 4.3 Level of Education of the Respondents

Level of Education	Frequency (f)	Percentage (%)
Certificate	2	3.6
Diploma	17	30.9
Degree	31	56.4
Others	5	9.1
Total	55	100.0

From the data, 31 (56.4 %) were of degree level of education, 17 (30.9%) were of diploma level of education, 5 (9.1 %) had other qualifications such as CPA and masters level of education and only 2 (3.6 %) were of certificate level. The majority of the respondents were of degree level of education as most NGOs require a degree as the basic need for employment.

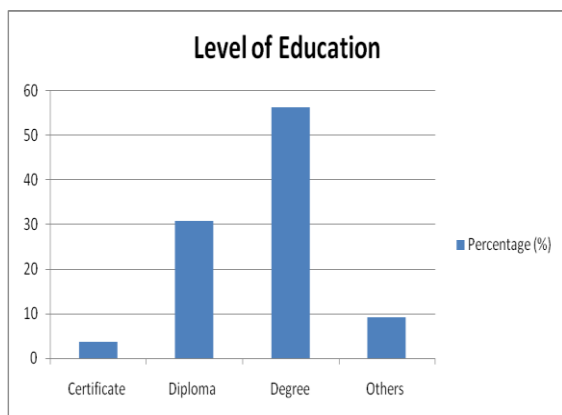


Figure 4.3 Level of Education of Respondents
Level of work experience of the respondents

In order to obtain intensive and extensive perspective in line with issues based on performance of management and the application of the BSC model in the organization, the researcher requested the respondents to indicate their work experience in the NGO. The findings were analyzed and presented in the figure 4.4

Level of Experience	Frequency (f)	Percentage (%)
Less than 3 years	36	65.4
Between 4-6 years	12	21.6
Between 7-9 years	4	7.2
10years and above	3	5.4
Total	55	100.0

From the study, it was established that 36 (65.4 %) of the respondents had a 3 year experience working with the current organization, 12 (21.6 %) of the respondents had worked with the organization for a period between 4 and 7 years. 4 (7.2%) had worked with the organization for a period of between 7 and 10 years whereas only 3 (5.4 %) of the respondents had over 10 years experience with the station. This could be interpreted to mean that most of the respondents were young employees with less than 3 years of experience. This statistic can

be ascertained with the ages of the respondents.

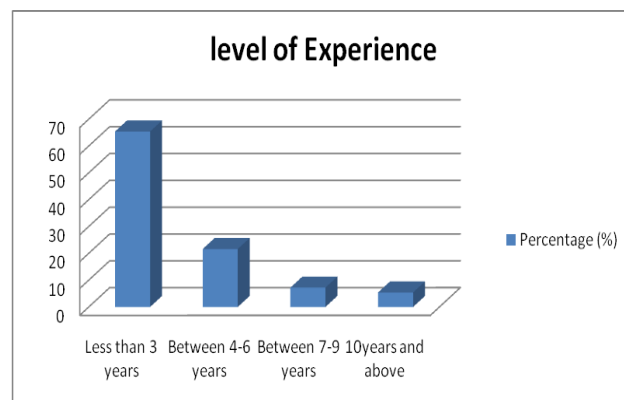


Figure 4.4 Level of Experience of Respondents

application of the BSC in the management of the organization. The findings were analyzed and presented in the table 4.5

Specific Information

The size of the organization and the application of the BSC

Objective one of the study sought to establish how the size of the organization affects the

Table 4.5 The size of the organization and the application of the BSC

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree, T: Total, M: Mean, F: Frequency, %: Percentage

Statements		SA	A	N	D	SD	T	M
Organization is large hence there’s need for a sophisticated information control system such as BSC	F	21	27	2	1	4	55	4.1
	%	38.9	49.8	3	1	7.4	100	82
The organization has great product and services strength hence need for BSC	F	15	28	4	3	5	55	3.8
	%	27.1	50.7	7.4	5.9	8.9	100	76
The organization has great opportunity for growth and development hence need for BSC	F	11	25	6	8	5	55	3.5
	%	20.2	45.3	10.3	14.3	9.9	100	70

From the study findings (table 4.5), it was found that majority of the respondents 82% were of the opinion that the organization is large hence there’s need for a sophisticated information control system such as BSC, 76% of them were of the opinion that the organization has great product and services strength hence need for BSC while 70% of them agreed with the fact

that the organization has great opportunity for growth and development hence need for BSC.

Perceived benefits and the application of BSC in NGOs

The study sought to establish the perceived benefits on application of BSC in NGOs. The findings were analyzed and presented in the table 4.6

Table 4.6 perceived benefits on application of BSC in NGOs

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree, T: Total, M: Mean, F: Frequency, %: percentage

Statements		SA	A	N	D	SD	T	M
BSC is perceived as a useful tool for communication and decision making	F	11	19	7	6	12	55	3.1
	%	20.7	33	12.8	10.8	22.7	100	62
BSC is perceived to enhance competitive strength of the organization	F	9	17	8	11	10	55	3.0
	%	17.7	30	14.3	19.7	18.2	100	60
BSC is perceived to improve service delivery through customer perspective	F	3	19	6	7	20	55	2.7
	%	5	32.5	11.3	12.3	34	100	54

From the study findings (table 4.6), it was found that majority of the respondents 62% were of the opinion that BSC is perceived as a useful tool for communication and decision making, 60% of them were of the opinion that the BSC is perceived to enhance competitive strength of the organization while 54% of them said that

the BSC is perceived to improve service delivery through customer perspective.

The ease of use of the BSC system in NGOs

The researcher investigated the ease of use of the BSC system in NGOs. The findings were analyzed and presented in the table 4.7

Table 4.7 the ease of use of the BSC system in NGOs

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree, T: Total, M: Mean, F: Frequency, %: percentage

Statements		SA	A	N	D	SD	T	M
Technological impact in the organization has enhanced the application and usage of BSC	F	13	26	4	7	5	55	3.7
	%	25.6	48.3	9.4	4.9	11.8	100	74

The organizations' BSC system is a flexible program to apply and is easy to be skillful in it	F	8	24	4	11	8	55	3.2
	%	13.8	43.8	7.9	19.7	14.8	100	64
Information from the BSC system is clear and understandable	F	9	23	10	6	7	55	3.3
	%	16.3	39.9	17.7	12.8	13.3	100	66

The study findings on table 4.7, showed that majority of the respondents 74 % confirmed that the technological impact in the organization has enhanced the application and usage of BSC, while 66% of the respondents said that the Information from the BSC system is clear and understandable and 64% of them agreed with the fact the organizations' BSC system is a flexible program to apply and is easy to be skillful in it.

Effects of costs on the application of BSC in NGOs

The researcher sought to find out the effects of costs on the application of BSC in NGOs. The findings were analyzed and presented in the table 4.8

Table 4.8 Effects of costs on the application of BSC in NGOs

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree, T: Total, M: Mean, F: Frequency, %: percentage

Statements								
Non financial measures are instead used in evaluating the applicability of BSC in the organization	F	18	28	6	1	2	55	4.0
	%	32	49.3	11.3	3	4.4	100	80
The organization does cost-benefit analysis of using BSC and opts for other strategies	F	11	20	12	7	5	55	3.5
	%	20.2	37.4	21.2	12.3	8.9	100	70

The risk of using BSC is higher than the benefit hence other alternatives sought	F	7	15	9	8	16	55	2.8
	%	12.3	28.6	16.3	12.8	30	100	56

From the study findings (table 4.8), it was found that majority of the respondents 80% were of the opinion that the non financial measures are instead used in evaluating the applicability of BSC in the organization, 70% of them were of the opinion the organization does cost-benefit analysis of using BSC and opts for other strategies while 56% of them said that the risk

of using BSC is higher than the benefit hence other alternatives sought.

BSC in the Organization

The study sought to establish the state of application of BSC in the respondents, organization. The findings were analyzed and presented in the table 4.9

Table 4.9: BSC in the Organization

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree, T: Total, M: Mean, F: Frequency, %: percentage

Statements		SA	A	N	D	SD	T	M
BSC is a valid strategic management tool for not for profit organizations by enhancing financial performance	F	14	17	13	7	4	55	3.5
	%	25.6	30.5	23.2	13.3	7.4	100	70
BSC is a valid performance management tool in enhancing the satisfaction of clients other strategies	F	6	24	11	12	2	55	3.4
	%	12.3	43.3	19.7	20.2	4.4	100	68
BSC assists the firm in improving the capacity and the scale of operation	F	7	24	10.0	12	2	55	3.4
	%	13.8	43.8	17.7	21.7	3	100	68

BSC is a useful tool in improving the efficiency of the organization	F	12	22	6	8	7	55	3.4
	%	21.7	39.9	11.3	14.3	12.8	100	68

From the study findings on table 4.9, it is evident that majority of the respondents (70%) said BSC is a valid strategic management tool for not for profit organizations by enhancing financial performance while 68% agree BSC is a valid performance management tool in enhancing the satisfaction of clients,68%agree BSC assists the firm in improving the capacity and the scale of operation.Also, 68% of the respondents were of the opinion that, BSC is a useful tool in improving the efficiency of the organization.

recommendations following the objectives of the study. The study sought to find out factors affecting the application of Balanced Score Card by NGOs: Case Study Of Eldoret Town. This study set out to determine how size of the organization affect the application of BSC by NGOs, to assess how costs of adoption affect the application of BSC by NGOs, to evaluate the extent to which perceived benefits of the BSC system affect the application of BSC by NGOs and to determine how the ease of use of the BSC system affect the application of BSC by NGOs.

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

Summary of the findings

Introduction

Based on the responses of the study, the researcher summarized the findings as shown in the table 5.1

This chapter presents a summary of findings, discussions, conclusions reached and

Table 5.1: Summary of Findings

Objectives of the study	Findings
1. The size of the organization and the application of BSC by NGOs,	From the study findings (table 4.4), it was found that majority of the respondents 82% were of the opinion that the organization is large hence there's need for a sophisticated information control system such as BSC, 76% of them were of the opinion that the organization has great product and services strength hence need for BSC while 70% of them agreed with the fact that the organization has great opportunity for growth and development hence need for BSC in strategy.
2. Perceived benefit and the application of BSC in NGOs	In respect to this, the study revealed that majority of the respondents 62% were of the opinion that BSC is perceived as a useful tool for communication and decision making, 60% of them were of the opinion that the BSC is perceived to enhance

	competitive strength of the organization while 54% of them said that the BSC is perceived to improve service delivery through customer perspective.
3. The costs of adoption and the application of BSC by NGOs,	The study found out that majority of the respondents 80% were of the opinion that the non financial measures are instead used in evaluating the applicability of BSC in the organization, 70% of them were of the opinion the organization does cost-benefit analysis of using BSC and opts for other strategies while 56% of them said that the risk of using BSC is higher than the benefit hence other alternatives sought
4. The ease of use of the BSC system affect the application of BSC by NGOs	From the findings, showed that majority of the respondents 74 % confirmed that the technological impact in the organization has enhanced the application and usage of BSC, while 66% of the respondents said that the Information from the BSC system is clear and understandable and 64% of them agreed with the fact the organizations' BSC system is a flexible program to apply and is easy to be skilful in it.
5. Application of the BSC in the Organization	that majority of the respondents (70%) said BSC is a valid strategic management tool for not for profit organizations by enhancing financial performance while 68% and BSC is a valid performance management tool in enhancing the satisfaction of clients other strategies, BSC assists the firm in improving the capacity and the scale of operation. However, 68% of the respondents were of the opinion that, BSC is a useful tool in improving the efficiency of the organization.

Discussion of the Findings

This section gives a detailed discussion on the findings of the study. The idea of factors affecting the application of Balanced Score Card by NGOs has existed for many years and has revolved largely on strategic management and other perceived benefits of the BSC. It has been known that BSC plays a significant role in the management of organizations.

The BSC emphasizes performance measurement and management in four key business areas. These four perspectives provide a comprehensive evaluation of the organization than the traditional emphasis on tangible and financial assets of the organization. This is

because learning improves the internal business processes; this improvement leads to improved customer satisfaction; which in turn leads to improved financial results. The BSC emphasizes improvement and if an organization does not continually improve, it will eventually lose out to competitors that do.

Incorporating these perspectives in the BSC offers a framework for translating strategic objectives into performance measurements that gauge the effects of implemented strategies and provide feedback on the performance of strategic initiatives. The BSC offers some useful generic performance

measurements that apply to practically all organizations.

Firms, small or large, need to know how they measure up to their own goals and standards, and the BSC can give them the advantage they need to evaluate themselves accurately and, as a result, place themselves in a better position to compete. The main goal for all businesses is to manage their overall performance so that they can make a profit. Consequently, this study assessed the factors affecting the application of Balanced Score Card by NGOs: Case Study of Eldoret Town

Effects of Size of the Organization

According to the study findings on table 4.6 the size of the organization affects the application of BSC as agreed by a majority of the respondents. These outcomes concur with the findings by Wu et al. 2008, who argued that the factors that motivate implementation of such systems at both the organization and the individual use level by the manager vary. Factors like size of the organization, market share and high turnover have been associated with the adoption of such system.

In addition, James (2000) argued that the BSC represents an integrative management tool that is useful for coordinating cross-function and cross-level decisions and activities. Therefore it is hypothesized that the propensity to adopt the BSC was positively related to the firm's size.

Perceived benefits of the BSC system and the application of BSC by NGOs.

The study found out that the perceived benefits of the BSC system affects the application of BSC by NGOs as confirmed by the 62% agreement of this fact. This relates to a study by Child (1972), Hambrick and Mason (1984) who conclude that top managers generally have a dominant

position in shaping an organization's strategy, organizational design, and management systems and their perceptions of certain things influence key decision making policies.

Frambach, Barkema, Nooteboom and Wedel (1998) also confirm that having an influential position in the organization and being accountable for the effectiveness of the company's strategy and operations, their involvement has been found to be one of the most important determinants for the adoption of innovations in general, and the adoption and development of management tools and practices in particular. Top management involvement may help to create commitment and generate organizational support for an innovation, which will positively affect the adoption of BSC.

Wiersman (2009) has also argued that although a firm might decide to implement an Information System, use of it by individual managers will still differ. This is because individual managers have their idiosyncrasies. Some Managers are more innovative than others. That is to say, innovative managers are quick to adopt new accounting systems whereas; their counterparts (less innovative managers) are not. Therefore how the individual manager's use BSC will differ greatly among managers. He further observed that managers use BSC to support their decisions making and rationalism.

Effect of Costs of Adoption of the BSC

The literature of Hewlett (1999) suggests that most strategic plans are hurdled by the financial constraints during the time of their implementation. It is important, particularly at the non-governmental organization level, to integrate non-financial measures such as market share or market growth in the budget,

so that one can better assess the extent to which improved competitive strength is being achieved as well as the extent to which deviations are due to changes in the non-governmental organization attractiveness. This study agrees with his findings as indicated by the 74% agreement of this opinion by the respondents.

The various program alternatives need to be economically evaluated in two respects according to Porter (1985). First, there are different ways to achieve a particular strategic implementation action and these alternatives should be compared. A cost/benefit analysis is needed, but unfortunately is done too often on narrow grounds.

Kaplan (2005) claimed that economic evaluation of the strategic planning activities relates to the aggregation of strategic programs into an overall "package" for the division. Many non-governmental organizations do not take existing programs into account when choosing the overall "package" of strategic programs; thus, the continued relevance of existing strategic programs is not examined

Effect of Ease of Use of BSC

According to this study, 80% of the respondents showed positive feeling towards the use of the BSC provided it was made easy to use. The main theory in this regard, is the Technology Acceptance Model (TAM) developed by (Davis 1989). The model explains that the perceived usefulness and ease of use of a technology by the user affect their behavioural intentions to use the technology and how they subsequently use the technology. Over the years, the BSC concept has been transformed into various powerful application software tools.

Davis et al. (2004) claims that Information technology investment is important and attracts much of a company's budget since most non-governmental organizations use IT applications to build, sustain and extend their competitive strength. They also use them to improve decision making speed, accuracy and comprehensiveness including to coordinate diverse groups within the organisation.

Application of BSC in organization

The findings indicate that, 70% of the respondents agree that efficiency in the management and operational effectiveness in the organization is attributed to the adoption of BSC. This however, shows that most NGOs operating in Eldoret town have not utilised it effectively.

The research provides clear evidence on the benefits that an organization can gain after implementing a BSC, both financial and non-financial. It must be mentioned though that much of the research focuses more on the implementation phase of the BSC, and less on the subsequent evaluation of its use.

Another factor that should be kept in mind is the way performance is reported, considering some of the researchers in the review are skeptical when tracing the performance improvements to the BSC. Caution should be called for when relying on self-reported performance results without using other data sources for triangulation.

The overall findings are answering the research question by confirming a positive influence of the BSC adoption on organizational performance. The reported performance improvements are not limited to financial measures, but researchers show an equal focus and interest also in the non-financial ones,

contrary to other findings in the literature (Capelo and Dias, 2009; Tapinos et al., 2008; Chenhall, 2005).

Aligned with the findings of Kaplan and Norton (2001c), Speckbacher et al. (2003) and Ukko et al. (2007), the findings of the research suggested that tying incentives to the BSC contributes positively to performance improvement, by motivating the employees to understand and achieve strategic goals. A positive correlation is also found between the maturity of the implemented BSC and performance, as suggested also by other studies (Evans, 2004; Ukko et al., 2007).

Conclusion of the Study

Leadership support and employees involvement are also found to be important success factors in BSC implementation and performance improvements.

A properly implemented and successful BSC, having the commitment and involvement of both employees and managers and being used as a strategic management system that aligns the entire organization to achieve its strategic goals, will eventually lead to a wide variety of performance improvements, both financial and non-financial: effective strategy implementation and communication, operational efficiency, improved financial performance, effective decision-making, increased customer and employee satisfaction and improved image and branding

Recommendation

The research recommends that:

- i. There is need to ensure that the BSC model is adopted according to the size of the organization. Large and complex organizations should simplify their structures to ensure that all the management employees of the organization are confident in the applying the model into management.
- ii. There are many benefits of BSC to every organization hence management must be enlightened on these benefits so that they can adopt it.
- iii. Organizations should provide enough resources especially for funding further comprehensive sensitization on the importance of balanced score card in relation to strategy.
- iv. There is need for a vigorous capacity building program to improve the appreciation and usage of balanced score card

Implications for further studies

The researcher suggests the following areas for further studies;

- i. Effectiveness of balance scorecard on employee motivation
- ii. Challenges faced by the management in the application of balance scorecard
- iii. Factors that influence the adoption of the balance scorecard in other organizations
- iv. An assessment of other factors that influence adoption of balance scorecard

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