

# APPLICATION OF BALANCED SCORECARD ON ORGANIZATIONAL PERFORMANCE IN SELECTED PUBLIC SECONDARY SCHOOLS IN NANDI COUNTY- KENYA

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**Abstract:** Performance measurement is a critical factor in education in Kenya because it determines the future of an individual. Performance in schools is based only on one measure, (the mean score). The Balanced Scorecard is a performance administration tool that utilizes four perspectives to analyze performance. The study established the role of balanced scorecard on the performance of public secondary schools in Nandi County. The objective of the study was to examine the effect of customers' perspective on performance of secondary schools. The study used Balanced Scorecard theory. The study used descriptive research design, stratified and simple random sampling technique. The target population comprised of 174 and the sample size was 68 respondents. Data was collected from primary sources using questionnaires. The data was analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS). The analyzed data was presented using frequency distribution tables and pie charts. The study established that customer perspective had significant effect on the performance. The study concluded that customers' perspectives significantly influence the performance. The study recommended that the board of governors in the schools ought to come up with policies that will enhance their schools management of their customers.

**Keywords:** Balanced Scorecard, Customer Perspective, Nandi County, Organizational Performance, Public Secondary Schools.

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## 1. INTRODUCTION

The balance scorecard is one of the management tools most commonly used by the business sector. It has been proposed to assist school governing bodies in focusing on what is strategically most relevant to their activity. It is clear that the balanced scorecard can be successfully applied to educational institutions (Manuela & Melao, 2012). Within the balanced scorecard lies an articulation of the linkage between performance measures and business strategy. Once linkages are understood, strategic objectives can be further translated into actionable measures to help organizations improve performance (Kaplan & Norton, 2015).

The basis for the balanced scorecard (BSC) is the causal linkage of performance measures, both financial and non-financial, from four different perspectives: innovation and learning; internal business; customer; and the financial (Kaplan & Norton, 2015). The system involves four processes which are; clarification and translation the vision, communication, business planning and target setting as well as strategic feedback and learning (Kaplan & Norton, 2015). The balanced scorecard is a framework that enables an organization to implement the chosen strategy successfully, as the approach helps in providing adequate linkages, to enable organizations to implement complex and intricate activities involved in

implementing the corporate strategies and monitor every activity of the firm with the intent to achieve the strategic objectives. It has further been noted that; the balanced scorecard is a strategic performance management system that links performance to strategy using a multi-dimensional set of financial and non-financial performance measures. It focuses on better understanding the causal relationships and links within organizations and the levers that can be pulled to improve corporate governance (Marete, 2015).

The balanced scorecard is a performance management tool that helps to translate an organization's strategy into clear objective, measures, targets and initiatives organized in the four perspectives of financial, customer, business process and human resource or innovation and learning (Kassahun, 2010). By developing indicators for the different factors, the balanced scorecard can provide an organization with the necessary tools for performance measurement and monitoring, directly addressing multiple aspects that support the overall vision and strategy. The BSC emphasizes continuous improvement and not just attainment of the set objectives because in the words of Kaplan if an organization does not continually improve, it will eventually lose out to competitors that do (Kaplan, 2010).

Balance scorecard provides feedback around both the internal business processes and external outcomes in order to improve strategic performance and results continuously. When fully deployed, the balance scorecard transforms strategic planning into the nerve centre of an enterprise. Building a BSC should encourage business units to link their financial objectives to corporate strategy. Customer perspective enables companies to align their customer outcome measures i.e. satisfaction, loyalty and retention to market segments.

The government and people of Kenya have been committing huge resources to the education sector and especially for pre-service and in-service of both primary and secondary school educators, forming the basis of creation of institutions of higher learning to fill the gap of educators in Kenya. The money spent in teacher training for example, is an investment which the society expects to reap from the trained educators. This is in the form of quality services offered such as providing quality education to their clients. It is also imperative that the educators are well motivated to remain in the profession for a reasonable period of time and perform their roles as expected as the investment in them is quite a huge one. This is possible if they are satisfied within their profession and are delivering the quality that is expected. For education institutions to achieve the above, then the idea of organizational performance rests on them squarely. Ideas about the concept of performance vary considerably. Each interest group or stakeholder may have an entirely different idea of what counts. For instance, administrators might define an organization's performance in terms of the amount of money brought into the organization through grants, whereas a donor might define performance in terms of the organization's beneficial impact on a target group (Marete, 2015).

### **Global Perspectives on Balanced Scorecard**

According to research done by Taticchi et al. (2010) BSC is adopted by 30-80% of the firms around the world. Over the past 25 years, BSC has become under the spotlight of the whole world, particularly receiving much attention in the management and business community (Hoque, 2012, 2014). Currently, 64% of Fortune 500 companies are adopting BSC as a strategic management tool (Gumbus, 2005). Scholarly evidence showed that BSC is widely used in Europe and Asia is benchmarking (60-70%).

A growing number of organizations are using performance with a balance scorecard. Proponents of the balance score card concept contend that this approach provides a powerful means for translating a firm's vision and strategy into a tool that effectively communicates strategic intent and motives performance against established strategic goals (Velnampy & Nimalathan, 2007). A research paper carried out on the practical application of balanced scorecard: A literature review carried out by Hasan and Mei (2017) proved that balanced scorecard practicability in different industries is favourable. It provides a systemic view of the strategy to most of the organizations. It is planned that this simple comparison between the results of implementing BSC concept will prove useful to today's business performances.

Storey (2002) discusses from a conceptual perspective the obstacles and potential value of applying the BSC in the UK school context. Referring to obstacles, the author discusses the potential threat to the autonomy and creativity of teachers, the association of performance assessment with payment schemes based on performance, the difficulty or even impossibility of systematizing many tacit skills that teaching involves the perceived excess of change programs from central administration and the lack of time and resources in schools. Despite these obstacles, the author highlights several positive aspects of the BSC, including the translation of long-term strategy into short-term actions, improved

communication, the involvement of teachers and other staff in strategic management, the promotion of organizational learning and change, and teachers' professional development.

Karathanos and Karathanos (2005) present the BSC indicators of two North-American school districts that earned for the first time in the education area the Malcolm Baldrige National Quality Award. As part of a master dissertation, Rodrigues (2005) conducts a case study with the aim to understand how the BSC can contribute to strategic management of Portuguese public schools. She describes benefits like the possibility of schools to reflect on its objectives, achieving clarity and consensus on the strategy to be followed and the learning of all people involved on strategic management. The author concludes that regardless of the autonomy level granted to a school, the use of the BSC enables it to manage creatively the decision making process in order to solve its specific problems.

A research by Yuen and Ng (2012) established that effective BSC execution in the United Kingdom learning institutions led to expressively achieving national targets and to cultivating transparency and accountability. It was also noted that BSC allows long-term qualitative measurements. The BSC involves different perspectives and the choice of perspective by an organization which perspective to adopt remains one of the most important decisions in BSC designs.

Literature review showed that BSC has been used in Taiwan (Chen & Ho, 2003) and in UK schools (Randor & Lovell, 2012). Studies on Balanced Scorecard have been done on various sectors. Arslan (2014) carried out a research study on the banking sector in Pakistan. The results of the study suggested that execution of balance scorecard models in banks provided constructive consequences in viewpoints of financial, internal control, learning and growth and customers.

Currently, the BSC is used in different schools at different levels in Italy (Avil, 2008). Balanced scorecard has also found its application in education institutions in United States and the United Kingdom. It is believed that, following the realization of county autonomy and new predispositions drawn by the ministries about education planning in the period 2014-2017, the BSC could be converted into a very valuable management and governance tool, permitting schools to gauge their capacity in planning.

The Edinburgh senior school established the BSC structure in governance and strategic planning in 2012. It consists of four perspectives (Organizational development, Financial, Stakeholder, Internal business) and 32 KPIs, indicating the schools' strategic goals and objectives. The application of a BSC presented the Edinburgh senior school management of a valuable tool, guaranteeing that the institute's strategic goals and mission are being accomplished, approving to Government and Stakeholders that the school is accomplishing their anticipations.

In Taiwan, restructuring has occurred in educational policy, as the market has turned out to be liberalized. This has especially arisen since Taiwan joined the World Trade Organization (WTO). Since the competition in international educational services has intensified, many countries have enthusiastically invested in university education aiming at maintaining international attractiveness. To navigate through the strong competition, it is paramount for Taiwan to enhance the worth of its national education (Chen & Ho, 2003). Performance management and assessment have turned out to be the centre of debate in recent years (Storey, 2012). Instances consist of the introduction of tools such as balanced scorecard (BSC) as well as Six Sigma to enhance business attractiveness. In this regard, Educational institutions are expected to learn from business. It thus required that educational institutions establish a set of performance management tools to institute educational objectives and standards, and to enhance the competitiveness of education in a globalized environment.

There are demanding requirements for the education in the world. Learning institutions are not for profit establishments (Druker, 1990); Situ, 1999), but non-profit establishments can learn from businesses in the area of effective management. Conversely, businesses can also acquire insights from non-profit establishments in the area of management with mission (Druker, 1990). Traditionally, non-profit establishments have not been faced with the forces of endurance, and the perception of outside competition has been tenuous. As such, it isn't easy to institute certain performance measure indicators (PMIs). Nonetheless, non-profit establishments have been forced to pay attention to mission, strategy, and performance management as society has transformed to be more pluralistic and as competition has increasingly become intense. Non for profit organizations require justifiable management (Situ, 1999). In coming up with the BSC, Kaplan and Norton (1992) suggested that the mechanism would help in deciphering problems concomitant with measuring business performance. As a result of their status as non-profit organizations, learning institutions have been secured and restricted by government. It is therefore necessary to take a more pressing step for institutions to improve their performance and this can be achieved through the use of the balanced scorecard.

### Regional Perspectives on Balanced Scorecard

The study relating to BSC in Nigeria is the one conducted by Iwarere & Lawal (2011) which empirically evaluated the performance of facility maintenance of public organizations in Nigeria and recommend that public organizations in Nigeria should adopt four key aspects of the BSC that focuses on four related perspectives of organizational and management performance such as financial performance measures; internal process; customer satisfaction and workforce support. In addition, Etim & Agara (2011) empirically explore how the strategic management performance model called BSC, has fared among firms that have introduced/adopted the model in Nigeria. They concluded that for Nigerian organizations to participate in the global economic arena, the adoption of BSC is imperative.

Kenyan schools ought to choose their yardstick and which performance they will measure, based on these steps: Transforming vision into actions, Communicating and connecting strategic intents and measures, connecting unit goals to macro goals in all record areas, developing strategies to realize them and apportioning resources to different strategies, establishing reliable benchmarks of progress toward goals and feedback and learning, in which schools are required to weigh their performance grounded on rationalized indicators and to review strategies as suitable.

Etim & Agara (2011) explored how the strategic management performance model called the Balanced Scorecard has fared among firms that have introduced the model in Nigeria. They confirmed from empirical evidences, that firms that have implemented Balanced Scorecard have indicated recovery from their otherwise abysmal performance conditions and reverted their loss situations too. However, they suggest that the generic four perspectives should be expanded to incorporate the fifth perspective which is environment and culture because of the critical roles environment and culture play in the survival of any organization. Lasisi, Olajide, Hasan, & Shodiya (2014), in their study investigated the relationship between relational capabilities and balanced scorecard in the Nigerian manufacturing firms. The result of the study confirms that a statistical significant relationship exists between relational capabilities and balanced scorecard in the Nigerian manufacturing firms.

### Local Perspectives on Balanced Scorecard

In Kenya, studies have been done on the effects of the BSC use on performance. Ombuna, Omido, Garashi, Odera and Okaka (2012) in their study on impact of the balanced scorecard usage on performance of commercial banks found a positive impact of BSC usage on performance of commercial banks. Majority of the respondents noted that they had achieved considerably through the use of the BSC. Application of balanced scorecard in performance measurement of Essar Telkom Kenya Limiteg, Nyaega (2012) found out that Essar telecom used the BSC primarily for strategy implementation and performance measurement but due to challenges have been unable to harness the full benefits of the tool. The study further showed the benefits of the BSC outweigh the costs if implemented fully, efficiently and effectively and that it complements the financial measures of past performance with operational measures that drive future performance and growth.

A study was done to establish the influence of BSC used on the performance of Safaricom Kenya Limited. Findings from the study showed that BSC has a positive influence on the performance of Safaricom Limited. The researcher observed that there exists a positive relationship between the company performance the BSC. The study indicated that through the use of the BSC the company has been able to improve its operational and financial performance. The respondents also agreed that both the financial and non- financial measures are important for the company and that the BSC better evaluates the strategy of Safaricom Ltd. The study concluded that the BSC provides feedback to the company on the internal processes and outcomes in order to improve the strategic performance and results. The results also suggest that BSC use that is aligned to the company's strategy positively influences the overall company's performance.

### Organizational Performance

Brignall & Modell (2000) made multidimensional study on the issue of organizational performance. The study includes the role and measurement of key stakeholders of the organizations. Further, the study also compared the efficiency and effectiveness of performance of organizations in both public sector and private sector as well. The findings of the study revealed that for service related business the performance is heavy dependent upon the collaboration of three stakeholders such as the employees, the suppliers and the management. Besides to it the Measurement of Performance is a key factor with making certain your productive rendering associated with an organization's tactic.

Punniyamoorthy & Murali (2008) made comprehensive study to develop model of Balanced Score. The study was also aimed to suggest the benchmark to appraise the accomplishment of the goals set by organization. The study discussed and endorsed other models of Balanced Score and it also used the Preference theory for determining the weightings to be assigned to factors taken. By way of example, conventional fiscal analysis failed to take into account such critical specifics seeing that amounts of customer service, well-being staff, and industry discussed simply by section as well as other important factors which had an effect on a great organization's best good results

The study was taken by Ittner, Larcker & Meyer (2003) required information from the successful firms in developing the model. The model suggests all required factors for consideration during the plan and implementation process. The study also provides reasonable weightings to be assigned for each factor during the process. It is usually of any kind of sole need or the particular aspirations with the prime management can adjust the particular success of the company. When each one of these are not supervised properly and also the linkages not really comprehended effectively, after that it may hold back your overall performance of an corporation. Therefore it will become very important with the administrators to offer the obvious understanding of the ultimate overall performance requirements your corporation has got to attain. Organizational performance was conceptualized in terms of numbers of academics, projects, extracurricular activities and efficiency

### **Balanced Scorecard (BSC)**

BSC was in the beginning was framed for use in return making organizations but later was adopted for public and for none making profit organizations. The public or non-profit organization is based on customer gratification, according to the mission and is not preoccupied with profit making. This is in divergence with the original BSC, which has been adapted to suite the circumstances of public and non- profit organizations where the financial perspective is denoted by the budget (Pravdić, 2012). Countless investigators now use BSC to appraise schools performance.

As a metric for performance, BSC is effective since it encapsulates the linkage between most important inputs (human and physical), processes, and lagging outcomes and pays attention to the significance of overseeing these components to realize the organization's strategic priorities" (Hough, Thompson, Strickland & Gamble, 2008). Balance score card was developed in 1992 by Kaplan and Nolan as a performance appraisal tool. Chen, Hou and Chang (2012) pointed out that BSC helps in performance management and performance evaluation. Reports indicate that BSC framework utilizes both financial and non-financial measures as important management tool to address stakeholder's expectations and alignment of goals (Yuen & Ng 2012). According to Kampanje (2012), BSC can be observed as a strategic management system, as well as a model that aids the transformation of an organization's vision and strategy into objectives, measures and targets of four different areas: the financial perspectives, the customers' perspectives, the internal business perspectives and innovation/learning and growth perspectives.

The financial perspective on the other hand measures important especially to the profit oriented organization particularly to the shareholders and investors. Nevertheless, financial measures have also gained some attention among the not-for-profit and public sector management. Previously most government agencies were required to spend completely any budget allocated within a calendar year, hence their performance was measured based on the percentage spent, nowadays, the financial measures are more strategic. This perspective will help the organization address the important concerns of the customers to build continued patronage. Organizations often presume customers' concerns to be in these four categories namely quality, quantity of performance, product and service, timeliness, and cost. Among others, customer satisfaction has been one of the most consistent measurements whether in private or public sector.

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

### **Profile of Secondary Schools in Kenya**

In Kenya, education is recognized at various settings as a foundation for economic and social development. It is the leading source of human capital, a prerequisite for continued economic growth. Education contributes to mitigating

poverty and reducing birth rates, increasing health, strengthening the institutions of civil society and national capacity building; and improving governance. For that reason, education is a requisite and significant actor in Kenya's realization of the Millennium Development Goals (MDGs) by the year 2030 (UNESCO, 2008). The ministry of Higher Education, Science and Technology therefore needs to put up stern determinants of performance in schools so that true records of results are obtained in order to meet the above goals.

The environment of schools viewed from an administration process perspective has rigidities resulting from inflexible systems and the trained independence. Since schools have administration units founded on their structures and size, these units are acting out centred on management responsibilities. Consequently, there is the necessity to consider the bureaucratic system of assessment, evaluation, verification, review and appraisal so as to regulate the professional works in schools (Cutler & Waine, 2001); Fitzgerald, & Grootenboer Young, 2003). In order to adapt to the new environment, new PMS have been fronted such as BSC, Activity Based Cost System, and the SMART system (Suwignjo, 2000).

## 2. STATEMENT OF THE PROBLEM

Performance is based only on one measure, (the mean score). Average rate alone is not a realistic and scientific measure to evaluate schools. The ministry of education faces a challenge in measuring performance in schools because there are many different challenges that schools face in different circumstances. They include high numbers of learners, inadequate qualified staff, poor resources, weak community support, and crimes which impact on the mean scores. Ondogo (2016) carried a study on the influence of balanced scorecard model on performance in private schools. There is little empirical evidence of similar studies in public school. In Kenya, Abdirizack (2012) did it at Kenya Red Cross Society (KRCS). He concluded that, the adoption of Balanced Scorecard at Kenya Red Cross has brought about benefits such as enhanced adeptness of disaster management at Kenya Red Cross Society, reinforcement of disaster operations, enriched delivery of health and social services, enhancing the organizational capability for effective and efficient implementation of programmes, enhancement of community livelihood and enhanced the work rapport among KRCS units. This study was a motivation for the research study. There was need to investigate whether schools problems related to academics, projects, extra activities and efficiency could be fixed by balanced scorecard. A study was conducted by Ndungu (2014) in Kenyatta University, he concluded that BSC application aims to address a major concern of managers to monitor and ensure that the objectives of the organization's strategy will be implemented and achieved. The aim of the current study was to address the schools performance using the four perspective of the balance scorecard. Muyeshi (2015) at Kenyatta National Hospital, observed that the use of the Balanced score card was to align the day to day activities of the Hospital to the vision and mission. Nathan (2015) carried out a study to establish the influence of BSC on performance of Safaricom Kenya Limited in Brook house international schools. Odongo (2016) conducted a study on Brookhouse schools international, which is a private school where the findings of the study indicate that there exists a positive relationship between BSC and performance of the organization. There is need to compare these findings with those of public schools, in this case the selected public secondary schools is in Nandi County.

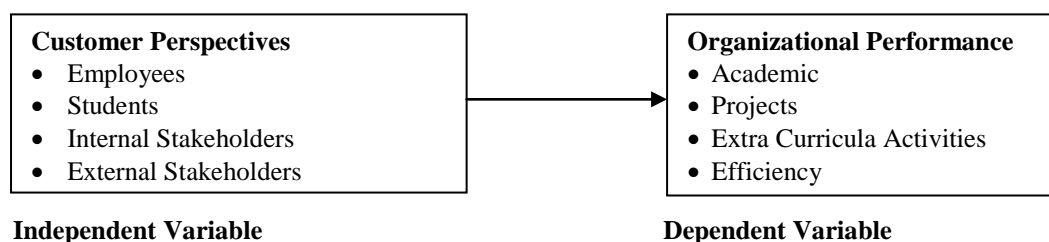
## 3. OBJECTIVES OF THE STUDY

The main objective of the study was to examine the application of Balanced Scorecard model on performance of selected public secondary schools in Nandi central sub-county, Nandi County, Kenya.

## 4. RESEARCH QUESTIONS

In what ways does customer contribution perspective affect organizational performance of public secondary schools in Nandi County, Kenya?

## 5. CONCEPTUAL FRAMEWORK



## 6. THE BALANCED SCORECARD MODEL

The model of balanced scorecard was initially introduced by Kaplan and Norton in 1992. This is the main guiding theory for the study because the theory perspectives relate directly to the variables of the conceptual framework. A balanced score card is a strategic planning and management structure that finds major applications in manufacturing and service industries. The BSC major objectives are to align business undertakings with the vision and strategy of the organization, enhance internal and external communications, and scrutinize business performance alongside planned objectives.

The Balanced Scorecard as such comprises of performance goals plus outcomes relating to four scopes of performance: financial, customer, internal process and innovation. It distinguishes that firms are accountable to various stakeholder groups, such as workers, suppliers, consumers, community and shareholders (Kaplan & Norton, 1992). It demonstrates an organization's performance in achieving its goals relating to stakeholders.

The BSC inculcates responses in the region of internal business practice results in addition to totaling a response loop within the results of business strategies. This generates a "double-loop feedback" progression in the balanced scorecard. As such, the balanced scorecard enables a firm to make every effort headed for common objectives and realizes a sense of belonging as it facilitates individual employees to view their personal involvement in the realization of the vision (Kaplan & Norton, 1996).

The logic of the balanced scorecard indicates that learning and growth capability enhances internal processes. Enriched internal processes in turn enhance customer worth. Enhanced customer worth enhances financial outcomes and enhanced financial outcomes give cash flow to put in learning and growth. So as to generate value these perspectives must be associated with a virtuous cycle. The model addresses all the independent variables in the conceptual framework hence very relevant. Theoretical gaps include the sub-variables of learning and growth (nurturing tablets)

## 7. CUSTOMER PERSPECTIVE AND ORGANIZATIONAL PERFORMANCE

All four Balanced Scorecard's viewpoints possess similar value thought that the customers being the major purpose for the survival of any organization. They contemplate that the personnel from many establishments don't recognize what customers need and to what degree is the effect of their activities on them. The customer perspective acts as the most important sign that aids the business to evaluate consumer fulfilment with its product or services. This is essential in ensuring well-built consumer loyalty and in addition to drawing new clientele. The public sector offers unrestricted services, taking public concerns as value point of reference, so both administrative performance measurement principles or actions must be a sign of the social justice and logical. Solidification of the service cognizance and "cost-benefit" notion, the government overseers ought to be cognizant of the significance of citizen involvement in appraisal and performance assessment of social equality, whose rationale and the goal is the power back to the public. The consumers major considerations can be categorized into three: service the public, agree to regulation, and collaborate with the public.

This viewpoint is important in ensuring focused clients are identified. Clients of learning organizations include parents, learners, government, employees and business. Nevertheless, certain individuals pay no attention to learners as clients of education Kanji and Tambi (1999) and Owlia and Aspinwall, (1996). In standard, internal customers include administrators, trainers and learners where as external clients consist of government, businesses, the general public and parents. An enhancement in clients gratification increases profits for the business as well as making it easy for development of the business (Dubrovski, 2001).

Furthermore, many schools that are privately owned derive their revenue from learners' tuition fees. Therefore, the customer standpoint is second in significance only to the financial standpoint. To accomplish the strategy subject ("according to the customer anticipation"), aimed at increasing the consumer gratification. The key Performance Management Indicators would be consumer contentment point which includes learners, employees, parent, organizations, and government fulfilment. As soon as internal as well as external clients are gratified by school working performance, they may investigate learners and pecuniary capital that is likely to accomplish various performance goals in the fiscal perspective. The second performance objective for promoting the image of the school is the aim to attain acknowledgment by being present in charities in the public and cultural events in the community with an objective of promoting image of the school and its repute. Consumer perception will be stabilized in the case where the internal and external customers are contented with the school achievements and therefore will not lose students (Brown, 2011).

Arslan (2014) investigated the effect the balanced scorecard has on business performance considering the banking sector in Pakistan. From the study findings, it was suggested that balanced scorecards implementation models in banks provides favourable results in standpoints of fiscal, internal control, knowledge and growth and customers. Fiscal perspective in BSC to a great extent manipulates the banks' performance. Additionally, outlining the values for consumer fondness perceives the customers of the Bank as being loyal. He concluded that respondents believe that implementation of the Balance score card models in banks provide favourable outcomes. Especially the financial, internal control, learning and growth and customer perspectives have significant positive effect over the bank's Performance. He also concluded that bank performance has significantly improved due to implementation of balance score card models in different perspectives. The four perspectives out of five: financial, customer, internal process and learning and growth perspective have noteworthy contribution in banks improvement in its by and large performance. However, the vision and the perspective of strategy could have inconsequential role in the performance of the bank.

## 8. ORGANIZATIONAL PERFORMANCE

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Alexander (2013) investigated the impact of balanced scorecard as a performance measurement tool in the insurance firms in Kenya. Questionnaires were administered to supervisors and managers in the firms to collect primary data. The researcher found that the current performance measurement tool was comprehensive and effective in measuring performance. Further, findings indicated that the customer perspective element of balance scorecard adequately measured customer satisfaction in their firms. It was established that the business process element of balance scorecard adequately measured the performance of internal process in their firms. Learning and growth element of balance scorecard adequately measures the ability of the firm to innovate and adopt the environment.

In 2009, a survey was conducted for the Chartered Institute of Management Accounting (CIMA) by the International Institute of Banking and Finance Services (IIBS) in regard to current and intended usage of more than 100 management accounting and related tools CIMA (2009). 439 respondents from different sectors, regions and organization sizes in July 2009 were use in the survey. CIMA's survey showed that balance scorecard is the most popular tool and was considered as the one mainly to be adopted soon. On the other hand, the survey showed that the BSC is generally used by large companies rather than small. To be more precise, from the surveyed companies almost 60% of the very large companies and 40% of the large companies use BSC as a performance management tool. Hence, only 25% of the small companies use the model of BSC as a performance management tool (CIMA, 2009). It should be noted here that the BSC was at first



designed in order to be used by medium and large companies. This was to the fact that small companies have different characteristics that distinguish them from the majority of the large companies (Hudson, Smart & Bourne, 2001).

## 9. RESEARCH METHODOLOGY

In this study, a research design was adopted. Orodho (2003) observed that research design is a scheme, a sketch out or plan that is utilized in generating solutions to research problems. It comprises the outline for the collection, measurement and analysis of data (Kothari, 2003). The target population of the study was 174 respondents comprising of 29 Principals, 87 teachers, and 58 essential staff, from Public Secondary Schools (Sub-County Director of Education Office: Records of 2017). A simple random sampling was employed from each stratum to obtain the sample size calculated in proportion to the population. 68 employees were selected to represent the respondents of the study. For the study, questionnaires were used and in addition, relevant reference books, journals and internet sources were consulted to support the findings of the study. Research assistants were used to distribute and collect questionnaires and for other services where necessary. Questionnaire were tested for validity and reliability. Questionnaires were checked for completeness and consistency of information at the end of every field data collection day and before storage. The questionnaires with the completed data were re-coded and entered into the computer using the Statistical Package for Social Sciences (SPSS) for analysis. The descriptive analyses using frequencies, percentages, means and standard deviation values were used to summarize and organize data and also to describe the characteristics of the sample population. Inferential statistics included correlation analysis to examine the relationship between variables. Findings were presented in tables accompanied by relevant discussions.

## 10. FINDINGS AND ANALYSIS

### Response Rate

The sample size of the study was 68 respondents. A total of 68 questionnaires were distributed among the respondents where all the questionnaires were completely filled up and returned for data analysis.

### Customer Perspectives

Respondents' views regarding customer perspective on organizational performance were sought. The findings from the analysis were shown in table 1.

**Table 1: Analysis of Customers Perspective and Perspective and Organizational Performance using SPSS Version 24**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
Customer relation has influenced the number of employees satisfied in the institution	32.4	45.6	19.1	2.9	0	4.04	.888
Customer relation has reduced the rate of employees' turnover.	10.3	32.4	29.4	20.6	7.4	3.04	1.286
Customer inclination has increased the number of awards to students and staff.	14.7	39.7	27.9	13.2	4.4	3.38	1.197
Customer being sensitive has provided mechanisms for expressing own views	13.2	58.8	25.0	1.5	1.5	3.81	.738
Customer perspective has influenced performance	19.1	50.0	26.5	1.5	2.9	3.82	.828
Valid N (listwise)	68						

On the customer relation influencing the number of employees' satisfied in the institution; 32.4% strongly agreed, 45.6% agreed, 19.1% were neutral and 2.9% disagreed. It highly influenced satisfaction (mean of 4.04) whose variation is low (standard deviation of 0.888). Customer relation has reduced the rate of employees' turnover and 10.3% of the respondents strongly agreed, 32.4% agreed, 29.4% were neutral, 20.6% disagreed and 7.4% strongly disagreed. Its effect on turnover is moderate (mean of 3.04). The variations in employee turnover due to customer retention are noticeable (standard deviation of 1.286).

On customer inclination increasing the number of awards to students and staff, 14.7% of the respondents strongly agreed, 39.7% agreed, 27.9% were neutral, 13.2% disagreed and 4.4% strongly disagreed. This aspect had some significant effect on the awards (mean of 3.38) leading to some variation in awards (standard deviation of 1.197). On customer being sensitive and providing mechanisms for expressing own views, 13.2% of the respondents strongly agreed, 58.8% agreed,

25.0 were neutral, 1.5% disagreed and 1.5% strongly disagreed. The influence of customer sensitivity was moderately high (mean of 3.81) and a minimal variation in expression of one's view (standard deviation of 0.738).

Concerning customer perspective influencing performance, 19.1% of the respondents strongly agreed, 50.0% agreed, 26.5 were neutral, 1.5% of them disagreed and 2.9% strongly disagreed. The effect is somehow moderate (mean of 3.82) creating low variation in performance (standard deviation of 0.828). Dubrovski, (2001) proposed that principals, teachers, administrators and students are all internal customers, whereas government, businesses, the general public, and parents are external customers. An improvement in customer satisfaction will not only increase business profits, but also facilitate business development. The customer perspective is a leading indicator that helps the organization evaluates customer satisfaction with its brand or services. This is necessary to ensure strong customer loyalty, besides attracting new customers.

### Organizational Performance

The study went further to establish the views of the respondents in regard to organizational performance of public secondary schools. The percentages, means and standard deviations of the responses were established to aid in making inferences. The findings from the analysis were as presented in Table 2.

**Table 2: Analysis of Organizational Performance using SPSS Version 24**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
Academic activities determine performance	69.1	27.9	0	1.5	1.5	4.62	.713
Institution's projects influence the level of performance	33.8	55.9	8.8	0	1.5	4.22	.666
Efficiency affects performance	47.1	47.1	5.9	0	0	4.41	.604
Academics, projects, extra curricula activities and efficiency have a direct bearing on performance	64.7	32.4	0	1.5	1.5	4.57	.719
Valid N (listwise)	68						

Regarding the academic activities determining performance, 69.1% of the respondents strongly agreed, 27.9% agreed, 1.5% disagreed and 1.5% strongly disagreed. The activities were highly favourable to performance (mean of 4.62) whose variation was low (standard deviation of 0.713). Concerning institution's projects influencing the level of performance, 33.8% of the respondents strongly agreed, 55.9% agreed, 8.8% were neutral and 1.5% strongly disagreed. This aspect had great influence on performance (mean of 4.22) whose variations was low (standard deviation of 0.666).

On the assertion that efficiency affects performance, 47.1% of the respondents strongly agreed, 47.1% agreed and 5.9% of them were neutral. The efficiency had crucial effect on performance (mean of 4.41) whose variations was low (standard deviation of 0.604). Academics, projects, extra curricula activities and efficiency have a direct bearing on performance and 64.7% of the responses strongly agreed, 32.4% agreed, 1.5% disagreed and 1.5% strongly disagreed. The aspects are vital in performance (mean Of 4.57) with a low variation in performance due to these aspects (standard deviation of 0.719). Punniamoorthy & Murali (2008) made comprehensive study to develop Balanced Score Model. The study was also aimed at suggesting the benchmark to appraise the accomplishment of the goals set by organization.

### Correlation Analysis

#### Influence of Tax Incentives on Financial Performance

The study employed the use of simple linear regression analysis to establish the influence of customer perspective on organizational performance of public secondary schools

**Table 3: Correlation analysis on Customer Perspective on Organizational Performance using SPSS version 24**

		Customer perspective	Organizational Performance
Customer perspective	Pearson Correlation	1	.409**
	Sig. (2-tailed)		.001
	N	68	68
Organizational Performance	Pearson Correlation	.409**	1
	Sig. (2-tailed)	.001	
	N	68	68

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Findings in the table 4.8 indicated that there existed an average positive significant between customer perspective and organizational performance with an r-value of 0.409 and a p-value of 0.001 which is smaller than 0.05 level of significance for the study. Therefore, customer perspective significantly influences organizational performance. The findings indicate that improving the organization's customer's perspective significantly enhances the organizational performance. Thus, schools should pay attention to the welfare of their customers as this goes a long way in enhancing the organizational performance of the schools. Furthermore, many schools that are privately owned derive their revenue from learners' tuition fees. Therefore, the customer standpoint is second in significance only to the financial standpoint. To accomplish the strategy subject ("according to the customer anticipation"), aimed at increasing the consumer gratification. The key Performance Management Indicators would be consumer contentment point which includes learners, employees, parent, organizations, and government fulfilment. As soon as internal as well as external clients are gratified by school working performance, they may investigate learners and pecuniary capital that is likely to accomplish various performance goals in the fiscal perspective. The second performance objective for promoting the image of the school is the aim to attain acknowledgment by being present in charities in the public and cultural events in the community with an objective of promoting image of the school and its repute. Consumer perception will be stabilized in the case where the internal and external customers are contented with the school achievements and therefore will not lose students (Brown, 2011).

### Simple Linear Regression Analysis

**Table 4: Co-efficiency of Determination Using SPSS Version 24**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.409 <sup>a</sup>	.167	.155	.43668

a. Predictors: (Constant), Customer perspective

In table 4.14 an R-squared value of 0.167 was established. This indicates that customer perspective accounted for up to 16.7% of the total variance in organizational performance. The remaining 83.3% in the variation in organizational performance could be explained by factors not included in this model.

**Table 5: ANOVA<sup>b</sup> Analysis using SPSS Version 24**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.532	1	2.532	13.277	.001 <sup>a</sup>
	Residual	12.586	66	.191		
	Total	15.118	67			

a. Predictors: (Constant), Customer perspective

b. Dependent Variable: Performance

Source: Researcher 2018

An F-value ( $F_{(1, 66)} = 13.277$ ,  $p = .001$ ) which was significant at  $p < .05$  level of significant was established. This indicated that customer perspective had a significant influence on organizational performance of public schools in Nandi County.

## 11. CONCLUSIONS

The study concluded that, customer perspective and internal process perspectives significantly influence organizational performance of public secondary schools in Nandi County. Therefore, the study noted that customer perspective have a significant role in determining the performance of public secondary schools in Nandi county as well as internal processes perspective. The study recommended that the board of governors in the schools ought to come up with policies that will enhance their schools management of their customers. This will guide the schools on how to manage their customers in order to achieve their loyalty. This will go a long way in improving the performance of the schools.

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