The Role of Value-based Management Tools on the Performance of Firms Listed in the Nairobi Securities Exchange

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Abstract

The purpose of this paper was to determine the role of value-based management tools namely the Balanced scorecard and selected organizational factors on the performance of firms listed in the Nairobi Securities Exchange. The paper also highlighted the characteristics of the managers who had implemented value-based management tools in their organizations. The research was based upon a Descriptive Survey of the Heads of Departments or top managers of firms registered at the Nairobi Securities Exchange and who are based at Mombasa. Data from the questionnaires was analyzed using SPSS version 20.

The model used in the study was Multiple Regression Analysis; $y= a+\beta_1 X_1 + \beta_2 X_2+ \beta_3 X_3 + e$. The study found out that there was a positive relationship between the use of the Balanced scorecard and firms performance. It however found out that the Balanced Scorecard was used by companies listed in the Nairobi Securities Exchange to a fairly low extent. Majority of the companies that had implemented VBM tools were larger companies which had employed young managers below the age of 35 years. The study found out that the lower application of the Balanced Scorecard by companies listed in the Nairobi Securities Exchange could be a major contributing factor to the poor performance of these companies.

Keywords: Value-based Management (VBM), The Balanced Scorecard (BSC), The Nairobi Securities Exchange (NSE), Capital Markets Authority (CMA), Organizational factors

1. Introduction

Value-based management is a management approach where the company's' overall aspirations, strategies, analytical techniques and management processes are aligned in order to achieve the ultimate objective of maximizing value by focusing on key value drivers in a firm (Copeland, Koller and Murrin 2000). According to Haspeslagh et al (2001) there is a huge global pressure on companies to deliver constantly superior value to their shareholders regardless of their corporate heritage. It is because of this challenge that companies are obliged to measure their performance and this is evidenced by the maxim "what gets measured gets done" (Williamson, 2006; Kouzmin et al, 1999).

According to Kibuthu (2005) the stock exchange started in Kenya in 1920's but there were no formal trading arrangements because business was carried out according to gentleman's agreements. The first professional stockbroker was established in 1951 and the NSE began in 1954 with the permission of the London Stock Exchange (Munga, 1974). NSE is the fourth largest stock exchange in terms of trading volume and works in collaboration with the Uganda and Dar es salaam Stock Exchanges. The key function of the NSE is to provide an exchange system in which buyers and sellers interact for the purpose of trading in shares and other securities issued by publicly traded companies. Through stringent listing requirements, the market promotes higher standards of accounting, resource management and transparency in the management of business. The NSE is regulated by Capital Markets Authority which provides surveillance for regulatory purposes (CMA, 2011).

1.1 Statement of the Problem

Studies in Kenya have shown that the performance of companies listed in the NSE has been declining over the past ten years. For example; Gekonge (2003) states that according to the Nairobi Securities Exchange (NSE) year book 2001; the Kenyan capital market is very fragile and in many cases investors have suffered heavy losses in their investments due to decreased earnings. This has discouraged further investments and hence the need for companies to uplift their performance by embracing VBM tools to improve their products and services. The performance of the NSE in Kenya has been continuously showing a consistent downward trend which is indicative of the poor performance of the companies listed at the NSE. Despite the long history and efforts made to revitalize the Nairobi Securities Exchange, the growth of the primary market is still very slow because the number of firms listed in 2005 is less than that at independence (1963). Firms listing at the market are driven by the need to grow their productivity and performance and therefore this study has shed some light on the use of VBM tools to trigger productivity and improve performance which will result to more value to shareholders.

1.2 The Specific Objectives of the Study

(i) To establish the influence of the Balanced Scorecard on the performance of firms listed in the NSE.

(ii) To determine the role of Managerial characteristics on the performance of firms listed in the NSE.

(iii) To examine the influence of organizational factors on performance of companies listed in NSE.

1.3 Justification of the Study

This study will help firms to improve their productivity and performance through the use of VBM tools. This will help the NSE to grow through the participation many firms.

2. Literature Review

This area covers the theories of study the empirical reviews critique of literature and identification of research gaps. Many theories have come up explaining the governance of companies but this research has adapted the Agency theory, Stewardship Theory and Stakeholder Theory as the key theories appropriate to this research.

Agency Theory

This theory has its roots in Economic Theory by Alchian and Demsetz (1972) but it was further developed by Jensen and Meckling (1976) as a contract in which the principal engages an agent to perform some services. There are times when conflict of interest between managers and shareholders occur because of various reasons such as agency costs. Agency costs must be reduced to increase firm value and link company governance to performance. The theory stipulates that although managers are agents of shareholders they do not work to enrich shareholders. They can, however, be made to make profits for shareholders when the chairperson of the board is not the CEO or where the CEO has similar interests with shareholders through compensation (Williamson 1985)

Stewardship Theory

This theory originated from psychology and sociology theories and it contents that manages are stewards of the organization and they make profits on behalf of shareholders (Donaldson & Davies, 1991). It also states that managers are happy with their work and they are motivated when the company performs well. The theory emphasizes the autonomy of managers which reduces control costs and investments in good structures to empower managers to perform well. Motivated executives will continue to enhance their careers in order to influence the perception of their individual performances in the organization. According to Shleifer & Vishny (1997), managers make money for shareholders through re-investing it to build future good relations. This theory contradicts the Agency theory by asserting that managers are responsible people and therefore they are not opportunists. They aspire to do good and to be good stewards to corporate assets because they aim at profit maximization to improve a firm's performance. The stewardship model is commonly used in Japan (Donaldson and Davis 1991).

Stakeholder Theory

According to Freeman (1984) stakeholders are groups of people who are affected by an organizations objectives. Friedman (2006) stresses that organizations should consider the interests of shareholder groups in addition to the investors. Stakeholder Theory is practical because it directs how managers operate businesses. According to Freeman (2004), it answers two questions, that is, what is the purpose of the firm? And secondly "what responsibility does management have to stakeholders? According to Clarkson (1995), stakeholder theory is used as a basis for effectively analyzing relationships in concepts such as the performance of organizations. This paper adopts Mitchell, Angle, and Wood (1997) narrow definition of stakeholders as the people who bear some risk as a result of their investment in a firm. They are those whom without their participation, the firm cannot survive and they include suppliers, shareholders, employees, customers, community and the natural environment (Clarkson 1995). A firm is therefore viewed as a set of interrelationship among a system of stakeholders (Donaldson and Preston 1995). If organizations manage stakeholders effectively, the company will be able to outdo its competitors in terms of value creation and performance.

2.1 Empirical Review

2.1.1 The Selection of VBM Tools and Performance Measurement

VBM is a control system that measures, encourages and supports the creation of networth (Ameels and Sheipers, 2002). When VBM is implemented in a company it changes the focus of the organization to increasing shareholder value by producing returns in excess of the cost of capital (Simmons 2000). VBM uses analytical tools and processes to focus an organization on the single objective of creating shareholder value (Condon and Goldstein 1998). It is therefore implemented as a management tool, a control system, and an apparatus that is used to integrate resources and tasks towards the achievement of stated organizational goals. Trahan and Ryan (1999) assert that increased competition, managerial labour and capital markets have led to heightened pressure on corporations to focus on maximizing shareholder value. VBM tools however fail to deliver the targeted results if measures are not used in the right way (Neely et al 2001). Amaratunga and Baldry (2002) recommend that organizations have to manage through VBM tools in order to reap the benefits of performance measurement and enhance organizational performance.

2.1.2 Traditional Performance Measurement Tools

Traditional financial performance measurement tools are the most common performance tools which are used to assess the wellbeing of a company (Neely 1998). These tools are called traditional because they have been used commonly in the past and are still in use today (Rappaport 1981). They include Earnings Per share (EPS), Return on investment (ROI) and Return on Equity (ROE). Organizations prepare financial statements to show their financial net worth using traditional performance measurement tools which are not all that is needed to measure performance. Ittner and Larcker (1998) assert that there is too much emphasis on financial measures such as Earnings and Accounting returns and little emphasis on drivers of value such as customer and employee satisfaction, innovation and quality.

2.1.3 Modern Performance Measurement Tools

Value-based Management tools were developed in order to complement the traditional financial measurement tools. The research findings of Kaplan and Norton (1998) recognize non financial measures such as VBM as key in determining the profitability of a firm. However, in the 1950's traditional financial measurement tools became more value-based than cost-based and this encourages studies to look for performance measurement tools that would link strategies to finance. According to Biddle et al (1997), there are many value-based management tools such as Economic Value added (EVA), Balanced Scorecard (BSC) and Cash Flow Return on Investment (CFROI) which provide better incentives in motivating managers to take the right actions. The right value-based management tools are the identity of an organization and hence the importance of aligning them to strategy and performance.

2.2 Research Variables

2.2.1 The Balanced Score-Card

Kaplan and Norton (1998) developed the balanced scorecard by stating that traditional accounting systems did not have the customer component. The BSC emphasizes the importance of both financial and non-financial information through four perspectives which are financial, customer, internal processes and innovation and learning. (Figure 1)

2.2.2 Managerial Characteristics

Literature on organizational performance views managers as key in defining the strategies of an organization to improve organizational performance (Ocasio, 1993). This therefore necessitates the study of managerial characteristics and their influence on the performance of organizations. The managerial characteristics that were studied in this research are:-Age, Education Level and Professional background.

2.2.3 Organizational Factors

2.2.3.1 Leadership

Leadership is the skill of giving direction to other people towards the achievement of organizational objectives. Leadership plays a vital role in the selection of the VBM tools in organizations because good leadership leads to good selection of tools hence the improvement of performance. The type of a leader however, determines the use of the tools after they have been selected because good leadership motivates staff to follow the leader's choices. According to Fielder (1996), the effectiveness of a leader is an important tool for the success or failure of an organization. Darcey and Kleiner (1991) state that because of the importance of leadership to organizations, companies need to train and equip leaders with the relevant skills. There are reasons which justify the leadership-performance relationship such as the dynamism of the environment, innovation, competition, and price rivalry among others (Sentora et al. 1999).

2.2.3.2 Organizational Culture

Organizational culture is defined as a combination of artifacts, values, beliefs and underlying assumptions that organizational members share about appropriate behaviour (Detert et al, 2000). Culture consists of a company's way of life and acts of employees which have a direct influence on the day-to-day activities of an organization. Schein (1992) states that organizational culture refers to the basic assumptions developed by certain groups to cope with its problems. Culture is a communities' reaction to changes and unforeseen circumstances in an organization. It includes what the organization values, what it assumes to be true and its perception and methods which are the identity of the organization. Peters and Waterman (1982) highlighted a positive relationship between organizational culture and performance. He further stated that culture is a determinant of performance because it determines the strategies that the organization undertakes in its mission, vision, goals and objectives. Culture plays a very important role in organizational performance by laying the foundation for the formulation and implementation of organizational strategies. Culture binds an organization together towards organizational performance through the cultural web whereby the institutionalization and operationalization of strategies is embedded in all organizational practices.

2.2.3.3 Human Resource Management

According to Pfeffer (1994), human resource management is important for sustained organizational performance. Katou and Bedhwar (2006) established the existence of a positive relationship between a firm's performance and human resource functions. Rizov and Croucher (2008) also found a positive relationship between collaborative human resource management practices and organizational performance. Some of these practices include considering employees as both assets and partners, proper communication and motivation (Figure 2).

2.3 Research Gap

According to Ernest & Young (2003), only 30% of companies use value-based management programs. Value-based management is not also easy to apply in organizations because organizations have competing interests and also because VBM consumes time and resources. (Knight, 1998). There has been a lot of research on VBM tools as evidenced by Rappaport (1981); stern et al (2001) and Stewart (1995) but, there is no much evidence of such research in Kenya and this research will fill this gap.

3. Research Methodology

3.1 Research Design

The method that was used to collect data was survey design. (Van der Stede et al. 2007) and stratified random sampling. Data from the survey was collected using a questionnaire and analyzed with SPSS version 16 Statistical Package. The target population of study comprised of 55 companies based at Mombasa and listed in the Nairobi Securities Exchange. The sampling technique used was Stratified Random Sampling as indicated in Figure 3. The study used primary data that was collected using a 5-point likert scale questionnaire that was served on the respondents and findings presented using tables. Pearson's correlation coefficient and multiple regression analysis model were used to define further relationships between variables. $y= a+\beta_1 X_1 + \beta_2 X_2+ \beta_3 X_3 + e$.

Where y=dependant variable (org performance)

X_1independent variable #1 (BSC)

X_2 independent variable #2 (Managerial characteristics)

X_3 independent variable #3 (Organizational factors)

β_1 β_2 β_3=Regression coefficient for each Independent variable

E=Random error

4. Research Findings and Discussions

4.1 The Role of the Balanced Scorecard

4.1.1 Customer Focus

<Insert Table 1 Here>

Table 1 indicates that new customer enquires was ranked lowest with a mean of 2.6 while customer complaints were ranked the highest with individual means of 4.15 and 3.7 respectively.

4.1.2 Internal Processes

<Insert Table 2 Here>

Table 2 indicates that organization and business processes being designed to enhance quality was rated the highest and employees being given authority and responsibility was rated the lowest with means of 4.05 and 2.7 respectively.

4.1.3 Innovation and Learning

<Insert Table 3 Here>

Table 3 shows a positive correlation of 0.05 between the use of innovation and e-learning on organizations.

4.1.4 Financial Perspective

<Insert Table 4 Here>

From Table 4 the results obtained from the survey shows that the average mean response was 4.0571 which implies a moderate level of agreement given the scale range from 5 to 1, 5 being strongly Agree while 1 being strongly Disagree. Means for each questions ranged from 4.05 to 2.68. Increase in net profits parameter was rated the highest.

4.2 Organizational Factors

<Insert Table 5 Here>

4.2.1 Organizational Culture

Table 5 indicates that cultural processes and systems affect performance the most while organization training and developing staff was rated the last.

4.2.2 Leadership Styles

<Insert Table 6 Here>

According to the correlation analysis shown in Table 6 below; there was a moderate positive relationship between the type of leadership influence and performance.

4.2.3 Human Resource Management

<Insert Table 7 Here>

According to the correlation analysis shown in Table 7 below; there was a moderate positive relationship between the human resource management and performance. Training affects performance positively (0.214) and is significant at 0.095($\alpha=0.1$); Remuneration affects performance positively (0.109) and is significant at 0.101($\alpha=0.1$; Working conditions affects performance positively (0.480**) and is significant at 0.000($\alpha<0.01$) and Rewards and incentives affects performance positively (0.325*) and is significant at 0.01($\alpha<0.05$)

4.3 Managerial Characteristics

4.3.1 Age

<Insert Table 8 Here>

From Table 8 shows that the average mean response was 3.44 which implies a level of moderate level of agreement that age influence performance given the scale range from 5 to 1, 5 being to a very great extent while 1 being not at all level of agreement. The analysis on individual means shows that age below 35 years was perceived to affect management the most.

4.3.2 Qualifications

<Insert Table 9 Here>

The analysis in Table 9 shows that diploma qualifications affects the performance of organizations the most while Phd. qualifications affected performance the least.

4.3.3 Past Experiences

<Insert Table 10 Here>

The analysis in Table 10 shows that past experience in accounting was perceived to have the greatest influence in organization performance.

5. Conclusions and Recommendations

5.1 Summary of Findings

The first analysis was to establish the role of the balanced scorecard on the performance of companies listed in the Nairobi Securities Exchange. A large number of respondents agreed that customer retention and handling customer complaints was considered to be a valuable asset. Organization and business processes were designed to enhance the quality of organization focusing on E- learning. Increase in net profit had the highest rating towards affecting organizations listed in the NSE. The second part of the analysis was to evaluate the influence of organizational factors on the performance of organizations. A large number of respondents had the perception that cultural processes and systems affect performance and leader training and development influenced organizational performance to a great extent. The last part of the analysis was to evaluate the effect of managerial characteristics on the performance of organizations in the Nairobi Securities Exchange. Majority of the respondents agreed that managers below the age of 35 years and diploma holders had the greatest influence on organizational performance.

5.2 Conclusions

The Balanced Scorecard was found to influence the performance of organizations as stated below:

(i) It was found out that customer focus influenced the performance of organizations in the NSE. Customer retention was a key priority to organizations. Handling of customer complaints also influenced the performance of organizations. However, organizations were found not to give freedom to employees to respond to customer enquiries.

(ii) Business processes were found to influence the performance of organizations positively but employers were found not to give responsibility and authority to employees in designing the business processes which were geared towards the enhancement of quality.

(iii) The use of technology and e-commerce was found to influence organizations positively. However, firms were found not to invest in research and development.

(iv) Increase in profits was found to be the highest measure of performance followed by increase in market share, operating income and liquidity position.

Organizational factors were found to influence the performance of organizations in the following ways:

(i) Cultural processes and systems influenced performance to a very great extent.

(ii) Leadership styles influences performance to a low extent.

(iii) Human resource management influenced performance to a great extent but employers were not willing to invest in human resource.

Managerial characteristics were found to influence performance in the following ways:

(i) The managers below 35 years of age were found to introduce value-based management in their organizations and to be high performers.

(ii) Managers with Accounting background were found to introduce value-based management in their organizations.

(iii) Managers with less than Phd. qualifications were found to influence the performance of organizations to a great extent.

5.3 Recommendations

Organizations listed in the Nairobi Securities Exchange should implement the use of the Balanced Scorecard both as a value-based management tool and as a performance measure to improve the performance of their organizations.

5.4 Suggestions for Further Research

This study has implications for future research.

(i) Further research could be done to establish why Diploma Holders were found to influence the performance of organizations more than Phd. holders.

(ii) Further research could also be done to establish why organizations were not willing o invest in research and development as well as on staff training and development.

(iii) This research could be replicated in different organizations, and with different stakeholders. Preferably, new studies should be conducted in other sectors to see if the results can be extended.

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Table 1. Descriptive statistics for customer focus

	N	Mean	Std. Deviation
In Our Organization, retaining customers is considered to be a priority	35	4.2571	1.17180
In our organization, customer complaints are considered to be a valuable asset	35	3.7143	1.31890
Our employees are given freedom to take action on new customer enquires	35	2.6000	1.28795
Valid N (listwise)	35	3.5238	

Table 2. Pearsons correlations on internal processes

		In Our Organization, retaining customers is considered to be a priority	In our organization,customer complaints are considered to be a valuable asset	Our employees are given freedom to take action on new customer enquires
In Our Organization, retaining customers is considered to be a priority	Pearson Correlation	1	-.351*	-.125
	Sig. (2-tailed)		.039	.475
	N	35	35	35
In our organization,customer complaints are considered to be a valuable asset	Pearson Correlation	-.351*	1	.589**
	Sig. (2-tailed)	.039		.000
	N	35	35	35
Our employees are given freedom to take action on new customer enquires	Pearson Correlation	-.125	.589**	1
	Sig. (2-tailed)	.475	.000	
	N	35	35	35

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

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

Table 3. Pearson's correlation results on innovation and learning

		We focus on employee e-communication	In our organization,we use technology in our systems	There is research and development in our systems	Our organization uses e-commerce e.g. e-mail,web site,interactive digital tv	Our employees use M-commerce e.g. Mobile phones, or Short Message Service (SMS)
We focus on employee e-communication	Pearson Correlation	1	.431**	.516**	.030	-.190
	Sig. (2-tailed)		.010	.001	.865	.274
	N	35	35	35	35	35
In our organization,we use technology in our systems	Pearson Correlation	.431**	1	.224	.311	-.143
	Sig. (2-tailed)	.010		.197	.069	.412
	N	35	35	35	35	35
There is research and development in our systems	Pearson Correlation	.516**	.224	1	-.113	.392*
	Sig. (2-tailed)	.001	.197		.517	.020
	N	35	35	35	35	35
Our organization uses e-commerce e.g. e-mail,website,interactive digital tv	Pearson Correlation	.030	.311	-.113	1	.163
	Sig. (2-tailed)	.865	.069	.517		.348
	N	35	35	35	35	35
Our employees use M-commerce e.g. Mobile phones, or Short Message Service (SMS)	Pearson Correlation	-.190	-.143	.392*	.163	1
	Sig. (2-tailed)	.274	.412	.020	.348	
	N	35	35	35	35	35

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

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

Table 4. Descriptive statistics on financial perspectives

	N	Mean	Std. Deviation
Increase in net profits	35	4.0571	1.58936
Increase in market share	35	3.9429	.63906
Increase in operating income	35	2.6857	1.18251
Liquidity position	35	2.8571	1.37505
Valid N (listwise)	35	3.3857	

Table 5. Pearson's correlations on organizational culture

		To what extent does the mission and vision statements of your organization influence performance?	To what extent does cultural processes and systems affect performance?	To what extent does culture influence your customer base?	To what extent does culture influence decision making in your organization	To what extent does your organization offer financial motivation?	Does your organization offer non-financial motivation to staff?	What is the extent of turn-over in your organization?	To what extent does your organization train and develop staff
To what extent does the mission and vision statements of your organization influence performance?	Pearson Correlation	1	.057	-.180	-.379*	.519**	.250	-.480**	.123
	Sig. (2-tailed)		.743	.301	.025	.001	.147	.004	.481
	N	35	35	35	35	35	35	35	35
To what extent does cultural processes and systems affect performance?	Pearson Correlation	.057	1	.253	.081	-.253	.152	.313	.237
	Sig. (2-tailed)	.743		.142	.645	.143	.383	.068	.171
	N	35	35	35	35	35	35	35	35
To what extent does culture influence your customer base?	Pearson Correlation	-.180	.253	1	.511**	-.311	-.179	.317	.428*
	Sig. (2-tailed)	.301	.142		.002	.069	.304	.063	.010
	N	35	35	35	35	35	35	35	35
To what extent does culture influence decision making in your organization	Pearson Correlation	-.379*	.081	.511**	1	-.021	.308	.322	-.123
	Sig. (2-tailed)	.025	.645	.002		.906	.072	.059	.483
	N	35	35	35	35	35	35	35	35
To what extent does your organization offer financial motivation?	Pearson Correlation	.519**	-.253	-.311	-.021	1	.515**	-.646**	-.052
	Sig. (2-tailed)	.001	.143	.069	.906		.002	.000	.768
	N	35	35	35	35	35	35	35	35
Does your organization offer non-financial motivation to staff?	Pearson Correlation	.250	.152	-.179	.308	.515**	1	-.272	-.195
	Sig. (2-tailed)	.147	.383	.304	.072	.002		.113	.262
	N	35	35	35	35	35	35	35	35
What is the extent of turn-over in your organization?	Pearson Correlation	-.480**	.313	.317	.322	-.646**	-.272	1	.304
	Sig. (2-tailed)	.004	.068	.063	.059	.000	.113		.076
	N	35	35	35	35	35	35	35	35
To what extent does your organization train and develop staff	Pearson Correlation	.123	.237	.428*	-.123	-.052	-.195	.304	1
	Sig. (2-tailed)	.481	.171	.010	.483	.768	.262	.076	
	N	35	35	35	35	35	35	35	35

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

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

From the table above, the means for each questions ranged from 3.8 to 2.7.

Table 6. Pearsons correlations on leadership style

		To what extent does the type of leader influence training and development in your organization	To what extent does the type of leader influence fringe benefits i your organization?	To what extent does the type of leader influence employee relations in your firm	To what extent does the type of leader influence motivation of employees	To what extent does th type of leader influence the working conditions in your firm
To what extent does the type of leader influence training and development in your organization	Pearson Correlation	1	.566**	.094	-.312	.405*
	Sig. (2-tailed)		.000	.591	.068	.016
	N	35	35	35	35	35
To what extent does the type of leader influence fringe benefits i your organization?	Pearson Correlation	.566**	1	.499**	.050	.269
	Sig. (2-tailed)	.000		.002	.774	.117
	N	35	35	35	35	35
To what extent does the type of leader influence employee relations in your firm	Pearson Correlation	.094	.499**	1	.138	.297
	Sig. (2-tailed)	.591	.002		.431	.083
	N	35	35	35	35	35
To what extent does the type of leader influence motivation of employees	Pearson Correlation	-.312	.050	.138	1	.067
	Sig. (2-tailed)	.068	.774	.431		.704
	N	35	35	35	35	35
To what extent does th type of leader influence the working conditions in your firm	Pearson Correlation	.405*	.269	.297	.067	1
	Sig. (2-tailed)	.016	.117	.083	.704	
	N	35	35	35	35	35

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

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

Table 7. Pearsons correlation on human resource management

Correlations

		Performance	Staff characteristics	Customer focus	Vbm strategies	Vbm methods	Motivation rewards	Strategic plan
Performance	Pearson Correlation	1	.214	.109	-.051	.480**	.325*	-.089
	Sig. (2-tailed)		.095	.101	.694	.000	.010	.496
	N	62	62	62	62	62	62	61
Training	Pearson Correlation	.214	1	-.031	-.200	-.149	.137	-.175
	Sig. (2-tailed)	.095		.805	.102	.225	.272	.163
	N	62	68	68	68	68	66	65
Remuneration	Pearson Correlation	.109	-.031	1	.083	.031	.291*	-.045
	Sig. (2-tailed)	.397	.805		.502	.805	.018	.721
	N	62	68	68	68	68	66	65
Working Conditions	Pearson Correlation	-.051	-.200	.083	1	-.065	-.133	.066
	Sig. (2-tailed)	.694	.102	.502		.600	.286	.601
	N	62	68	68	68	68	66	65
Motivation rewards	Pearson Correlation	.325*	.137	.291*	-.133	.324**	1	.006
	Sig. (2-tailed)	.010	.272	.018	.286	.008		.964
	N	62	66	66	66	66	66	65

Table 8. Descriptive statistics on age

	N	Mean	Std. Deviation
Below 35 years	35	4.3714	1.03144
35-45 years	35	3.8857	.99325
45-50 years	35	3.3429	.80231
50 years and above	35	2.1714	1.04278
Valid N (listwise)	35	3.4429	

Table 9. Descriptive statistics on qualifications

	N	Mean	Std. Deviation
Diploma	35	4.4000	1.19312
Higher Diploma	35	3.1143	1.15737
Degree	35	3.6571	1.05560
Masters	35	2.6286	.97274
PhD	35	1.9143	1.29186
Valid N (listwise)	35	3.1429	

Table 10. Descriptive statistics on past experiences

	N	Mean	Std. Deviation
Accounting	35	3.8000	1.54919
Management	35	3.6286	1.13981
Engineering	35	2.6286	.97274
Others	35	3.0286	1.09774
PHd	35	2.2571	1.61506
Valid N (listwise)	35		

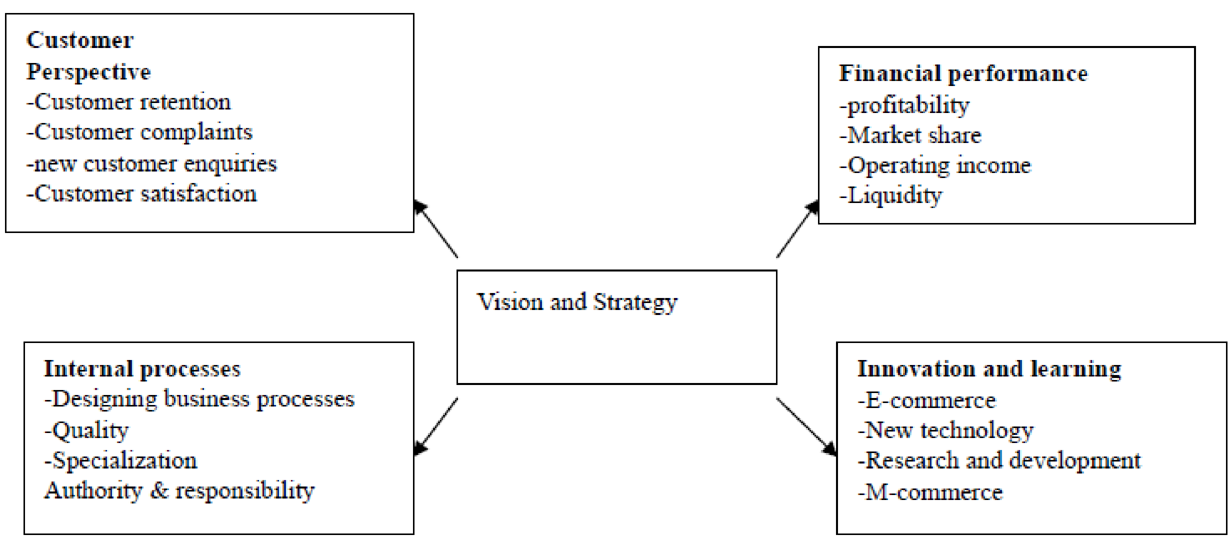

Figure 1. The Balanced scorecard

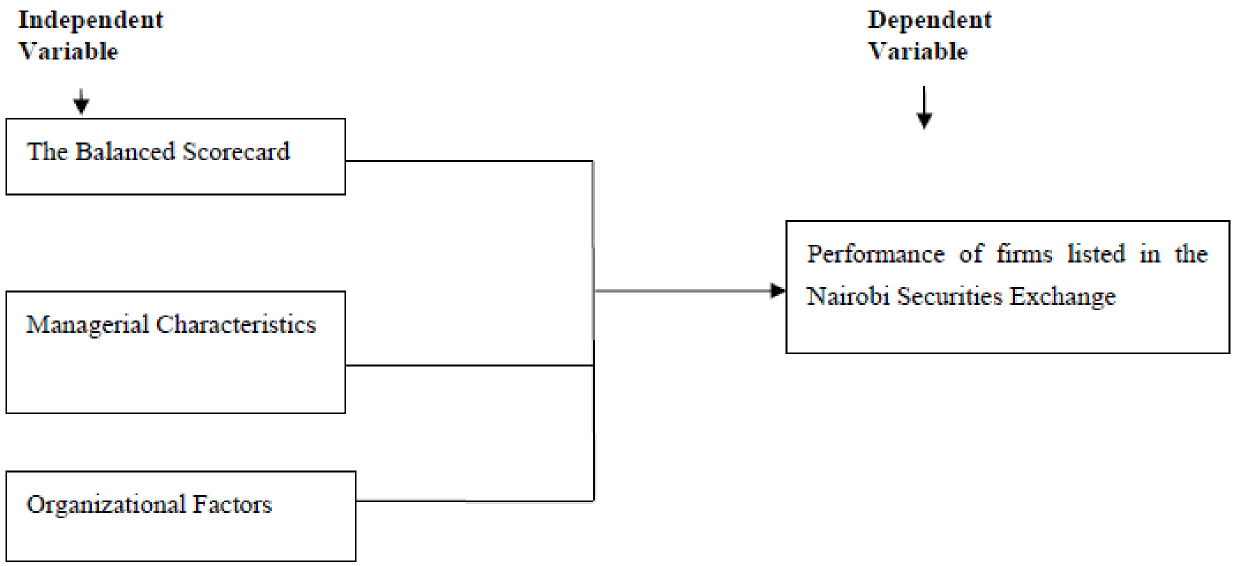

Figure 2. Conceptual framework

Sector	**Commercial and Services**	**Finance and Investment**	**Industrial and Allied**	**Alternative market segment**	**TOTAL**
Number/Size	**12**	**15**	**17**	**8**	**55**

Figure 3. Classification/Sample of companies