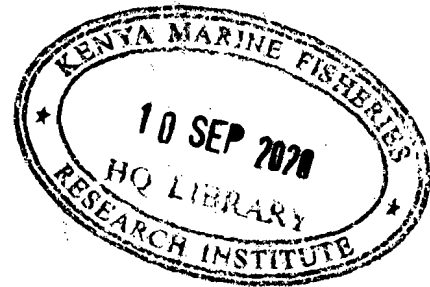


**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE**



**BALANCED SCORECARD (BSC) POLICY**


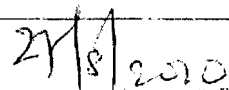
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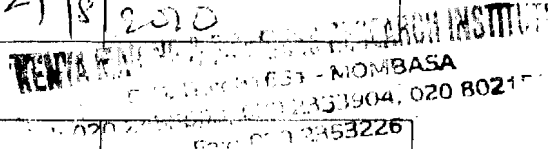




**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE**

**TITLE: BALANCED SCORECARD (BSC) POLICY**

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## **ACRONYMS AND ABBREVIATIONS**

<b>ADs</b>	- Assistant Directors
<b>BSC</b>	-Balanced Scorecard
<b>DD (F&amp;A)</b>	- Deputy Director Finance & Administration
<b>DDs</b>	- Deputy Directors
<b>KMFRI</b>	- Kenya Marine and Fisheries Research Institute
<b>KOPAC</b>	- KMFRI Outstanding Performance Award Committee
<b>ISO Secretariat</b>	- The KMFRI International Organization for Standardization Secretariat

## DEFINITION OF TERMS

No.	Term	Definition
1.	Award/individual /Team	An honor, decoration, Prize to be given to the This has no monetary reward attached.
2.	Balanced Scorecard (BSC)	A conceptual framework for translating KMFRI's strategic objectives into a set of performance measures distributed among four perspectives: Financial, Customer, Internal Processes, and Organizational Capacity.
3.	Nominee	A person proposed as a candidate for an honor or award.
4.	Performance measure	A quantitative or qualitative characterization of performance.
5.	Performance measurement	A process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and the extent to which clients are satisfied) and outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of KMFRI operations in terms of their specific contributions to program objectives.
6.	Performance management	The use of performance measurement information to effect positive change in KMFRI culture, systems and processes, by helping to set agreed-upon performance goals, allocating and prioritizing resources, informing managers to either confirm or change current policy or program directions to meet those goals, and sharing results of performance in pursuing those goals.
7.	Reward	Recognition of service, effort, or achievement.
8.	Sanction	A penalty provided as a means of enforcing compliance.



## **FOREWORD**

The Kenya Marine and Fisheries Research Institute (KMFRI), in line with Government Human Resource policies and Public Service Commission (PSC) Performance Management, 2016 has developed a Balanced Scorecard (BSC). This mainstreams performance measurement and management that is understood by all levels of the Institute and that supports objectives and collection of results. This is to encourage employees whose performance is outstanding individually or through team that contribute to the overall objectives of the Institute. The policy is anchored on the Human Resource Policies and Procedures Manual for the Public Service Performance Management, 2016 and various laws and regulations governing the Institute.

This Policy sets out the process by which staff within the Institute clearly identify what it takes to determine success and make sure that all managers and employees understand what they are responsible for in achieving Institute goals. It also emphasizes that performance evaluations and rewards need to be tied to specific measures of success, by linking rewards and sanctions incentives directly to performance. This is because BSC will be openly and widely developed and shared with Institute's employees.

The heads of directorates are required to familiarize themselves with the provisions of this policy and ensure it is implemented.

Prof. James M. Njiru, PhD

**DIRECTOR/CEO-KMFRI**

## **MANDATE OF THE INSTITUTE**

Kenya Marine and Fisheries Research Institute (KMFRI) is a State Corporation established in 1979 by the Science and Technology Act, Cap 250 of the Laws of Kenya, which has since been repealed by the Science, Technology and Innovation Act No. 28 of 2013 which has recognized KMFRI as a national research institution under section 56, fourth schedule. KMFRI's mandate is to:

- a) Undertake research in marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography,
- b) Cooperate with other other organizations and institutions of higher learning in training programs and on matters of relevant research
- c) Liase with other rearch bodies within and outside Kenya carrying out similar research
- d) Disseminate research findings
- e) Cooperate with a relevant ministry in matters pertaining to research policies and priorities
- f) To do all things as appear to be necessary, desirable or expedient to carry out its functions

The ultimate aim isto provide scientific data and information for sustainable exploitation, management and conservation of Kenya's fisheries and other aquatic resources, and contribute to National strategies for blue economy, food security, poverty alleviation, clean environment and creation of employment as provided for under Vision 2030 and its Third Medium Term Plan (MTP III).

## **VISION, MISSION AND CORE VALUES**

To fulfill the mandate, the Institute has defined its vision, mission and core values as follows:

### **Vision**

A Centre of Excellence in innovative research in marine, fisheries and the Blue Economy for development.

### **Mission**

To generate and disseminate scientific information for sustainable development of the Blue Economy.

## **Core Values**

- i. Integrity
- ii. Transparency and accountability
- iii. Professionalism
- iv. Team work
- v. Equity and equality

## **1.0 INTRODUCTION**

Kenya Marine and Fisheries Research Institute (KMFRI) over the years has evaluated her staff's performance using an annual appraisal system. Further improvements were proposed to improve performance measurement and management through the use of a Balance Scorecard (BSC). The BSC is a management system to convert mission, vision and overall strategy of organizations or systems into a plan that links strategies to measurable targets and actions (The Royal Tropical Institute, 2016). To turn strategic vision into reality is a full-time job for everyone in the organization and by using the BSC, the organization is able to achieve results and enhance its performance.

To be part of the process, employees ought to play a role in defining their targets. Through the BSC, KMFRI employees will develop their targets to enable the Institute monitor both its current performance (customer satisfaction, finance, internal processes and organizational capacity) and its efforts to improve processes, motivate and educate employees, and enhance information systems.. The four perspectives provide a useful framework for assessing how its system is performing, whether it is meeting its objectives and whether it is moving in the direction. This is as envisioned in the Strategic Plan, Performance Contracting targets, Terms and Conditions of Service, Scheme of Service, and Reward, Recognition and Sanction Policy and the Institute guiding principles.

### **1.1 Policy Statement**

This policy is intended to provide guidelines for a common methodology and coordinated framework for performance measurement and management efforts through the development of



BSCs. The BSC is meant to help set agreed-upon performance goals, allocate and prioritize performance and resources, inform employees and managers to monitor and implement the goals or program direction to meet those goals, and report on the success. The initiative will link up with a framework to recognize employees who have demonstrated work commitment and teamwork in achieving set targets that lead to attaining the strategic objectives of KMFRI while demonstrating key competences. The policy forms a basis for motivating employees to have positive attitude to work and enhancing the level of productivity and visibility for the institute.

## **1.2 Rationale for the BSC policy**

The policy seeks to:

- i. translate KMFRI mandate into clear measurable outcomes that define success, and visibility of the Institute;
- ii. entrench BSC as a tool for assessing, managing, and improving the overall performance measurement and management of the Institute;
- iii. enhance participatory e forward-looking strategic partnership involving management and staff;
- iv. include measures of quality, cost, speed, customer service, and employee alignment towards predictive performance management system;
- v. be linked with Reward, Recognition and Sanction Policy to encourage/motivate KMFRI staff; and
- vi. foster high performance culture covering individuals and work teams and to create "role models" for others to emulate and surpass.

## **1.3 Scope**

The policy covers all KMFRI staff and will include both individual and work groups/teams.

## **1.4 Main objective**

The main objective of the Policy is to provide a common methodology and coordinated framework for KMFRI performance measurement efforts; a common "language" for Institute management; a common basis for understanding measurement results; and an integrated performance appraisal of the Institute.

### **1.4.1 The specific objectives:**

- i. Integrate the BSC into the Institute as a tool for performance measurement and management;
- ii. Link BSC to Rewards, Recognition and Sanction Policy;
- iii. Make realistic and measurable targets within the set timelines and within the institute Vision, Mission and Mandate;
- iv. Motivate KMFRI staff for improved productivity and provide clear need for improvement;

- v. Change the "corporate culture" and view performance improvement not as a one-time event but as a continual process; and
- vi. Institutionalize the BSC process.



## **1.5 Implementing the Balanced Scorecard (BSC)**

### **a. Making commitment at all levels**

Strong leadership is paramount in creating a positive organizational climate for nurturing performance improvements. Management leadership is vital throughout the performance measurement and improvement process of BSC for KMFRI. Management should realistically foster cross-functional, mission-oriented performance improvements through the BSC.

Management will have frequent formal and informal meetings with employees to show support for improvement efforts and implementation initiatives of the BSC. The Deputy Directors (DDs) and Assistant Directors (ADs) will be responsible for the BSC quality control; whereas the ISO Secretariat will monitor and validate the results of the BSC exercise.

The analysis will be done quarterly (for employees to note areas of improvement before the financial year ends), but the overall/final analysis and evaluation will be undertaken annually.

More weight will be put on customer satisfaction and internal processes. The ISO Secretariat, DDs and ADs will share the "Weighted Average" formula agreed upon for use in the analyses to all levels through targeted meetings that will be coordinated. The ISO Secretariat, DDs and ADs will frequently review progress and the results for improvement.

### **b. Development of goals and targets in the Balanced Scorecard (BSC)**

Goals and targets will be specified and disseminated to all staff to provide focus and direction to the Institute. The development of targets will be a participatory exercise, supervised by the KMFRI Management team and the ISO Secretariat.

The KMFRI Strategic Plan, Performance Contracting targets, Terms and Conditions of Service, Scheme of Service, and Reward, Recognition and Sanctions Policy, and the Institute guiding principles will be used in determining and assigning targets in the departmental BSC. The BSC will also include measurable objectives along with realistic timelines for their achievement.

**c. Offering training in BSC improvement techniques**

The best performance principles and standards will be benchmarked upon to improve the BSC targets of the Institute. Training and sensitization will be provided to appropriate personnel at all levels to ensure proper management and implementation of the BSC process. The scope of training should include the operation of integrated project improvement teams, the role employees play in exercising sound judgement, and the specific techniques for making process improvements.

**d. Linkage of Balanced Scorecard (BSC) to the Reward, Recognition and Sanctions Policy**

KMFRI will tie the Reward, Recognition and Sanctions system to performance improvement as measured by the BSC. Thus, this policy as in the Reward, Recognition and Sanctions Policy, , requires the nominees for rewards to exhibit performance that fulfils the defined criteria.

At the same time, award categories herein will be similar to those in the Reward, Recognition and Sanctions Policy as follows:

- i. Departmental Staff Award of Excellence: The award is to recognize an individual /team who have excelled in the BSC and will be deemed to have excelled in their contributions towards achievement of KMFRI goals and objectives and will be done on annual basis.
- ii. Creativity and Innovation Award: The award is to recognize staff who have demonstrated creativity or progressive ideas in the BSC analyses.

iii. Leadership Award: The award is to recognize staff who have displayed exemplary leadership, have met significant goals or have served tirelessly to meet the organization's initiatives/objectives based on the BSC results.

iv. Employee of the year Award: The award is to recognize a member staff who have demonstrated excellence in all the categories in the BSC analysis. To qualify for the annual nominations, one must have attained the highest average score overall in the BSC.

An employee or team that attains excellent performance in the BSC may be considered for any of the following rewards:

- i. Promotions;
- ii. Incremental credits;
- iii. Bonus Payments;
- iv. Christmas Vouchers;
- v. Certificate of Commendation/Recognition;
- vi. Roll of Honour;
- vii. Paid Vacations;
- viii. Contract Renewal; and
- ix. Special retreat with top management.

The BSC results will provide the output towards achieving sanctions under this framework that is purely for poor performance. However, the policy herein recognizes that poor performance may sometimes be attributed to exogenous factors; a situation under which an employee will be given an additional timeframe of not exceeding one year to show improvement in the BSC performance. In addition, disciplinary related sanctions will be administered according to the laid down disciplinary procedures.

The BSC performance will further be linked to the Reward, recognition and Sanction Policy's sanctions that include the rating scale as follows:

Description	Grade	Score	Reward/Sanction
All performance Targets Consistently exceeded	Excellent	125 and Above	Promotion for "Excellent" performance and Roll of honour. This will also be given to the overall best performer in the BSC who may not score excellent.
All performance Targets Consistently fully met	Very Good	100-124%	Incremental Credits and Certificate of Commendation
Some performance Targets Consistently met	Good	75-99%	Certificate of Commendation and Placement on performance improvement plan to attain higher performance
Some performance Targets Averagely met	Satisfactory	50 - 74%	1st year - place on performance improvement plan 2nd year - warning letter 3rd year - final warning letter 4th year - separation
Performance Targets not met	Poor	0 - 49%	1st year - warning letter 2nd year - final warning letter 3rd year - separation

**Grading Notes:**

- The Excellent rating takes care of outstanding performance for officers who go beyond the ordinary performance and have shown own initiatives,
- The Very good rating shall apply to staff whose performance meets all the targets and assignment, and demonstrated evidence,
- The Good performance rating shall to officers who strives to meet targets but fall short of expectation,

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- Satisfactory rating shall apply to staff who is guided to perform under supervision and show no initiatives to achieve,
- The Poor rating shall apply to officers whose performance falls below standards.

The BSC performance rewards and recognition will resemble the Reward, Recognition and Sanctions Policy and will be administered at two levels:

**i. KMFRI Centres and Stations level**

Staff who qualify under this category in the BSC performance will be awarded certificates signed by the Director and any other award as may be determined at this level.

**ii Overall KMFRI level**

Staff who qualify under this category in the BSC performance will be awarded certificates signed by the Chairman of the Board of Management and rewarded may be determined at this level.

In the nomination process, the BSC will be aligned to the Reward, Recognition and Sanctions Policy guidelines on nomination of candidates.



### 1.6 Implementation Plan

To make the BSC policy operational, following implementation plan will be followed that incorporates key activities, milestones and resources.

Activity	Responsibility	Date
Approval of BSC Policy	Board of Management	21 <sup>st</sup> August 2019
Communicate BSC Policy	Director/CEO	
Allocate and communicate roles and responsibility	Director/CEO	By 30 <sup>th</sup> September 2019
Review Status and report progress	ISO Secretariat	Quarterly & Annually
Perform follow up assessment of implementation issues, implement remedial actions	DDS, AD, and ISO Secretariat	Quarterly & Annually
Review Reward, Recognition and Sanctions based on BSC results	Management and Board of Management	Annually

### 2.0 ACCOUNTABILITY

The Director as the Accounting Officer of the Institute shall be directly responsible for the effective implementation of this BSC policy.

### 3.0 BREACH OF BALANCE SCORECARD POLICY

An employee found to have breached this policy shall be subjected to the relevant procedure under KMFRI terms and conditions.

### 3.1 RIGHT OF APPEAL

An employee shall have a right of appeal against unsatisfactory BSC results through the office of the Director. In this case, the Human Resource Manual and specifically the Terms and Conditions will apply when there is a breach.

### 4.0 FUNDING

The Institute shall fund the implementation of this policy.

### 5.0 POLICY REVIEW

This policy shall be reviewed after every three (3) years or as may be necessary.

Version	Date	Description	Approved By
1.0	17/03/2019	Initial Policy Drafted	