

THE EFFECTS OF BALANCED SCORECARD IMPLEMENTATION: THE CASE OF A MALAYSIAN SERVICE ORGANIZATION FROM INTERNAL BUSINESS PROCESSES PERSPECTIVE

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ABSTRACT

The objective of this research was to investigate the impact of the employees' attitude derived from the usage of Balanced Scorecard (BSC) Internal Business Processes perspective in MGSB Service Organization. Other objectives include recommendations to improve existing performance management system (PMS) practices and to identify issues and challenges in its implementation which merits further research. A total of 1000 respondents were surveyed and the data was analysed using Pearson Correlation Analysis and Regression Analysis. Analysis of results indicated that there was a positive relationship between the Organizational Culture and Employee Attitude in MGSB. The implication of this research would benefit the organization in terms of employees' effectiveness and the pervasiveness of the performance metric implementation.

Keywords: *Organizational performance, employee attitude, performance management system, balanced-score card*

INTRODUCTION

The implementation of Government Transformation Program in Malaysian Government Statutory Bodies (MGSB) requires them to have good governance, and effective leadership. They should develop knowledge resources, integrate social responsibility into strategy, hire knowledge workers, emphasize good corporate culture and establish knowledge based professional management structures (Tan, 2008). It was therefore, necessary for the government to introduce reform measures or new performance management system to improve the public sector's practices especially in MGSB. A notable development was the usage of Balanced Scorecard (BSC) in the Government Transformation Programme (GTP). The Performance Management System (PMS) has been found critical to act as a tool to produce accurate and fast results in order to enhance the decision making processes by the organisation worldwide (Otley, 1999). The increasing attention emerged among scholars during the last decade on the performance management system for reducing the problem in the agency.

Initiatives and concerted efforts have been performed to identify the right employee attitude that could drive the management objectives, goals and mission and correlate positively with the level of performance of the firm (Misener et al., 1996; Moorhead & Griffin, 1992; Aldag & Kuzuhara, 2002).

Furthermore, empirical evidence from previous studies has found that self-descriptions play a vital role in determining the impact of accountability and managerial behaviour in Malaysia (Trezzini, 2001). MGSB, the studied agency in this research, has been reckoned as the biggest statutory body in Malaysia with branches worldwide. MGSB's main objective is to aid the Indigenous people or the Malay in the area of education and business and therefore, make a major impact to the Malaysian economy (Salleh Osman-Rani, 1990).

Objectives of the Study

Based on the research questions and hypothesis, this research has two objectives:

- i) To identify the effects of implementing Performance Management System on employees' attitude in pursuit for better performance; and
- ii) To investigate the impact of the BSC Internal Business Processes perspective towards the employees' attitude in the development of effective performance management system.

Research Questions and Hypotheses

The following research questions and hypotheses have been framed for the current research:

Research Area 1: Does the Internal Business Processes perspective of the Balanced Scorecard (BSC) affect the employees' attitude in MGSB?

H₁: There is evidence of a positive significant relationship between the BSC Internal Business Processes Perspective and the Employees' Attitude in MGSB.

The Rationale for the Research

- Firstly, the main contribution of the research was the outcome of the implementation of PMS towards the employees' attitude in MGSB, within the existence of an organisational culture. The role of employee attitude has been found to be critical in determining the success of an organisation's performance. Previous research has been silent on the effect of PMS towards the attitude of employees. Thus, this research has focussed on and measured the work attitude that has been a great influence in the effectiveness of the job performance. This research is in line with the statement made by Moorhead and Griffin (1992), which suggested that employee attitude, plays a vital role in determining organisational performance in the long run - because it could

lead to the desired employee behaviour required to achieve the mission and objective of a firm.

- Secondly, this research has also contributed to relevant knowledge by investigating the Government Transformation Programme (GTP), which was launched in 2009. One of the missions of GTP was to improve the level of service in the government statutory body - such as MGSB. BSC, a factor of the performance management system (PMS), was expected to increase the level of productivity and service quality in MGSB. However, the result showed that the performance management system was not the sole factor to increase the level of performance of an organisation. The attitude and behaviour of the workers was found to be the determinant factor in achieving the desired results. This statement was supported by previous research made by Kennedy in 2002, which found that lack of participation and low morale occurred due to the hierarchical structure and culture in the Malaysian public sector.
- Thirdly, according to Allameh, Shahriari and Mansoori (2012), scholars around the globe have shown great interest in understanding the antecedents of workplace motivation and the causes of engaged behaviour, which led to spontaneous actions that improved productivity and performance of firms. Mayfield and Taber (2010) suggested that management should be involved in creating a favourable climate or culture in an organisation, stimulating organizational improvement, and then self-training for additional organisational responsibility, were crucial in improving the performance of an organisation. Furthermore, Taipale *et al.* (2011) and Cole *et al.* (2011) suggested that employee attitudes such as company dedication signalled that an individual found the work inspiring and therefore experienced a sense of enthusiasm, significance, pride and challenge in completing tasks. Thus, this research assumes that what directly influences spontaneous and innovative behaviour are elements in employee attitude, such as job satisfaction and organisational commitment, which have not been analysed in previous research – despite the effect being significant.

Definitions of Key Terms

This Section provides the working definitions that have been sourced or developed for this research.

Malaysian Government Statutory Bodies (MGSB)

Malaysian Government Statutory Bodies are formed by an Act of Parliament as a separate body from the central government. They are formed to achieve specific objectives of government and to work within well-defined structures, where the policy, budget, specific targets and results are established by the Malaysian Government (Othman, 2005).

Balanced Scorecard (BSC)

Balanced Scorecard (BSC) is ‘the articulation of the links between leading inputs (human and physical), processes, and lagging outcomes and focuses on the

importance of managing these components to achieve the organisation's strategic priorities'(Abernethy et al., 2005, p. 136)

Key Performance Indicators (KPI)

Key Performance Indicators are 'a set of measures focusing on those aspects of the organisational performance that are the most critical for the current and future success of the organisation' (Parmenter, 2007, p.2).

Performance Management (PM)

Performance Management is 'the process that unites goal setting, performance appraisal and development into a single common system' (Dessler 2008, p. 289)

Performance Management System (PMS)

PMS has been defined as 'an integrated set of planning and review procedures which cascade down through the organisation to provide a link between each individual and the overall strategy of the organisation' (Smith & Goddard 2002, p. 248).

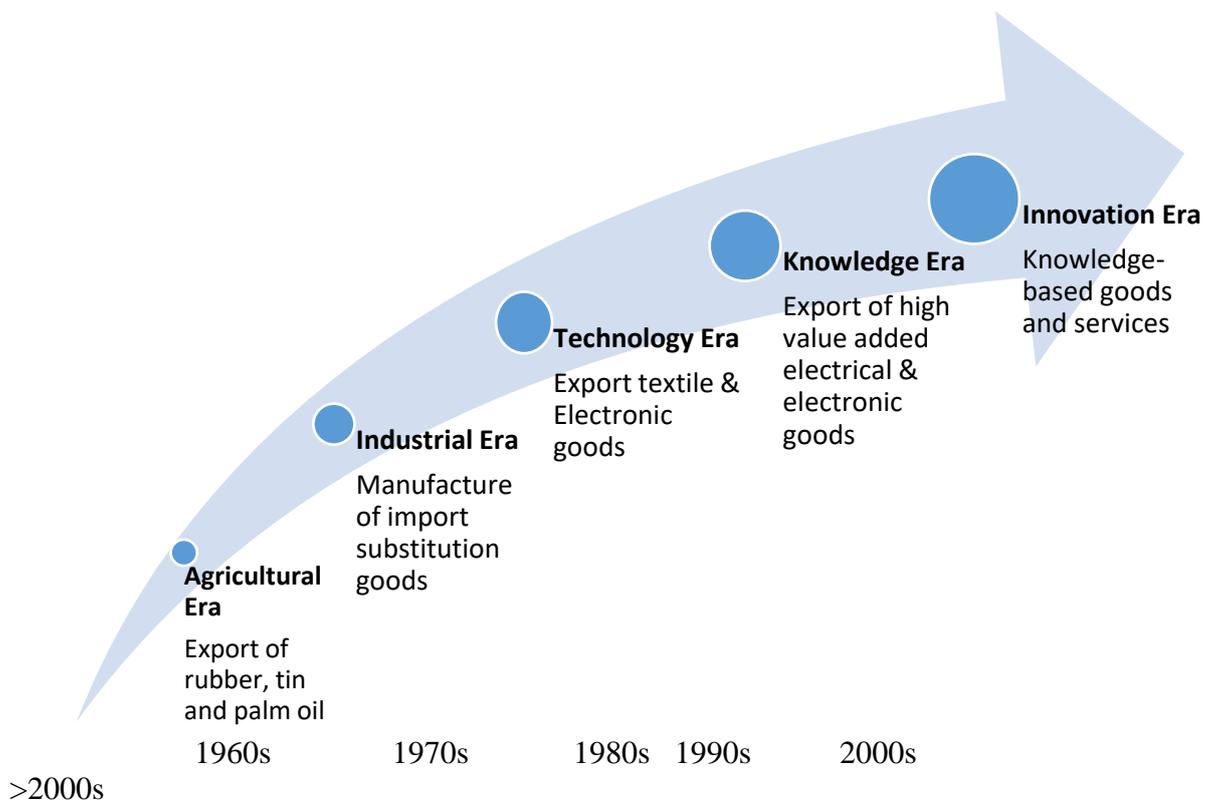


Figure 1
Economic Transformations (Source: Economic Planning Unit (EPU), 2009)

LITERATURE REVIEW

The Malaysian economy is in the innovation era which comprises of knowledge-based goods and services. The paradigm shift has made an impact on the economy and has resulted as the fastest growing sector, in the service sector which grew by 4.6% in 2015 (Ministry of Finance, 2016).

The Developmental Setting for the Malaysian Public Sector

Malaysia gained its independence in 1957 from England. Its population is made up of a pluralistic society divided by 3 main races, income levels and occupational classifications. The influence of the custodial nature inherited from the British has been found to be undeniable and it has continued until the 1960s (Joon-Chien, 1981; Sanusi, 1997; Abdul Karim, 1995). Goh (2009) stated that an estimated 4.5 million or two thirds of the population were living below the poverty line in 1957 with the large majority of them being Malays or well known as Bumiputeras. The Malays, relying on subsistence farming, were concentrated in the less developed states of Pahang, Kedah, Perlis, Kelantan and Terengganu.

Performance Management

The traditional management control systems have been obsolete because of the inability to provide the relevant information for decision-making (Johnson & Kaplan, 1987). Hence, a new performance management system which could be relevant, timely and able to produce the necessary information has been found to be critical in this information era (Otley, 1999). However, Otley (1999) proposed that there are two major roles for the PM as follows:

- Firstly, Performance Management (PM) must ensure that the employees usually follow the policies and procedures at all times in order to protect the interests of the organisation all the time.
- Secondly, the new PM must have the ability to motivate the employees to act in accordance with the organisational goal.

Furthermore, some scholars have claimed that performance management has been found to involve some processes of quantifying action that should lead to performance (Neely, Gregory & Platts, 1995). The limitation of the top down approach was discovered and suggested that the PM should include conscious reflection of the strategy, objective and the organisational culture (Smith & Goddard, 2002). However, Bitticci *et al.* (1997) have commented that the PM should provide an insight on the review and planning procedures that have been linked to the overall objectives and mission of the organisation with the individuals. Performance management has constituted a process of linking corporate strategies and objectives with the desired performance required by an organisation (Nani, Dixon & Vollman, 1992). Furthermore, efficiency would measure the utilization of resources by the agency while effectiveness measures the customer's requirement and needs which needed to be fulfilled by the organisation (Neely, 1999).

'Most governments around the world have adopted some sort of performance management in the light of the weakening economy and the rise of public voices towards transparent and accountable government' (Niven, 2002, p.143).

Therefore, most governments in the world have been trying to improve the level of service to the community and the attitude of their employees. The adoption of certain performance appraisals to improve performance of the service in the public organisation has been given top priority. Performance indicators or the Performance Management System (PMS) has been found to be the means of displaying accountability within the public sector. Niven (2002) proposed that the PMS has been an incentive for the government to take stock of how well services have been provided. Davies (2006) proposed that the creation of benchmarks for year-to-year improvement has contributed to better service provisions as they are a way of informing the public, via published performance indicators, on how government funds have been spent. This, however, has required reforms in supervision and management, reliable and timely information, and adequate skills to supervise political will (Shirley & Walsh, 2000). Nevertheless, the techniques in the PMS might be applied to one setting but might be difficult to implement in another setting (Hofstede, 1993). For instance, the 360 degrees performance review that has sought feedback on one's performance may be viewed appropriate and desirable in the United States of America but such behaviour could not be applied in a collectivist culture such as China (Bailey, Chen & Dou, 1997). In conclusion, the application of the PMS might vary from one setting or culture to another.

The Balance Scorecard

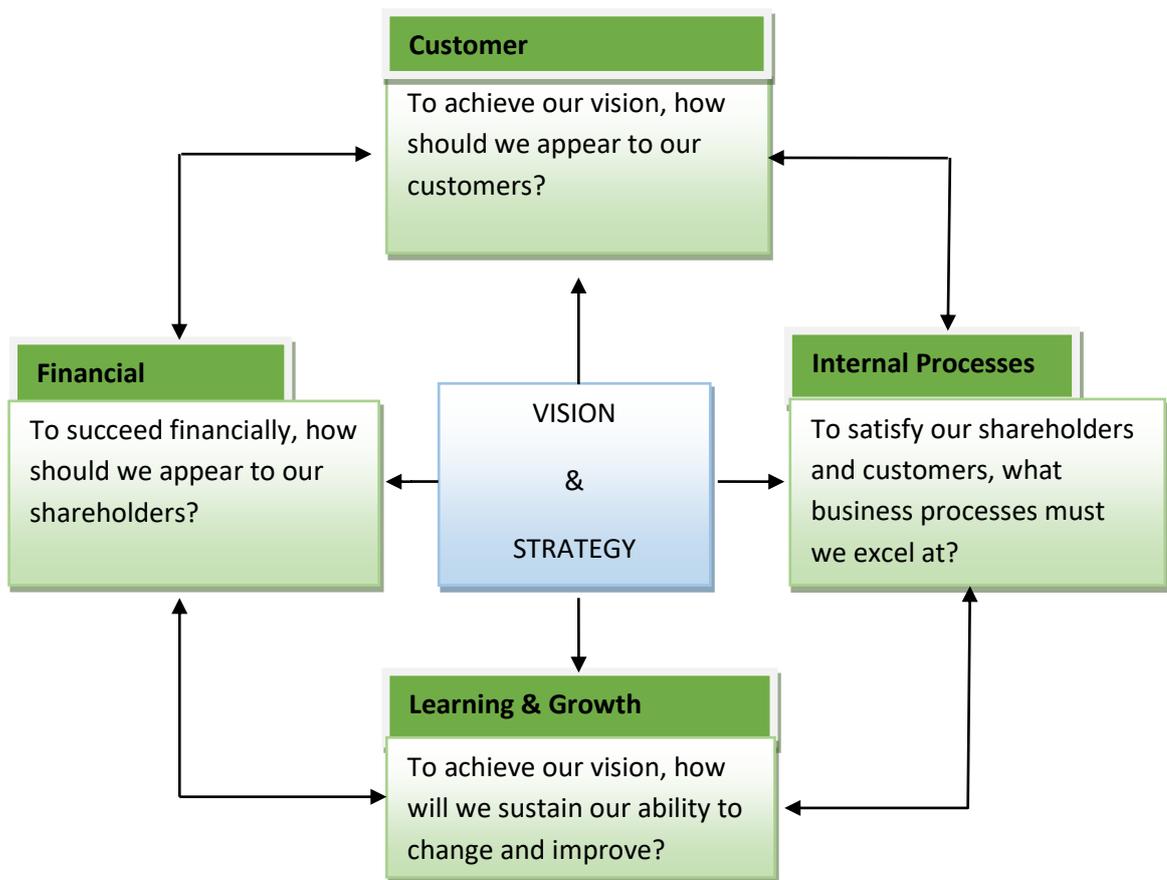


Figure 2

The balance scorecard (Source: Adapted from Kaplan and Norton, 1996, p. 76)

BSC as a Strategic Management System

Strategy and vision are situated at the core of Balanced Scorecard. The necessary action or behaviour must be taken by the employees in order to achieve the agreed goals. Kaplan and Norton (1996) have highlighted four important processes in linking BSC with the strategy as follows:

1. Overcoming the vision barriers through the translation of strategy
2. Cascading the Balanced Scorecard to overcome the employee`s barriers
3. Strategic resource allocation to overcome the resource barriers
4. Strategic learning to overcome the management barriers

1. *Overcoming the vision barriers through translation of strategy*

The usage of BSC in this research is to provide guidance to the organisation on the overall strategy that has translated nebulous declarations into measurable achievement. The mission, vision and core values of the organisation would only be established if the organisation took a necessary action or behave accordingly and thus, BSC acts as a tool to transform vision based on the management`s strategy.

2. *Cascading the scorecard to overcome the people`s barriers*

Norton (2002) stated that 95 percent of the workforce did not understand the organisation`s strategy. BSC elaborates on the mission and the strategy by providing “line of sight” from the director`s office to the front line (Azhar, R., 2009). Thus, employees would be able to know specific functions and contributions to the overall outcome of the organisations. Hence, the employees could agree to emphasize on the performance drivers that could lead to the desired outcomes by the management.

3. *Strategic resource allocation to overcome the resource barriers*

The resources and processes are the two critical elements that BSC could assist in ensuring the success of managing the organisation (Kaplan & Norton, 2002). The missed opportunity on recruitment and the inability of the firm to realize the processes would affect the final outcome.

4. *Strategic Learning to overcome barriers*

This research will identify the processes carried out in the course of implementing the performance management system by MGSB. The lack of information had caused the obtained knowledge to be short term in nature and obsolete. Hence, it is critical to gain the accurate information combined by the vision, resources and people`s barriers in the organisation.

BSC`s Internal Business Processes Perspective

Performance Monitoring and Review

The effect of the successful adoption of the PMS towards the employee attitude in this research has to be evaluated through the performance monitoring and reviewing processes. Harris (1994) commented that one of the reasons why employees might perform poorly in the appraisal was that they did not realize that what they were doing

constituted a problem. In other words, the performance of the employees was not at par or in line with the expectation of the management.

The performance monitoring and review performed by the management must take into consideration the fact that the workers must know what is expected from them before the process can start (Harris, 1994). Hence, the usage of the PMS in MGSB has been gaining emphasis in line with the global push towards PMS as a mean for accelerating growth and attaining organisational focus and discipline.

The role of work-related attitude should be given special attention to enhance the discipline of the workers. Furthermore, it has been found to be a necessity especially for larger organisations such as MGSB which may have outgrown more informal means of managing goals and resource allocation. Nevertheless, the challenge of the PMS has been in the implementation (Khan, A., 2009).

However, performance management has often been misunderstood by the management, and human resources personnel have been unable to reap the benefits from the PMS (Steers & Black 1994; Coutts & Schneider, 2004). The issue of accuracy in the performance appraisal is sensitive because it could determine one's career and the organisation's performance and thus, special attention has to be given to it in order to understand the whole process of the PMS (Longenecker, Gioia & Sims, 1987).

The success of the government's projects and programmes in Malaysia depend heavily on performance monitoring and the evaluation method including the employee attitude (Tan Sri, 2008). The implementing agencies should focus on the impact such as the attitude and behaviour, and not on the processes (Banks & Murphy, 1985). Hence, the establishment of a High Performance Monitoring Unit in MGSB should allow for quick intervention and remedial action to be taken MGSB to promote the validity and reliability of the PMS as well as to improve employee attitude (EA). The monitoring Unit would allow for increased participation in decision-making but must first review the current situation in the agency before implementing the new PMS (Khan, A., 2009).

Yusuf (2003, p.23) states that 'performance review will enable the managers to determine employees' need for counselling, training and development, identify promotion and also as a tool for improving communication between members in the organisation'. Moreover, Khan (2009) stated that a steering committee which should consist of the top and senior management members should be responsible for providing direction, support and resources to the organisation. Thus the role of a leader or top management has been found to be critical in implementation of the PMS.

The implementation of the Performance Management System (PMS) in the government sector has created a sense of dissatisfaction among government servants primarily because the yardstick for the KPI has not been well documented and agreed upon by the government servants. Armstrong (2006) has further argued that performance monitoring was forward looking because it focused on planning for the future rather than concentrating on the past. Hence, development plans, forecast of potential and career plans should be evaluated thoroughly in order to achieve the desired goals. However, the justification on the measurement used must be given by the management to the employees in order to enhance the level of awareness on the new system.

Policies and Procedures

One of the major challenges in adopting the PMS has been the policies and procedures factor. The equity and fairness of the matrix system should be evaluated in order to ensure that the positive impact would emerge from the whole PMS process. This would be due to the fact that in order for the workers to be effective, they must behave fairly and make sure that others have been convinced of their fairness (Greenberg, 1987).

Pulakos (2009) proposed that the procedural and performance management processes might be challenged because of the usage of the legal requirement in the PMS especially in terms of promotion, reductions in force, pay and bonuses. Furthermore, the process of incorporating goals into the performance appraisal has a positive effect on the credibility and acceptability of the entire PMS. The organisation characteristics and individual differences have been filtered and combined (Lawler, 1976).

However, the fairness and capabilities of the new PMS such as the BSC is questionable. This is because in order to enhance the performance, the equity and welfare of the employees should not be neglected. Empirical studies have shown that equity refers to fairness in pay decisions for employees that hold the same job (Gomez-Meija, Balkin & Candy, 1995). Thus, the fairness in the BSC would be determined by the efficiency of the appraisal system in appraising whose subordinates on the same basis, factors and method.

In 1987, Greenberg in his research found that managers were responsible for ensuring justice in the workplace. Thus, these managers were expected to be fair in making decisions related to human resource activities such as selection, promotion, compensations and training opportunities. In order for them to be effective, they must behave fairly to ensure that their subordinates are convinced of their fairness.

William, R.S. (2002) stated that through policies and procedures, a firm would affect the welfare and rights of the employees. Moreover, organisational conducts should merely be based on the clear policies and procedures. Thus, it is critical for organisation such as MGSB to establish clear guidelines and procedures that would lead to the success of the PMS implementation. Those policies and procedures could structure an organisation's basic relationship with its employees and could lead to the positive communication between the managers and their subordinates.

Members in the organisation worldwide would want distributive justice because they believe that the organisation would treat them fairly and thus would promote self-esteem and become the source of motivation (Kuzuhara, 2002). However, the effectiveness of the employees in performing the task has been the main concern (Pulakos 2009).

- The Internal Processes perspective in BSC postulates that firstly, the communication between managers and subordinates must be on good terms, and link the company strategy with the department and individual objectives. Therefore, the overall strategy of a firm would be clearly understood by all levels (Kaplan & Norton, 1996). Secondly, performance monitoring and reviews of the BSC Internal process revealed the need for training and development, and was a tool in improving communication in the agency

(Yusuf, 2003). Thirdly, the strategic feedback system of the Internal Processes in BSC has provided an opportunity to test, review or modify the business strategy of a firm (Kaplan & Norton, 2001). Thus, BSC Internal Processes would resolve the problems in implementing PMS in MGSB. Hence the third hypothesis, which stated there is a significant positive relationship between BSC Internal Processes and Employee Attitude was relevant, valid and integrated into this research.

- The BSC Internal Processes perspective shows the importance in developing the correct procedures. This was necessary because the new PMS has often been misunderstood by employees, management and human resource personnel (Steers & Black, 1994; Coutt & Schneider, 2004). Thus, this research uses this perspective to evaluate the level of acceptance, through performance monitoring and reviewing steps in BSC Internal Processes. This perspective gave better insight into company affairs because BSC was based on the strategy and business planning of a firm. It provided information related to work attitude and its influence in running and governing a business (Burns & Balvinsdottir, 2005).

Hypothesis 1: There is evidence of a positive significant relationship between the BSC Internal Process and the Employees' Attitude in MGSB.

RESEARCH METHODOLOGY

Research Design

A research design specifies a blueprint or framework for the research. The research design also specifies the research methods chosen, defines the sampling method, sample size, measurement and data analysis process (Emory & Cooper, 1991). Research design must be suited with the purpose of the research (Cavana et al., 2001; Neuman, 2006). Thus, hypothesis testing, exploratory, descriptive are some of research designs that have been used in social science research (Neuman, 2006). The type of investigation, time horizon, researcher interference and unit of analysis could be the elements in research design depending on the purpose of the research. Sekaran (2001) stated that critical choices, point to each component of the research design. However, research design has to be critical when organizing research activities, including the collection of data in order to achieve the research objectives (Easterby-Smith, Lowe & Thorpe, 1991).

A research is conducted as a quantitative research due to the application of a more quantitative design for well-known subjects (Ward, Pearson & Entrekin, 2002). Furthermore the research was conducted in a natural environment of the organisation, thus, the interference could be minimized by the researcher. Moreover, this research is concerned with the statistical significance and effect size for an overall model, hence, the correlation and regression analyses were appropriate to be implemented.

Nevertheless, according to Sekaran (2001) and Warner (2008), the low response rate could be one of the stumbling blocks in quantitative research. Quantitative research has provided several advantages including enhancing validity and reliability of the observation. It is only applied when standardized measurement and sampling

procedures are being used in the research. Thus, according to Ticehurst and Veal (2000), it allows data generalization to represent a large population and the research costs could be lower.

Key Variables of this research

(1) The Independent Variables: The four perspectives of the Balanced Scorecard (BSC) of this research includes the Customer perspective, the Financial perspective, the Internal Process perspective and the Learning and Growth perspective are the independent variables of this research and these perspectives are based on Kaplan and Norton (2001).

(2) The Dependent Variable: The employee attitude (EA), the dependent variable in this research, focused on the relative strength of the organisational commitment and job satisfaction. These two dependent variables were found to be related to the levels of organisational culture. Job satisfaction was evaluated the by using Job Descriptive Index (JDI) based on Smith, Kendall and Hulin (1969) and the Organisational Commitment was based on Allan and Meyer's (1991) organisational commitment analysis.

Unit of Analysis

The unit of analysis was the MGSB employees nationwide and they were the respondents in this research. MGSB has 13 offices nationwide which represent 13 states in Malaysia i.e. one MGSB office in each state. However, the major bulk of the employees were in the headquarters situated in the capital city of Malaysia, Kuala Lumpur. There were approximately ten thousand MGSB employees in Malaysia and this research does not include overseas branches such as in Washington, London and Egypt at the time of this research.

Sample Size

The extent of confidence and precision desired could determine the sample size (Sekaran, 2001). The cost of error, the cost of sampling and the chances of producing the error would be balanced through the sample size (Lapin, 1990). Thus, the precision could be increased when the sample used has become larger and the error would be smaller (Cohen, 1988). Moreover, Ary, Jacob and Razavich (1990) mentioned that the representativeness of the population should be more likely accommodated by having a large sample.

Thus, all factors must be taken into consideration before determining the sample size due to the variables of interest in the theoretical framework (Sekaran 2001). In this research, 1000 respondents from MGSB were surveyed as they met and satisfied the guidelines as proposed by Roscoe (1975) in determining the suitable sample size for a scientific research.

RESULT OF THE RESEARCH

Table 1
Cronbach's alpha analysis (Reliability Test)

Questions Category	Cronbach's Alpha	No of Items
Financial Perspective	0.702	4
Customer Perspective	0.701	5
Internal Business Process Perspective	0.712	4
Innovation and Learning Perspective	0.701	5
Organisational Culture	0.717	19
Employee Attitude	0.704	32

Source: analysis of data survey

Testing the reliability of the questions that used Likert's Scale showed that data from this research was reliable with Cronbach's alpha value of at least 0.70 as shown in Table 1. Sekaran (2003) states that the closer the alpha value to 1 means the data is more reliable. In general, reliabilities less than 0.60 are considered to be poor or not good, those in the 0.70 are acceptable, and those over 0.80 are considered good. Therefore we can conclude that the data collected in this research was reliable and acceptable. The Cronbach's alpha for the 4 items in BSC Internal Processes perspective components was .712 in this research (refer Table 2). According to Hair et al. (1998, p.118), 'the generally agreed upon limit for Cronbach's Alpha is .70 although it may decrease to .60 in exploratory research'. Thus, all components in BSC Internal Processes perspective have been found reliable in this research.

Table 2
Descriptive Data Analysis (Reliability Test: Mean and Standard Deviation)

Perspectives	Mean	Standard Deviation
Financial Perspective	2.57	1.00
Customer Perspective	2.32	1.01
Internal Business Process Perspective	3.22	1.15
Innovation and Learning Perspective	2.16	1.00

Source: analysis of data survey

Table 2 shows the average score for Performance Management System (BSC) given by the 400 respondents based on the Likert Scale of 1 (strongly agree) to 5 (strongly disagree). It shows that the average score for financial perspective is 2.57 (± 1.00), customer perspective is 2.32 (± 1.01), internal business process perspective is 3.22 (± 1.15) and, innovation and learning perspective is 2.16 (± 1.00).

Table 3
Summary of Result of Pearson Correlation Analyses for This Research

Variables	R Value	R-Square	F-Statistic	Std Error Estimate	P-value	Conclusion
BSC Internal Processes	0.25	0.06	25.44	0.33	<0.001	Significant at p<0.001

Source: analysis of data survey

Table 4
Pearson Correlation Analysis 1

Perspectives	Pearson's R	R ²	F-statistic	p-value
BSC Internal Processes Perspective	0.24	0.06	25.44	<0.001

Source: analysis of data survey

Referring to table 4, the PCA evaluated the BSC Internal Processes perspective and found it significant with a p value <0.001 and with Pearson's R value 0.24. Thus, the BSC Internal Processes perspective was a significant predictor of EA because R value was 0.24 and R square was 0.06, with a 'p' value less than 0.001. Each component of the BSC Internal Processes perspective had a significant proportion of its variance explained by Employee Attitude components. The findings also indicated that the BSC Internal Processes perspective and EA in the sample share 6 percent of their variation in common. Hypothesis 3, which states there is evidence of a significant positive relationship between BSC Internal Processes perspective and the Employees' Attitude In MGSB and was supported in this research.

Regression Analysis

Table 5
Summary of Regression Analysis for This Research

Variables	R Value	R-Square	β	Std Error of Estimate	P-value	Conclusion
BSC Internal Processes	0.25	0.06	0.072	0.33	<0.001	Significant

A standard regression was performed between Employee Attitude as the dependent variable and BSC Process as the Independent variable. The correlation coefficient (R=.24) was significantly different from zero, $F(1,398) = 25.44$, $p < 0.001$, and 6.0% of the variation in the dependent variable was explained by the sets of independent

variables ($R^2 = .060$). BSC Internal Processes, $\beta=.072$, $t=5.04$, $p<0.001$, was found to significantly contribute to prediction of employee attitude. The overall result of the regression model is significant as $p=0.000$, less than the threshold of 0.001. This indicates that BSC Internal Processes as the independent variables significantly affect the dependent variable, the EA. The result also indicates that R square for BSC Internal Processes Perspectives is 0.24 which means the independent variable contributes 24% towards the dependent variable (employee attitude) and the significant value is less than the alpha value 0.05.

The value of standardized coefficient also indicates the relative importance of this independent variable in the Regression analysis. Referring to Table 5, for BSC Internal Processes, it is a positive relationship ($\beta=0.072$). The result of the standardized coefficient (beta) reveals that BSC Internal Processes ($\beta=0.072$) is relatively an important predictor towards Employee Attitude (EA) as the variable is significant. Therefore, Hypothesis H₃ is supported.

CONCLUSION

Hypothesis 1: There is evidence of a positive significant relationship between BSC Internal Processes Perspective and Employee Attitude

Findings

Examining the relationship between BSC Internal Processes and Employee Attitude, it was revealed that BSC Internal Processes was significantly related to the Employee Attitude. Based on the path coefficient (standardised regression weight), BSC Internal Processes had a positive significant relationship with EA.

The result of this research has also shown that the BSC Internal Processes which include the communication between the legislature and the legislative staff in MGSB had a positive significant relationship with the employees' attitude. Thus, the communication among the employees and the improvement of coordination within the agency has been found to be vital in determining the employees' attitude which could affect the level of performance.

Agyris (1977) claimed that performance measurement proved to give a true picture on the insight of the business flows and the entire business processes. Additionally, Pollit (1995) performed a research on European governments and found that the practice of performance-based culture was fully implemented by these governments. As a result, the effects of the PMS toward the employees' attitude were researched in this research.

Pollit (1995) proposed that most respondents noted that the PMS became a part of the normal organisational discourse and thus, the changes in employee attitude from the administrative fire-fighting to a more analytical mode occurred. The changes in employee attitude proved that the performance-oriented culture was understood and also affected the European governments through the implementation of the BSC as the performance management system (Azhar, 2009).

Furthermore, through the BSC, this research found that the hierarchical structure in MGSB would be able to adopt the changes and to act as a boundless organisation by using the four dimensions mentioned through a research by Ashkenas *et al.* (2002) namely information, competencies, authority and rewards. The concept of a boundary-less organisation was proved to increase the level of productivity dramatically. Therefore, MGSB should be aware of this concept structure.

BSC Internal Processes perspective as an independent variable is found to be a contributor towards actively affecting the Employee Attitude. The correlation coefficient of 0.24 shows that 24 percent of the variation in the dependent variable (EA) was explained by the BSC Internal Processes perspective with a p-value less than threshold of 0.001. This indicates that when MGSB implemented BSC Internal Processes, the employees had a positive attitude towards business. Therefore, when BSC Internal Processes is implemented, the level of employee attitude will be improved. Hence, BSC Internal Processes tends to have positive relationship with Employee Attitude.

Implication for policy and practice

In Malaysia, the use of BSC is gaining attention in line with the global push towards performance management systems as a means to enhance the agency's growth and to maintain organisational discipline and focus. A Balanced Scorecard is useful to translate strategy into realisable goals with KPIs measuring performance (Bourne & Bourne 2007). It is a necessity especially for larger organisations such as MGSB which has outgrown more informal means of managing resource allocation and goals. Thus, the challenge is in the implementation. However, the literature was silent on these research Hypotheses especially on several key issues on policies and practice pertaining to this research.

- This research has shown the importance of how to cope with a performance management system of an organisation, the corporate culture and its human resources. The right employee attitude should be achieved if the appropriate sets of the PMS or BSC practices are taken into consideration and implemented by MGSB. The managing of human resources and the PMS should no longer be done separately as this research has ascertained that it is important to incorporate PMS policies and practices into strategic consideration by MGSB.
- Cummings and Worley (1999) suggest that competency is considered to be essential to cope with the persistent change in the economic, political, social and technological areas. Thus, this research recommends MGSB to engage with Organisational Development to cope with the rapid changes in the internal and external environment.
- Beckhard (1969) defines Organisation Development (OD) as 'an effort, planned, organisation-wide, and managed from the top, to increase organisation effectiveness and health through planned interventions in the organisation's processes, using behavioural-science knowledge'. The OD should be designed to assist the organisation to enhance the internal and external relationships and the functionality of the organisation as a whole.

- In Organisational Development (OD), the leadership style, employee morale, teamwork and effective communication are seen to be vital in the decision making processes, executed by the higher level of management. According to Purcell and Boxal (2003), 'it is the people who shape the organisation in the increasingly knowledge-based society'. Thus, it is important to instil confidence in the future career growth of the employees in the firm and for employees to feel secure and comfortable with their jobs.

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