

# THE EFFECTIVENESS OF BALANCED SCORECARD IMPLEMENTATION IN SARAWAK CIVIL SERVICE

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**ABSTRACT:** Sarawak Civil Service is no longer operating its mundane business as usual due to the transformation waves, scarce resources, and forces from internal and external factors. This situation is creating economic turbulence and also affecting overall performance. The use of performance management tools has become critical to help Sarawak Civil Service ensure and achieve its transformation plan. In this regard, introduction of "Balanced Scorecard" for Sarawak Civil Service has been deemed significant to measure employee efficiency and performance and also organizational goals and effectiveness. Balanced Scorecard comprises four (4) critical perspectives viz: (a) financial perspective, (b) customer perspective, (c) internal process perspective and (d) organizational capacity. This study is limited to Sarawak Civil Servants as its unit of analysis. This study also covers government departments, statutory bodies and agencies in Sarawak. This conceptual paper proposes a conceptual framework related to the effectiveness of Balanced Scorecard and implementation thereof.

**Keywords:** Balanced Scorecard, Employee Performance, Organisational Effectiveness, Civil Service, Information, System User, Consultation, leadership and Effectiveness of Support Service.

## 1. INTRODUCTION

To become "A World Class Civil Service", competency roles are significant in order to steer and drive the governmental initiatives, transformation plan, vision and mission. Balanced Scorecard acts as performance management tools that monitor and measure the expected outcomes explicitly to measure eight (8) critical dimensions of Sarawak Civil Service (SCS) as stated in SCS 10-20 Action Plan.

SCS is spearheading the development in Sarawak as "an engine". This development is based on eight (8) critical dimensions: managing culture, human resource talent, managing customer needs, innovation and creativity, e-government, project and programme delivery excellence, financial management transformation and Sarawak excellent administration and legal services. The eight (8) dimensions are associated with core values such as integrity, kind and caring professionalism, sense of urgency and ownership, team spirit and result oriented activities.

The Balanced scorecard is defined as a performance management tool which allows executives to evaluate performance through improvement by developing a strategy from financial and operational metrics [1]. Balanced Scorecard implementation helps Sarawak Government manage its strategies in linking objectives, taking initiatives and measuring performance of organizations.

## 2. PROBLEM STATEMENT

Economic turbulence and competitive forces from internal and external factors are the underpinning factors which hinder organizations in sustaining and performing in the 21<sup>st</sup> century. In order to sustain, organisations have to take some crucial actions such as re-structuring, developing new strategies, and conducting research and development on renewable resources. In the local context, managing and monitoring the progress of the "Vision and Mission" of the State involves complexity in term of delivery of services, programs and projects for its "Rakyat" or the people of the Sarawak. Owing to these reasons Sarawak Government need to ensure that the delivery services, programs and projects are implemented effectively. Numerous seminal studies pertaining to the performance management have been conducted over the years. However, there exists lacunae especially on the methodology of Balanced

Scorecard in the system for instance, excessive focus on one perspective and its misalignment with strategic objectives, and also linking objectives. A blueprint on strategic planning is critical in order to link these objectives and current performance of the State so that the Balanced Scorecard could successfully be implemented [2]. This challenge requires an extraordinary overview and deep efforts. To meet this challenge, SCS is required to strategically plan for its transformation by focusing on critical areas that need effective measurement such as monitoring Balanced Scorecard.

Monitoring Balanced Scorecard involves serious efforts and meaningful time and apt cost. The implementation of Balanced Scorecard requires close supervision, evaluation, and monitoring activities. However, there are many constraints occurring along the process such as lack of information and support from top management and system, resistance to change and poor consultation and peer support. Therefore, the Balanced Scorecard committee ought to adhere with the "Governance Structure" that has already been implemented for the purpose of the Balanced Scorecard initiative.

Leadership domain is also significant in triumphing the objective of Balanced Scorecard implementation. The process of implementation necessitates competent leaders who play a "driving role" in directing organizations reaching the right path of performance and evaluation. However, this element has been overlooked by many experts due to the status quo and interest party issues. Few studies have included "leadership element" as a mediating role in achieving a devised strategy. A study done by Strang and Kuhnert [3] holds that leadership is a vital component to act as a predictor for organizations to achieve its objectives. Owing to this lacunae, there are many issues related to the effectiveness of a strategy and its implementation, particularly addressing the issue of Balanced Scorecard implementation.

## 3. EMPIRICAL GAP

A small number of the studies conducted in Sarawak context, particularly addressing Balanced Scorecard initiative in Sarawak Civil Service. Study done in European context may be differ than the study conducted in Asian context. These create an uncertain decision, due to dynamic changes and forces from different region. Some study only measure based on financial figure instead of analyzing the

whole perspective [4]. Another empirical gaps are the nature of the population, and area of interest in a Balanced Scorecard. Due to the conflict of interest amongst practitioners, and researchers the findings of the study on Balanced Scorecard might be contradicted or dissimilar based on the model develop and critical issue in the selected organization or country. On top of that, very slight number of empirical study that was done on Balanced Scorecard support service in Sarawak Civil Service. Due to this issue, the need to perform the effectiveness of the study is crucial for Sarawak civil service to comprehend the status of its Balanced Scorecard Implementation.

#### 4. METHODOLOGICAL GAP

Majority of studies has employed quantitative methods to investigate the Balanced Scorecard whereas the qualitative method is also very critical in order to comprehend the utility and significance of the Balanced Scorecard issue in relation to a particular population.

#### 5. THEORITICAL GAP

Literature reveals that there are voluminous theoretical and conceptual studies on Balanced Scorecard. A study done by Chalistalla and Schaper [5] maintains that most of the organizations adopt theoretical basis on financial focus. Chalistalla and Schaper [5] also holds that theoretical foundation should focus on a holistic view of organizational performance and the ability of the theoretical framework to exploit intangible and tangible organisational assets. Literature uncovers that there is a lacuna for a theoretical framework in assessing the effectiveness of Balanced Scorecard implementation.

For instance, there has been excessive focus on the processes and results without assessing internal and external factors that may become underpinning reasons that stimulate the outcome of the implementation process. Focal executives play essential role in order to ensure that the implementation of the Balanced Scorecard proves to be an "Organisational Success".

#### 6. ARGUMENT

Study done by Chalistalla and Schaper [5] indicated that most of the studies on BSC implementation have a slight attention on its theoretical and conceptual valuation. Even, Chalistalla and Schaper [5] did not cover macro and micro factors that stimulate the implementation of BSC. Thus, this conceptual paper proposes the factors that might stimulate the effectiveness of BSC implementation in Asian context.

Bohas and Bouzidi [6] state that there is high possibility based on expert assumption on causal relationship between the Balanced Scorecard use and sustainability. However, there is hardly any study that addresses causative factors that rouse implementation of Balanced Scorecard. There are numerous arguments on causative factors pertaining to the implementation of Balanced Scorecard for instance more prominence exists in the process instead of micro and macro factors.

Predominantly organizations assume that micro and macro factors are not associated with the aftermath of the BSC process. The effectiveness of the implementation of BSC necessitates 360 degree attention.

To support this study, Chalistalla and Schaper's [5] study exemplifies how stakeholder value theory correspondent of BSC and shows the importance of underlying cause and effect relationship between its perspectives. It is imperative for organization to adhere with the preliminary micro and

macro assessment. Aforementioned in view, organizations may perceive such assessment is not prompted by the aftermath of the BSC process. This assumption may jeopardize the outcome of the process.

Another causative factor that fuels BSC implementation is information sharing by the gatekeeper or committee member within the organizations. Information sharing should be reliable, relevant and accessible. Reliability of the information sharing is essential for BSC coordinator to comprehend the necessity of the system used by the coordinator, particularly on information pertaining to the BSC handbook, and other reading materials. This factor might have been overseen by many experts. The issue occurs due to over emphasis on four main perspectives with sole focus on the process.

This study proposes information, system user and consultation as dominant causative factors that fuel the BSC implementation.

#### 7. PROPOSED CONCEPTUAL FRAMEWORK

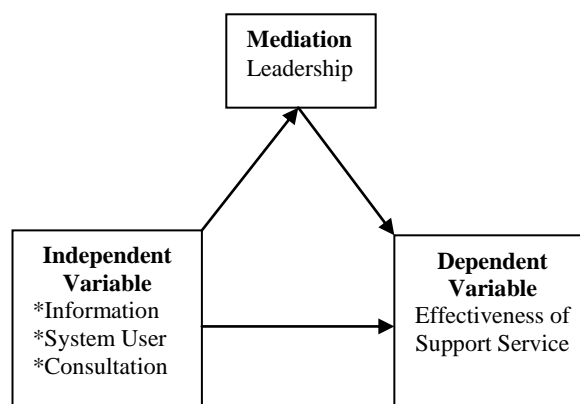


Figure 1

Proposed framework above explains three major constructs namely independent variable, mediation and dependent variable. Independent variable consists of information, system user, and consultation. Independent variable in this study act as cause pathway toward mediation and dependent variable. As for mediation, leadership acts as mediated construct that influence both independent and dependent variable. Meanwhile for dependent variable effectiveness of support service plays as the "effect" pathway from independent variable.

#### 8. RECOMMENDATION FOR FUTURE STUDIES AND CONCLUSION

Future studies should provide a system and workplace assessment before assessing the right technique for implementation. In addition, future studies should be conducted using mixed method or quasi- experimental study in order to reconnoiter the issue of employee competency development in detail.

In conclusion, Balanced Scorecard effectiveness implementation should cover both internal and external assessments. This is worth noting to knowing and evaluating the effectiveness of the Balanced Scorecard implementation and link it with strategic initiatives.

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