

IMPLEMENTATION OF BALANCED SCORECARD (BSC) IN A MALAYSIAN GLC: PERCEPTIONS OF MIDDLE MANAGERS

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Abstract

This paper examines the perceptions of middle managers concerning several Balanced Scorecard (BSC) implementation issues using the case study approach. Data were collected using a questionnaire which was distributed to 280 middle managers in a selected organisation. The results of the study showed that middle managers perceived a moderate level of leadership and commitment from the top management towards the BSC implementation initiatives in the company. They also perceived that the BSC had some positive implications on their performance but they did not have a clear understanding of the workings. Middle managers also perceived that the company had good data processing and information technology to support the implementation process. However, clear guidelines on their individual performance evaluation process were not provided. These results indicate that the organisations derive benefits from the implementation of the BSC. Areas that can be improved to gain more benefits from implementing the system are highlighted.

Keywords: Middle manager, BSC implementation, case study, human resource management, employees' commitment, employees' skills.

Introduction

Performance measurement and management systems (PMS) have been recognised as important functions of an organisation by academics and practitioners from many disciplines (Neely, Gregory and Platts, 2005). A good performance measurement system may lead to performance improvement. The need to improve performance has resulted in the introduction of various performance measurement systems, such as Performance Prism and the Balanced Scorecard (BSC). Since it was introduced in 1992, the Balanced Scorecard has received considerable attention from practitioners and researchers. It is easy to understand that the logical concept may be the reason for its popularity and adoption by many companies around the world. However, although its concepts appear to be very straightforward, its implementation as a system has raised many issues.

Studies show that companies that had decided to adopt the BSC as their performance measurement, management or strategic management system faced several issues in the process of implementing it and yielding the expected benefits (Kaplan and Norton, 2006). One of the issues raised in previous studies concerns the need for the support of employees at all management levels (Evans, 2005 and McPhail, Herrington and Guilding, 2008). Kaplan and Norton (2004) stress that support from employees at all levels is vital for the successful implementation of the BSC. Despite its importance as one of the success factors, the literature discussing the experiences and perceptions of employees concerning the BSC and its implementation is still limited.

A review of the literature on the BSC shows that the discussion has focused on several themes: the generic concepts of the BSC, its expected benefits and shortfalls, its adoption and effects on organisational financial and non-financial performance and guidelines for successful implementation (see Roest, 1997; e-Silva and Prochnik, 2005; Pandey, 2005; and Kaplan and Norton, 1996, 2004, and 2006). There is very little discussion concerning how middle managers look at the BSC as a performance measurement and management system, and its implementation.

Why is it important to explore the middle managers' perceptions of the BSC and its implementation? Hrebiniak (2008) highlights that middle managers

are the implementers of organisational strategy developed by their top management while Floyd and Wooldridge (2000) highlight the significant contributions of middle managers as the participants in the implementation of organisational strategic-change. A study by Othman, Domil, Senik, Abdullah and Hamzah (2008) on the implementation of the BSC in Malaysia suggests that the problems encountered in the implementation are largely due to managers ignoring the process needed to make the BSC programme successful. However, their study did not investigate this issue. As such, this study attempts to fill this gap in the literature by exploring the perceptions of middle managers towards the implementation process. The objectives of this study are to understand the perceptions of the middle managers of the case company concerning: (1) the leadership and commitment of the top management team to the implementation of the BSC in the company; (2) their personal education and understanding of the BSC; (3) the link between the BSC and their compensation and reward, and (4) the need for support from data and information technology. It is hoped that the understanding concerning these elements in the BSC implementation process from the perspective of its key implementers (Kaplan and Norton, 2006 and Balogun and Hailey, 2008) will provide useful insights for researchers and practitioners to further enhance the theoretical model and implementation process of the BSC.

The remainder of this paper is constructed as follows: The next section provides an overview of the BSC as a strategic performance management model, a review of previous studies concerning its implementation and implications on organisational performance, and focuses the discussion on previous papers that explore and examine the issues related to middle managers' views and the implementation of the BSC and the gaps. The subsequent section presents the methodology adopted to conduct this study, followed by analysis of the findings. The final section discusses the results and conclusions as well as the implications, limitations and suggestions for future research.

Literature Review

The traditional view of organisational performance is largely based on financial performance. However, this view was challenged by Kaplan and

Johnson (1987) in their book entitled “Relevance Lost: The Rise and Fall of Management Accounting”, which highlights that organisations in the twentieth-century need more than financial information to make decisions. Their book has attracted much attention from academics and practitioners investigating performance measurement. As a result, various performance measurement systems that attempt to include both financial and non-financial performance indicators, such as the Performance Pyramid (Lynch & Cross, 1991), Performance Prism (Neely, 2002) and the BSC (Kaplan and Norton, 1992) have been developed. Among others, the BSC has become the most popular and widely adopted system. A study by Bain and Company (2007) in the US reveals that 66% of the companies in the research sample, which include companies from the US and Canada, Europe, Asia-Pacific, Latin America and other countries, have used the BSC.

What is the Balanced Scorecard?

The BSC was initially introduced as a multidimensional performance measurement model. It consists of four perspectives, which are a combination of financial and non-financial performance measures. The four perspectives are financial, customer, internal business process, and learning and growth (Kaplan and Norton, 1992). The financial perspective is regarded as the wealth of an organisation. It describes the tangible outcomes of a company’s strategy in financial terms. Common measures for the financial perspective are Return on Investment (ROI), Turnover, and Return on Assets (ROA). The second perspective is the customer perspective, which answers the question, how do customers see us? The types of measure that are generic to this perspective are customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share in the targeted segments. The third perspective is the internal business perspective (IBP), which asks the question concerning how the organisations satisfy their customers. IBP helps organisations to determine which processes are critical for the business and identifies possible improvement for the process when necessary. Finally, the learning and growth (L&G) perspective asks the question, how can organisations be excellent in performing their critical business processes? It can be achieved if the processes are performed by highly skilled and motivated employees, with good information system support that is aligned to the organization’s strategy. However, none of these perspectives are absolute. Studies have revealed that some of its

implementers have added other relevant perspectives according to their business (see Wisniewski and Olafsson, 2004).

Why do organisations implement the BSC? Kaplan and Norton (1992, 1996, 2001, 2004 and 2006) highlighted that the BSC would improve firm performance. The expected benefits of implementing the BSC are that it (1) helps managers to clearly identify the measures that could clearly represent the organisation's long term strategy; (2) facilitates leaders to mobilize organisational change towards performance improvement; (3) provides a comprehensive framework for managers to translate the company's mission and vision into a coherent and linked set of performance measures; (4) improves the firm's ability to align its corporate, business units, support units, external partners and its board with the strategy; (5) increases employee motivation; (6) it can use the measure as a communication tool, and (7) it uses the measure to provide balance between the desired outcomes and the drivers of the outcomes (see Kaplan and Norton, 1996, 2001, 2004 and 2006). These advantages may be among the possible reasons why the BSC has attracted the attention of practitioners and led to its high adoption compared to other performance measurement models.

Empirical Studies on the BSC

The years - from 1992 to the end of 2000 - saw the development of the BSC, during which much was written about its implementation guidelines, and advantages and disadvantages. Many of the studies done after 2000 assessed the implications of implementing the BSC on an organisation's financial and non-financial performance. For instance, Malina and Selto (2001) assessed the effectiveness of the BSC as a control and communication tool. Their findings indicated that the BSC can be an effective tool for controlling corporate strategy. However, as a communication tool, the BSC can de-motivate employees if it is not carefully designed and implemented. Davis and Albright (2004) compared the financial performance of the BSC implementers and non-implementers for bank branches. Their study revealed that there were significant differences in financial performance between the BSC implementers and non-implementers. Greatbanks and Tapp (2007) revealed that the use of the BSC within a public service city council in New Zealand enabled its employees to clearly appreciate their role and focus on the delivery of performance related measures that supported the

organisational strategy. However, the study of Braam and Nijssen (2004) on the performance effects of using the BSC in Dutch companies suggested that the use of the BSC does not automatically improve firm performance.

In respect of the advantages and disadvantages of implementing the BSC, Atkinson (2006) highlighted that only 30% of the BSC implementers enjoyed the benefits of its implementation. Rigby (2007) also revealed that the satisfaction rate of the BSC implementers was below average. What are the factors that affect the success of the implementation of the BSC? Studies have outlined various factors that are associated with the successful or unsuccessful implementation of the BSC, such as commitment from top management, right implementation design and process, effective communication, appropriate information system and support from employees at all levels (see Roest, 1997; Beiman and Sun, 2003 and Pandey, 2005). However, very few studies explored these factors.

Factors Affecting the BSC Implementation Process

Although it is not a system issue, systems are an issue (Roest, 1997) where implementing a system is an issue that requires careful consideration of many aspects. The literature has highlighted several important rules for the BSC implementation initiatives to be successful. Firstly, it is important to understand that all BSCs are unique to the organisation (Kaplan and Norton, 2001). Secondly, BSC implementation requires senior management leadership, support, commitment and involvement (Bloomquist and Yeager, 2008). Kaplan and Norton (2006) also stress the importance of strong leaders in the process. Leaders must possess the capability to mobilise organisational change or the initiatives will not achieve their objectives. Successful implementation of the BSC requires high motivation of employees in respect of the initiatives as well as good governance management and practices.

Implementing the BSC also requires the managers to understand how the system works. Chan (2004) found that a lack of BSC skill and know-how is one of the major hindrances for successful implementation of the BSC. According to Moore (2003), in developing a company's scorecard, the managers need to clearly understand the purpose of the company and apply the four BSC perspectives to suit the purpose. Additionally, McPhail,

Herrington and Guilding (2008) found that one of the reasons for partial implementation of the BSC is due to a lack of BSC knowledge concerning the L&G dimension. Thus the skill and understanding of the system of the managers is crucial to ensure that an effective BSC is developed and implemented.

Another important issue in the implementation of the BSC is the link between the KPIs in the scorecard and organisational reward system. Kaplan and Norton (2001, 2004) and Roest (1997) suggest that the BSC should be linked to the company's reward system. Ittner, Larcker and Meyer (1997) studied the implementation of the BSC in bank branches in the US and concluded that when the right measures are included and tied to bonus allocation, the improvement in performance is significant. Chan (2004) highlighted that the lack of linkage of the BSC to employee rewards is one of the reasons for the unsuccessful implementation of the BSC in the Municipal governments in the US and Canada.

The support from the organisational information and communication system is also important in the BSC implementation process. Pandey (2005) suggests that BSC adopters should have a sound organisational communication system to communicate the advantages of its implementation to employees. This is in line with Kaplan and Norton's (2001) suggestion that BSC information should be communicated to employees at all levels. BSC adopters should have the required infrastructure to communicate strategy, track and monitor, and make adjustments based on the performance to support the BSC-related needs and that it should be a simple system. Hendricks, Menor, Wiedman and Richardson (2004) also stressed the importance of communication although they did not stress the communication system.

Kaplan and Norton (2004) also suggest that the implementation of the BSC should be a top-down and bottom up process. The BSC methodology should be used in a way that it can overcome the silo effect and not otherwise. Decoene and Bruggeman (2006), and Tayler (2008), and Ong, Teh, Lau and Wong (2010) highlight the need for the involvement of middle managers in the BSC development process. Decoene and Bruggeman (2006) found that active involvement of middle managers in the BSC design and implementation process led to strategic alignment. Additionally, DeWaal and Coevert (2007) state that managers' understanding of how their

performance affects the company's performance is critical for the successful implementation of the BSC. Although researchers have also raised other issues in respect of the implementation of the BSC, the above issues are among the most frequently mentioned in many papers.

Why are the perceptions of middle managers important for the implementation of BSC? Reviewing the series of BSC books from 1996 until 2008, Kaplan and Norton, draw attention to the emphasis on people. Kaplan and Norton (1996, p. 199) stress that the successful implementation of strategy starts with educating and involving the people who are executing the strategy. People's engagement is crucial in the implementation of the BSC and it can be gained through active participation by employees in sharing and understanding the organisational business' vision, mission and strategy, and providing feedback and suggestions through which the strategy can be achieved (Chan, 2004). The middle managers play a key role in pushing the BSC implementation project (Kasurinen, 2002).

Furthermore, Kaplan and Norton (1996) stress that the BSC learning and growth perspective, which emphasises developing employees' capabilities, is the backbone of the BSC success. The L&G perspective provides the infrastructure, which enables achievement of the objectives of the other three perspectives. Kaplan and Norton (2006) stress that in order to become a strategy-focused organisation, the people are important. A BSC company must "make strategy everyone's everyday job". Nevertheless, much of the previous BSC literature only focused on the general implementation rules and guidelines and simplistic statistical testing concerning its implication on firm performance. Very few studies have focused on the employees or specifically the middle managers' experience concerning the implementation of the BSC in the literature. The first attempt to identify middle managers' behavioural elements that affect the performance system (such as the BSC) implementation was made by DeWaal (2003). DeWaal (2003) identified eighteen behavioural factors that are important to the successful implementation of a performance management system. The next section discusses several studies highlighting the role of middle managers in the BSC implementation process.

The Role of Middle Managers in the Implementation of the BSC

Who are the middle managers? The definition of middle managers varies between authors. Osterman (2008) notes, “no one has job title middle managers”. Osterman defines middle managers as those managers who lead a team or manage a set of team leaders. Zhang, Wang and Li (2010) define middle managers as other managers between the senior and top managers. Based on the definition of middle managers from these studies, the middle managers in this study are defined as managers who lead any department or team, who have at least one management level below them and are not ranked as a senior or top management.

Generally, there are five functions of the management (this includes the functions of middle managers) in an organisation – planning, organising, directing, coordinating and controlling (Fayol, 1966, as cited in Nothhaft, 2010). Katoma (2009) suggest that the role of middle managers in managing organisations can be categorised as the champions, synthesisers, facilitators and implementers. They interpret, communicate and translate organisational strategic goals into action. Despite their critical role, middle managers, in some cases, are also found to play a value-subtracting role because of their disruptive behaviour and being over-involved in routine duties. Middle managers also play an important role as the agents for communication in an organisation. Zhang et al. (2010) point out that the roles of middle managers include those of negotiator, leader, monitor, and liaison. With regard to the implementation of the BSC, Kasurinen (2002) states that, generally, middle managers act as the implementers who are responsible to push the project and create relevant business unit measures. These critical roles of middle managers in respect of the implementation of the BSC explain why it is important for the managers to have a positive perception of the BSC as well as the process that they have undergone to implement it. Ong et al. (2010) point out that managers who are involved in the BSC adoption process have a positive response to its measures. Such managers are generally more performance-driven and result-oriented in nature, which is important to support their role as implementers in the BSC implementation initiatives.

Kasurinen (2002) stress that middle managers have no option other than to implement the BSC implementation project when required by the senior management. As such, their buy-in, participation and commitment are vital

for the successful implementation of BSC projects. In order to gain their buy-in and participation, it is crucial for the top and senior managers to clearly communicate organisational strategy and the system used to achieve the strategy (DeWaal and Coevert, 2007). Brewer, Davis and Albright (2005) state that managers' involvement in the BSC development process, such as in the identification process of the measures, may reduce negative sentiments towards the system as well as increase their commitment and motivation. Although the role and contributions of middle managers have been regularly highlighted in many BSC studies, very limited studies have explored the issues concerning the implementation process from the perspective of middle managers as the key actors in the process. Therefore, the present study was conducted to fill this gap in the BSC literature as well as to explore the BSC from a practical perspective. The next section describes the research design for this study.

Research Design

The main objective of this study was to understand the perceptions of middle managers towards selected BSC implementation issues that have been highlighted in the literature. This study employed the case study approach as Creswell (2007) suggests that case studies provide an opportunity for the researcher to understand particular issues in a real-life context. They enable the researcher to study certain phenomenon from a holistic point of view. However, this study utilised a limited data collection strategy compared to that suggested by Creswell (2007). Data were only collected using questionnaires that were distributed to the middle managers in the case company. The chosen case company is a large Malaysian GLC, which had received the Malaysian National Award for Management Accounting (NAfMA) due to its extensive usage of the BSC and other management accounting tools in its management process. The implementation of the BSC in the company is regarded as successful although it still requires some improvement due to the dynamic business environment. The company is referred to as Innovation Berhad (IB) for reasons of confidentiality.

Based on the literature, the questionnaires were designed to capture the overall perceptions of managers towards the selected issues. Information pertaining to the perception of managers about the company's management

commitment and leadership towards the implementation of the BSC, their own education and understanding of the BSC, their perceptions towards the company's BSC and the link with their compensation and rewards system, and their perception concerning the company's current BSC data processing and information technology support system were collected. Questionnaires were randomly sent to a sample of 280 middle managers from various levels and backgrounds. Detailed information concerning the questionnaire is provided in the analysis and findings section. The data collected were analysed descriptively and the findings are presented in the next section.

Research Analysis and Findings

This section presents the findings of the survey. Detailed information in respect of the distribution of the questionnaire and response rate is presented in Table 1.

Table 1: Survey response rate

	N	%
Questionnaires distributed	280	100.0
Less: Non-replied questionnaires	45	16.1
Questionnaires received	235	83.9
Less: Questionnaires rejected	7	2.5
Usable Questionnaires	228	81.4

Table 1 illustrates that questionnaires were randomly sent to a sample of 280 middle managers with various managerial positions and backgrounds. Out of that number, 235 questionnaires were collected. Of these only 228 were usable responses while seven (7) were rejected due to incomplete data. This resulted in an 81.4% response rate. Table 2 presents the detailed characteristics of middle managers who participated in this study.

Table 2: Characteristics of the respondents

Characteristics		N	Percent
1	Gender		
	Male	101	44.3
	Female	127	55.7
2	Age		
	Below 25 years	11	4.8
	25 years – 34 years	148	64.9
	35 years – 44 years	58	25.4
	45 years – 54 years	11	4.8
3	Highest Education Level		
	Diploma	1	0.4
	Bachelor Degree	175	76.8
	Master	49	21.5
	Professional Qualification	3	1.3
4	No. of years working in the company		
	Less than 1 year	2	0.9
	1 year - 3 years	74	32.5
	4 years - 6 years	44	19.3
	7 years - 9 years	54	23.7
	10 years - 12 years	18	7.9
	More than 12 years	36	15.8
5	Current position in the company		
	Assistant Manager	190	83.3
	Manager	34	14.9
	Assistant General Manager	4	1.8
6	SBU1	96	42.1
	SBU2	89	39.0
	Corporate Centre	43	18.9

Table 2 shows that the respondents were from three different business segments 42.1% from SBU1, 39.0% from SBU2 and 18.9% from the company’s corporate centre. They were academically qualified, with 76.8%

having a Bachelor Degree, 21.5% with Master’s Degree and 1.3% holding a professional qualification. A total of 32.5% of the respondents had been working for the company between 1 year and 3 years, 19.3% between 4 and 6 years, and 23.7% between 7 and 9 years, while only 15.8% had been working there for more than 12 years. In terms of managerial position, the majority of the respondents (83.3%) held Assistant Manager Positions. At IB, the General Manager, Assistant General Manager, Manager and Assistant Managers are categorised as the middle managers due to the size of the organisation. Thus, having the majority of the respondents from the middle level managers provides valid information as they are the group that represents the implementers. The perception of the respondents concerning specific issues on BSC implementation in this study was assessed based on a scale of 1 (strongly disagree) to 4 (strongly agree). The next section presents the analysis and results from the survey. The discussion of the findings, conclusion, suggestions for future research and limitations of this study are presented in the final section.

Management Commitment and Leadership

The first objective of this study was to explore the perception of middle managers towards the leadership and commitment of their top management team towards the implementation of the BSC. Table 3 presents the results of the survey.

Table 3: Perception concerning management commitment and leadership

No	Questions	Frequency				Mean
		Strongly Disagree	Generally Disagree	Generally Agree	Strongly Agree	
1	Management has been involved in setting the BSC targets.	1 (0.4%)	76 (33.3%)	145 (63.6%)	6 (2.6%)	2.68
2	Management plays an important role in the ownership of its performance measurement system (BSC).	4 (1.8%)	87 (38.2%)	125 (54.8%)	12 (5.3%)	2.64

3	Management is aware of the investment required and long term benefits of the BSC.	4 (1.8%)	91 (39.9%)	123 (53.9%)	10 (4.4%)	2.61
4	Management has a high level of involvement in implementing the BSC.	6 (2.6%)	111 (48.7%)	100 (43.9%)	11 (4.8%)	2.51
5	Management has taken effective steps in demonstrating their support for the BSC programme.	5 (2.2%)	127 (55.7%)	92 (40.4%)	4 (1.8%)	2.42
6	Management provides strong leadership commitment for the BSC.	6 (2.6%)	127 (55.7%)	93 (40.8%)	2 (0.9%)	2.40
7	Management communicates clearly and concisely to employees about the BSC performance management system.	9 (3.9%)	126 (55.3%)	93 (40.8%)	0	2.37
8	Management at all levels of the organisation supports the BSC initiative.	4 (1.8%)	136 (59.6%)	88 (38.6%)	0	2.37
9	Management is committed to provide all the required resources to implement the BSC.	4 (1.8%)	142 (62.3%)	78 (34.2%)	4 (1.8%)	2.36

10	Management is committed to provide training and resources for the implementation of the BSC.	6 (2.6%)	149 (65.4%)	69 (30.3%)	4 (1.8%)	2.31
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Table 3 shows that overall, middle managers perceived the level of management commitment and leadership towards the implementation of the BSC in the organisation as moderate. The majority of the respondents generally disagreed that the management had a high level of involvement in implementing the BSC or provides strong leadership commitment for the BSC. In addition, more than 50% of the respondents disagreed that their management had taken effective steps in demonstrating their support for the BSC programme. The majority of the managers also disagreed that their management had clearly and concisely communicated the BSC performance management system to the employees. It is interesting to note that more than 60% of the respondents disagreed that their management, at all levels of the organisation, supported the BSC initiative. More than 60% of respondents also disagreed that their management was committed to providing all the required resources and training for implementation of the BSC.

Although the results showed a low level of management commitment and leadership in the implementation of the BSC, more than half of the respondents believed that the management involved in setting the BSC targets were aware of the investment required and the long-term benefits of the BSC. The respondents also believed that the management played an important role in the ownership of the BSC.

The BSC Education and Understanding of Managers

The second important successful BSC implementation criterion is the education and understanding of the implementation of the BSC among the middle managers themselves. The results are shown in Table 4.

Table 4: Perception concerning middle managers' education and understanding

No	Questions	Frequency				Mean
		Strongly Disagree	Generally Disagree	Generally Agree	Strongly Agree	
1	The BSC is a good approach for a performance management system in terms of the fairness of feedback given by the evaluators.	0	99 (43.4%)	117 (51.3%)	12 (5.3%)	2.62
2	With the implementation of the BSC, I know what my responsibilities and accountabilities are.	6 (2.6%)	88 (38.6%)	123 (53.9%)	11 (4.8%)	2.61
3	I am aware of the benefits that can be derived from the implementation of the BSC.	3 (1.3%)	93 (40.8%)	126 (55.3%)	6 (2.6%)	2.59
4	The procedures used for the feedback on the BSC can be clearly understood.	2 (0.9%)	123 (53.9%)	96 (42.1%)	7 (3.1%)	2.47
5	I understand very well concerning the usefulness of BSC reporting.	8 (3.5%)	123 (53.9%)	92 (40.4%)	5 (2.2%)	2.41
6	I have insight into the relationship between the BSC target and the financial results.	0	137 (60.1%)	88 (38.6%)	3 (1.3%)	2.41
7	I have insight into the relationship between the company strategy and the BSC target.	0	139 (61.0%)	86 (37.7%)	3 (1.3%)	2.40
8	I understand very well about the BSC performance management system used by IB.	10 (4.4%)	132 (57.9%)	83 (36.4%)	3 (1.3%)	2.35
9	I was involved in defining the key initiatives for each target (KPI) given.	9 (3.9%)	155 (68.0%)	59 (25.9%)	5 (2.2%)	2.26

10	I received appropriate training concerning the BSC.	18 (7.9%)	158 (69.3%)	48 (21.1%)	4 (1.8%)	2.17
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Referring to Table 4, overall, the respondents perceived that there was a low level of middle managers' education and understanding concerning the implementation of the BSC at IB. However, the results demonstrate that most of the respondents agreed that the BSC was a good approach for PMS, especially in terms of the fairness of feedback given by evaluators. The majority of the respondents (58.7%) also believed that the implementation of the BSC helped them to understand their job responsibilities and accountabilities. However, only 45.6% agreed that the procedures used for the BSC feedback could be clearly understood, 42.6% believed that they understood the usefulness of BSC reporting very well, 37.9% agreed that they had valuable insights concerning the relationship between the BSC target and the financial results, 37.7% agreed that they understood about the BSC performance management system used by IB very well, and 28.1% admitted that they were involved in defining the key initiatives for each target (KPI) given while only 22.9% of the respondents had received appropriate training on the BSC. The next section provides the findings concerning the perceptions of middle managers pertaining to the company's reward and compensation system, which are tied to its BSC.

Reward and Compensation

Table 5 presents the results of the perceptions of the respondents concerning compensation and reward, which are linked to the implementation of the BSC at IB.

Table 5: Perception concerning compensation and reward

No	Questions	Frequency				Mean
		Strongly Disagree	Generally Disagree	Generally Agree	Strongly Agree	
1	I realise the importance of the BSC to my performance.	0	64 (28.1%)	157 (68.9%)	7 (3.1%)	2.75
2	I do not consider the BSC as threatening.	0	105 (46.1%)	118 (51.8%)	5 (2.2%)	2.56

3	I trust the performance information.	5 (2.2%)	112 (49.1%)	105 (46.1%)	6 (2.6%)	2.49
4	I was satisfied with the BSC feedback given by my superior.	3 (1.3%)	118 (51.8%)	107 (46.9%)	0	2.46
5	I was given targets that match my area of responsibility.	4 (1.8%)	126 (55.3%)	92 (40.4%)	6 (2.6%)	2.44
6	I am stimulated to improve my performance through the BSC.	0	134 (58.8%)	89 (39.0%)	5 (2.2%)	2.43
7	I have enough time to work with my KPI targets.	4 (1.8%)	136 (59.6%)	82 (36.0%)	6 (2.6%)	2.39
8	I agree that my scorecard is aligned with the compensation and reward.	17 (7.5%)	117 (51.3%)	90 (39.5%)	4 (1.8%)	2.36
9	I do not get discouraged by the collection of performance data.	3 (1.3%)	140 (61.4%)	84 (36.8%)	1 (0.4%)	2.36
10	There is two-way communication between the scorecard owner and the evaluators.	5 (2.2%)	142 (62.3%)	78 (34.2%)	3 (1.3%)	2.35

The data revealed that 72% of the respondents realised the importance of the BSC to their performance and 54% of them did not consider the BSC as threatening. In contrast, 51.3% generally disagreed that they trusted the performance information generated by the system and 53.1% disagreed that they were satisfied with the BSC feedback given by their subordinates. In addition, the data also showed that only 43% of the respondents agreed that they were given appropriate targets suited to their area of responsibility, 41.2% admitted that the BSC approach motivated them to improve their performance and 38.6% agreed that they had enough time to work with their KPI targets. The majority, 58.8% of the respondents, reported that their scorecard was not aligned with the compensation and reward and 62.7% admitted that they were discouraged by the collection of the performance data involved in the BSC approach. Finally, the data for this section showed that only 35.5% of the respondents agreed that there was two-way

communication between the scorecard owner and the evaluators concerning the BSC compensation and reward evaluation system.

The results showed that, on the whole, the respondents believed that the BSC was a good approach that might enable them to improve their job performance and that it did not threaten them. However, with regard to the alignment between their KPIs and the compensation and reward, the majority of the respondents perceived that there were unclear linkages between their KPIs and the compensation and reward. As a result, the KPIs did not motivate them to put extra effort into those targets. The subsequent section provides the results of the last issue, which is the availability of the support from IT and the data process system pertaining to the BSC requirements at IB.

Support from IT and Data Process

The literature reveals that availability of information is vital in BSC implementation process. This requires support from the information technology and data processing system in an organisation. Data accuracy is also crucial in the BSC performance review and reporting stage. This section presents the results of the survey concerning IT and data processing system supporting the implementation of the BSC at IB as shown in Table 6.

Table 6: Perception concerning data process and IT support

No	Questions	Frequency				Mean
		Strongly Disagree	Generally Disagree	Generally Agree	Strongly Agree	
1	Online MAPS reduces the time taken to analyse the results of the BSC compared to the traditional way of measuring performance (performance booklet).	9 (3.9%)	78 (34.2%)	122 (53.5%)	19 (8.3%)	2.66

2	Online MAPS improves the communication process of the BSC results to management.	3 (1.3%)	87 (38.2%)	125 (54.8%)	13 (5.7%)	2.65
3	Online MAPS improves the process of the decision making since management can monitor the progress of the business plan through the system.	6 (2.6%)	91 (39.9%)	113 (49.6%)	18 (7.9%)	2.63
4	Online MAPS provides better communication of the BSC results to employees.	3 (1.3%)	106 (46.5%)	106 (46.5%)	13 (5.7%)	2.57
5	Information with regard to the BSC can be easily found on the MAPS website.	8 (3.5%)	94 (41.2%)	118 (51.8%)	8 (3.5%)	2.55
6	A mechanism has been established to collect and analyse the feedback data from each process.	4 (1.8%)	109 (47.8%)	109 (47.8%)	6 (2.6%)	2.51
7	The process of the BSC performance evaluation was clearly stated in the MAPS user manual.	7 (3.1%)	109 (47.8%)	106 (46.5%)	6 (2.6%)	2.49
8	Responsibilities have been assigned to provide technical support to the scorecard owner.	3 (1.3%)	149 (65.4%)	76 (33.3%)	0	2.32

9	The organisation has developed a written training policy for the BSC to meet its training needs..	4 (1.8%)	157 (68.9%)	65 (28.5%)	2 (0.9%)	2.29
10	Preparation has been done to provide all the required resources (funds, tools, and people) for the implementation of the BSC.	6 (2.6%)	161 (70.6%)	61 (26.8%)	0	2.24

Generally, the majority of the respondents (61.8%) agreed that the data processing and IT support system developed for the implementation of the BSC at IB had improved the time taken to analyse the available performance data. The majority, 60.5% of the respondents, agreed that the Online MAPS improved the communication process of the BSC results to the management and 57.5% of them also agreed that the system helped to improve the decision making process. The system enabled the management to monitor the progress of the business plan faster compared to the previous manual system. More than half of the respondents (52.2% and 55.3%, respectively) agreed that the Online MAPS provided better communication of the BSC results to the employees and that information with regard to the BSC could be found easily on the MAPS website. Finally, 50.4% agreed that a mechanism had been established to collect and analyse the feedback data from each process.

In spite of the positive perceptions on the company's BSC information support system, only 49.1% agreed that the process of evaluating performance based on the BSC framework was clearly stated in the system's user manual. Only 33.3% agreed that the responsibilities had been assigned to provide technical support to the scorecard owner, 29.4% agreed that the organization had developed a written training policy for the BSC to meet its training needs, while 26.8% agreed that preparation had been done to provide all the required resources (funds, tools and people) for the implementation of the BSC at IB. These results may be due to the lack of BSC training provided to non-BSC managers, who comprise the majority of the managers.

In addition, being a profit making organization, IB's concerns regarding the costs and benefits are among the reasons for not providing intensive training for all managers. The next section discusses these findings in respect of the BSC theory and relevant literature.

Discussion and Conclusion

The previous literature on the BSC has frequently mentioned four critical success factors concerning its implementation. However, very few studies have explored these issues, especially from the perspective of the implementers. As such, this study was conducted to explore the middle managers' perceptions concerning the four critical factors. Middle managers' views are essential as their feedback on the implementation process and factors provides a useful basis for future improvement of the process.

In this study, the case company has successfully gone through the BSC implementation cycles – development, implementation, monitoring and evaluation, feedback and continuous improvement. The BSC is regarded as the heart of its strategy implementation initiative. The BSC is used as the main reference to periodically monitor and evaluate the company's performance. Therefore, it is timely to evaluate how the key actors in the implementation process see the BSC as a performance measurement system and its benefits to the company. In this study, we examined the perceptions of middle managers concerning four BSC implementation issues derived from the literature. Limited to the case organisation, we have found that there are some areas for improvement in the BSC in the implementation process of the company. We have found that while top management leadership and commitment are vital for the successful implementation of the BSC (Kaplan and Norton, 2004; Roest, 1997 and Bloomquist and Yeager, 2008), this is not the case at IB, as perceived by the middle managers. Although most of the top and senior level managers were involved in the process of setting KPIs and were exposed to the BSC information through the management meetings and performance evaluation process, the survey indicates moderate to low top and senior management commitment, support and leadership in the BSC implementation initiative, which indicates that mere involvement may not effectively build commitment among managers. This finding contradicts the findings of Brewer et. al. (2005) who claimed that the involvement of managers in the BSC development process may increase commitment and motivation. This finding leads to the question concerning what factors could motivate managers to give their commitment and support to the BSC implementation initiative. Future research could explore other factors (i.e.

other than involvement) that can enhance management commitment, such as the effect of being accountable, understanding of the system and budget, performance and visible achievement.

This study also supports that communication plays a critical role in the BSC implementation process, as highlighted in many previous studies (Kaplan and Norton, 2001; Hendricks et. al., 2004 and Pandey, 2005). It can be concluded that generally, middle managers have a low level of education and understanding of the BSC performance system which is in contrast with Kaplan and Norton's suggestion. Kaplan and Norton and other authors (Ahn, 2001; Moore, 2003 and McPhail et al., 2008) have drawn attention to managers' skill and knowledge of the BSC, as critical success factors for the successful implementation of the BSC. One possible reason may be due to the ineffective communication, as perceived by the middle managers, that the management does not effectively communicate the system to them. This also indicates that there may be a different perception between the top and middle level management with regard to the issue of communication. The findings of this study demonstrate the need for effective communication between the two levels of management pertaining to the gap between "what the top management has done" and "what the middle managers think the top management has done". The top management may assume that they have put their best efforts into clearly communicating how the BSC system works to middle managers, however, that is not what middle managers believe. Another important BSC success factor is the communication of the BSC itself as a system and how it works, as noted by Ong et al. (2010), in that managers who understand the BSC (i.e. through their involvement in the adoption process) have a positive response to its measures and are generally more performance-driven and result-oriented. These characteristics are vital to enhance their role as BSC implementers.

Although the middle managers perceived that the company's data processing and information system had been well developed and helped to improve their performance management needs, the system has only been developed to communicate strategic level performance information. Operational level performance information is hardly accessible, which makes many initiatives to align operational level and higher level strategies a challenging task to the middle managers. The results of our study also provide valuable evidence concerning the advantages of the BSC as claimed by Kaplan and Norton (2010). We found that, overall, the middle managers agreed that the BSC was a good performance management system. It gets the managers to clearly understand their job responsibilities and accountabilities and understand the linkages between the BSC targets and their company's financial results.

However, this study revealed that although managers were able to link the BSC target and the company's financial performance, they were still unclear of the linkages between their KPIs and the compensation and reward, which requires attention from the upper level management as this will affect their motivation and support to achieve the company's goals. This may also be related to the communication issue. This study complements other research indicating that communication may be a factor that affects the managers understanding of the BSC itself as the performance management system used in the company as well as understanding the multiple linkages between the company's goals, BSC measures and targets, their own KPIs and the reward system.

As a limitation of the study, it can be stated that the evidence was obtained from only one company. Thus, generalisation of our findings to all organisations adopting the BSC should be done cautiously. Although it is difficult to generalise the results from a single research site, our study provides a number of implications for future research. First, the evidence suggests the need for further research concerning the factors that may drive the commitment of middle managers and motivation for the BSC performance. This study also highlights the need for further study on the role of the BSC as a strategic performance communication tool. Future research could also explore how the BSC information could improve the understanding of the managers of the company's performance, its strategies and managers' awareness concerning their contribution to organisational performance. It is also interesting to explore whether the middle managers really use the BSC information in making decisions.

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