



The effects of BSC and organizational culture towards employees' attitude in Malaysian government-link company (GLC)



Mohd Haizam Mohd Saudi ^{1,*}, Tezza Adriansyah Anwar ², H. Obsatar Sinaga ³

¹Faculty of Business and Law, International University of Malaya-Wales, Kuala Lumpur, Malaysia

²Business and Management Faculty, Widyatama University, Bandung, Indonesia

³Social and Political Science Faculty, Padjajaran University, Bandung, Indonesia

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ABSTRACT

The objective of this research was to investigate the impact of the organizational culture towards the employees' attitude derived from the usage of Balanced Scorecard (BSC) perspectives as a performance management system in Government-link Company (GLC). The usage of performance management system has been the major issues in GLC that merit intention due to the constraint in change management and public policies changes. The employees' attitude derived from organizational culture's impact is being evaluated to understand the effect towards the overall performance of the employees and the organization. Studies performed by scholars about measuring and managing performance would be enriched by studying the employee attitude element. The critical part of the research is to measure the level of job satisfaction and organizational commitment from the employees that would determine the performance has been affected by organizational culture. The impact of organizational culture affecting performance was found to be the main issue that merits attention from this research. The implication of this research would benefits the organization in terms of employees' effectiveness and the pervasiveness of the implementation of performance metric and organizational culture in Malaysian Government-link service organization.

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1. Introduction

Employee attitude has been identified as one of the stumbling block for better performance in the organizations. Scholars around the world have acknowledged the importance of employees' commitment and dedication towards achieving the mission and the vision of the organization. The private organization studied in the research involves with the public dealing with the education, business and entrepreneurship. The private companies in Malaysia are facing problems in implementing the right performance measurement system and method to ensure the capabilities of the workers is being evaluated amicably and professionally. The government of Malaysia has given incentives and recognition to the companies that achieve a certain level of degree of quality and performance (Saudi, 2016).

The employers' ignorance towards the feedback from the employees had caused lower job satisfaction among the workers that lead to lower productivity. The organizational culture of the organization has become the stumbling block to achieve the desired results in the companies. This research examined the perception and attitude of the employees of a Malaysian private organization derived from the implementation of performance management system (PMS) and its organizational culture towards the productivity of the organization. The role of employee attitude has been found to be critical in determining the success of an organization's performance. Previous research has been silent on the effect of PMS towards the attitude of employees. Thus, this research has focused 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 organizational performance in the long run - because it could lead to the desired employee behavior required to achieve the mission and objective of a firm.

* Corresponding Author.

Email Address: Haizam@iumw.edu.my (M. H. M. Saudi)

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1.1. Objectives of the research

Based on the research questions and hypothesis, this research has two objectives. First, to identify the effects of implementing Performance Management System by using Balanced Scorecard on employees' attitude in pursuit for better performance; and second to identify the effect of organizational culture towards employees' attitude in the performance culture.

2. Literature review

The employee attitude has been identified as one of the critical factors that affect the performance of the employees in the public and private sector in Malaysia. The scholars around the world has identifies that any implementation of the performance management system must be supported by the higher level management. However, it is important to justify the role of the employees of the organization to ensure that implementation of Balance Score Card (BSC) must be performed smoothly. In this perspective, the management must be able to identify the characteristics of the employees' attitude in order to perform any performance measurement in the organization. The leaders in the organization must be able to determine the kinds of action that must be taken to ensure that the organization is achieving the mission and the vision of the organization. Nevertheless, the attitude of the employees must be monitored and to be fully understood by the employer. In this context, it is critical for the managers in Malaysia to identify the motivating factors that would drive the employees to achieve the desired goals of the organization. Hence, a strategic management system in public service organization must be implemented to suit the needs of the Malaysian society.

Strategy and vision are situated at the core of BSC. The necessary action or behaviour must be taken by the employees in order to achieve the agreed goals. 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.

Saudi (2014) 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, 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.

The resources and processes are the two critical elements that BSC could assist in ensuring the success of managing the organisation (Kaplan and Norton, 2001). The missed opportunity on recruitment and the inability of the firm to realize the processes would affect the final outcome. This research will also identify the processes carried out in the course of implementing the performance management system by GLC Manufacturing. 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 organization.

2.1. Employee attitude

Employee attitude play a vital role in determining organizational performance in the long run because it could lead to the desired employees' behavior and attitude that are needed in order to achieve the objective, mission and vision of the organization (Moorhead and Griffin, 1992). Kreitner and Kinicki (1992) stated that attitude could be defined as 'a learned predisposition to respond in consistently favorable and unfavorable manner with respect to a given object'. Moreover, Moorhead and Griffin (1992) outlined that attitude could arise from three major factors namely organizational factors, group factors and personal factors.

Employee attitudes are associated with many vital aspects of organizational behavior such as job performance. Nevertheless, despite the increasing attention among scholars on employee attitude, the research by Mowday et al. (2013); shows a negative relationship between job satisfaction, absenteeism and turnover. However, positive attitudes should occur when the workers have high job satisfaction towards job factors such as opportunity for promotion and recognition (DuBrin, 2005). Saari and Judge (2004) stated that management must be able to understand the relationship between business performance and work environment through the employee attitude. The internal and external factors that affect the work situation or working environment that include cultural influences would enhance the employees' capabilities to the fullest.

2.2. Background of performance measurement: Malaysian government-link company (GLC) context

In Malaysia, the past decade has seen a proliferation of the performance appraisal system such as the Malaysian Remuneration System (MRS) by GLC and other statutory bodies in the 1990s in order to improve the performance level in the public sector. Hence, the public or government-link companies should continue to enhance its mindset, attitude, culture and practices in order to be service delivery-oriented and to enhance the service effectiveness (Yusof, 2003).

However, [Yusof \(2003\)](#) commented that the main thrust of the MRS is not to adjust the salary systems but to enhance the previous system (NRS). The main reason that the government opted for this new system (MRS) is to increase the work motivation among civil servants. The MRS offers more advantages and gives benefit to employees in the public sector. In other words, the Malaysian government should be able to manage and implement a new system in order to improve on the existing ones.

The failure of the existing performance evaluation system has brought about a lot of wastage of human resources and has also incurred huge costs to the government ([Siddique, 2006](#)). Thus, the MRS has been perceived as the system designed with motivation factors in order to enhance the level of service and improve the employee attitude in the public sector.

In Malaysia, the motivation factor has still proved to be inadequate in enhancing the level of productivity in the public sector. The accuracy and the validity factors in any performance appraisal system have always been questioned by the employees ([Othman, 2001](#)). Thus, a Performance Management System (PMS) found to be critical in order to ensure accountability for outcomes and to drive improved performance universally. According to 11th Malaysia Plan Report, rewards, such as accelerated career tracks, higher performance bonuses and high profile recognition have been accorded for outstanding performance in this country.

2.3. Organizational culture and performance

The association or relationship between corporate culture and organizational performance has been extensively studied and identified in business literature. Some empirical studies in the literature have also identified the connection with corporate culture towards performance in organizations ([Meyer and Allen, 1991](#); [Lau and Idris, 2001](#)).

[Gordon and Christensen \(1993\)](#) proposed that the industry has moderated the link between corporate culture and performance. Thus, a better understanding of the effects of OC towards the productivity that has led to better performance could be obtained. However, some empirical studies have concluded that the variance and differences in the national culture might result in differences in the consequences of the OC towards the performance ([Chow et al., 1996](#); [Steers, 1989](#); [Lincoln and Kalleberg, 1990](#)).

Moreover, [Kotter and Heskett \(2008\)](#) proposed that cultural change has become tougher as organizations become more successful and established. The findings of [Kotter and Heskett \(2008\)](#) were relatively significant to the research of corporate culture because the long-term financial performance could be significantly affected by corporate culture. Thus, a strong culture could

provide a better platform for producing higher productivity. Hence, the major findings from the work of [Kotter and Heskett \(2008\)](#) as the superior performance over long periods of time could only be achieved through the corporate culture that has stimulated the anticipation and adaptation of change management. Furthermore, [Siehl and Martin \(1988\)](#) concluded that the values in OC could be measured and observed. Thus, the comparison across organizations and individuals could be made in order to determine organizational and individual performance.

2.4. Hypothesis for this research

To achieve the objectives of this research, the following hypothesis was tested in the course of this research. The hypotheses analyzed the effect of the Performance Management System on the employees' attitude in GLC in the existence of organizational culture.

Hypothesis 1: There is evidence that organizational culture moderates the relationship between BSC and Employee Attitude in GLC.

3. Methodology

This research uses a positivist paradigm, which is a quantitative approach because of the main strengths: generating precise, quantitative, numerical data from large survey sizes ([Kitchenham and Pfleeger, 2002](#)). Furthermore, the findings are reliable and can be generalized and replicated on many different populations ([Maxwell and Delaney, 2004](#)).

Research design must be suited with the purpose of the research ([Cavana et al., 2001](#)). Thus, hypothesis testing, exploratory, descriptive are some of research designs that have been used in social science research ([Neuman, 2002](#)). 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 and Bougie \(2016\)](#) stated that critical choices, point to each component of the research design.

A research is conducted as a quantitative research due to the application of a more quantitative design for well-known subjects ([Ward et al., 2002](#)). Furthermore the research was conducted in a natural environment of the organization thus the interference could be minimized by the researcher.

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.

The social science research could be made available through case research, exploratory, descriptive or hypothesis testing ([Cavana et al., 2001](#)). However, [Morgan et al. \(1999\)](#) comment that if there is no or little information available about the

subject, the researcher must perform an exploratory research so that the grasp of the phenomena or interest on the subject matter could be obtained. Hypothesis testing is applicable to establish and understand further the relationship between variables (Cavana et al., 2001; Morgan et al., 1999).

4. Research sampling

From a total of 800 questionnaires distributed, 460 of them were collected out of which only 400 (response rate of 40%) were usable. Of the 400 respondents, 256 (64%) were males and 144 (36%) were females. In terms of age composition, 150 (37.5%) of them were found to be less than 30 years, 127 (31.7%) were between the age of 30 to 40, whilst the remaining (30.8%) were of the age of 40 and above. In the context of educational background, a total of 150 or 37.5% of the respondents were degree holders, another 187 or 46.8% were diploma holders, 49 of them or 12.3% hold school certificates, whereas 10 or 2.5% were post-graduate and 4 or 1% of the remaining respondents hold professional qualifications. The breakdown composition of respondents in terms of positions was as follows: 226 (38.2%) constitutes of junior level, another 150 (37.5%) represent middle level and the remaining

24 (6%) were from upper management level. In terms of working experience, a total of 153 (38.2%) had less than 5 years, another 172 (43.0%) were between 5 to 15 years and the remaining 75 (18.8%) were senior staff with more than 15 years.

5. Statistical analysis

The application of Correlation Test and Regression Analysis were to show the level of correlation variables that being applied in this study. Pearson Correlation test normally being used when there is normal data distribution (Cavana et al., 2001). In this study, the correlation coefficient between important parameters has been tested.

Testing the reliability of the questions that used Likert 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 and Bougie (2016) 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.

Table 1: Cronbach's alpha analysis

Questions Category	Cronbach's Alpha	No of Items
Organizational Culture	0.718	19
Employee Attitude	0.817	15

The Cronbach's alpha for the 19 items in Organizational Culture components was 0.718 and Employee Attitude components was 0.817 in this research. According to Hair et al. (1998), 'the generally agreed upon limit for Cronbach Alpha is 0.70 although it may decrease to 0.60 in exploratory research'. Thus, all components in Organizational Culture have been found reliable in this research.

Referring to Table 2, the PCA evaluated the BSC and EA was found to be significant with a p value <0.001, and the Pearson's R value at 0.28. However, Pearson's R value was increased to 0.35 when Organizational Culture (OC) was included as a moderating variable in this research. Thus, the BSC was a significant predictor of EA because the R value was 0.28 and R square was 0.01 with a p value less than 0.001. However, with the existence of or in combination with OC, the R square increase to 0.35, R square was 0.1 with a p value less than 0.001.

Each component of Organizational Culture and BSC had significant proportion of its variance explained by Employee Attitude components. Hypothesis 1 states that OC mediates the relationship between PMS and Employee Attitude in GLC, was supported in this research.

Table 2: Pearson correlation analysis

Perspectives	Pearson's R	R ²	F-Statistic	P-Value
BSC and Employee Attitude	0.28	0.001	33.47	0.001
BSC, Employee Attitude and Organizational Culture	0.35	0.001	21.22	0.001

The result also indicates that R square for 4 BSC Perspectives is 0.0001, which means the independent variable contributes only 0.01% towards the dependent variable (Employee attitude) and the significant value more than the alpha value of 0.05.

Referring to Table 3, a standard regression was performed between employee attitude as the dependent variable and BSC as the Independent

variable. The correlation coefficient ($R=0.35$) was significantly different from zero, $F(1,398) = 0.236$, $p<0.001$, and 0.1% of the variation in the dependent variable was not explained by the sets of independent variables ($R^2 = 0.1$). BSC and Organizational Culture (OC), $\beta=.010$, $p<0.001$, was found to significantly contribute to moderate the relationship of BSC and Employee Attitude.

Table 3: Summary of regression analysis

Variables	R Value	R-Square	β	Standard Error Estimate	P-Value	Conclusion
BSC and Employee Attitude	0.28	0.08	0.17	0.32	0.001	Significant
BSC, Employee Attitude and Organizational Culture	0.35	0.10	0.10	0.32	0.001	Significant

The overall result of the regression model is significant as $p<0.0001$, is less than the threshold of

0.05. This indicates that Organizational Culture as the moderating variable does significantly affect the

relationship between dependent variable, the Employee Attitude (EA) and independent variables, BSC. The result also indicates that R square for 4 BSC Perspectives is 0.0001 which means the independent variable contributes only 0.01% towards the dependent variable (Employee attitude) and the significant value more than the alpha value of 0.05. The value of standardized coefficient also indicates the relative importance of this independent variable in the Regression analysis.

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6. Conclusion

The findings highlighted key issues that related to the research problem.

- First, this would show that employees of GLC were not able to grasp new knowledge or new skills. Furthermore, a healthy hierarchy should be generated in GLC so that it would stimulate the integration of the vertical relationship between the managers and their subordinates. Thus, the success of today's organization would depend heavily on integration, speed, innovation and flexibility whereas, in the past, the crucial part or the success factor would be the size, control and specialization and role clarity (Ashkenas et al., 2002).
- Second, the closed system applied by GLC caused frustration, low job satisfaction and slow response time for decision making. Furthermore, questionnaire of this research found that that GLC was having an unhealthy hierarchy. Thus, the situation should be corrected by pursuing the open system concept (Cummings and Worley, 2001). The communication between the management and employees could be improved by implementing the open system concept and it would promote GLC to become a learning organization. The lack of communication between the managers and other subordinates would hamper the effectiveness of performance.
- Third, the influences of employee attitude among the employees towards the internal behavior in the organization were found to be undeniable in this research. Hence, in the open system model, the

ultimate mission of the firm is to coordinate behaviors of every department or division in order for them to function together in the service of a strategy and goal (Cummings and Worley, 2001).

- 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 organizational discipline and focus. A Balanced Scorecard is useful to translate strategy into realizable goals with KPIs measuring performance (Bourne and Bourne, 2007). It is a necessity especially for larger organizations such as GLC which has outgrown more informal means of managing resource allocation and goals. Thus, the challenge is in the implementation (The Star, 17 July 2016).
- This research has found that the PMS played a vital role in changing the mind-set or making the paradigm shift within the organization by promoting the performance-based culture in GLC. The role and the influence of employees' attitude were undeniable and undoubtedly, the influence of organizational culture plays a vital role in determining the successfulness of the implementation of any performance management system in public sector organization. Moreover, the employee attitude has been clearly identified as the main contributor to the successful organization in the public sector organization by past scholars and this research clarifies and justifies the findings (Saadi, 2014).
- Finally, the impact from the implementation of the BSC was found not significant due to the organizational culture in GLC that embrace or uphold the culture of 'seniority' or time-based in the promotion exercise. The lack of performance monitoring and control and time-based factor had caused a low job satisfaction among the personnel in GLC.

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