

**STRATEGIC ALIGNMENT AND PERFORMANCE MEASUREMENT:
THE CASE OF TM BERHAD**



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Tuan/Puan,

TAJUK PROJEK PENYELIDIKAN DANA KECEMERLANGAN: STRATEGIC ALIGNMENT AND PERFORMANCE MEASUREMENT: THE CASE OF TM BERHAD

Dengan hormatnya perkara di atas adalah dirujuk.

Sukacita dimaklumkan bahawa Jawatankuasa Bengkel Penyelidikan Dana Kecemerlangan Fasa 02/2008 telah meluluskan cadangan penyelidikan yang telah dikemukakan oleh tuan/puan bertajuk di atas dengan syarat-syarat seperti berikut:

- i. Tempoh projek penyelidikan ini ialah **2** tahun, iaitu bermula **15 Ogos 2008** hingga **15 Ogos 2010**.
- ii. Kos yang diluluskan ialah sebanyak **RM30,000.00** sahaja (**Kategori A**). Tuan/Puan diminta mengemukakan proposal beserta bajet yang baru mengikut kos yang diluluskan sebelum tuan/puan memulakan projek penyelidikan tuan/puan.
- iii. Pembelian peralatan komputer adalah tidak diluluskan.
- iv. Semua pembelian bahan/peralatan adalah diminta agar tuan/puan mematuhi prosedur perbendaharaan di mana pembelian melebihi RM 500.00 hendaklah mengemukakan sebutharga dan borang analisa harga.

1.0 Introduction and Background

Managing companies' performance is a dynamic activity which is subjects to continuous changes from time to time. It encompasses various internal and external organizational factors exhibit conflict of interest between companies' strategic mission, vision and strategies and the individuals who work in the organizations. Rapid changes in the business environment globally especially with the fast moving technological advancement has forced companies to manage their performance to sustain its competitive advantages and improve performance. Numerous performance management tools have been developed to facilitate performance management processes along the way. Among numerous performance management tools developed, the BSC has received great attention from researchers and practitioners from worldwide since it was introduced in the early 1990s. A lot of studies have been conducted to explore and understand its benefit, shortcoming, implementation and implication (Srite, Galvin, Anuja and Karahanna, 2007; Anand, Sahay and Saha, 2005; Davis and Albright, 2004; Braam and Nijssen, 2004; and Maiga and Jacobs, 2003). However, it is aware that implementing BSC is not an easy task. Kaplan and Norton (2001) mentioned that many BSC implementation fail. Atkinson (2006) supported this claim founded that the successful story of BSC implementation is just about 30 percent (Atkinson, 2006).

Whilst aiming at solving companies performance related problem, BSC implementation requires much effort in order to be successful. Despite the anecdotal evidence on its advantages, implementing BSC is more complex than what it seems to be. Even though its basic concept presents only the four perspectives of companies performance, the process of implementing it

requires managers to clearly understand their company's future direction and carefully design its strategy, objectives, measures and initiatives so that it will be a meaningful effort. This is because the BSC implementation process is complex, affecting organizational working environment where performance is not only financial in nature but also involve the non financial aspects which in turn will touch the soft elements within the organization for instance power, integration and resistance from employees who are affected by the new BSC performance evaluation criteria.

In Malaysia, the BSC has begun to gain attention since year 2000s due to the increased competitions in the business environment. The need to sustain business competitive advantages and improve performance demand for better strategic performance management tools is adopted by companies. BSC is expected to facilitate organizations to fulfill the needs. Among other companies, the Government Link Companies (GLCs) founded to be the earliest company to move forward in adopting BSC. It is even more emphasized by the launch of the GLCs transformation programmed in April 2004 where all GLCs were required to follow good performance management practices depicted in the guideline named the "Blue Book" which was developed based on the BSC framework.

Though it is recognized as a comprehensive strategic management system and widely accepted by companies around the globe, BSC also has its own hurdles in the implementation stages. One of a major issue in the BSC implementation is to ensure alignment of organizational activities in different units and individuals to the corporate strategy which is the future direction of an organization. It is acknowledge even by the founder Kaplan and Norton (2006, pg 3) who highlighted that the enterprise which enjoy greatest benefits from their BSC are much better at