

Performance Measurement System in Higher Educational Institutions in Malaysia: An Exploratory Study of the Implementation of Balanced Scorecard

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ABSTRACT

High budget allocations for higher educational institutions have increased the responsibility and accountability of these institutions to their stakeholders. Hence issues of performance measurement and accountability have become very crucial for these institutions. It is necessary for the institutions to examine their performance measurement system to achieve organizational excellence. Traditional systems focusing on financial measures only will not suffice and thus the institutions should focus on strategic performance measurement systems including financial and non-financial perspectives. This study aims to examine the type of performance measurement system used by the faculty/department of accountancy in higher educational institutions in Malaysia. The findings of this preliminary study revealed that the perceptions of the responding institutions were in favour of a strategic performance measurement system. However the findings also showed that the institutions were not implementing their performance measurement system in a strategic manner.

Keywords: *Performance Measurement System, Balanced Score Card, Higher Education Institutions*

INTRODUCTION

The higher education sector has grown tremendously and plays a significant role in the Malaysian economy. The Government spends billions of taxpayers' money for the funding of universities for human capital development. The 2009 budget (SSY Partners, 2009) had an allocation of RM 14.1 billion to the Ministry of Higher Education to improve the quality at institutions of higher learning. For the year 2010, it was noted that RM 20 million was allocated to increase PhD qualified staff. In 2012, a total of RM 130 million was allocated for postgraduate programs and for the year 2013 a total of RM 13 billion was allocated for Higher education (www.ssypartner.com). This clearly shows that there has been an enormous amount of budget allocated for the purposes of higher education over the years. The high budget allocations for these higher educational institutions (HEIs) have increased the responsibility and accountability of these institutions to their stakeholders. This has led to the need to prioritize issues relating to performance measurement in the higher educational sectors (Humphrey et. al, 1993). Translating an organization's strategy into desired behaviours and results is fundamental to any organization and performance measures have a crucial role in achieving this (Chenhall and Langfield-Smith, 1998; Kaplan and Norton, 2001; Lillis, 2002; Campbell et al. 2004). The financial measures used traditionally by Organisations (Kaplan and Norton, 1992) may not be sufficient in the new era of globalization. With advancement in technology and increased competition, relying only on the traditional financial measures for performance evaluation may not be adequate (Ittner and Larcker, 1998; Neely, 1999) and may lead to organizational failure in the long run. Using financial performance indicators only, fail to focus on other key success factors needed for external accountability. It is also inadequate for addressing internal management needs (Brancato, 1995; Hexter, 1997). Therefore, it is vital for Organisations to balance their short-term performance with long-term needs.

As in the case of higher educational institutions, the necessity to provide performance indicators to the ministry and its governing bodies has also extended to other stakeholders such as funding agencies, alumni, donors, employees, academic and non-academic staff, students, parents as well as prospective students (Tam, 2001). To be accountable to the various stakeholders, it is necessary for higher educational institutions to ensure

that their performance measurement system is in line with achieving organizational excellence. Hence depending on traditional financial measures only will not be sufficient. Furthermore it is also important for higher educational institutions to link their performance measures to their strategies. Therefore, higher educational institutions should consider including other performance measures (non-financial) in addition to their financial measures to ensure that their performance measurement system focuses on critical elements of the organization's vision, mission and strategic direction. Apart from being a performance measurement indicator, these measures also contribute to self-assessment, strategic planning, creation of focus and consensus on goals and directions within the organization (Ruben, 1999).

Scope of Study

As discussed by Chang and Chow (1999), business education and in general accounting education have faced intensive pressures for change. They have attributed this to advancements in computer and communications technology, structural changes in business Organisations and processes and major shifts in student body demographics and also the revamped accreditation standards of the International Association for Management Education. In line with this claim, accounting education in Malaysia has also undergone tremendous changes with respect to information technology, student demographics, business environment and stakeholder needs. According to the Malaysian Institute of Accountants (MIA), higher educational institutions need to provide courses that meet the requirements of the industry and also need to take into consideration current development on international accounting education standards. Furthermore, the Malaysian Qualification Agency (MQA) has set stringent criteria of standards for an accounting course to be accredited, and the International Federation of Accountants (IFAC) has stressed on the need for value creation. Thus, it is clearly seen that accounting education systems particularly its performance measurement system in Malaysia needs to be carefully selected and implemented to meet the above challenges. Therefore this preliminary research study will focus on accounting education and thus the faculty of accountancy in higher learning institutions in Malaysia. Both the private and public higher learning institutions will be included in the study.

The overall purpose of this study is to examine the type of performance measurement system deployed in the faculty/department of accountancy of various higher educational institutions in Malaysia. In line with this main purpose, the study aims to

1. examine the perception of the respondents on the use of performance measurement systems
2. examine the type of performance measures used and the priority given to different performance measures
3. examine the extent to which strategic goals are set under the different performance categories and
4. examine the extent to which the performance measures are directly linked to the strategies set

LITERATURE REVIEW

Studies have shown that reliance on the traditional financial measures alone have been the cause of poor performance (Banker et al, 2000; Ittner and Larker, 1995). DeBusk and Crabtree (2006) claim that financial measures are too aggregated to be of help to management and such measures can be easily manipulated to attain short-term results compromising on long-term performance. The financial measures tend to induce managers to make narrow, short-run decisions, focusing on current impacts of decisions without a clear connection between short-run actions and long-run strategy (McKenzie and Schilling, 1998; Luft and Shields, 1999; cited in Malmi and Selto, 2001).

A survey data from 128 manufacturing firms, Stede et.al (2006), found that firms with more extensive performance measurement systems including objective and subjective nonfinancial measures showed higher performance. Kaplan and Norton (1996, p2) claim that most companies build their operational and management control systems, around financial measures and targets, which bear little relation to the company's progress in achieving long-term strategic objectives. This emphasis placed on short-term financial measures leaves a gap between the development of a strategy and its implementation. Hence, it is imperative that an effective performance measurement system that focuses on successful strategy execution as well

as performance measurement should be implemented by Organisations. Kaplan and Norton, in their writings have highlighted on the role of the Balanced Scorecard (BSC) in executing these requirements.

Educational institutions are compelled to be more efficient, effective and customer-focused as interests on assessments, accreditation, ratings and rankings are becoming priorities for the government, planners and policy makers (Sahney et al, 2008). To be successful, educational institutions need to have appropriate strategies and targets. Hence the Balanced Scorecard can play a key role in the educational institutions. Although the BSC was originally intended to be used in manufacturing companies, its multidimensional attribute has made it a suitable approach for non-manufacturing Organisations also.

Ruben (1999) state that the traditional academically-related variables emphasized in educational institutions are easily quantifiable, e.g. student and faculty demographics, enrollment, retention rate, faculty-student ratios, graduation rates, faculty teaching load, counts of faculty publications and grants, etc.. The author argues (p 3) that:

“As important as the traditional indicators are, these measures fail to present a comprehensive image of the current status of an institution. They do not reflect some of the key success factors for a college or university, nor do they capture many of the dimensions of a university’s mission, vision or strategic directions.”

He further asserts that the Balanced Scorecard approach offers an institution the opportunity to translate its mission and strategy into tangible objectives and measures.

Although the BSC has been widely used in other sectors (Kaplan and Norton, 2001) there is a dearth of published research on the application of the BSC in the educational sector (Cullen et al. 2003; Karanthanos and Karanthanos, 2005). Cullen et al, (2003) have proposed for the use of the BSC in educational institutions for reinforcement of the importance of managing rather than just monitoring performance. Dorweiler and Yakhou (2005, p 143) state that the use of the BSC in an academic sector assists academic administrators in focusing on internal processes to improve institutional

effectiveness, and display its accountability to the government and the public. Papenhausen and Einstein (2006) stress that it is very important to develop and measure processes that lead to successful outcomes in a business college, through the use of the balanced scorecard. This is due to the many criticisms on the relevance of the business education to business and the community (Bennis and O'Toole, 2005; Holstein, 2005; cited in Papenhausen and Einstein, 2006) and the inability of business schools to satisfactorily measure the value-added by their programmes (Pfeffer and Fong, 2002; cited in Papenhausen and Einstein, 2006). Furthermore Drtina et.al (2007), have stated that the balanced scorecard provides the means to rectify university misalignments by selecting measures that persuades employees to act in ways consistent with market expectations. Few studies (O'Neil et al., 1999; Sutherland, 2000; Papenhausen and Einstein, 2006; Beard D.F. 2009; Matherly and El-Saidi, 2010) have looked into balanced scorecard application in the higher education, whilst other studies (Bailey et al., 1999; Chang and Chow, 1999; Armitage and Scholey (2004) have looked into the application of balanced scorecard in the business and accounting departments specifically. Despite the use of the BSC extensively in the private, government and not-for-profit Organisations, there is little evidence to show the application of this tool in the education sector (Scholey and Armitrage, 2006).

Another case study by Chen et al (2009), on a private university situated in central Taiwan, showed that the university's performance in relation to registration rate, customer satisfaction, e-teaching service performance, budgetary system, ISO 9000 and the communication of the university's mission and vision to all staff and students to achieve their goals had improved since the implementation of the BSC in 2005. Papenhausen and Einstein (2006) have also proposed the use of the BSC as a promising and valuable tool for implementing a strategic performance management system, in an environment that demands increasing accountability from business schools.

RESEARCH DESIGN

This being an initial study to identify the type of performance system used in the higher educational institutions in Malaysia, a quantitative methodology was adopted with data collected through the mail questionnaire survey.

Sampling

The study was conducted on higher educational institutions in Malaysia, with the sample being the Faculty of Accountancy. Amongst a total of twenty public universities and thirty seven private universities listed (MOHE, 2008) , an initial screening was done to identify universities offering accounting programs. Out of the total twenty public universities, fourteen public universities were offering an accountancy program. As for the private universities, out of the total of thirty-seven universities, only twenty-three of them were offering an accounting program. Hence, these thirty-seven universities, both from the public and private sectors were selected for this research study. These universities were further categorized into those having a dedicated faculty of accountancy and those that were part of any other faculty.

The Respondents and the Response Rate

As this study is concerned with the identification of the type of the performance measurement system used in higher educational institutions, only the deans of the faculties were aimed at, failing which the program coordinator or any other appropriate person who would be familiar with the faculties' systems were identified. This was to ensure that the respondents would be able to understand the technical nature of the questionnaire. Before the final version of the questionnaire was administered, a pilot test was conducted to ensure the appropriateness of the questionnaire for the study. The pilot test was done with two public and two private universities and also with some of the faculty's academic and administrative members.

A total of 37 questionnaires were mailed, and a number of follow-up e-mails and telephone calls were made to increase the response rate. Finally, the response rate was 33 after giving full assurance that the report will provide aggregate results and the identity of any university will not be disclosed.

DATA ANALYSIS AND FINDINGS

Initially a general understanding about the institutions was obtained by getting the demographic details of the institutions in this study.

Details of Respondents

Table 1 provides details of the respondents in terms of their position held and tenure in the institution.

Table 1: Position Held and Tenure of respondents

Title of Position	
Deans of Faculty	14
Head of Department	6
Deputy Dean of Faculty	7
Program Directors	2
Program Co-ordinators	2
Executive Director	1
Panel of Advisory Board	1
Total	33

Length of service	
Less than 2 years	Nil
2 – 4 years	27
5 years and above	6

Out of the 33 respondents, fourteen were deans of the faculty, six were head of department, seven were deputy dean of faculty, two were program directors and two were program co-ordinators, and out of the remaining two, one person was an executive director and the other was a panel member of the advisory board. All the respondents had been holding their respective positions for not less than 2 years. Some of the deans had been in that position for more than 5 years. This shows that the respondents were suitable to answer this questionnaire, considering the technical nature of the questions.

Type of Higher Educational Institution

Table 2 below provides the details of the types of higher educational institutions that participated in this study, and the programs offered by the faculty.

Table 2: Types of Universities and Types of Programs Offered

Types of Universities	
Public University	13
Private University	13
Private College	5
Private College with twinning program	2
Total	33

Types of Programs Offered	
Undergraduate (Diploma, Bachelor)	16
Undergraduate and Post Graduate (Masters/PhD)	12
Undergraduate, and Professional (CIMA, CAT, ACCA, CPA, ICSA, MICPA)	2
Undergraduate, Post Graduate (Masters/PhD) and Professional	2
Professional (CIMA, CAT, ACCA, CPA, ICSA, MICPA)	1
Total	33

Amongst the 33 institutions surveyed, thirteen were from public universities, another thirteen were private universities, and out of the remaining seven, five were private colleges and two were private colleges with twinning programs. Thirty-two of the institutions offered undergraduate programs, and twelve of the institutions offered both the undergraduate and post-graduate programs. Two of the institutions offered the undergraduate and the professional programs, whilst two other universities offered all three, i.e. undergraduate, post-graduate and the professional programs. However, one university offered only the professional program.

Positioning of the Accounting Department in the Institution

Table 3 below shows the location of the accounting faculty within the institution.

Table 3: Location of Accounting Department

Dedicated Faculty of Accountancy		
Yes		12
No	Faculty of Business	18
	Faculty of Management and Finance	1
	Faculty of Accountancy and Economics	2
Total		33

Out of the thirty-three institutions, twelve of them had a dedicated faculty of accountancy and the remaining 21 of the institutions had their accounting departments in other faculties such as, the Faculty of Business, Faculty of Management and Finance and Faculty of Accountancy and Economics. Majority of these accounting departments were located at the Faculty of Business.

Size of the Institution in Terms of Number of Students Enrolled and Period of Establishment

Table 4 provides the information on the number of students enrolled in the faculty.

Table 4: Number of students enrolled

Number of students enrolled		
Less than 1,000		26
1,001 to 5,000		6
More than 5,000		1
Total		33
Period of establishment of faculty/department		
Less than 5 years		6
6-10 years		14
More than 10 years		13
Total		33

Twenty-six of the institutions had a student enrollment of less than 1,000 which were considered to be small and six of them had an enrollment size of 1,001-5,000 which were considered to be medium. Only one institution had an enrollment size of more than 5,000 students to be classified as large. This is because the institution has a number of campuses throughout the nation offering the accounting program. Therefore, the majority of the institutions that participated in this study were small.

Thirteen of the institutions, including the six medium and one large institution had been established for more than ten years, whilst fourteen of the small institutions were established for a period of between six to ten years. The remaining six small institutions were fairly new having been established for less than five years. Majority of the institutions had been in existence for more than six years. This indicates that the institutions in this study should be having some form of performance measurement system.

Perception of Respondents on the Use of Performance Measurement Systems

To obtain a general view of the perception of the respondents on the performance measurement system, 11 questions based on the use, design, measures and linkage to strategic goals were posted. A 7-point Likert scale with labels (1) 'strongly disagree' to (7) 'strongly agree' was used. This is to address the objective on the perception of the respondents of a performance measurement system.

Majority of the respondents were of the opinion that HEIs should manage performance through an appropriate performance measurement system as an appropriate system can increase the efficiency of performance management. Furthermore 85% of the respondents were also of the opinion that the PMS should incorporate both the financial and the non-financial measures to increase the efficiency. However 15% of the respondents took a neutral stand on this view. Subsequent investigation showed that these were the smaller institutions which had been established for less than five years. This may be due to the lack of awareness on the current developments on performance measurement systems. Almost all the respondents (97%) had the perception that strategic goals are key essentials to evaluate performance and hence performance measurement system should support

strategic objectives. The assertion that performance measurement must link directly to vision, mission and strategy was also well accepted by the respondents (90%). The respondents were also of the view that performance measurement system is necessary for Organisations to be competitive and agreed that an organization's revenue can be increased with the use of a balanced performance measurement system as a management control tool. On the costs benefit issue, 78.8% of the respondents were of the view that the gains of implementing the BSC will outweigh the costs and only 9% were of the view that costs will outweigh the benefit. However, 12 % were on the neutral stand. Further analysis on this indicated that these respondents were the smaller and newer institutions. This stand could be because, being a smaller and newer institution, they may not have the relevant expertise and resources to implement a sophisticated performance measurement system.

Hence, the overall perception regarding the performance measurement system shows that the majority of the respondents are aware of the importance of a strategic performance measurement system for sustainability and gaining competitive edge. This may be due to the frequent and strong publicity given in recent decades to the performance measurement systems and in particular to the BSC as a strategic performance measurement tool. The awareness is an encouraging sign for the higher educational institutions.

Types of Performance Measures Used and the Priority Given to the Different Measures

Table 5 below shows the results for the objective focusing on the types of performance measures used by HEIs and the priority given to the different measures. For the types of performance measures used, respondents were asked to tick on the four different categories of performance dimensions, i.e. the financial dimension, the customer dimension, the internal business dimension and the learning and growth dimension. A further analysis to gauge how well the faculty/department measures performance within each category was done to examine the priority given to each dimension. This was done using a 7-point Likert scale ranging from 1 (extremely poor) to 7 (extremely good). A further analysis was also conducted to examine the relationship between the performance measurement process and the size, length of time established, type and location of the accounting faculty.

Table 5: Categories of Performance Measures Used by HEIs and the Priority Given

Categories of Performance Measures		
Financial	4	6 (18%)
Customer	2	
Financial and Customer	4	11 (33%)
Financial and Learning & Growth	3	
Customer and Learning & Growth	4	
Financial, Customer, Learning & Growth	1	4 (12%)
Financial, Internal Business and Learning & Growth	1	
Customer, Internal Business and Learning & Growth	2	12 (36%)
Financial, Customer, Internal Business, Learning & Growth	12	
Total	33	33 (100%)

Priority on the Categories of Performance Measures	Frequency	Mean Score
Financial	28 (85%)	6.12
Customer	30 (91%)	5.15
Internal Business	13 (39%)	4.45
Learning & Growth	23 (70%)	4.73

The statistics show that six of the institutions (18%) had only one performance category. Four of these six institutions had financial measures only and the other two had customer measures only. This finding contradicts the perception of the respondents on the need for HEIs to design their performance measurement system using both the financial and non-financial measures. Eleven institutions (33%) had two performance categories, mainly comprising of the financial, customer or learning and growth perspectives. Four of the institutions (12%) had three categories. One out of these four had financial, customer and learning and growth categories whilst the other had financial, internal business and learning and growth categories. The other two institutions had the customer, internal business and learning and growth categories. The remaining twelve of them (36%) had all four-performance categories. Overall twenty-eight (85%) of the institutions had the financial and thirty (91%) of the institutions had the

customer performance categories whilst twenty-three (70%) of them had the learning and growth category. As for the internal business perspective, only thirteen (39%) of the participating institutions had mentioned about using it. This analysis shows that the higher educational institutions are focusing more on the financial and customer perspectives for performance followed by the learning and growth dimension. The focus on the internal business perspective is comparatively less.

A further analysis to gauge how well the faculty/department measures performance within each category, revealed that almost all of the participating institutions were measuring the financial perspective very well having a mean score of 6.12. As for the customer perspectives, the institutions were having a fairly good measurement system with a mean score of 5.15. However, for the internal business perspective and the learning and growth perspective, the analysis showed that the mean scores were 4.45 and 4.73 respectively. All these means are based on a 7-point scale ranging from 1 (extremely poor) to 7 (extremely good). This indicates that a higher priority is given for the financial and customer perspectives as compared to the other two perspectives. A comparison between these two perspectives shows that the learning and growth perspective has a higher mean indicating the preference for this category.

Additional analysis was done to see if there were significant differences between the performance measurement process and the size, length of time established, type and location of the accounting faculty. A non-parametric Kruskal-Wallis test showed that there was a significant difference ($p=0.004$) between the location of the accounting faculty and the measurement process for the financial category only. Those with a dedicated faculty of accountancy were measuring the financial category in a better manner than the others that were located in other faculties. This could be because being a dedicated faculty, the sole responsibility lies with the faculty to perform well financially as compared to the accounting department being located in other faculties. A significant difference ($p= 0.003$) was also noted for the performance measurement process for the customer category and the size of the institution. The smaller institutions seemed to be measuring their customer perspective well as compared to the larger institutions. This may be because the smaller institutions, for sustainability, need to be more focused on their customers. The risk of students leaving for other larger

universities is higher for these smaller institutions. Also with increasing costs for higher education, parents will be more concerned with the type of service provided by these institutions. Furthermore, conforming to the rules and regulations of Government agencies and funding agencies is vital for these smaller institutions to remain in business. On the other hand, larger universities may have established an image for themselves so customers may have a pre-conceived idea about larger universities. Hence the pressure to measure the customer performance may not be very compelling for these larger institutions.

The length of time the institution had been established did not show any significant difference, because majority of the institutions (81.8%) had been established for more than five years and only 6 institutions (18.2%) had been established for less than 5 years. Also, the type of institution did not show any significant difference, indicating that all types of institutions, whether private or public, have a similar measurement process.

Extent to which Strategic Goals are Set Under the Different Performance Categories and the Extent to Which Performance Measures are Directly Linked to the Strategies Set

A strategic performance measurement system should focus on translating the corporate strategy into a set of goals and objectives, which should then be monitored through multiple performance measures. Hence, it is crucial for performance measures to be directly linked to the strategy set.

Based on this, the sub-objective on the extent to which strategic goals are set and the extent to which the performance measures are linked to the strategic goals is formulated.

Table 6 provides information addressing the objective on the extent to which strategic goals are set under the different performance categories in the faculty/department of accountancy of HEIs. For this a 7-point Likert scale ranging from (1) 'Not Set' to (7) 'Explicitly Set' was used. Furthermore to appraise the quality of the performance measurements used, a further analysis was conducted to see the extent to which the performance measures under the different categories are directly linked to the strategies set. This was done using a 7-point Likert scale ranging from (1) 'Not at all' to (7) 'Considerably'.

Table 6: Strategic Goals Set for each Category of Performance Measures

Categories of Performance Measures	Score				Frequency	MeanScore
	4-5-6	4-5	5-6	5-6-7		
Financial				33	100%	6.24
Customer			24		72.7%	4.94
Internal Business		11			33.3%	4.38
Learning & Growth	21				63.6%	4.65

Extent to which Performance Measures are Directly Linked to Strategies Set

Scores	Frequency	Mean Score
3	4 (12.1%)	
4-Moderately	8 (24.2%)	
5	21 (63.6%)	4.52
Total	33 (100%)	

A frequency distribution showed that all the participating institutions had set strategic goals for the financial perspective with a score of above 5 and with a mean of 6.24. As for the customer perspective, twenty-four institutions (72.7%) had a score of 5 and 6 with a mean of 4.94. Eleven institutions (33.3%) displayed a score of 4 and 5 with a mean of 4.38 for the internal business perspective and twenty one institutions (63.6%) had a score of 4, 5 and 6 for the learning and growth perspective with a mean of 4.65. Surprisingly, two of the institutions (6%) showed that they were not setting strategic goals for the Internal Business and the Learning and Growth perspectives. All these scores and means are based on a 7-point scale ranging from 1(Not set) to 7 (Explicitly set). This analysis implies that the institutions are more concerned with setting strategic goals for the financial and customer perspective followed by the learning and growth perspective. Less emphasis is given for the setting of strategic goals for the internal business perspective This is in line with the earlier findings on the types and priorities of performance measures used which indicated that the higher educational institutions were more focused on the financial and customer perspectives, followed by the learning and growth perspective and finally the internal business perspective.

To appraise the quality of strategic performance measurements used, an analysis was conducted to see the extent to which the performance measures

under the different categories are directly linked to the strategies set. The results showed an overall mean of 4.52 on a 7-point scale ranging from 1 (Not at all) to 7 (Considerably). 24.2% of the responding institutions moderately linked (score 4) the performance measures to the strategies set and 63.6% indicated that they were linking (score 5) the performance measures with the strategies set. The remaining 12.1% indicated that they were not linking (score 3) the performance measures with the strategies set. This finding again, is contrary to the perception of the responding firms with regards to linking the performance measures to the strategies set. The implementation is not as strong as the perception. As mentioned earlier the respondents may be aware of the importance of linking the performance measures with the strategies set due to the extensive publicity given to strategic performance measurement systems, specifically the Balanced Scorecard. However, the implementation is not been carried out appropriately. This may be due to the lack of expertise in this area.

The balanced scorecard is a strategy focused management system, assisting Organisations in translating their corporate strategy into a set of goals and objectives, which are then monitored through multiple performance measures. Therefore, under the balanced scorecard, it is crucial for performance measures to be directly linked to the strategy set. Based on this, an analysis was done to examine the stage of implementation of the balanced scorecard in the faculty/department of accountancy and the extent to which performance measures were linked to the strategies set. The results are shown in Table 7.

Table 7: Stage of Implementation of Balanced Scorecard and Extent to which Performance Measures are Linked to Strategies set

Stage of Implementation of Balanced Scorecard	Frequency	Extent to which performance measures are directly linked to the strategies set			Total
		Score			
		3	4-Moderately	5	
Considering	39.3%	2	2	9	13
Approved	3%			1	1
Implementing Now	30.3%	2	2	6	10
Partially Implemented	24.2%		4	4	8
Totally Implemented	3%			1	1
Total	100%	4	8	21	33

The analysis to examine the extent to which the faculty/department had implemented the BSC or something similar to BSC, showed that only one institution (3%) had totally implemented the BSC. Eighteen institutions (54.5%) were either “implementing now” or had “partially implemented” the BSC. A further analysis was done to examine if the institutions which are “implementing now/partially implemented/totally implemented” the BSC are actually linking the performance measures with the strategies set. The results showed that the institution that had totally implemented, was more than moderately linking the performance measures to their strategies set { score of 5, on a 7-point scale ranging from 1 (not at all) to 7 (considerably)}. Six of the institutions that were “implementing now” or that had “partially implemented” the BSC were only moderately linking their performance measures to their strategies set whilst two of the institutions that were “implementing now” were not linking the performance measures to the strategies set. It is of concern because this practice shows that the institutions are really not aware of the proper implementation of the BSC. Nevertheless ten of the institutions that were “implementing now” or had “partially implemented” did show a score of 5, indicating that there is some form of linkage between the performance measures and the strategies set and hence they may be in the right direction. It was also interesting to note that nine of the institutions that were “considering” to implement the BSC were linking the performance measures to their strategies set in an above moderate extent having a score of 5. This implies that although they had not implemented the BSC, they are to a certain extent following a strategic performance measurement system. On the other hand, some of the institutions that had mentioned that they are “implementing” or “partially implementing” the BSC were not linking their performance measures to the strategies set. Hence, their BSC implementation is questionable. The overall findings show that the participating institutions’ perception towards a strategic performance measurement system was encouraging. However, the actual practice was not fully in line with their perception.

CONCLUSION

This preliminary study revealed that the respondents’ perception is supportive of a strategic performance measurement system. Majority of the participants agreed that HEIs should manage the performance of

their institutions with an appropriate performance measurement system, incorporating both the financial and non-financial measures. They were also of the perception that strategic goals are key essentials to evaluate performance and that there should be a linkage between vision, mission and strategy. Hence the overall perception of the respondents regarding an appropriate performance measurement system seems to promote the balanced scorecard.

With regards to the types of performance measures used and the priority given to the different performance measures, the findings showed that the higher educational institutions are focusing more on the financial and customer perspectives for performance followed by the learning and growth dimension. The focus on the internal business perspective is comparatively less. The lack of focus on the internal business perspective is of concern as this may lead to inefficiencies within the faculty/department which may cause dissatisfaction amongst the customers resulting in adverse financial performance.

The findings also showed that institutions having a dedicated accounting faculty were measuring their financial perspective better than those institutions where their accounting department was located in other faculties. This could be because, being a dedicated faculty, the sole responsibility lies with the faculty to perform well financially as compared to the accounting department being located in other faculties. As for the size and the customer category, the smaller institutions seemed to be measuring their customer perspective well as compared to the larger institutions. This may be because the smaller institutions need to be more focused on their customers to remain in business. The risk of students leaving for other larger universities is higher for these smaller institutions. Furthermore, with the escalating costs for higher education, parents' preferences for quality service will also increase. In addition, meeting the requirements of Government agencies and funding agencies is vital for these smaller institutions to sustain in the business. On the other hand, customers may have a pre-set perception of larger institutions having a strong reputation and hence these institutions may not face the pressure of accurately measuring the customer perspective.

The findings of this study indicated that almost all of the institutions had set strategic goals almost explicitly for the financial perspective and above moderately for the customer and learning and growth perspectives. However,

for the internal business perspective the strategic goals were moderately set. This again shows that the institutions are more concerned with the financial and customer perspective followed by the learning and growth perspective. There is less emphasis for the internal business perspective. This concurs with the earlier findings on the types and priorities of performance measures which indicated that the higher educational institutions were more focused on the financial and customer perspectives, followed by the learning and growth perspective and finally the internal business perspective. . This stand is discouraging as it is vital to consider the internal business perspective also for a balanced performance.

On the linking of the performance measures with the strategies set, the results indicated that 88% of the participants were “moderately” or “slightly above moderately” linking their performance measures with the strategies set. The remaining institutions indicated that they were not linking their performance measures with their strategies. This finding is contrary to the perception of the responding firms with regards to linking the performance measures to the strategies set. The respondents are aware of the importance of linking the performance measures with the strategies set due to the extensive publicity given to strategic performance measurement systems, specifically the BSC. However, the implementation has not been carried out appropriately. This may be due to the lack of expertise in this area.

On the implementation of the balanced scorecard, the results showed that only one institution had fully implemented the BSC. The others were either “implementing now” or had “partially implemented” the BSC. However, findings indicated that the institution that had fully implemented the BSC was linking the performance measures with the strategies set, above moderately only. 30.3% of the institutions that had “partially implemented” or that were “implementing now” , linked their performance measures with the strategies above moderately aslo. However, some who were “implementing now” or who had “partially implemented” the BSC, were not linking their performance measures with the strategies. This shows that the respondents are not familiar with the proper implementation of a strategic performance system.

In summary, the findings of this study have indicated that although the respondents are in favour of a strategic performance measurement system, but are not accurately implementing it in their institutions.

LIMITATIONS OF THE STUDY

This study was conducted using a mail questionnaire survey. As is in any such survey, this study also encountered the common problems inherent in such data collection method. However, every attempt was made to minimize the limitations. The response rate was slow and poor. This was overcome by repeatedly calling or e-mailing the person to get their response. In some instance, the questionnaires were re-sent through the e-mail. To get further clarification for some of the responses was very difficult as the respondents were not keen in meeting for further discussion. It was not possible to conduct a post-questionnaire interview, as the participating institutions were not willing to do so. Most of the respondents were not really keen in sharing because of their private and confidential policies. Although assurance was given that the confidentiality will be maintained, and results will be aggregated, yet the respondents were not too keen. Furthermore as the sample size was small, it was not possible to conduct more rigorous statistical analysis.

FUTURE RESEARCH

This was an initial exploratory study, to examine in general, the performance measurement system used in the faculty/department of accountancy, in HEIs. Hence this study did not attempt to get insights into the implementation of performance measurement system. From this initial findings it is seen that although the participating institutions were in favour of a strategic performance measurement system, but were not actually implementing it. Therefore a case study approach should be conducted for this research, as it would provide insights into explaining issues in implementing a performance measurement system. Furthermore future research should also focus on behavioural implications in implementing a performance measurement system in HEIs and identify potential variables that have an influence on the implementation of a performance system. Future research can also be done to see the effect of a performance measurement system on performance itself. A longitudinal case study would be appropriate. This current study focused only on the faculty/department of accountancy, and hence future research can be conducted on the institution as a whole.

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