

UNIVERSITI TEKNOLOGI MARA

**UNDERSTANDING THE
PERFORMANCE MEASUREMENT
SYSTEMS IN THE MALAYSIAN
PUBLIC SECTOR**

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PhD

September 2025

ABSTRACT

This paper provides a comprehensive examination of performance management within the Malaysian public sector, highlighting its pivotal role in evaluating and enhancing organizational effectiveness and ensuring long-term sustainability. Performance management is integral to any organization or nation, as it helps in gauging success and driving improvements. In this study, goal-setting theory and qualitative research techniques are utilized to explore this topic in depth. Goal-setting theory, which applies to both human and organizational levels, asserts that performance is significantly influenced by the establishment of specific, measurable goals. According to this theory, individuals and managers perform more effectively when they have clearly defined objectives and are driven by these goals. The direct correlation between goal specificity and performance is a central focus of this research. To achieve optimal goal formulation and implementation within public sector management, it is crucial to determine the relevant indicators and criteria that should guide the process. Previous studies have indeed explored various factors affecting performance management; however, there is a notable gap in research involving detailed, qualitative interviews with high-level management officials, such as Chiefs or Heads of Ministries. This study aims to address this gap by offering empirical insights into the variables that influence performance management in the Malaysian public sector. Through an in-depth analysis, this research seeks to understand the essential practices associated with KPI-based performance management, examine how KPI-based performance influences national policies, and investigate the relationship between KPI-based performance and overall public sector effectiveness. By highlighting these aspects, the study underscores the importance of cultivating a culture that prioritizes performance and accountability. Such a culture is expected to foster greater motivation among public sector employees, leading to enhanced service delivery and overall organizational success. The findings of this study are anticipated to provide valuable recommendations for improving performance management practices in the Malaysian public sector, contributing to more effective governance and better public sector outcomes.

ACKNOWLEDGEMENT

I would like to begin by expressing my profound gratitude to my late parents, Hj. Mohd Zam bin Suradi and . Their memory, love, and unwavering support have been the guiding light throughout my PhD journey. My love also to my mother, . Their wisdom, encouragement, and the values they instilled in me have been the foundation upon which I have built my achievements and have provided me with the resilience to navigate the challenges of this research.

To my husband, Anuwar bin Asmuni, I extend my heartfelt thanks for his boundless love, patience, and steadfast support. His encouragement and sacrifices have been a source of immense strength and motivation, making it possible for me to pursue and complete this demanding endeavor.

My deepest appreciation goes to my children, Mohamad Amirul Amin, Mohamad Amsyar Amin, Mohamad Aminin Amin, and Mohd Azhar Amin, whose joy and understanding have been a continuous source of inspiration. Their patience and love have helped me remain focused and grounded, even during the most challenging times of this journey. I am also sincerely grateful to my dear siblings, Zainab, Kalthom, and my late sister Habibah, for their unwavering support and encouragement. Your belief in me and your presence have been a comforting and motivating force throughout this process. I am especially grateful to have all my family and friends for their great support and doa.

I would like to extend my sincere thanks to my main Supervisor, PM. Dr. Aida Hazlin Ismail, and my co-Supervisor PM Dr Syahrul Ahmad, and PM Dr Aida Maria Ismail for their exceptional guidance, support, and insightful feedback. Your expertise and dedication have been instrumental in shaping this research and bringing it to fruition.

Finally, I would like to acknowledge the support of all lecturers, and staffs of Post Graduate Office, University Technology Mara for providing a collaborative and enriching academic environment. The opportunity to engage with a community of scholars and access to various resources has been crucial in the successful completion of this study.

Thank you all for being an integral part of this journey and for contributing in countless ways to the completion of this study.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

There are many performance measurement tools designed to make the process easier and more effective in order to help organizations become more successful. There are some tools used to measure performance, such as Key Performance Indicators (KPIs) and Metrics, performance appraisals, 360-degree feedback, Management by Objectives (MBO), Balanced Scorecard (BSC) in performance measurement frameworks, reward and recognition programs and Personal Development Plans (PDP).

Most of the time, the design of performance measurement or appraisal tools determines their accuracy in the performance management process, whether in the private or public sector. This design refers to the structure, methodology, and criteria used to assess and evaluate performance.

1.2 Background of the Study

Economic development requires an efficient and effective public sector. Since Malaysia's public sector is an administrative component of the Malaysian government. As an administrative arm of the Malaysian government, the public sector plays a pivotal role in realizing national goals and aspirations. One of the critical duties that must be defined in order to realize the government's purpose and vision is performance management. This study will primarily focus on performance measurement, while also addressing performance management, as the two concepts are closely related.

Performance management is a systematic process aimed at improving organizational performance by enhancing individual and team effectiveness. In contrast, performance measurement that must be clearly defined to effectively manage government administrative performance and achieve the government's goals and vision. This is where the government performance needs to be measured in order to know how successful they are in governing the resources entrusted to them by the public. Hence element of performance measure is crucial.