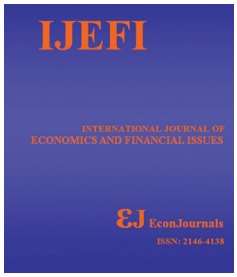

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Balanced Scorecard and Strategic Alignment: A Malaysian Case

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ABSTRACT

This study explores the uses of the balanced scorecard (BSC) as a strategic alignment tool in a large Malaysian organization. The aim is to investigate whether the BSC helps to improve the strategic alignment process in an organization. The authors apply qualitative case study approach. The main sources of data were from interviews and observations. The case company for this study is a large Malaysian Government-Link Company (GLC). The results show that the BSC through its measures helps to improve the process of aligning the company's strategic objectives and strategies between the top and the lower management levels partially. It reveals how the BSC helps to improve the alignment process by increasing managers' awareness and common understanding of alignment, focus managers' attention on the harmonization and streamlining managers' objectives towards achieving organizational goals.

Keywords: Business Management, Performance Management, Balanced Scorecard, Strategic Alignment, Case Study
JEL Classifications: M1, M10, M12, M19

1. INTRODUCTION

Recently, the management team of a business is facing significant challenges as the businesses are becoming more competitive and complex. As a business grows, strategic alignment is becoming more important each day, especially for a large organization. Many authors have highlighted the positive association between alignment and better organizational performance (Nadler and Tushman, 1997; Chenhall, 2005; Kaplan and Norton, 2006 and Thompson and Mathys, 2008). As such, more and more frameworks and tools has been developed by researchers and practitioners to handle this issue which include the McKinsey 7S model (Peters and Waterman in 1982), Labovitz and Rosansky's alignment model (Labovitz and Rosansky, 1997), Nadler and Tushman congruence model (Nadler and Tushman, 1997) and Kaplan and Norton organizational alignment model (Kaplan and Norton, 2006). This study focuses only on the application of the Kaplan and Norton (2006) Organizational alignment model in managing the strategic alignment process in an organization.

The Kaplan and Norton Organizational alignment model is a strategic alignment model that is specially developed to complement the BSC implementation process in managing strategic alignment issues. Though the BSC has been widely adopted around the world and acknowledged as one of the most successful strategic management and alignment tool, there are very limited studies on BSC that explore in this issue. Many studies on the BSC were focusing on its role as a performance measurement and management tool such as Hoque and James (2000), Maiga and Jacob (2003), Davis and Albright (2004), Dilla and Steinbart (2005), Bose and Thomas (2007) and Gibbons and Kaplan (2015). Dilla and Steinbart (2005) investigate the preference of decision makers who have had training and experience in designing BSC, towards a unique or common measures in their performance management practice. Bose and Thomas (2007) also focused on the BSC as a measurement tool. They examined the issue of measuring performance in an Australian company that has reversed the decline in its performance by adopting the BSC approach.

This paper presents a case study of a large Malaysian service provider that has extensively utilized the BSC as its core strategy alignment tool. The paper aims to discover the effect of the use of the BSC as a strategic alignment tool on the company's alignment process and its performance from a qualitative perspective. From

the knowledge perspective, this study advances the understanding of BSC and strategic alignment that are previously studied independently in its field. It also contributes to the call for more holistic studies on strategic alignment made by Kathuria et al. (2007) and Kaplan and Norton (2006). The paper also contributes to the management accounting practices by providing real evidence of the uses of the BSC as a strategic alignment tool and its implication rather than only as a measurement tool. This paper is structured in the following way. Section 2 provides the review of the literature concerning the BSC and strategic alignment and its relationship to organizational performance. Section 3 explains the methodology used in this study; Section 4 reveals the result, and finally, Section 5 presents the discussion and conclusion of the study.

2. THE BALANCED SCORECARD (BSC)

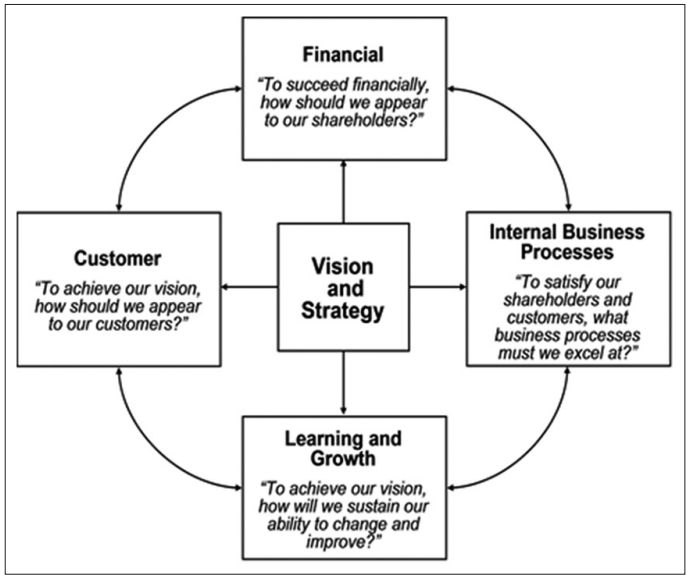
The BSC is a dynamic performance management model that has been introduced by Kaplan and Norton in 1992. It is claimed to be one of the most influential contemporary management accounting tools (Modell, 2012). It was initially developed to facilitate performance measurement in an organization. Nowadays, the BSC has evolved to become a strategic management system and is used as a strategic alignment tool that helps organizations to align their vision, mission, and strategic objectives to their operational activities to improve financial and non-financial performance (Witcher and Chau, 2007 and Huang and Hu, 2007). Norreklit (2003) states that the BSC is a widely adopted strategic management system around the world. The BSC works from its four core perspectives, which are claimed to be a balanced performance measurement system. Kaplan and Norton (1996) indicated that the BSC provides the balance between short and long-term objectives, financial and non-financial measures, lagging and leading indicators and between external and internal performance perspectives. The strength of the BSC lies in the interrelationships between its four performance perspectives, as these perspectives remain the core management elements in any organization. These perspectives are (1) Financial; (2) customer focus; (3) internal business/operational efficiency, and (4) employee learning and growth/competency. Figure 1 shows the basic perspectives of the BSC and its interrelationships.

Based on the model in Figure 1, Kaplan and Norton proposed that the improvement in an organization's financial performance is the effects of improvement on the other three perspectives (i.e., learning and growth, internal business process and customer). Nevertheless, most of the literature on the BSC since its inception has focused on its function as a performance measurement and management tool compared to as an alignment tool. Thus, the evidence on the BSC as a strategic alignment tool are very limited. This section highlighted the few studies that have emphasized on the role of BSC as a strategic alignment tool in the strategic management areas of studies.

2.1. The BSC as a Holistic Strategic Alignment Tool

In their second BSC book, Kaplan and Norton (1996) mentioned that a high performing BSC user is the users that can align its various divisions in the organization to work together to achieve

Figure 1: The four perspectives of the BSC



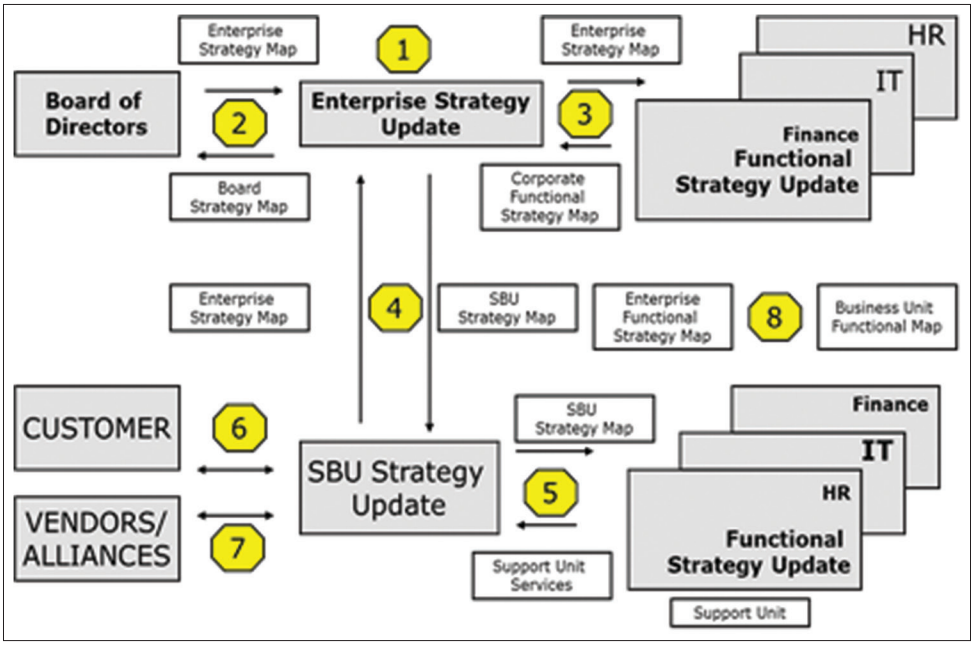
Source: Kaplan and Norton (1996)

the organization's vision and mission. In the year 2006, they introduced a strategic alignment model called as "organizational alignment model" to help the BSC implements to manage strategic alignment issues. In this study, the authors maintain the term "strategic alignment" as this term is a frequently used term compared to "organizational alignment." Kaplan and Norton (2006) define strategic alignment as the process of aligning corporate, business units, support units, external partners and the company's board with the company's business strategy. The model views managing organizational structure as a mean to manage the strategic alignment issue. To create an effective strategic alignment process, Kaplan and Norton (2006) model emphasized on eight (8) critical alignment checkpoints that are (1) the need for clear strategic guidelines defined by corporate office to shape the lower level strategic objectives; (2) alignment between the board responsibilities and priorities with the shareholder's needs; (3) alignment between corporate office and support units priorities; (4) alignment between corporate office and business units strategies; (5) alignment between business units and support units strategies; (6) alignment between business units priorities and customers' demands; (7) alignment between business units and suppliers or alliances partners and (8) alignment between supports units at corporate and business units levels. Figure 2 illustrates the Kaplan and Norton (2006) Organizational Alignment model.

Figure 2 suggested that the alignment between the units are created using the strategy map of each unit. The strategy map is a visual representation of the cause-and-effect relationships among the components of an organization's strategy that will be translated into objectives, measures, and targets for the units' scorecard (i.e., the key performance indicators (KPI)). Figure 3 provides an example of a strategy map.

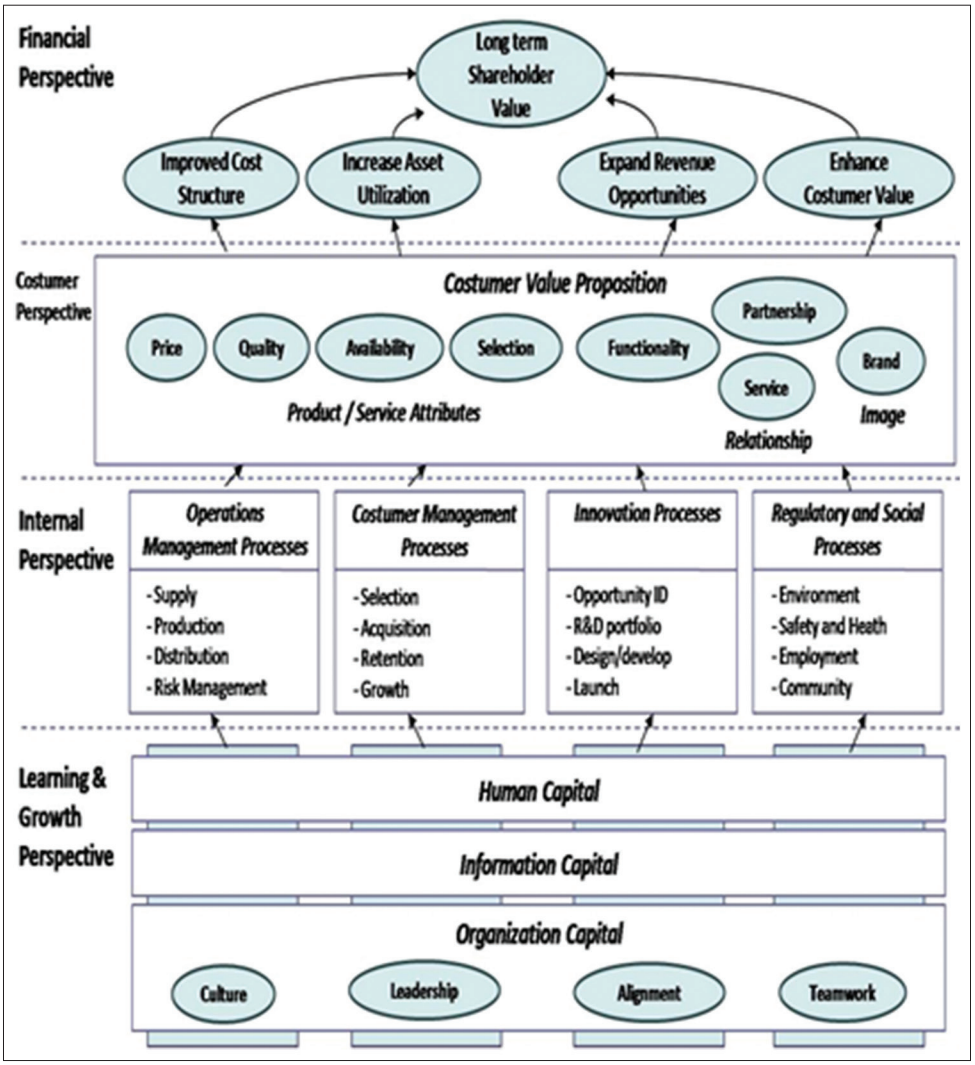
Regardless of having a model as a guide, Schneiderman (2001) stressed that the key to linking strategic alignment is not the BSC itself, but the underlying processes that make it. Wisniewski and Olafsson (2004) supported this claimed. They mentioned that "the

Figure 2: Organizational alignment model



Source: Kaplan and Norton (2006)

Figure 3: Strategy map



Source: Kaplan and Norton (2004)

process is as important as the products." Despite its importance, there are very limited studies describing how the BSC helps to improve strategic alignment process in an organization that specifically uses the model proposed by Kaplan and Norton (2006).

2.2. Strategic Alignment - Why and How?

Strategic alignment theory states that organizations that manage to align their different components such as its people, systems, and structure, perform better in achieving their strategic goals than those that do not (Nadler and Tushman, 1997; Kaplan and Norton, 2006). Failure to strategically align the various components might lead to undesirable implications such as unaligned strategic objectives between the divisions; measures that may neither be fully understood or implemented; targets could be compromised or unattainable; key initiatives and investments may not be prioritized, optimized or adequately funded which may require costly corrections (Paladino, 2000). Strategic alignment facilitates organizations to improve their performance, enhancing efficiency, gaining, and sustaining competitive advantage (Gutierrez and Serrano, 2008). Vaidyanathan (2005) mentioned that "successful implementation of organizational strategies requires a crucial understanding of the linkages between resources, activities and the desired outcome."

Literature indicates that there is the various definition of strategic alignment (Kathuria et al., 2007) which create inconsistency between the results of the previous studies. For instance, Nath and Sudharshan (1994) used the word coherence to refer to alignment between business strategies and functional strategies. Smith and Reece (1999) defined alignment as the degree of match between a firm's operational components and its business strategy while Melnyk et al. (2005) defined alignment as the connection between strategy and activities. Strategic alignment is categorized into two that are the vertical and horizontal alignment (Reich and Benbasat (2000). They explain that vertical alignment is the alignment of strategies, objectives, action plans and decisions throughout the various levels of an organization as conceptualized at the three levels - corporate, business and functional strategy. On the other hands, horizontal alignment is defined as the cross and intra-functional alignment and coordination of efforts between divisions at the same level. Compared to vertical alignment, horizontal alignment received comparatively little attention from researchers. Some organizations had achieved high levels of one while rating low on the other (Reich and Benbasat, 2000).

Previous studies have proven the positive relationship between strategic alignment and companies' performance from various perspectives. For example, Smith and Reece (1999) studied the relation between external fit and company's performance. The results show that the external fit (i.e., fit between business strategy and businesses operational elements) has a significant direct positive impact on business performance. Ismail and King (2005) implicates that highly accounting information system aligned small and medium enterprises achieved better performance than their counterparts did. Crotts et al. (2009) pointed out that a great strategically aligned hotel reported significantly higher organizational support, employees' services commitment and employees satisfaction compared to the hotel with low strategic alignment. Additionally, Carmeli et al. (2010) found a positive relationship between strategic fit and three dimensions of firm performance - economics, relationships, and product performance. Roberts and Grover (2012) found that firm performance is higher when customer-sensing capability and customer responding capability are aligned than when they are misaligned. Further, studies have also shown various evidence concerning the impact of misalignment on performance. For example, Decoene and Bruggeman (2006) concluded that misalignment has an adverse impact on managers' intrinsic motivation to improve firm performance. However, Pongatichat and Johnston (2008) provide some benefit of misalignment. They suggested that the misalignment between performance measures and strategy enables managers to balance the firm strategic focus and broader requirements; encourage organizational learning; manage the operational realities; create flexibility; enable greater control over activities and measurability of performance; enhance career benefits, and justify poor performance and the need for more resources. These studies provide very limited evidence concerning the processes employed by organizations to create and sustain strategic alignment (Bricknall et al., 2007 and Kathuria et al., 2007).

3. RESEARCH METHOD

This study utilized the case study approach. A large government link company in Malaysia has been selected as the case company since it has been implementing the BSC for more than 10 years. This company has also won the Malaysian National Award for Management Accounting for their best practices in using management accounting tools in managing its performance. This provides a better ground to study the strategic alignment issues in the company. The case company is named as Dynamic Berhad (DB) for confidentiality purpose. The data were collected in the year 2008-2010, which includes interviews and analysis of documents and 4 months of observations in BSC management meetings. The participants in the interviews were among the top, middle and lower level managers. Thirty-three managers were selected for the interviews using the snowballing technique. In addition, observations were conducted in thirty BSC management meetings, which was in the period when the company is preparing their annual BSC performance measures. Appendix Tables 1 and 2 provide the detail of the interviews and observations.

3.1. Data Analysis

Data was analyzed using the qualitative data analysis technique suggested by Miles and Huberman (1994). All interviews and observations were transcribed and transferred into Microsoft Word2007 files. Transcribed data were thoroughly read through and transferred into a data matrix that was developed based on the research objectives. The matrix was uploaded into the qualitative data analysis software Atlas Ti Version 6.1 for coding and further analysis. In making sense of the strategic alignment process, the data from interviews and observations were analyzed through a continuous interplay between data collection and analysis as recommended by Miles and Huberman (1994). The data analysis was done in an iterative manner. From the analysis, themes on the processes and issues involve in creating strategic alignment

based on the BSC framework were identified. The information gathered from various sources provide valuable inputs as they enable the researcher to identify themes, compare, and contrast similarities and differences of the subjects to develop plausible explanations, justifications, and reasoning to arrive at a certain pattern of categories. The interviews provide the details on the interrelations between organizational components that are essential in creating organizational alignment from the people's perspectives while the documents and observations provide additional support to the result of interviews. The validity of the results was obtained through a triangulation technique. The data from interviews and observations were compared, and re-checks to improve the degree of confidence of the information collected through the different tools and times in a qualitative case study research. A detailed explanation of the findings is provided in the next section.

4. RESULTS

This study reveals some interesting findings on how a large Government-Link Company uses the BSC as a strategic alignment tool and its implication on the company's alignment process and its financial performance. The presents study indicates that the implementation of the BSC helps the company to develop a systematic alignment process which is not in place before. Analysis of data also shows an improvement to the company's strategic alignment process and its financial performance at a certain level. This section demonstrates the details of the findings.

4.1. Systematic Alignment Process

Interviews and analysis of the company's documents discover the BSC and strategic alignment process practices in DB as illustrated by Figure 4.

Figure 4 shows that DB follows six stages in the process to effectively implement the BSC as well as managing strategic alignment among its decentralized business units and other components. This six stages process has been designed internally by the DB BSC task force. The framework is used as the main guideline to strategically align the DB strategic level vision and mission to the middle and lower level strategic objectives and business activities. The six stages consist of: (1) Setting strategic level organizational mission, vision and strategic direction; (2) develop strategic level strategy map and scorecard; (3) cascading the map and scorecard to SBUs, support units and individual managers; (4) tracking, monitoring and controlling company and sub-unit performance's; (5) reward and recognition program and finally (6) BSC health check. Among all stages, the most important stage that focuses on the alignment issues in DB is the BSC cascading process as stated in the company's BSC policy and Guideline below,

> *"Cascading is about aligning the entire organization to a common strategy regardless of the organization's structure. Cascading allows every employee to participate in setting meaningful objectives and measures within their territory in line with what `is set at the higher level." (DB BSC Policy and Guideline, 2007, p. 33).*

To ensure an efficient cascading process, the BSC management team has also developed a systematic process specifically to manage the alignment issue as shown in Figure 5.

Figure 5 shows that the strategic alignment process started when the management communicates the company's group level strategy map and scorecard. That information is used by other units and managers to develop their strategic objectives, measures, and targets, which are, align to the group scorecard. Finally, at the individual level, the managers aligned their selected initiatives to be implemented to achieve units, divisional and company's goals outlined in the scorecard. The effectiveness of the process is highly dependent on the appropriateness of the KPI selected in their scorecards and the communication activities as indicates in these interviews,

> *"Another thing that the challenges are for people to understand their business driver. Then only they can carve out the right KP...Because it is important, I would say for understanding to that particular measures and KPI, why they need to try that measure and why they need to achieve that particular target, and this is the one. However, at the end of the day, it will fall back like I've said about the non-executive just now.it will fall back on*

Figure 4: BSC implementation process in Dynamic Berhad

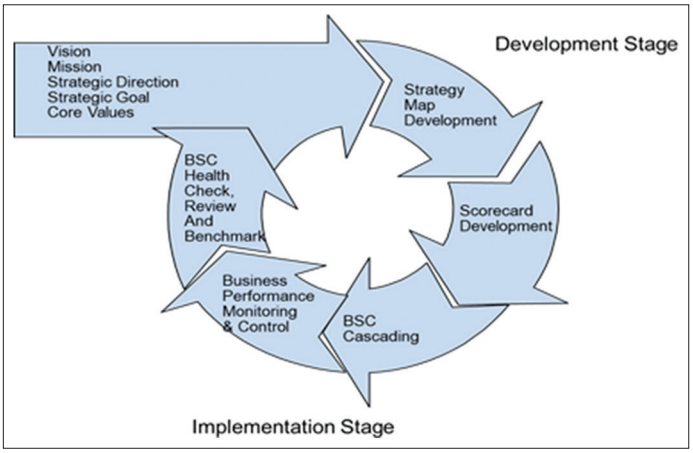
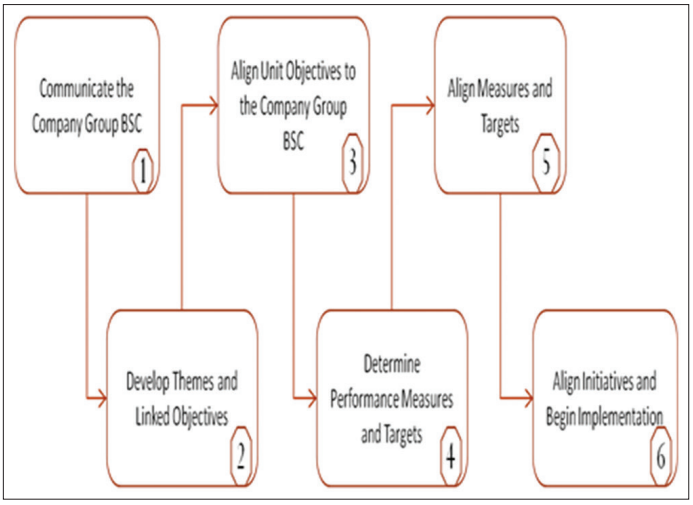


Figure 5: Alignment processes in Dynamic Berhad



the individuals understanding on how to drive your KPIs. That is the challenge."

(Respondent 3)

"Sometimes it is not that they do not have the skill to communicate or do not know the reason why they should communicate, but they just didn't do it."

(Respondent 3)

"…When training…the idea is that we call the BSC representative from LOBs, BF, CF and expect them to communicate to their respective groups…however, I doubt that they did that….even the representative's understanding on bsc also is quite low…because these reps are also sometimes changed every year …"

(Respondent 10)

Interviews and observations demonstrate that to ensure effective process of creating and sustaining strategic alignment; it requires managers to have,

1. A clear understanding of the BSC concept, measures, and its usage;
2. A clear understanding of the cascading process;
3. A clear understanding of company vision, mission, and strategy;
4. A clear knowledge of the divisions/units or individual functions that support organizations and other division's objectives;
5. A clear understanding of the criteria and characteristics of a good KPIs;
6. Communicate all relevant information effectively to the right people.

4.2. Improvement to Company's Key Strategic Alignment Elements

Apart from the development of a more systematic strategic alignment process, results of this study also indicate that the BSC also helps to develop and improve some key elements that are crucial in managing strategic aligning in the case company. The sections below illustrate the improvements that the enterprise enjoys from using the BSC alignment approach.

4.2.1. Awareness of the need for strategic alignment

Firstly, interviews and analysis of company's documents show that the awareness of the need for comprehensive alignment process (i.e., the vertical and horizontal alignment) has become an important issue after the BSC has been implemented. The issue attracted more attention from the management team specifically after they conducted the BSC implementation review. The review triggered that the company give more emphasized on the vertical alignment and is a lack of focus on the horizontal alignment process.

"…The process fundamentals of the vertical cascade are in place. However, there is little evidence of any formal process for horizontal alignment…"
(DB's BSC Health Check Report, 2006)

This has urged the BSC team to plan and design a detailed guideline on how to create a more comprehensive alignment system that covers both vertical and horizontal alignment issues. Thus, the BSC policy and guideline has been introduced in the company. One of the important chapters in the guideline concentrates on the problem of vertical and horizontal alignment. The chapter provides detail guideline on what to align, how to align and who are involved in the alignment process. Since then, alignment has become a topic of discussion among the managers in the company's strategic planning sessions and the development of corporate KPIs and scorecards. However, this evidence is obvious only among the top and middle-level managers. At the operational level, their main concerns were not on the company-wide alignment issue. A GM highlighted that,

"…I think they (the employees) know about the KPIs... but the non-exec (operational level employees) no... The non-executive, the don't have KPIs...meaning that our executive is not many...about 3000 to 4000. The rest are all non-executive...non-exec don't use KPIs...in term of awareness because they are all under their union, a body that fights for them...it is different...we cannot just introduce...we have to negotiate with them...we have to get first, their buy-in... Talk about all these things.so its different...it is a different world their.so the KPIs here is actually for the about 3000 to 4000 executives that we handle…"

(Respondent 1)

4.2.2. Common understanding of strategic alignment concept

In addition to the awareness issue, the result of this study also shows that the BSC drives the management team to create a common understanding of the definition of "strategic alignment" among the organizational members at all levels. Interviews with company's middle managers show that managers who are involved in the BSC development process have a common understanding of the company's definition of strategic alignment from the top management perspective as illustrated in the following quotes,

"….Alignment to me means that we are working towards the same goals…"

(Respondent 29)

"…Well the company want us to go this way…so we have to ensure that we are working to pass this way…"

(Respondent 11)

These interviews indicate that the alignment is defined as the need for everybody in the company to work towards the same direction that is, to achieve the overall company's mission and vision. To internalize this concept into the management practices, interviews indicate that the company introduced a new company's shared value that is the "one company mindset with execution orientation" value in its performance improvement program. This shared value requires employees at all levels to give their highest priority to achieving the company's overall mission and vision of making any functional or business related decision. It was emphasized that the various divisions, units and individual need to function as one organization to better serve the customers. The "one company mindset" value is communicated throughout the company. It has become the strategic themes for

many of the company's corporate events, promoted through their annual report, internal bulletins and highlighted in management meetings.

4.2.3. Focus on strategic alignment issue in decision-making

The result also indicates that after implementing the BSC, the company's managers are more concern about the need to vertically and horizontally aligned any business decision that they make. However, they perceived that vertical alignment is not a problem compared to horizontal alignment or named as interdivisional alignment as mentioned by this manager,

> *"…Usually talking about alignment, the problem (here) is inter-divisional alignment…that is when we require support from other divisions…that means inter-division support...there would be a problem…because we do not have any control over that division…so that's why now, for example, we have a department that monitors inter-divisional re-alignment...because we don't have access to the scorecard of other divisions...that is actually not permitted in our company...we cannot say to other divisions...that your scorecard should be like this.this KPI should be in your scorecard...(we can only suggest)...we cannot...we don't have the right to say that...We can only suggest...but the coordination should be coming from the group coordinator...because they have the full set of scorecards...for each division...that is why we need to have a coordinator at group level...to look at it (inter-divisional - horizontal alignment)…"*
>
> *(Respondent 15)*

This study indicates that by having the BSC in place; it forces the managers to systematically align the KPIs at every management level. BSC development process enables DB's managers to see the connections between their work with the upper-level management (vertical alignment) and between divisions (horizontal alignment). The need to always look into vertical as well as horizontal alignment in setting organizational, divisional and individual objectives has always been emphasized in the management implementation process. Compared to before BSC implementation, managers, and divisional heads were not seriously addressing this issue in setting their annual objectives and targets. However, this study found that less attention was given to horizontal alignment at the middle and lower level management. Middle managers consider horizontal alignment as a top management level issue, which has been solved at the top level before the objectives and targets are cascaded down to their level.

4.2.4. Clear line of sight

Finally, the result also demonstrates that using the BSC, it drives the managers to clearly link their job and responsibilities and achievements from the lowest management level to the middle and ultimately the top management level. The middle managers agree that the BSC provides them clearer working directions, drives them to be more focused on their work. Managers can now relate the contributions of their job to the company's overall performance. They agree that the BSC help them to streamline their objectives and better manage their daily tasks.

> *"…Yes there are differences...using the BSC, it contributes to streamlining our objectives compared to before... Previously...we are just like, when determining our KPIs... we can just put anything we like...like ok this is what I want to do.whichever KPIs that we don't' want...which we feel can reduce our performance rating...we just don't put as our KPIs...but whatever, the KPIs now we have to link it with the divisional scorecard... We have to fulfill the divisional scorecard...our KPIs must support the divisional scorecard...In a way I can say now, we can see the linkages…"*
>
> *(Respondent 17)*

The BSC also facilitates them to see their goals clearly and objectively. These helps improve their work performance regarding achieving targets and objectives.

> *"I think it is much structured…in the sense that scorecard helps you to see the company's picture….one thing about scorecard…when we are introducing the scorecard… then everybody gets to see the company's clear targets… right to the top…even though there are some difficulties... but I can see that…Moreover, I can see what I can do to help….so even though it is not direct, but I can see what I can do to help."*
>
> *(Respondent 8)*

Implementing the BSC has also affected the way the managers' work. They are now more performance driven compared to before the BSC was intensively used as an alignment tool.

> *"…From the work procedures perspective, there is not much difference...it is just that the working process is faster (regarding timing)...and the difference is in setting the targets...we are doing the same things...but it is now more objective…moreover, I can say from the practical culture perspective...it has changed a lot. Everybody is now performance driven...of course because we are working based on the KPIs. What is more...our people have changed, everybody is striving to achieve their KPIs.but as for...I'm not...in a big organization as ours, it is not easy to get promoted (even based on the KPIs performance)…"*
>
> *(Respondent 23)*

The BSC alignment approach enables the managers to see and analyze the relationship between the company's planned and actual performance through the cause and effect relationship, identified the root causes for unachieved goals, and planned for corrective action. In certain situations, the BSC also forces the managers to improve its business processes as mentioned by the company's VP,

> *"…That one (causal linkages) may be…the linkages (drivers and outcomes) is probably much easier to see... For example, let's say we want to reduce turnaround time for service restoration…then we start looking at certain processes in place. So you can see the result that service restorations become better and so forth...we can see the*

result... However, only in certain cases because we only focus on it when a problem occurs which involves that particular process…"

(Respondent 19)

4.3. Improvement to Company's Financial Performance

Ultimately, the effort has contributed to the improvement in the financial performance of one of the case company's business segment. A general manager mentioned that,

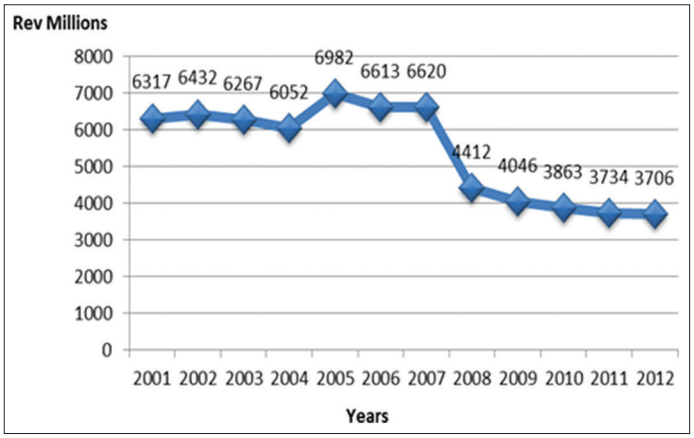
"…Using the scorecard…it helped improve our performance…for example, in 2005, we expected that our 2006 profit will go down…tremendously…however, then when we used the scorecard and tracking initiatives properly…it is positive. One good example is our fixed line revenue…we know that it is decreasing…but we aim to slow down the decreasing rate….because it is still generating revenue…when we used the scorecard, for your information our voice revenue, which is decreasing has picked up to a positive state. This shows that the scorecard helps to improve the KPIs setting process and to identify the right initiatives …as a result, we did improve a lot on our segment revenue…"

(Respondent 1)

However, the level of improvement in DB's financial performance is still faltering and unsustainable. Figure 6 shows the unstable trend of the revenue generated from the business segment discuss here.

Figure 6 shows a gradual decrease in the company's fixed line revenue from 2001-2004, which the period before the BSC was fully implemented. Realizing the issue, in mid-2004, using the BSC as the guiding framework, the management team has developed and implemented several initiatives aimed at mitigating the declining trend in the fixed line revenues. As a result, there is an increased in the fixed line revenue in 2005. However, the figure dropped again in 2006 due to changes in the industry and customers' preferences towards mobile telecommunication services, which are beyond their control. Looking at this pattern, it is difficult to conclude that the BSC has led to great improvement in the company's financial performance. Nevertheless, it has led to some level of improvement in DB's performance. Observation shows that by implementing the BSC, it forces the management team to be more focus on determining their financial goals in their business. The BSC systematic process also provides a clear guideline on how to link the target with relevant strategies and actions to achieve it. However, the focus is unsustainable due to others factors such as regulatory changes, pressure from stakeholders and the government and the customers' preferences.

Figure 6: Dynamic Berhad's fixed line revenue 2001-2012



Source: Dynamic Berhad's annual reports (2001-2012)

5. DISCUSSION AND CONCLUSION

The above results indicate the implications of BSC implementation on an organization's strategic alignment process and its performance. This study shows how the BSC has transformed an organization from unaligned to a better-aligned organization. However, there is still room for improvement as the positive result is unsustainable.

It is difficult to compare the results of this study to the literature, as there are very limited studies on strategic alignment that have used the Kaplan and Norton (2006) Organizational Alignment as the theoretical model for their education. Thus, this study adds to the current BSC knowledge specifically about the strategic alignment process. One of the outcomes of this study is the systematic alignment process used by the case company itself, which are scarce in the literature. Compared to the Kaplan and Norton (2006) Organizational Alignment model, this study expands the components of a good strategic alignment system to include the flexible elements that are the awareness, understanding, communication, focus and a clear line of responsibilities and contributions to organizational performance. These findings are consistent with a study by Langfield-Smith (2008) who highlighted the importance of awareness and systematic process on the implementation of a particular management accounting tool practices such as the BSC. About the common understanding, the finding is consistent with Beer and Eisenstat (2000) who identified that unclear strategy, conflicting priorities, and poor vertical communication as being among the major barriers to effective implementation of a strategic initiative. Additionally, Boyer and McDermott (1999) also revealed that effective communication across an organization improves the alignment process.

Moreover, this study denotes that the BSC provides a basis and act as a source of reference to for all managers in making decisions. It provides a guideline that helps managers to clarify the choices of objectives, measures, and targets that would strategically align the various units in an organization. In DB, the BSC is used as the main reference in all performance management meetings between the top and middle-level management. This finding is in line with a study by Stewart and Carpenter-Hubin (2001) suggested that the BSC mechanism provides a common frame of reference to all parties in making decisions and helps clarify choices of performance measures that are critical for organizational competitiveness. It also facilitates conversation, decision-making, and ease of implementation of strategic initiatives. As a result, the company manages to achieve one of its financial targets in the

early implementation process even though it was only for a limited period. Why does this happen? A future study could explore more on the sustainability of BSC alignment approach.

In conclusion, this study demonstrates the positive effects of implementing the BSC as an approach to managing the strategic alignment issue in a large organization. However, managing strategic alignment involves managing all organizational hard and soft elements (Nadler and Tushman, 1997). Managing the hard elements such as the system, policies, procedures and the contract is easier compared to the elastic elements. The challenge for the managers is to manage the flexible elements identify in this study that is the awareness, knowledge and effective communication to sustain an effective alignment process in an organization. On the contrary, the results are based only on one case company. Other companies may have different practices in managing this issue. Therefore, it may not be generalized to other companies. The results provide some basis for references for companies that are striving to manage the strategic alignment issue. Future studies may include more cases from different industries.

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APPENDIXES

Table 1: List of interviewees

Job Position	Date/time	Participants
GM strategy management division	14/05/2008, 10:30 am-11.30 am	Middle manager
AGM group strategy and regulatory	16/07/2008, 11.15 am-2.30 pm	Middle manager
AGM group performance management office	08/08/2008, 9.30 am-10.45 am	Middle manager
AGM SBU1 business strategy division	09/10/2008, 10.30 am-11.45 am	Middle manager
Assistant manager sales division (sales state branch)	13/02/2009, 9.30 am-11.30 am	Middle manager
AGM group performance management office (2nd visit)	19/03/2009, 4.00 pm-6.00 pm	Middle manager
Manager group strategy development	22/03/2009, 4.00 pm-4.30 pm	Middle manager
Group BSC consultant	25/03/2009, 11.00 am-11.25 am	Consultant
GM group human resources	30/03/2009, 5.00 pm-6.30 pm	Middle manager
Manager PPMO (informal conversation)	29/04/2009, 2.30 pm-1.00 pm	Middle manager
AGM SBU2 business strategy division	06/05/2009, 12.30 pm-1.45 pm	Middle manager
AGM business strategy (SBU1)	19/05/2009, 3.00-4.35 pm	Middle manager
AGM group performance management office (reporting)	27/05/2009, 11.30 am-12.30 pm	Middle manager
GM finance division (HQ)	25/05/2009, 9.00 am-10.00 am	Middle manager
AGM group performance management office	20/06/2009, 5.00 pm-6.00 pm	Middle manager
Manager SBU3 business strategy	05/1020091, 0.30 am-12.00 am	Middle manager
Manager human resources division SSO	07/10/2009, 12.15 pm-1.30 pm	Middle manager
Manager human resources division (kedah perlis)	02/11/2009, 3.30 pm-5.15 pm	Middle manager
VP Group finance/SBU1	02/11/2009, 2.30 pm-3.00 pm	Top management
State AGM SBU3	10/12//2009, 10.30 am-12.45 am	Middle manager
Manager SBU4 business strategy	11/12//2009, 10.25 am-11.50 am	Middle manager
AGM HSBB	11/12//2009, 12.15 pm-1.45 pm	Middle manager
Technician 1	25/09/2009, 4.30 pm-5.15 pm	Contractor
Technician 2	25/09/2009, 4.30 pm-5.15 pm	Contractor
Manager group network development division	08/08/2010, 9.30 am-10.45 am	Middle manager
Manager group IT division	08/08/2010, 2.00 pm-3.00 pm	Middle manager
AGM supplier management unit	08/08/2010, 3.00 pm-4.20 pm	Middle manager
Director of SBU3	15/11/2010, 10.30 am-12.15 pm	Top management
GM PMO	15/11//2010, 4.15 pm-5.30 pm	Middle manager
AGM PMO group strategy	16/11/2010, 4.15 pm-5.30 pm	Middle manager
AGM PMO group strategy	16/11/2010, 4.15 pm-5.30 pm	Middle manager
President employees union	18/11/2010, 10.00 am-2.00 pm	Employees union
Vice president of employees union	18/11/2010, 10.00 am-2.00 pm	Employees union

GM: General manager, AGM: Assistant general manager, PMO: Programme management office

Table 2: List of BSC meetings attended

Date	Time	Agenda
02/03/09	2.30 pm-3.30 pm	Meeting with the managers in the PPMO
03/03/09	9.40 am-11.00 am	Meeting to develop Group PPMO strategy maps and scorecard
04/03/09	9.00 am-10.45 am	Meeting with the line of BSC business representatives
04/03/09	4.00 pm-5.30 pm	Meeting with the group customer service management department
05/03/09	9.00 am-5.00 pm	Marriot Putrajaya. BSC Cascading workshop DB subsidiary
17/03/09	9.00 am-12.30 pm	MAPS and COMPASS system training (in subsidiary)
24/03/09	9.00 am-5.00 pm	BSC cascading workshop for DB-BSR
25/03/09	9.00 am-5.00 pm	BSC cascading Workshop for DB-BSR
26/03/09	9.00 am-5.00 pm	BSC cascading Workshop for DB-BSR
01/04/09	2.30 pm-4.00 pm	Sharing session on human resources PPMO managers within the PPMO group
07/04/09	2.30 pm-3.45 pm	Meeting with DB training centre
08/04/09	10.00 am-11.00 am	Meeting with the CSM unit
08/04/09	9.00 am-10.30 am	DB-SBU challenges session. SBU and BSC unit
09/04/09	2.30 pm-4.30 pm	CTIO alignment BSC meeting
13/04/09	9.00 am-11.00 am	Update session within the PPMO unit
14/04/09	3.00 pm-5.00 pm	Challenge session between LOBs that are the CSEG with the PPMO.
15/04/09	9.00 am-12.30 pm	COMPASS and BSC training for managers
20/04/09	3.00 pm-5.30 pm	The high-level KPIs challenge session – chaired by the CEO
05/05/09	10.00 am-11.30 am	PPMO and group finance GM
05/05/09	2.00 pm-3.15 pm	Internal BSC GPPMO meeting
06/05/09	9.00-10.00 am	Meeting with group products development
06/05/09	5.00-6.00 pm	Meeting alignment matrix
12/05/09	9.00-11.30 am	Challenge meeting DB-SBU
12/05/09	2.00-3.30 pm	Meeting group quality management
15/05/09	9.30-11.00 am	Meeting with business functions and central functions
18/05/09	5.00-6.00 pm	Meeting GPPMO-updates
19/05/09	3.30-5.00 pm	Meeting between support units
20/05/09	9.00-11.30 pm	Leadership talk
25/05/09	9.15-9.45 am	Meeting with legal compliance
25/05/09	10.00-11.30 am	BSC reporting session

The list above shows the meetings attended during the attachment period and no other informal meetings to handle, arrange, and enter the measures and targets into the respective Top Tier and Tier 1 Scorecard and KPIs matrices. *BSR: Balanced scorecard resource team, *GPPMO: Group performance management office, *SBU: Strategic business unit, *LOB: Line of business, *PPMO: Program performance management office, CSM: Customer service management, GM: General manager, DB: Dynamic Berhad