Implementation of The Balanced Scorecard in The University: A Survey of Public Universities in Thailand

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Introduction

For economic reasons that mandate a decrease in the government budget for education, together with existing calls for more efficiency and less cumbersome bureaucracy in the Thai university system, the Thai government has set up guidelines requiring all public universities to leave the bureaucratic system while still remaining public universities. To be able to survive in this completely new environment, all public universities must apply an appropriate performance measurement system, which could ideally allow a university to better compete both locally and internationally while also maintaining its academic excellence. Literature reviews, however, reveal that such a system is not in place in Thai public universities. There are almost no studies dealing with the implementation of a new performance measurement framework for Thai public universities in the totally new environment after de-bureaucratisation and this area is obviously not sufficiently explored.

This study therefore attempts to propose the use of the Balanced Scorecard as a new performance measurement model for public universities in Thailand. The Balanced Scorecard developed by Kaplan and Norton (1992) is a method widely adopted in both for-profit and nonprofit organisations (Kaplan and Norton, 1996, 2001, 2004; Olve et al. 1999; Niven, 2003). It is a management tool that supports strategic implementation through performance measurement of four perspectives: financial, customer, internal business process, and learning and growth. It addresses some of the weaknesses and vagueness of previous management approaches and attempts to provide a clear prescription as to what organisations should measure. It also translates vision and strategy, defines the strategic linkages to integrate performances across the organisation, communicates objectives and measures for each business unit, and aligns strategic initiatives. When fully implemented, it aligns everyone within an organisation so that all employees understand how and what they can do to support the strategy. It can also be used as a basis for compensation and provides feedback to management as to whether their strategies are working.

For the university, there are increasingly more studies related to this concept, including the uses of the Balanced Scorecard for university management (Stewart and Carpenter-Hubin, 2000; Lawrence and Sharma, 2002; Ruben, 1999), for academic departments (Haddad, 1999; Bailey et al. 1999; Chang and Chow, 1999), for university research (Pursglove and Simpson, 2000), for university teaching (Southern, 2002), for internal service providers in a university (Pursglove, 2002), and for university financial management (Pursglove and Simpson, 2001). At the same time, there is yet no evidence of any study directly related to the investigation of implementation issues, including the approach for implementation, driving and restraining forces, and critical success factors for implementing the Balanced Scorecard in a university.

As a result, this study aims to investigate and answer these following questions.

1. Of top-down or bottom-up, which approach is the more appropriate implementation strategy?

2. What are the forces driving implementation of the Balanced Scorecard?

3. What are the forces restraining implementation of the Balanced Scorecard?

4. What are the critical success factors for implementing the Balanced Scorecard?

The answers to these questions will increase university staff confidence that the Balanced Scorecard can be implemented in their universities successfully.

Research method

The survey method is chosen in this study because it is suitable to research that questions 'what' and the results can be statistically generalised to the population. In this study, 762 questionnaires were distributed by mail to all management staff in all seventeen public universities in Thailand over the period August to September 2004. 310 questionnaires were returned (41% response rate). The reason only management staff was chosen is that management staff has the responsibility for establishing a performance measurement framework

for the university. There are two main parts in the questionnaire: the implementation of the Balanced Scorecard and the demographic data for the respondent. The questions in the first part assess the implementation approach followed by questions related to the driving and restraining forces and critical success factors for implementation. The end of the questionnaire contains the questions regarding the demographic data of the respondent.

In this study, the measurement of test-retest reliability was performed by asking groups of academic staff in other public universities in Thailand to complete the questionnaire before distributing all questionnaires to the testing samples. One week after the initial completion of the questionnaire, the same group of academic staff was asked to again complete the same questionnaire. The correlation of the two sets of responses for each item in the questionnaire was then calculated. It was found that all correlations are above 0.70, which is 'generally accepted as representing good reliability' (Litwin, 1995, p.31). The alternate-form reliability was also tested in this survey. Another group of academic staff was asked to complete the first version of the questionnaire. Then the questionnaire was adjusted by simply changing the order of the response set. After one week, the same group of academic staff was asked to fill in the second version of the questionnaire, after which the correlation of the two sets of responses was calculated for each item in the questionnaire. It was again found that all correlations are above 0.70, which represents good reliability.

For the validity test, questions in the questionnaire were reviewed by staff who possess good knowledge of subject being investigated. The comments obtained from those experts were then used to adjust the content in the questionnaire. After these processes were undertaken, it can be concluded that the reliability and validity of the survey was carefully examined and the potential problems of reliability and validity were also addressed in this study.

Results of the survey

Results reveal that Thai university staff favour the bottom-up approach for implementation. These results contradict Kaplan and Norton (1996), who encourage the use of the top-down approach, but this difference can be explained by the difference between Thai and Western culture. The results also reveal that the big-bang implementation is preferable to incremental change, with the reason behind this preference being the fact that most respondents are not satisfied with the current performance measurement system and believe that a new system is urgently required.

For the main forces driving implementation of the Balanced Scorecard, the primary driving force is the new establishment of government regulations regarding performance measurements for universities. This is because at the time of the research, the de-bureaucratisation process is still underway. This process has led to many new regulations from the government in an attempt to ensure that the quality of education can be guaranteed when all public universities become autonomous. Thus these regulations have become the main driving force for public universities in Thailand.

Table 1 The results of the survey

Topics	Score
Implementation approach	
The Balanced Scorecard should be implemented bottom-up	3.47
The university should implement the new Balanced Scorecard all at once	2.95
Driving forces	
New government regulations requiring university performance measurement	4.37
Increasing competition among universities	4.34
Government policy for autonomy for universities	3.97
Existing performance measurement framework is not good enough	3.68
Limited translation of strategy into action	3.60
Low awareness of mission and strategy within the university	3.42
Restraining forces	
Data insufficiency	3.93
Insufficient resources to implement the new performance measurement framework	3.53
Heavier workload	3.47
Overly tight controls-no room for personal judgment	3.32
No support from senior management	3.26
Existing performance measurement framework is good enough	2.56
Critical success factors	
Good communication processes	4.48
Involvement of individuals	4.46
Senior management commitment	4.40
Not treating Balanced Scorecard as a systems project	4.31
Good design of the Balanced Scorecard	4.23
Not overly long process for development	4.09
Hiring experienced consultants	3.64
Not introducing the Balanced Scorecard simply for compensation	3.33

Note: the highest score of 5 means that the respondents strongly agree with the sentence and the minimum score

of 1 means that the respondents strongly disagree with the sentence.

For restraining forces, the most important force is insufficiency of required data. This is the result of a lack of efficient and effective information technology system and inability to obtain accurate data within a short period of time to make it possible for timely use of the data to support decision-making.

Finally for the critical success factors, it was found that a good communication process, i.e. not keeping the Balanced Scorecard only at the top, is the most important factor leading to successful implementation. Results from the survey are shown in Table 1.

Implications

Based on the results obtained from the survey as previously presented, it can be concluded that the bottom-up approach is more appropriate than the top-down approach. The most important driving force are new government regulations regarding performance measurement at universities and the most important restraining force is data insufficiency. These results led to the development of the force field diagram (Paton and McCalman, 2000, p.25) shown in Figure 1. The force field analysis helps management realise the power of driving and restraining forces. The idea is to promote a driving force that will outweigh the restraining forces. In this case, the government regulations are the main driving force. These regulations need to be communicated to all university staff to generate the concept of a need for change. Equally important, the main restraining force should be minimised. In this case, the important restraining force is data insufficiency. This can be overcome by introducing an effective and efficient information technology system.
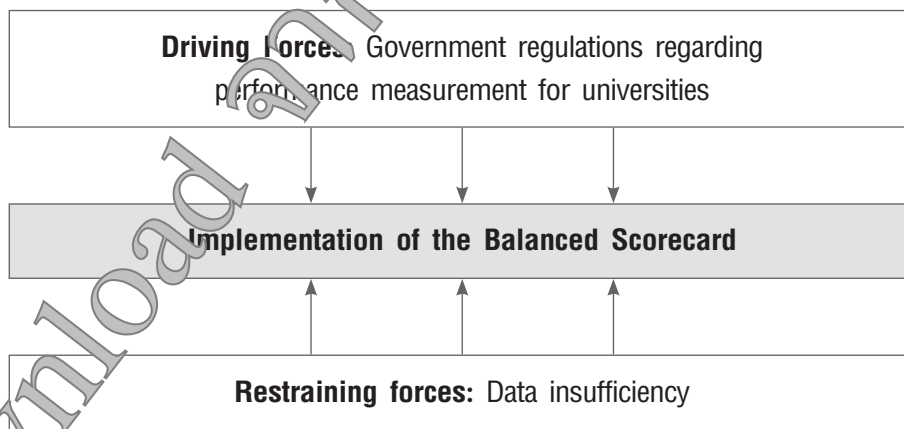

Figure 1 The force field diagram of the implementation of the new model

Conclusions

The results of this study are original in two ways. Firstly, it is the first study to investigate the perception of management staff on the implementation of the Balanced Scorecard in public universities in Thailand or even in other countries. Although the Balanced Scorecard has been widely used in many organisations, it is not normally found in a university. Therefore this study enhances the existing knowledge of the Balanced Scorecard. Secondly, this study is also the first investigation of implementation of the new performance measurement system for public universities in Thailand in the new de-bureaucratised environment. The study is therefore unique in the way that it is performed to fit the context of the Thai university. The results of this study can also be generalised to all public universities in Thailand. This is possible because data is systematically collected and samples are statistically large enough to make the statistical generalisation to the population of all management staff in all public universities. It is finally expected that the results of this study can help universities successfully implement the new performance measurement system, the Balanced Scorecard.

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