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Managing strategic alignment using the balanced scorecard: A Malaysian company's experience

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Abstract

The main purpose of this study is to explore the used of the Balanced Scorecard (BSC) as a strategic alignment tool in a large Malaysian organization using the qualitative case study approach. This study indicates that the BSC, through its performance indicators helps to partially improve the alignment of a company's strategic objectives and strategies between the top management and the lower management levels. It also helps to align the various divisions in the organizations at the strategic level. However, full alignment is still a long way to achieve. This study highlighted the importance of awareness, common understanding and systematic alignment process in managing the alignment process and issue faces by the management in the process.

Keywords: Performance Management, Balanced Scorecard, Strategic Alignment, Organizational Alignment, Case Study.

1. INTRODUCTION

Strategic alignment is one of a major concern in the strategic management field of study. Alignment has been associated with better organizational performance by many authors (see Nadler and Tushman, 1997; Labovits and Rosansky, 1997; Chenhall, 2005; Kaplan and Norton, 2006 and Thompson and Mathys, 2008). In line with this, researchers have developed various strategic alignment models such as the McKinsey 7S Model, Labovits and Rosansky's Alignment Model, Nadler and Tushman Congruence Model and Kaplan and Norton Organizational Alignment Model. Kaplan and Norton Organizational Alignment model is a strategic alignment model that is specially developed to complement the BSC implementation in managing strategic alignment issues. Though the BSC has been widely adopted around the world and acknowledged as one of the most popular strategic management and alignment tool, there very limited studies on BSC explore on this issue. Kaplan and Norton (1996) mentioned that a high performing BSC user is the user that is able to align its various divisions in the organization to work together to achieve the organization's vision and mission. Schneiderman (2001) stressed that the key to linking strategy to action (i.e., alignment) is not the balanced scorecard itself, but the underlying processes that make it. Wisniewski and Olafsson (2004, p. 607) supported the claimed. They mentioned that, "*the process is as important as the products.*" Despite of its importance, literature on strategic alignment shows that there are very limited studies describing how strategic alignment has been practiced in an organization. Many of the studies highlighted very limited organizational variables that need to be aligned to improve the performance of an organization. Thus, this study aims to explore how a large organization works to align its multiple divisions, business units and sub-units using the BSC framework.

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2. REVIEW OF LITERATURE

The term strategic alignment that has been applied in various strategic management studies does not have a universally accepted definition. The definition of alignment varies considerably in previous studies (Kathuria, Joshi and Porth, 2007). 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 Melynk et al. (2005) defined alignment as the connection between strategy and activities.

Strategic alignment can be categorized into vertical and horizontal alignment as illustrated by Kathuria et al. (2007). Vertical alignment is the alignment of strategies, objectives, action plans and decisions throughout the various levels in 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 a 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).

The dynamic and competitive business environments today force organizations to change the way they are managed in order to survive in their industry. 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 (Peters and Waterman, 1982; 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 (Gutieerez and Serrano, 2008). Vaidyanathan (2005, p.2) mentioned that, “*successful implementation of organizational strategies requires crucial understanding of the linkages between resources, activities and the desired outcome.*”

The BSC is one of the most influential contemporary management accounting tool (Modell, 2012) and widely adopted as a strategic management system around the world (Norreklit, 2003). It was initially developed to facilitate performance measurement in an organization. Nowadays, the BSC has evolved to become a strategic management system and is now used as a strategic management tool to help organizations 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). The BSC works to align the different units in an organization through its financial and non-financial measures which are categorized into four that are the financial, customers, business process and organizational learning and growth perspectives.

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 companies operational elements) has a significant direct positive impact on business performance. Ismail and King (2005) implicates that highly Accounting Information System (AIS) aligned SMEs achieved better performance than their counterparts. Crotts, Ford, Heung and Ngai (2009) pointed out that a high strategically aligned hotel reported significantly higher organizational support, employees' services commitment and employees satisfaction compared to the hotel with low strategic alignment. Additionally, Carmeli, Gelbard and Gefen (2010) found a positive relationship between strategic fit and three dimensions of firm performance – economics, relationships and product performance. Roberts and Grover (2011) 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 evidences concerning the impact of misalignment on performance. For example, Decoene and Bruggerman (2006) concluded that misalignment has a negative impact on managers' intrinsic motivation to improve firm performance. However, Pongatchat 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.

However, these studies provide very limited evidences concerning the processes employed by organizations to create and sustain strategic alignment (see Bricknall, Darrell, Nilsson and Pessi, 2007 and Kathuria et al., 2007).

In relation to the BSC, there are also very limited evidences on how an organization creates strategic alignment using the BSC (Kaplan and Norton, 2006; Thomson and Mathys, 2008). There are very few studies in the literature on alignment, specifically organizational alignment using the BSC alignment framework. Therefore, based on the gaps mentioned above, this study focuses on explaining how an organization create and sustain strategic alignment, vertically and horizontally between its various components.

2.1 The Strategic Alignment Theory and Kaplan and Norton Strategic Alignment Model

Most of the studies on strategic alignment were based on the Strategic Alignment Theory (SAT) that is an extension from the system theory and contingency theory. Strategic alignment theory holds that a company's performance is a product of an appropriate fit between the company's elements and context (see Lawrence and Lorsh, 1967; Peters and Waterman, 1982; Nadler and Tushman, 1997 and Simon, 2007). Drazin and Van de Ven (1985) outlined that under the system approach to contingency theory, alignment is the internal consistency of multiple contingencies and structural characteristics that affect performance characteristics. Deviation from the ideal type of design will result in lower performance. Based on this theory, Kaplan and Norton (2006) developed their strategic alignment model, which are integrated with the used of their popular strategic management tool, the BSC. The model is as in Figure 1 below.

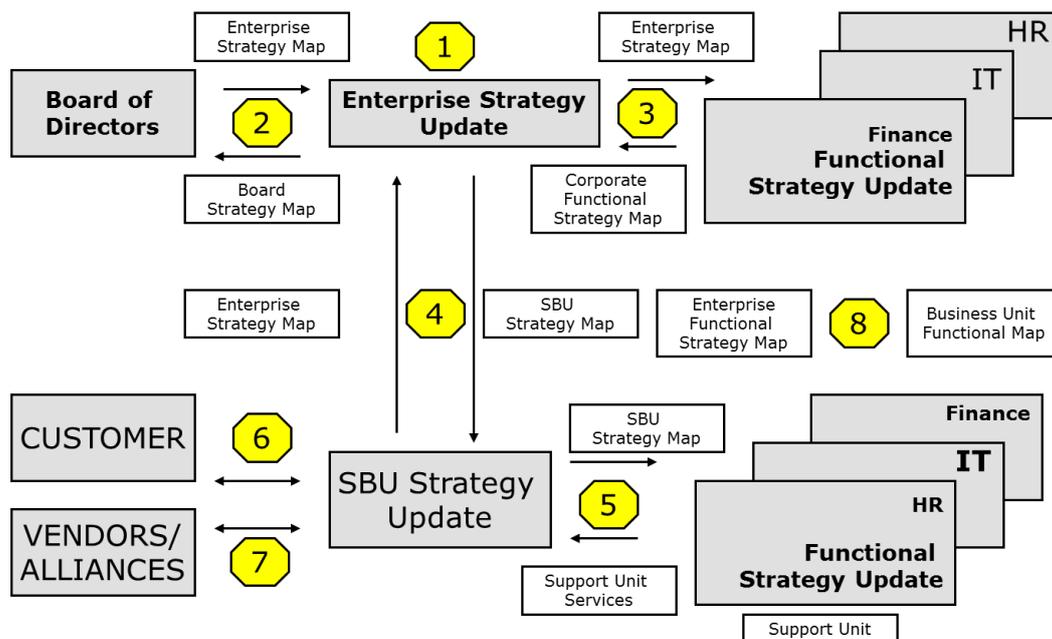


Figure 1: Organizational Alignment Model
Source: Kaplan and Norton (2006)

Kaplan and Norton (2006) define organizational 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 view managing organizational structure as a mean to manage organizational alignment. To create strategic alignment, Kaplan and Norton (2006) emphasize 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.

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 National Award for Management Accounting for their best practices in using a management accounting tool that is the BSC in managing the company's 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 year 2008, which includes 13 months of 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. 33 managers were selected for the interviews using the snowballing technique. In addition, observations were conducted in 30 BSC management meetings, which was in the period when the company is preparing their annual BSC performance measures. Table 1 and 2 provide the detail of the interviews and observations.

Table 1: List of Interviewees

	Job Position	Date/Time	
1.	General Manager (GM) Strategy Management Division	14/05/2008, 10:30am-11.30am	Middle manager
2.	Assistant General Manager (AGM) Group Strategy and Regulatory	16/07/2008, 11.15am– 2.30pm	Middle manager
3.	AGM Group Performance Management Office	08/08/2008, 9.30am-10.45am	Middle manager
4.	AGM SBU1 Business Strategy Division	09/10/2008, 10.30am- 11.45am	Middle manager
5.	Assistant Manager Sales Division (Sales State Branch)	13/02/2009, 9.30am-11.30am	Middle manager
6.	AGM Group Performance Management Office (2 nd visit)	19/03/2009, 4.00pm-6.00pm	Middle manager
7.	Manager Group Strategy Development	22/03/2009, 4.00pm-4.30pm	Middle manager
8.	Group BSC Consultant	25/03/2009, 11.00am-11.25am	Consultant
9.	GM Group Human Resources	30/03/2009, 5.00pm-6.30pm	Middle manager
10.	Manager PPMO (Informal Conversation)	29/04/2009, 2.30pm-1.00pm	Middle manager
11.	AGM SBU2 Business Strategy Division	06/05/2009, 12.30pm-1.45pm	Middle manager
12.	AGM Business Strategy (SBU1)	19/05/2009, 3.00- 4.35pm	Middle manager
13.	AGM Group Performance Management Office (Reporting)	27/05/2009, 11.30am-12.30pm	Middle manager
14.	GM Finance Division (HQ)	25/05/2009, 9.00am-10.00am	Middle manager
15.	AGM Group Performance Management Office	20/06/2009, 5.00pm-6.00pm	Middle manager
16.	Manager SBU3 Business Strategy	05/10/2009, 0.30am-12.00am	Middle manager
17.	Manager Human Resources Division SSO	07/10/2009, 12.15pm-1.30pm	Middle manager
18.	Manager Human Resources Division (Kedah Perlis)	02/11/2009, 3.30pm-5.15pm	Middle manager
19.	VP Group Finance/SBU1	02/11/2009, 2.30pm-3.00pm	Top management
20.	State AGM SBU3	10/12//2009, 10.30am-12.45am	Middle manager
21.	Manager SBU4 Business Strategy	11/12//2009, 10.25am-11.50am	Middle manager
22.	AGM HSBB	11/12//2009, 12.15pm-1.45pm	Middle manager
23.	Technician 1	25/09/2009 / 4.30pm -5.15pm	Contractor
24.	Technician 2	25/09/2009 4.30pm-5.15pm	Contractor
25.	Manager Group Network Development Division	08/08/2010, 9.30am-10.45am	Middle manager
26.	Manager Group IT Division	08/08/2010, 2.00pm-3.00pm	Middle manager
27.	AGM Supplier Management Unit	08/08/2010, 3.00pm-4.20pm	Middle manager
28.	Director of SBU3	15/11/2010, 10.30am-12.15pm	Top management
29.	GM Programme Management Office (PMO)	15/11//2010, 4.15pm-5.30pm	Middle manager
30.	AGM PMO Group Strategy	16/11/2010, 4.15pm-5.30pm	Middle manager
31.	AGM PMO Group Strategy	16/11/2010, 4.15pm-5.30pm	Middle manager
32.	President Employees Union	18/11/2010, 10.00am-2.00pm	Employees Union
33.	Vice President of Employees Union	18/11/2010, 10.00am-2.00pm	Employees Union

Table 2: List of BSC Meetings Attended

No	Date	Time	Agenda
1	2/03/09	2.30pm-3.30pm	Meeting with the managers in the PPMO.
2	3/03/09	9.40am-11.00am	Meeting to develop Group PPMO strategy maps and scorecard.
3	4/03/09	9.00am-10.45am	Meeting with the line of business BSC representatives.
4	4/03/09	4.00pm-5.30pm	Meeting with the Group Customer Service Management Department.
5	5/03/09	9.00am-5.00pm	Marriot Putrajaya. BSC Cascading Workshop DB Subsidiary.
6	17/03/09	9.00am-12.30pm	MAPS and COMPASS System Training (in Subsidiary).
7	24/03/09	9.00am-5.00pm	BSC Cascading Workshop for DB-BSR.
8	25/03/09	9.00am-5.00pm	BSC Cascading Workshop for DB-BSR.
9	26/03/09	9.00am-5.00pm	BSC Cascading Workshop for DB-BSR.
10	1/04/09	2.30pm-4.00pm	Sharing session on human resources PPMO managers within the PPMO group.
11	7/04/09	2.30pm-3.45pm	Meeting with DB training centre (TMTC)
12	8/04/09	10.00am-11.00am	Meeting with the Customer Service Management (CSM) unit.
13	8/04/09	9.00am-10.30am	DB-SBU challenges session. ATSBU and BSC unit.
14	9/04/09	2.30pm-4.30pm	CTIO alignment BSC meeting.
15	13/04/09	9.00am-11.00am	Update Session within the PPMO unit
16	14/04/09	3.00pm-5.00pm	Challenge Session between LOBs that are the CSEG with the PPMO.
17	15/04/09	9.00am-12.30pm	COMPASS and BSC Training for GITN managers, GPPMO and COMPASS trainer (group IT).
18	20/04/09	3.00pm-5.30pm	The high level KPIs challenge session –chaired by the CEO.
29	5/05/09	10.00am-11.30am	PPMO and Group Finance GM
20	5/05/09	2.00pm-3.15pm	Internal BSC GPPMO meeting
21	6/05/09	9.00-10.00am	Meeting with Group Products Development

22	6/05/09	5.00-6.00pm	Meeting Alignment Matrix
23	12/05/09	9.00-11.30am	Challenge meeting DB-SBU.
24	12/05/09	2.00-3.30pm	Meeting Group Quality Management
25	15/05/09	9.30-11.00am	Meeting with Business Functions and Central Functions
26	18/05/09	5.00-6.00pm	Meeting GPPMO –updates
27	19/05/09	3.30-5.00pm	Meeting between NO/ND and CSM
28	20/5/09	9.00-11.30pm	Leadership talk
29	25/05/09	9.15-9.45am	Meeting with legal compliance
30	25/05/09	10.00-11.30am	BSC Reporting Session

Note: 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
SBU – Strategic Business Unit

GPPMO – Group Performance Management Office
LOB – Line of Business

3.1 Analysis Technique

Data was analyzed using the data analysis process 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 themes in order to develop plausible explanations, justifications and reasoning to arrive at a certain pattern of categories. The interviews provide 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 greater details and support to the result of interviews. The validity of the results was obtained through a triangulation technique. The data from interviews, documents and observations were compared, and re-checks to improve the degree of confidence of the information obtained through the different tools and times in a qualitative case study research. A detailed description of the strategic alignment process is provided in the next section.

4. RESULTS, DISCUSSION AND CONCLUSION

Managing strategic alignment in DB becoming one of the top management main concerns after the company has performed a BSC health check in the year 2006. The result of the health check highlighted that the company is weak in aligning its various divisions. From there, various actions have been planned and implemented to align the various components in the company vertically and horizontally. The sections below outline actions taken by DB in managing strategic alignment in the company.

4.1 Creating Awareness and Common Understanding of the Concepts of Alignment

The first steps taken by the top management in managing strategic alignment in the company are by creating awareness on the need to align the objectives and activities between the various business units, divisions and support units in the company and common understanding of the alignment concept. This is materialized by conducting BSC Roadshows to all business and support units. Additionally, all BSC managers are required to attend a session called “challenge session” where their divisional or unit’s scorecard will be evaluated in terms of the appropriateness and the alignment of the KPIs. This study found that awareness on the need for alignment is crucial in managing strategic alignment in a large organization, as it is one of an important chapter in their BSC implementation guideline and was also discussed regularly in the BSC meetings. This finding is consistent with Chan, Hons, Chan and Okumus (2012) study that indicates that employees’ knowledge, awareness and concern were positively associated with their action and intention to implement a particular management practice. In addition, Mithas, Tafti, and Mitchell (2013) study on digital business strategy practices in 400 US based companies imply that the uses of digital business strategy in a company arises from a deep awareness and dynamic responsiveness to the industry competitive environment.

Further, the result indicates that the BSC facilitates the strategic alignment process by highlighting the need for alignment in its implementation process. A general manager (GM) mentioned that the need for alignment only

becoming a concern after the BSC was implemented in the company. Before that, the business plan and key performance indicator was developed only as an annual documentation activity. She pointed out that, “*the implementation...all that you see here are all policy guideline...now our challenge is being so big is the alignment...we manage to come out with the KPIs...but those are called vertical alignment...but how about the horizontal alignment...when we did the health check ...up to our CEO who hold the group scorecard, at that level the link is strong. Then when it goes down to the lower tier...tier 2, tier 3 still strong...but going down the layer, lower down....it is diluted...the KPIs seems like it doesn't link...*” (Respondent 1). This result confirmed Kaplan and Norton (2006) claimed that the BSC helps to create strategic alignment between the various levels in the organizational hierarchy (i.e vertical alignment) as well as among divisions at the same level (i.e horizontal alignment).

Besides awareness, another vital steps taken by DB management team in managing strategic alignment using the BSC framework in the company is by creating and communicating a common understanding on the meaning and definition of alignment among managers. Interviews with company’s middle managers show that managers who are involved in the BSC development process have a common understanding on what is strategic alignment as illustrated in the following quotes,

“*well, the company wants us to go this way, so we have to ensure that we are working to go this way....*” (Respondent 11)

“*....alignment to me means that we are working towards the same goals.....*” (Respondent 29)

Having the people who are aware of the need for alignment is not adequate to ensure its implementation in the company. The next fundamental step taken by DB is to design a systematic alignment process. The next section presents the process of implementing the BSC and creating strategic alignment employ by the DB.

4.2 Systematic Process

The BSC and strategic alignment process practices in DB is illustrated through Figure 2 below:

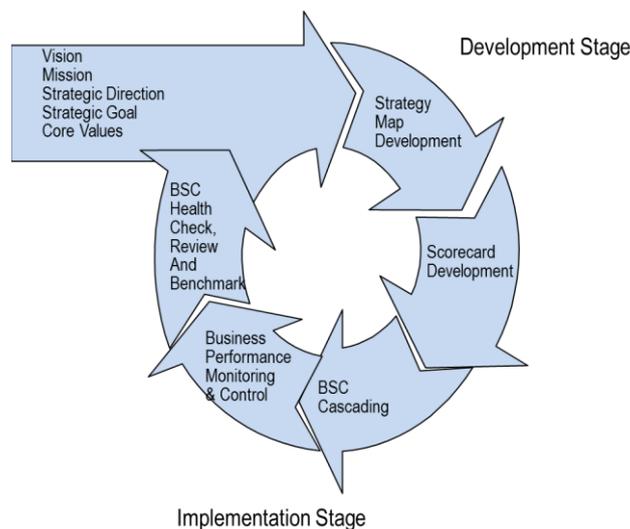


Figure 2: BSC Implementation Process in DB

The company 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 process has been designed by the DB internal BSC task force in the year 2007. 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.

The most important stage in managing alignment is the cascading process as confirmed by one of DB’s managers,

“...another issue that for the latest findings. This is where the critical parts are. And this is where the missed alignment happens. Sometimes it's due to the process, not the methodology. Methodology we know it...the cascading and so on...”

(Respondent 3)

“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 own territory in line with what is set at the higher level.”

(DB BSC Policy and Guideline, 2007, p. 33)

To ensure an effective cascading process, the BSC management team has also developed a systematic process specifically to manage the alignment issue as shown in Figure 3 below:

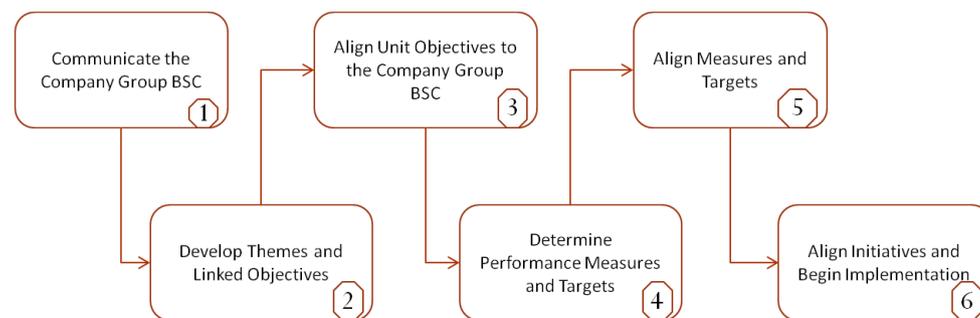


Figure 3: Alignment Processes in DB

Figure 3 shows that the strategic alignment process started when the management communicate the company's group level strategy map and BSC. That information is used by other units and managers to develop their strategic objectives, measures and targets, which are, align to the group BSC. Finally, the managers aligned their selected initiatives to be implemented to achieve units' and company's BSC. The processes are highly dependent on the quality of key performance indicators selected for their BSC and the communication activities as indicates in these interviews,

“Identify the measure; it goes back to the competency of the individual. If they don't understand the business driver of the company, they cannot pinpoint which KPIs, sometimes there is a lot of KPIs, but what are the KPIs that you want to focus for that particular year”

“Then another thing that the challenges are for people to understand their own business driver. Then only they can carve out the right KP...Another thing, this is the same thing, so we expect that particular process is being replicated. 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. But 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 the individuals understanding on how to derive your KPIs. That is the challenge.”

(Respondent 3)

“...measure...we have to come up with measures..it is not easy to come out with a definition of measures..and how to measure it...that is the most difficult...”

(Respondent 13)

“...so a lot of...during the early days...a lot of understanding of what are the measures...definition of measure ...that kind of things...I think after a while those have been sorted out once everybody starts to understand that...the measures...”

(Respondent 13)

“...not many who really knows...the others, they have just received the KPIs ...the BSC team....they surely know...what the scorecard is, the strategy map and all that. But for the rest, because they only take their own KPIs...for his/her performance only ...for them to tie back to their scorecard to I don't think so...that is why this thing....every year when we do the scorecard, we have to explain again....”

(Respondent 15)

"Sometimes it is not that they don't 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 disseminate to their respective groups...but 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)

The interviews demonstrates that to ensure effective process of creating and sustaining strategic alignment, it requires managers to have,

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

The above result shows the critical roles of awareness, common understanding and systematic process in managing the strategic alignment, which are in line with 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. With regards to 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 for effective implementation of a strategic initiative. Additionally, Boyer and McDermott (1999) also revealed that effective communication across an organization improves the alignment process.

Literature shows that the BSC has been defined as a performance management, strategic management and strategic alignment tool by its founders and researchers. It has been implemented in many companies from various industries in many parts of the world. However, the experience varies between companies. This study denotes that the BSC provides a basis and act as a source of reference to for all managers in making decisions and helps clarify the choices of performance measures that would strategically aligned the various components in a company. In DB, the BSC is used as the main reference in all BSC and 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.

The result indicates the need for a systematic, well designed alignment process in managing strategic alignment in a large company through its formal BSC and alignment guidelines. Previous studies on strategic alignment do not provide much evidence on how a large organization manages this issue. At best, studies provide the relationships between the alignment of limited organizational variables and performance. This study offers a systematic process of managing strategic alignment of the company's vision, mission, objectives and strategies from the top to the lower management levels and among sub-units level which are scarce in the literature. Findings from this study suggest that Kaplan and Norton's alignment model represent only limited organizational components that are important to create organizational alignment. They provide little explanation on how alignment can be achieved and does not explicitly highlight element such as system, work and people in their model. Though their manual on alignment contains a number of case studies that provides example of how BSC companies create organizational alignment but it is explained as parts and pieces from the companies' experiences, which does not fully explain the processes involved in creating organizational alignment in a comprehensive organizational context. Despite Kaplan and Norton guideline, previous studies on strategic alignment has also stressed on limited interrelated variables in the literature (Kathuria et al., 2007). Thus, this study provides detailed explanation on alignment processes and issues encounter by a BSC organization for the researchers and also the practitioners that can be used in managing strategic alignment in a company.

In conclusion, this study provides a descriptive result on how a large organization in Malaysia is using the BSC to manage the strategic alignment issue. The result shows that three basic important steps taken by the company is by creating awareness on the need for alignment, setting a common understanding of the issue and developing

a systematic and formal implementation procedure. However, results of this study are based only on one case company. Other companies may have different practices in managing this issue. Therefore, the result may not be generalized to other companies. Though 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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