

# THE IMPACT OF BALANCED SCORECARD (BSC) AS A STRATEGIC MANAGEMENT CONTROL SYSTEM IN MANUFACTURING COMPANIES – WITH SPECIAL REFERENCE TO OMRON ELECTRONICS SDN BHD (OPEMY)

Prepared by: Toh Ley Kien

## ABSTRACT

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For a performance management system (PMS) to be effective, it is important to ensure the non-financial performance is getting adequate attention from companies' managers and integrating with financial performance. Therefore, in order to overcome the problems accompanied with focusing only on financial performance, balance scorecard (BSC) had been developed.

BSC is now an issue that attracts the attention of companies and its importance is likely to grow as the PMS. This study is developed in order to further analyze the awareness of BSC and problems of implementation of BSC. All these triggered a further understanding the performance management tools and why the implementation of BSC is not popular in Malaysia.

Nowadays, more of the business managers in Malaysia realize the significance of BSC in managing PMS. However, they are not keen on implementing it because the implementation of BSC is time and cost consuming, as well as lacks of sufficient resources provided.

This research examined the existing Management by Objective (MBO) PMS to BSC PMS. The company's Human Resource section has spent around one and a half year to conduct training with the aim of disseminating the idea of BSC and the BSC PMS has been implemented at during the year 2003.

This research would evaluate employees' satisfaction level after the implementation of BSC by analyzing whether the employees were satisfied with the overall company performance measurement system. Further evaluation was made on the bonus payout. Since the company bonus factor is consisted of individual performance, it is concluded that the BCS link to compensation is not subjective.

Lastly, various recommendations are suggested. The pinpointed problems will be recommended with the suggested solution. It is believed that these suggestions would help to disseminate the concept of BSC and solve the problems currently facing by the companies in Malaysia.