

VALUE-BASED TOTAL PERFORMANCE EXCELLENCE MODEL: AN OVERVIEW

MOHD RASHID AB HAMID¹, ZAINOL MUSTAFA², NUR RIZA MOHD.
SURADI³, MOKHTAR ABDULLAH⁴, WAN ROSMANIRA ISMAIL⁵, ZALINA
MOHD ALI⁶, FAZLI IDRIS⁷, SITI ROSLINDAR YAZIZ⁸ & ZULKHIBRI
MUSTOFA@ISMAIL⁹

Abstract. Today, organizations are competing for the survival. They adopt various performance management systems that best suit their undertakings. There are many performance models which lean towards measuring tangible aspects such as Malcolm Baldrige National Quality Award (MBNQA), European Quality Award (EQA), Deming Prize and Kanji's Model. However, the measurements of intangible aspects are also important and should be heeded to optimize the organizational performance. This paper discusses the preliminary implementation of the Performance Measurement System (PMS) which showcases an overview of intangible aspects i.e. organizational core values through Value-Based Total Performance Excellence Model (VBTPEM) and identification of existing core values in Malaysian universities. This model will reveal overall standings and achievements of the public universities and indicate opportunities for further improvements based on the value-based indicators.

Keywords: Performance management system; Value-Based Total Performance Excellence Model (VBTPEM)

Abstrak. Dewasa ini, kebanyakan organisasi bersaing demi kelangsungannya. Oleh yang demikian, pelbagai sistem pengurusan prestasi yang sesuai diambil untuk diaplikasikan ke dalam organisasi. Terdapat banyak model kecemerlangan prestasi yang hanya tertumpu kepada pengukuran yang melibatkan aspek lahiriah sahaja seperti *Malcolm Baldrige National Quality Award* (MBNQA), *European Quality Award* (EQA), *Deming Prize* dan Model Kanji. Walau bagaimanapun, pengukuran aspek bukan lahiriah atau *intangibles* juga penting dan perlu diberi perhatian dalam meningkatkan prestasi organisasi. Kertas kerja ini membincangkan nilai-nilai teras dalam VBTPEM dan mengenal pasti nilai-nilai teras sedia ada di universiti-universiti di Malaysia. Model ini memberikan output kedudukan keseluruhan dan pencapaian universiti berdasarkan nilai teras yang diukur dan mengenal pasti proses penambahbaikan yang perlu dilakukan berdasarkan petunjuk nilai teras.

Kata kunci: Sistem pengurusan prestasi; Model Pengukuran Prestasi Berasaskan Nilai Teras (VBTPEM)

^{1, 8, 9} Faculty of Industrial Sciences & Technology, Universiti Malaysia Pahang, Lebuhraya Tun Razak, 26300 Kuantan, Pahang D.M

Tel: 095492765, Fax: 09 5492766. Email: rashid@ump.edu.my

^{2, 3, 5, 6} Center for Mathematical Sciences, Faculty of Science & Technology, Universiti Kebangsaan Malaysia, 43600 UKM Bangi, Selangor D.E

⁷ Faculty of Economics & Business, Universiti Kebangsaan Malaysia, 43600 UKM Bangi, Selangor D.E

⁴ AD-MACS Corp. Consultants (M) Sdn. Bhd., Cyberjaya, Malaysia/Universiti Pertahanan Nasional Malaysia, Sg. Besi, Selangor. D.E

1.0 INTRODUCTION

The reputation or performance of the civil servants of the Malaysia government has long been undeniably excellent and yet the yardstick and benchmark process has changed due to globalisation, information explosion and the increase in the socio economic life of the people.

(Najib, 2009)

The aforementioned statement clearly shows that the process of measuring organisational performance has changed with time and requires a continuous improvement towards performance excellence. In fact, there are several models for this purpose such as Malcolm Baldrige National Quality Awards (MBNQA), Kanji's Model and European Quality Awards (EQA) to name a few. Nevertheless, these business excellence models seem to focus on the quality dimensions only (Arawati *et al.*, 2000; Nooreha, *et al.* 2001) and as such the urge for the formation of new framework or model for the Malaysian context based on performance indicators are necessary as developed by Nooreha *et al.* (2001) (See Figure 1). This model is named Total Performance Excellence Model (TPEM) for Malaysia business organisations. The essence for this model is to indicate performance as the key element for enhancing the organisational total performance holistically and thoroughly through 11 enablers that were identified through extensive literatures and quality experts (Nooreha *et al.* 2001). This model was developed by integrating the dimensions that affect performance found in studies other than the quality-related studies based on Total Quality Management (TQM) (Nooreha *et al.* 2001).

In Malaysia, the government had introduced the Total Quality Management (TQM) concept in 1992 in the public sector although it has long been adopted by organisations throughout the world. Many studies have been conducted on TQM; and its effectiveness on organisational performance is somewhat significant and not all categories of TQM are said to be the strong predictors of performance (Danny *et al.* 1999). Nevertheless, a study conducted by Arawati *et al.* (2000) revealed that the practise of TQM in the Malaysian manufacturing companies gave a positive feedback in terms of revenue and overall management strategies.

In response to the administration challenges that lie ahead, the public sector should be able to adopt qualities such as competency, effectiveness, responsiveness and 'dare-to-change' spirit as they are very important (Najib, 2009). The Prime Minister through 1Malaysia concept has emphasized the Key Performance Indicator (KPI) as a tool to measure the performance of his cabinet. However, he added that this process could not be accomplished without the presence of civil servants who execute and run all government policies.

In short, the civil servant is presumed as the shareholder of the government in relaying excellent services. The Prime Minister also stressed that the leadership is meaningless if it does not lean on performance. According to him, the leadership

based on performance is the evaluation peak to the leadership itself. Thus, the KPI is the performance standard to enable the public sector to be evaluated holistically neither quantitatively nor qualitatively. Fundamentally, the KPI is the objective yardstick towards delivery level by assuming the Malaysian as their main clients and rendering unchallengeable performance as uttered in the tagline of One Malaysia: People First, Performance Now. In view of that, performance measurement can be regarded as an effective tool to gauge whether the government or public sector is accountable or vice versa (Sanger, 2005). The public sector should look at the measurement process positively by taking the necessary steps to move forward and not be afraid of exposing their weaknesses as this would not benefit the civil servants themselves, organisations and the government as a whole.

Generally, the performance measurement has transformed from measuring the tangibles things towards measuring the intangibles criteria (Mokhtar *et al.* 2003). The old fashion way of measuring performance which is solely based on the financial aspect does not depict the real quality of the organisations. The measurement should consider the improvement that would lead to and improve the organisational performance as a whole. The emergence of many organisations that offer similar services caused many organisations to differentiate their achievement standings or performance results. It is through proper measurement system or KPIs that could make their presence felt and different from others.

However, most performance measurement systems are lacking of broad, citizen participation (Sanger, 2005). In this regard, the whole workers or staff in the organisation would involve in the VBTPPEM measurement process. Therefore, it is the right and high time for the Malaysia Government to echo the 1Malaysia concept and signify the 'People First and Performance Now' motto. In this paper, it would showcase an overview of the intangible aspects i.e. Identifying the organizational core values for selected Malaysian universities and present the foundation of Value-Based Total Performance Excellence Model (VBTPPEM). Therefore, in the next section, values are discussed beforehand to get an overview of the core values.

2.0 VALUES & SIGNIFICANCE

Every one in the world believes and practise values but it is however depends on their way of life, religion, norm and culture that they embraced. Commonly, values are created and meant for good and as a guide for people so that they do not derail from the right path. The religion of Islam also strongly encourages its followers to fully embrace, adopt, practise and relay good values in their daily lives transactions as this would lead to Allah's blessings. This is also further uttered by Prophet Muhammad on the importance of instilling good values in men. In the context of organisation, Islam strongly encourages its followers to deliver good values to their subordinates so that it could be an exemplary models that can be followed. Mokhtar *et al.* (2003) stated that:

'Values are something that organisations have high regard of. They are the shared goals, beliefs, ideals and purposes of the organisations.'

The conviction towards good values would hamper the human being from wrongdoings and this must be instilled in every heart of the staff in the organization. If the values are no more seen as the best conviction then the values would fade away and the organization is seen to be devalued and leads to destruction. As in today's world, many problems like bribery, social woes, break of trust, lack of integrity etc. occur due to the erosions of values. That is why in the organization, the value-based performance measurement is of great significance so that we can find rooms for improvement and rectifies the problems early. Thus, the core values of the organization must be fully digested or internalised by the staff so that everyone in the organisation would share the same traits of values i.e. the organizational values. If this is done, it can be measured to assess the organizational performance based on value indicators. Islam also solemnly signifies the measurement process so that we will not derail from the right path and the outlined target.

Usually, vision, mission and core values have been set in the organisation as a guideline for staff to internalise the essence of those three which is usually displayed in the office. However, most organisations put forward the organisational core values above their vision and mission statement (Mokhtar *et al.* 2003). Nevertheless, how many of the staff know and heed such display in the organisation. It is important that the values that have been declared important, useful and meaningful to the organisation to be understood and internalised by the staff. By this way, it would create the culture that is unique to the organisation. It is consciously noted that every organisation may have different set of core values that they embrace and this also takes place in the government agency or sector. For example, Institution of Higher Learning in Malaysia also has different set of core values depending on its philosophy and the purpose of the establishment of the Universities. Normally, most staff do not realize or aware the existence of university's core values and this has to be given a due consideration so that the issue will not prevail without solution.

Mokhtar *et al.* (2003) outlined three type of values i.e personal values, work values and organisational values. In an organisation, there are many types of workers and every one has different set of personal values in them that they hold and they also have different work culture or work values that they have. Realistically, there are workers who will do their work whenever their superior is around. Besides that, the punctuality of coming to work, issue of integrity and to name a few are examples of negative work cultures that they practise. By having the standard core values as in the organisational core values, it would create and mould another culture which should be unanimously agreed upon and practise as they work for the organisation. This is called the organisational core values that have to be internalised.

In the next section, it would discuss the foundation of Value-Based Total Performance Excellence Model (VBTPEM).

3.0 VALUE-BASED TOTAL PERFORMANCE EXCELLENCE MODEL

As mentioned in the previous sub-topic, there are quite number of frameworks that is meant for total performance excellence measurement (TPEM) such as European Quality Awards (EQA) model, Malcolm Baldrige National Quality Award (MBNQA) model and Kanji’s model (Nooreha *et al.* 2001). From the literature, all of these models focus on the enablers that revolve around quality dimensions only (Arawati & Mokhtar, 2000; Nooreha *et al.* 2001); and other important issues that relate to business success and competitiveness must also be taken into account. In short, the enablers that affects performance of the organization (Nooreha *et al.* 2001) that matters. The research conducted by Nooreha *et al.* in 2001 has come up with a Total Performance Excellence Model (TPEM) for the Malaysian context. In this model, 11 enablers or criteria have been identified that form the TPEM as in Figure 1.

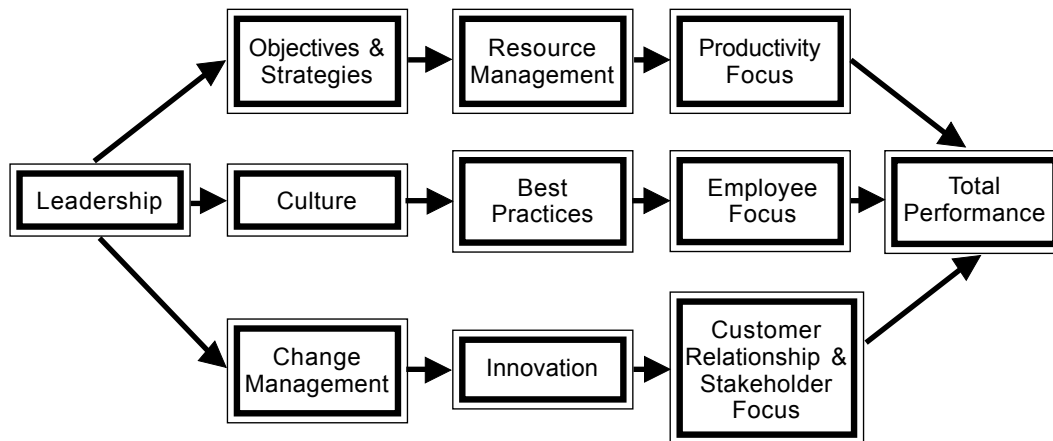


Figure 1 The Malaysian total performance excellence model (Adapted from Nooreha *et al.* 2001 and Mokhtar *et al.* 2003)

Therefore, the TPEM model is not only focusing solely on the quality dimensions but more than that, i.e. driving the organization towards total performance. The TPEM model has been tested empirically and produced a good fit model conducted by Fazli (2004). However, this Malaysian Total Performance Excellence Model is improvised or extended by adding up the core values beneath each criterion. This is important as the performance measurement has shifted its focus on measuring the tangible things only towards measuring the intangible things as well. Mokhtar *et al.* (2003) came out with the idea and actively promoting it to be applied in the organization for measuring the total performance and this model is known as Value-Based Total Performance Excellence Model (VBTPEM).

According to Mokhtar *et al.* (2003), VBTPEM provides a comprehensive framework to assess and evaluate the organizational performance based on values. In this context,

the values are the integration of the Islamic values together with the universal values in the performance measurement process (see Table 1). He also added that VBTPEM incorporates a well-defined set of organizational core values in each of the performance criteria. The adoption of this kind of measurement is still at the initial stage, especially in Malaysia and has the potential to be expanded for its application in any organizations worldwide especially in measuring the performance of Malaysian Public Universities.

This type of performance measurement is vital since the Western Performance Excellence Model as mentioned earlier is focusing on the quality domain and does not exhibit the performance excellence indicator or criteria (Nooreha *et al.* 2001) which is comprehensively based on values that underpin the criteria. In this competitive advantage era, this type of excellence model is very significant in uplifting the qualities and services rendered intangibly. This is depicted in the non-financial performance indicator through the values in all eleven criteria in the Malaysian Total Performance Excellence Model as elaborated in the following sub-section.

3.1 Core Values in VBTPEM

Mokhtar *et al.* (2003) have identified and listed down all core values that underpinned each criterion in the Total Performance Excellence Model (TPEM). Every criterion in the TPEM consists of 6 core values as shown in the following table.

Table 1 Core values in VBTPEM framework

Criteria	Core Values
Leadership	Truthfulness, Trustworthiness, Sincerity, Competency, Commitment, Sense of Direction
Objectives & Strategy	Righteousness, Wisdom, Harmony, Specific, Measurable, Achievable
Culture	Brotherhood, Consultation, Caring, Teamwork, Respect, Quality
Change Management	Meaningfulness, Good Intention, Beneficial, Openness, Receptiveness, Timeliness
Resource Management	Prudence, Appropriateness, Optimization, Effectiveness, Synergism, Cohesion
Best Practices	Exemplary, Advancement, Mutual Benefits, Universal, Achievable, Transparency
Innovation	Beneficial, Genuineness, Conformance, Value-Added, Enterprising, Competitiveness
Productivity Focus	Efficiency, Non-exploitative, Collective, Economy of Scale, Frugality, Timeliness
Employee Focus	Fairness, Consultation, Mutual Trust, Loyalty, Altruism, Empowerment
Stakeholder Focus	Respect, Non-discriminatory, Mutual Interest, Responsiveness, Interdependence, Social Responsibility
Performance Results	Net profit, Syari'ah Compliance, Shareholder Value, Market Value, Customer Retention, Reputation

Source: Mokhtar Abdullah *et al.* (2003) Guidelines for Implementing Value-Based Total Performance Excellence Model in Business Organizations

The core values in the VBTPEM can be considered as the master core values that an organization should have towards achieving total performance. Many organizations who have adopted the core values as the key elements in the running of the organization were successful. The core values statement for each organization might be different from each other but the end result is fruitful and yielded positive impact. The core values of the organization could be attached to the closest meaning or definition in the master core values in the TPEM. In summary, the master core values as outlined by Mokhtar *et al.* (2003), are of great significant as the core values set that is important to an individual, group and organization. Besides, he added that it would create the cultural glue or bond in the organization while forming a consistent behavior among people as needed by the organization. It also creates the true identity for the people of the particular organization. If every people in the organization seriously apply and appreciate the core values, the organization would definitely experience a quantum leap in its performances.

Looking back at the master core values, we can say that all six values contribute to each criteria in the TPEM that drive the organisations towards excellence. Thus, from now on, we cannot deny the intangibles aspect in the process of performance measurement as to progress, the people in the organisation should possess a good values beforehand in order to succeed (Mokhtar Abdullah, 2003). This VBTPEM model will be applied at the Malaysian Universities and in future this model will be empirically tested. The following section will reveal the core values of the selected universities as an initial step for implementing the VBTEM model.

4.0 IDENTIFICATION OF CORE VALUES IN PUBLIC UNIVERSITIES

It is obvious that universities are also competing with each other not only locally but also internationally. The desire to outperform their competitors requires the concerted effort from all human resources in the organization. It is understood that most Universities have different philosophy, vision, mission and core values that they uphold. Of all differences, yet they are working hard and struggling to excel in research and commercialization, teaching & learning, consultancy and publication. They are also concerned with the growing interest of people to know the ranking of the Universities worldwide. The report in Times Higher Education in 2008 exposed no Malaysian Universities was in the list of top 200 world universities. This showed our universities are still champion in the local market only and something has to be done to rectify the situation so that we are also at par with the international counterpart. This created the uneasiness among the university's administration about their university's standing.

Therefore, by taking this matter into account, performance measurement of the local universities must be conducted. Many benefits could be obtained from the measurement process, among others are; we can attract foreign students to study in our local universities if the Universities are doing better. Besides that, we can also

apply for higher endowment from the government in order to boost and encourage the research activities and many more. Thus, the VBTPPEM Model could be used for the purpose of our university's performance measurement. In this part, we will identify the existing core values in the public universities. Almost all public universities' website were visited to see the core values statement, however some of them were not clearly shown and some are almost none. This depicts the significance of core values in the Malaysian universities are still not rigorously taken into account and this should be highly noted by the relevant parties. This is because if the university wants; to be institutionalised it has to be infused with values (Selznick, 1966).

Below are several examples of core values of Universiti Malaysia Pahang (UMP) and Universiti Teknologi Malaysia (UTM) for identifying the existing core values in those public universities.

Table 2 Core values of Universiti Malaysia Pahang (UMP)

Core Values Statement	Core Values
Strong Bond with The Creator	Religious
Steadfast in Upholding Shared Principles	Firm
Creative in Making Wise Decisions	Creative
Resolute in Facing Challenges	Patience
Proactive in Taking Actions	Proactive

Adapted: Universiti Malaysia Pahang (2010)

Table 3 Core values of Universiti Teknologi Malaysia (UTM)

Institutional Values Statement	Core Values
UTM staff should develop and enhance his commitment by focusing his mind and energy to conduct his responsibility as an employee based on the required knowledge, expertise and values	Committed
All UTM staff should be ready and able to communicate at all levels in contributing ideas, making decisions and sharing of experiences using various strategies and communication techniques to enhance his professionalism	Communicative
UTM staff should be creative in exploiting new, original and practical ideas that have high values in respective fields of expertise from time to time	Creative
Consistent with UTM's vision and mission, all staff is expected to be consistent in carrying the policies according to the principles	Consistent
All staff must be competent in his field of work and responsibilities conceptually, technically and socially	Competent

Adapted: Universiti Teknologi Malaysia (2010)

The statement of institutional values clearly differs from each other as it depends on the vision, mission and philosophy of the university. These two universities clearly defined the core values that a university should have. From the arbitrary findings, the researchers felt that most of the universities need also to be enlightened on the importance of core values as this would guarantee the survival on inner strength or capital strength of the organization. From the two examples (as in table 2 and Table 3), we can take out one word for core values to represent the statements and this word could be associated and further improved by aligning the current core values of the university with the VBTPEM framework.

In order to fully implement the VBTPEM model at the universities, Mokhtar *et al.* (2003) outlined, the baseline assessment using VBTPEM must be conducted. This is meant to examine the extent to which core values are 'visible' and 'internalized' in the organizations, in this case the university. After that, the value-based intervention program is imposed at the institution in order to rectify, accommodate and instill the missing core values. Finally, the post-evaluation of organization performance excellence is conducted so as to assess the impact of the value-based intervention program. For the purpose of measuring the organizational performance based on values, questionnaire on VBTPEM must be developed for Malaysian universities as an instrument to collect the data.

5.0 CONCLUSION

VBTPEM could be applied at the Institution of Higher Learning to gauge the university performance as they would continue to play its roles as set in Key Performance Indicator (KPI) of the Ministry of Higher Education. Although, the criteria or indicators used by other organization for University Ranking might be different for our local climate but something has to be done to improve the situation. Alternatively, in Malaysia, we can use the Value-Based Total Performance Measurement Model for this kind of purposes. Furthermore, no formal study yet be conducted on measuring the university performance based on VBTPEM and this study is of great importance towards getting into the total performance as urged and emphasized by the Prime Minister of Malaysia in 1Malaysia concept. Through this, we are not only promoting our own measurement model but also suggesting a more salient and profound way of measuring the performance. In a nutshell, the performance measurement is vital in surviving the challenges that lie ahead. Through this, the University will be seen as an active player or organization in maintaining and continuing the effort of improving its performance as a whole.

ACKNOWLEDGEMENTS

We would like to thank Prof. Dr. Mokhtar Abdullah and his team member at AD-MACS Consultancy, Cyberjaya, Malaysia for allowing us expanding his ideas in this

area i.e. Value-Based Total Performance Excellent Model (VBTPEM). Besides that, we extend our greatest appreciation and thanks to Universiti Kebangsaan Malaysia (UKM) for funding this study on Value-Based Total Performance Excellence Model (VBTPEM) under the vot UKM-GUP-BTT-07-25-173.

REFERENCES

- Arawati Agus & Mokhtar Abdullah. 2000. Total Quality Management Practices in Manufacturing Companies in Malaysia: An Exploratory Analysis. *Total Quality Management*. 11(8): 1041–1051.
- Danny Samson & Mile Terziovski. 1999. The Relationship between Total Quality Management Practises and Operational Performance. *Journal of Operations Management*. 17: 393–409.
- Fazli Idris. 2004. Integrated Management Approach: Total Performance Excellence Model for Malaysian Companies. Tesis Doktor Falsafah, Pusat Pengajian Sains Matematik, Universiti Kebangsaan Malaysia.
- Fazli Idris & Khairul Anuar Mohd Ali. 2008. The Impacts of Leadership Style and Best Practices on Company Performances: Empirical Evidence from Business Firms in Malaysia. *Total Quality Management*. 19(1/2): 163–171.
- Mokhtar Abdullah, Nooreha Husain, Nik Mustapha Nik Hassan & Mazilan Musa. 2003. *Value-Based Total Performance Excellence Model: Baseline Assessment Criteria Guidelines for Organizations*. Kuala Lumpur: Institute of Islamic Understanding Malaysia.
- Najib Tun Razak. 2009. *Speech of Majlis Perdana Perkhidmatan Awam Kesepuluh (MAPPA X)*. Pusat Konvensyen Antarabangsa Putrajaya,
- Nooreha Husain, Mokhtar Abdullah, Fazli Idris & Ridzuan Mohd Sagir (2001). The Malaysian Total Performance Excellence Model: A Conceptual Framework. *Total Quality Management*. 12 (7/8): 926–931.
- Sanger, M. Bryna. 2005. Successful Strategies for Engaging Citizens in Performance Measurement. *National Civic Review*. 53–54.
- Selznick, P. 1966. *Leadership in Administration. A Sociological Interpretation*. University of California, Berkeley, A Harper International Edition. 17.