

Quality Governance and Performance Evaluation in Malaysian Public Sector

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ABSTRACT

Quality management initiatives have been widely implemented as strategic weapons for performance improvement in many organizations including service organizations. Yet, failures have been associated with the implementations of these initiatives whereby not all quality management initiatives have given desired results in performance. Current knowledge is also limited in providing insights on the importance of quality governance (good governance of quality initiatives) as a factor for enhancing performance. This study seeks to investigate the relationships between quality practices, quality governance, and organizational performance. Survey procedures were used to sample managers involved or used to be involved in quality management initiatives in the Malaysian public service sector. A robust measurement of research construct was employed to test the hypothesized model, proving the relationships and influences on organizational performance through quality governance. The results of this study indicate that the hypothesized model attested the significance of quality governance as a factor for performance improvement through the implementation of quality initiatives. Consequently, public service organizations should be aware of the importance of having effective quality practices, especially the ones which are more customers focused, to promote quality governance in enhancing sustainable organizational performance. .

Keywords: Quality management practices, Quality governance, Public service performance

JEL Classification: L1, L8, M1

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INTRODUCTION

Traditionally, the implementation of quality management is initiated by the private sector for better performance to compete competitively in a dynamic global economy. Later, it is adopted and adapted by the public sector with the aim of improving the performance of public services (Fryer, Antony, & Douglas, 2007; Yaacob, 2010). The quality management initiatives have gained importance because they provided the means to improve the quality of the products or services delivered by public organizations such as hospitals, schools, and governmental institutions (Uyar, 2008). The public service organizations have implemented these initiatives to improve the quality of their services to meet customer expectations (Feldheim, 2007). In this study, the quality initiatives refer to quality management programs, quality certifications, quality award models, and other methods or methodologies to improve quality in services.

Studies have shown that most of the quality management initiatives implemented in the private and public service sectors aimed for some specific reasons which include improving quality service, improving competitive advantage, streamlining working practices, improving productivity, reducing costs, supporting organizational change, and enhancing organizational performance (Samat, Ramayah, & Yusoff, 2009). However, the ending point of implementing quality initiatives is to fulfill the customers' requirements and expectations to satisfy their needs (Uyar, 2008).

The significance of quality management initiatives in the public sector has become topical in discourses pertaining to their implementations which have produced mixed results either successes or failures (Ali, Mahat & Zairi, 2007, Fryer, Antony, & Douglas, 2007). Some organizations achieve successes in their quality initiatives while others fail to achieve expected improvement in the performance (Behara & Gundersen, 2001). Despite studies have produced evidence that total quality management has a positive impact on performance in both public and private sectors (Agus, 2004), there have also been studies that have highlighted quality management pitfalls or failures. Recognised reasons including lack of top management commitment, lack of appropriate training and education, lack of resources provided, lack of perspective measurement of quality improvement, the resistance of the workforce, use of fear and intimidation to control the workforce, and failure to change organizational philosophy (Kanji, 1996; Liu, 1998).

Thus, there has been a lack of conclusive evidence on the effects of quality practices on performance (Wu, Zhang, & Schroeder, 2011), and further research is required to obtain better insights by focusing on governance or monitoring perspectives. Governance issues have become great concerns of the government, particularly in the Malaysian public sector (Economic Planning Unit, 2010). However, most of the government concerns are focused on the main issues pertaining to the good governance for quality in quality initiatives implementation for performance improvement in the organizations. Moreover, it is proposed that the implementation of quality management initiatives would successfully contributed to the desired impact on performance if the quality management systems and quality governance issues are considered together to drive improvement in performance (Monitor, 2010).

Theoretical Background

This section highlights several pieces of evidence from previous studies on the relationships and the effects of quality practices on performance. In addition, the earlier findings on the success or failures of quality management practices in enhancing performance implied that this study needs to look into this phenomenon from different perspectives by incorporating governance issues with quality initiatives.

a. Quality Initiatives and Performance Management

Quality in this study is referred as meeting and exceeding customer expectation and requirement (Oakland, 2004). Over the past decade organizations worldwide have recognized the strategic importance of quality and quality management and have concluded that effective quality management can improve their competitive abilities and give strategic advantages in the global market (Anderson *et al.*, 1994). This belief has led many organizations of different sizes from different sectors like manufacturing, service, including the public sector, to mold their approaches to quality management with the assistance from industrial and academic leaders in the field of quality management. It is posited that quality management can give an impact on the effectiveness of public sector organizations (Hafeez & Ruzevicius, 2011). Many organizations have focused on total quality management (TQM) as the means to improve financial as well as nonfinancial performance, which included profits, market share, competitiveness, and effectiveness. There are lots of evidence showing that implementation of TQM is helping organizations to improve their performance (Flynn *et al.*, 1995), increase in market share (Mann, 1992), gain positive effect on operational and business performance (Terziovski & Samson, 1999), achieve greater business value (Chung, Tien, Hsieh, & Tsai, 2008), have positive link to organizational performance (Bardoel & Sohal, 1999), save costs (Yaacob, 2010) and improve organizational performance over time (Abdul Rashid, 2008).

Although it has been proven that quality management practices have been the approaches for success in these organizations, there are still many facing failures in their implementations. Failures in quality initiatives implementations have been considered to be caused by different factors in different studies. Soltani, Lai & Phillips (2008) have highlighted that previous studies on the factors contributing to total quality management failures have no conclusive evidence to prove that one particular factor contributed to such a failure. This is because different studies have found different factors, which shows that they are not consistent. For instance, several studies found that the factors that contributed to the failures in the different context of studies as:

- a. difficulty in gaining top management commitment (Soltani, *et al.*, 2008),
- b. lack of quality management and routine work practice (Chang, 1993),
- c. adaptation problems of human resource practice to support TQM (Waldman, 1994), and
- d. poor implementation (Cole, 1999; Ghobadian & Gallear, 1996).

In terms of quality of service delivery, public service performance that fulfills customer requirement and expectations of the public is extremely needed to gain the public trust in the accountability of the government. To assess the performance of an organization, especially the public sector, various studies have used different measures for public service performance depending on the context and perspectives of the studies. Some studies have included elements of financial and nonfinancial performance indicators (Nair, 2006). Financial measures of performance usually involve measures such as market share, productivity, and profitability (Garvin, 1988); market value, growth, and profitability (Easton & Jarrell, 1998). Meanwhile, for measuring performance using nonfinancial measures, the common measures being used by researchers include among others, customer satisfaction, efficiency, effectiveness, and quality performance (Nair, 2006). However, it has been suggested that there is no agreement in terms of what exactly constitutes performance in the literature on organizational performance, although it has been the focus of researchers for centuries (Pham & Jordan, 2009).

In line with this development, the MBNQA framework for performance excellence has been widely publicized around the world, such that it has received a lot of attention among researchers and academicians. The importance of achieving results in performance is emphasized by the MBNQA framework in which the score for the results, which is 450 points, accounts almost half of the total point value of 1000 (Lau, Zhao, & Xiao, 2004) of the MBNQA scoring system. However, the other criteria have a point value ranging from 85 and 120, which carry less weight (Lau *et al.*, 2004). Among others, this framework has been used in many studies as a reference for the criteria of quality practices and business results for organizational excellent performance (Samson & Terziovski, 1999; Wilson & Collier, 2000).

b. Good Governance in Quality Management Initiatives

Although studies have suggested that it is important to make routine monitoring on quality initiatives progress and performance while maintaining their implementation (Siddiquee, 2007), yet none of the quality management studies have considered that lacking in the governance of quality in the implementation of quality initiatives as a potential contributing factor to the failures. Therefore, it is timely for the quality management studies to consider governance issues to ensure the success of the quality initiative. Quality initiative implementation needs to be properly governed in assuring the achievement of the objectives of quality management initiatives, as pointed by Soltani *et al.* (2008) that there is a need of a certain level of control on work process and monitoring of initiative progress (Siddiquee, 2007). This study will certainly give more insights in the knowledge of quality management and governance for better quality performance by integrating the issues of governance and in achieving results of organizational objectives and quality goals.

Previous studies have also shown that the concept of quality governance has not been consensually defined and most of the practitioners or researchers have used the term differently to suit the purpose of their efforts in investigating governance issues in different contexts and field of studies. For instance, with regard to quality healthcare agenda, Monitor (2010) has defined quality governance as “the combination of structures and processes at and below board level to lead on trust-wide quality performance including: ensuring required standards

are achieved; investigating and taking action on sub-standard performance; planning and driving continuous improvement; identifying, sharing and ensuring delivery of best-practice; and identifying and managing risks to quality of care”. Furthermore, Mc Lennan and Ngoma (2004) defined quality governance in reference to economic approach as the checks and balances for facilitating all levels of continuous accountability concerning public information and education pertaining to progress and achievements of the institution; part of institutional cultures and strategies providing the rules and operational activities throughout the institution; and ethics and integrity being part of the knowledge processes foundation which institutional operations are based on.

Thus, in contrast to previous studies’ concept of quality governance, the present study fills the gap in the knowledge of governance pertaining to the concept of quality governance by drawing on and integrating with the general concept of governance (Canadian Institute on Governance, 2002; Muller, 2009; OECD, 2004) and quality management (Reeves & Bednar, 1994). This study considers the concept of quality governance with respect to quality management as a framework for monitoring the quality management initiatives to ensure the success of their implementation in enhancing performance for organizational success. As to serve the purpose of this study, quality governance is referred to as good governance of quality involving the decision-making and implementation process in quality management initiatives; defining of quality objectives, who involved, and how they render account and means by which quality management practices are controlled, monitored, or directed towards achieving quality and organizational objectives (Mukhtar & Ali, 2011). It is considered as an application of good governance for quality management system and how to ensure quality performance in terms of driving continuous improvement across the organization and meeting the level of quality results expected by the public or customers (Monitor, 2010).

Good quality governance is claimed to be the contributing factor to keep a company profitable, competitive and is expected to produce significant business results. It is also proposed that looking into governance process is a worthy endeavor especially at a time when public service organizations are facing increasing demands for integrity, accountability and better efficiency (Coates, 2004). The above studies have also indicated that assessment of public performance is linked to concerns about accountability, transparency, decentralization, and good governance (Radin, 2007). Hence, the success of quality initiatives implementations very much depends on the extent to which quality initiatives are properly governed through quality governance, which is highlighted in this study.

RESEARCH METHODOLOGY

The proposed research framework has been developed based on hypothesized relationships of three main constructs in this study, which include quality practices, quality governance, and organizational performance. In general, the methods and procedures for this study were planned and designed to ensure that the objectives of this study were met. The discussion on methodology is structured as follows: (a) description of the research design, (b) information on the target population and sample, (c) sampling procedures, (d) variable specifications, (e) instrumentation, (f) data collection procedures and analysis.

a. Research Framework

Based on a literature review of the previous studies, it is therefore important to investigate the importance of quality governance for successful implementation of quality initiatives which will lead to improvement in performance. Previous discussions on conceptual and theoretical findings implicitly and explicitly showed some support on the relationships between the HR infrastructure quality practices, quality governance, and performance (Mukhtar & Ali, 2011). Based on the theoretical foundations and empirical evidence obtained from the extensive literature reviews, this study proposes the research framework as illustrated in Figure 1. Quality governance serves as the independent variable of this study, while the organizational performance is the dependent variable of this study.

Quality governance consists of four dimensions, namely accountability, transparency, participation, and rule of law. Empirical support for the potential mediating effects of quality governance was implied in Jinarat and Quang (2003) study who investigated the relationships between corporate governance, good governance such as accountability, transparency, rule of law, participation at functional level and performance. The quality governance is proposed to be related to organizational performance. The organizational performance consists of five dimensions based on the Malcolm Baldrige National Quality Award (MBNQA) criteria for business results which are customer satisfaction, employee satisfaction, productivity, efficiency, and service quality (Mukhtar & Ali).

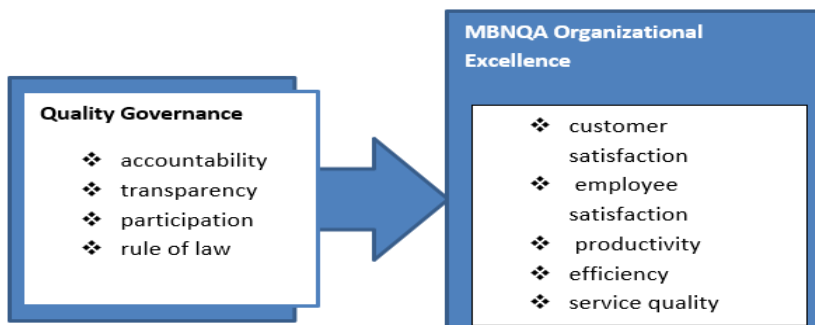


Figure 1: Research Framework

b. Population and Sampling Technique

As the research is investigating the quality governance in the public service in relation to quality management initiatives and public service performance, the selected government agencies need to be further specified. The Malaysian government has traditionally embarked on various reform programs and quality management initiatives to improve the quality of public service and overall performance to be a more effective, efficient, and customer driven emphasizing the importance of quality, accountability, and customer focused (Siddiquee, 2006). The agencies are revenue collection agencies dealing directly with taxpayers who are mostly concerned with the value for money services. These agencies' service performances are critical because the public and stakeholders demand to be treated well as they have pay for the services, and

the accountability of these agencies are under their scrutiny. Thus, the target population for this study comprised employees working full-time in the revenue collection agencies in the management and professional group of grade 41 and above. These categories of people were chosen due to their roles in making managerial decisions related to the monitoring of the quality programmes that would affect the Malaysian public sector performance.

The revenue collection agencies' characteristics are unique since their services are not the same with other public service agencies, as they are directly dealing with the public, while other agencies are not charging payment as the public as their customers. Thus, study chose four revenue collection agencies for the purpose of this study based on their contribution to national revenues. The agencies were Royal Malaysian Customs (headquarters, 17 state offices), Immigration Department (headquarters, 15 state offices), Road Transport Department (headquarters, 14 state offices), and Land and Mines Department (headquarters, 14 state offices). These agencies have the same characteristics in terms of their functions. They collect revenues for the government and thus, contribute to the national economy from different sources like sale tax, service tax, import duties, export duties, road tax, and land tax. Hence, these agencies have significant responsibilities to ensure that their services are reliable, credible, responsive, trustworthy, transparent, and accountable to serve the nation especially the taxpayers.

For the purpose of this study, the suitable sampling procedure is the multistage cluster sampling. This is in line with Babbie (2010) who suggested this procedure be used when it is not possible to select samples from the whole population of the public sector as they are not administered by the same public service department or ministry and the population is too large. Subpopulation was identified as the cluster of the public sector under study that is the revenue collection agencies. The lists of employees involved in quality management programs were randomly sampled from each agency.

The questionnaire survey as the quantitative method instrument was developed according to identified or proposed items with common themes explaining relevant constructs and dimensions for each variable from previous studies in the relevant literature of governance, quality management, and public service performance. The questions or items addressed for measuring the variables were based on identified dimensions. For this study, the measurements for independent, and dependent variables were based on the common measures being used in previous studies and the measurement items which have been validated and tested for reliability. The independent variables measurement is generally based on the previous study by Lakhali *et al.* (2006), Islam and Mustapha (2008) and Hafeez, K., & Ruzevicius, J. (2011), while the dependent variable items are referred to Mukhtar & Ali (2011). The measurement items were adapted to suit the different context of the observed variables in this study. A self-administrated questionnaire was then prepared consisting lists of the measurement items for the relevant constructs, totaling 25 items on quality governance and 27 items on organizational performance (excluding demographic questions).

A total of 905 questionnaires were distributed to qualified respondents in the actual study. However, only 417 questionnaires were returned, of which 102 were incomplete. Therefore, only 315 were used in the final analysis. The success response rate was 46%. The low response rate could be due to the target respondents were managers who always have busy schedules. The relevant departments have informed that some of the managers were not available to

answer the questionnaires. However, a robust representation of the population was adequate for further analysis. The data collected were processed using SPSS and relevant statistical testing was used to answer all the research questions and research objectives.

RESULTS AND DISCUSSION

Among the 315 respondents, 24 (7.6%) were at grade 54, 27 (8.6%) were at grade 52, 58 (18.4%) were at grade 48, 84 (26.7%) were at grade 44, and 122 (38.7%) were at grade 41/42 as shown in Table 1. In total, the respondents were at the level of middle management and above, whom currently involved or used to be involved in quality management initiatives and are very likely to have first-hand information regarding quality management implementation in their organizations.

In terms of the respondents' experience and involvement in quality management initiatives or programs, 128 (40.6%) are currently involved in quality management initiatives and 187 (59.4%) used to be involved in quality management in different positions as quality management steering committee (4.8%), quality management managers (8.6%), quality management committee members (25.0%), and others (61.6%). Table 1 shows the involvement in quality initiatives and the positions of the managers in quality management efforts.

Table 1: Summary of Respondents' Characteristics

Characteristics	Frequency	%	Cumulative %
Grade 54	24	7.6	7.6
Grade 52	27	8.6	16.2
Grade 48	58	18.4	34.6
Grade 44	84	26.7	61.3
Grade 41/42	122	38.7	100.0
Total	315	100.0	100.0
QM steering committee	15	4.8	4.8
QM manager	27	8.6	13.4
QM committee member	79	25.0	38.4
Others	194	61.6	100.0
Total	315	100.0	100.0
Currently involved	128	40.6	40.6
Used to be involved	187	59.4	100.0
Total	315	100.0	100.0
Indirect tax-customs	176	55.9	55.9
Levies-immigration	33	10.4	66.3
Road tax-road transport	66	21.0	87.3
Quit rent/land tax-land and mines	40	12.7	100.0
Total	315	100.0	100.0

In terms of departments where the respondents came from, they were identified by the types of taxes being collected by the departments. The data showed that 176 (55.9%) of the respondents were the managers working in the Customs Department; 33 (10.5%) of the respondents were the managers working in the Immigration Department; 66 (21.0%) of the respondents were the managers working in the Road Transport Department; and 40 (12.7%) of the respondents were the managers working in the Land and Mines Department. Table 1 shows the number of respondents who came from the four different tax collection agencies under study.

a. Mean score of Quality Governance

Quality governance consisted of four dimensions: transparency, accountability, participation, and rule of law. Based on the statistics, it was shown that 315 respondents have answered the four questions for transparency; the five questions for accountability; the three questions for participation; and the five questions for rule of law, which were included in the final structural model. The overall means (M) based on 1 to 7 scales for accountability is 5.22 (ranged from 5.06 to 5.37); M for rule of law is 5.15 (ranged from 4.95 to 5.32); M for transparency is 4.88 (ranged from 4.75 to 4.95); and M for participation is 4.87 (ranged from 4.76 to 4.94). Overall means were high for all the quality governance dimensions, indicating that the respondents agreed on the importance of quality governance elements in Malaysian public organizations implementing quality management initiatives.

Nevertheless, transparency had the lowest overall mean with 4.75 for item5 “quality-related decisions are communicated to customers,” indicating that the least crucial for organizations communicate the quality-related decisions to the customers. Meanwhile, participation had the second lowest overall mean with 4.76 for item4 “employee and customer feedback are sought before decisions on quality initiatives are made,” showing that the organizations no need to effectively encouraged participation from both sides for better decision making in quality initiatives. However, accountability had the highest overall mean with 5.37 for item5 “managers at our level are held accountable for the results of our quality-related actions,” implying that managers in the organizations should well-understand that they bear responsible and accountable for achieving quality objectives.

Table 2: Overall Means and Reliability of Quality Governance

Variables	No of items	Mean	Std. Deviation	Skewness Statistic	Cronbach's Alpha
Transparency	6	4.8794	.98401	-.487	.897
Accountability	7	5.2241	.99996	-.862	.919
Rule of law	6	5.1549	1.04638	-.918	.942
Participation	6	4.8762	1.13609	-.628	.926

b. Mean score of Organizational Performance

The organizational performance consisted of customer satisfaction, service quality, efficiency, productivity, and employee satisfaction. Based on the statistics in Table 3, it shows that the participants responded to the four-item questions for customer satisfaction; the four questions for service quality; the four questions for efficiency; the three questions for productivity; and

the four questions for employee satisfaction which were included in the final structural model. The means (M) for service quality is 5.32 (ranged from 5.15 to 5.41); M for productivity is 5.21 (ranged from 5.11 to 5.38); M for efficiency is 5.15 (ranged from 5.01 to 5.25); M for the customer satisfaction is 5.09 (ranged from 4.58 to 5.33); and M for employee satisfaction 4.86 (ranged from 4.46 to 5.22).

Table 3: Overall Means and Reliability of Organizational Performance

Variables	No of items	Mean	Std. Deviation	Skewness Statistic	Cronbach's Alpha
Customer satisfaction	6	5.0905	.81618	-.399	.739
Employee satisfaction	6	4.8659	.96787	-.509	.779
Service quality	4	5.3183	.85055	-.643	.800
Efficiency	5	5.1476	.88985	-.637	.913
Productivity	6	5.2063	.84426	-.796	.729

— Overall means were high for all the organizational performance dimensions, indicating that the respondents have agreed that the quality practices and quality governance brought positive impacts on their organizational performance, especially in terms of meeting customers' requirements as indicated by the highest mean of 5.41 for item1 in measuring service quality.

c. Reliability Test for Quality Governance and Organizational Performance

In terms of reliability, the internal consistency of the measuring items for the subconstructs of the quality governance was determined by reliability test using Cronbach's Alpha. All items with reliability measures of .7 and above were retained (Nunnally, 1978) in the measurement model whereby the values of Cronbach's alphas were .862, .914, .938, and .886, respectively, for transparency, accountability, rule of law, and participation. All of the dimensions had an adequate convergence by having the average variance extracted (AVE) values of more than .5 which were .611, .680, .753, and .723, respectively, for transparency, accountability, rule of law, and participation, showing an overall valid convergent validity of the quality governance. Overall, the four dimensions of quality governance exhibited valid discriminant validity between their constructs. Meanwhile, the items included for the subconstructs of the organizational performance was in the measurement model whereby the values of Cronbach's alphas were .822, .895, .922, .755, and .835, respectively, for customer satisfaction, service quality, efficiency, productivity, and employee satisfaction.

The reliability analysis was also performed to the independent and dependent constructs of this study. The Cronbach's alpha for dimensions of quality governance before CFA were .897, .919, .942, and .926, respectively for transparency, accountability, rule of law, and participation. Furthermore, the Cronbach's alpha for dimensions of organizational performance was .725, .800, .913, .729, and .779, respectively for customer satisfaction, service quality, efficiency, productivity, and employee satisfaction.

The items measuring dimensions of quality governance and organizational performance were further reduced using confirmatory factor analysis or confirmatory measurement models. The construct reliability of the final items for dimensions of quality governance and organizational performance were .957 and .937, respectively.

d. Validity Test for Quality Governance and Organizational Performance

The standardized estimates for the modified measurement model of quality governance with the remaining 17 measures have indicated that factor loadings between items and their underlying subconstructs ranged from .71 to .90, while correlation coefficients between the four dimensions ranged from .71 to .81. All of the loading values and correlation coefficients were statistically significant at the .05 significance level.

Furthermore, the correlation between each pair of latent exogenous constructs for each measurement model of quality governance, and organizational performance; was less than 0.85 indicating the existence of discriminant validity (Kline, 2010). Discriminant validity test by comparing AVE and squared correlations between the constructs was calculated and the results were indicated in Table 4.

Table 4: Discriminant Validity

Construct					
Quality Governance	Trans	Acct	RL	Part	
Transparency	.611				
Accountability	.603	.680			
Rule of Law	.518	.660	.753		
Participation	.567	.502	.582	.723	
Organizational Performance	CS	SQ	Eff	Prod	ES
Customer Satisfaction	.654				
Service Quality	.652	.731			
Efficiency	.552	.712	.748		
Productivity	.525	.608	.697	.698	
Employee Satisfaction	.349	.430	.338	.421	.575

The second measurement model examined the relationships among 27 measures of organizational performance. The organizational performance was theorized to have five subconstructs: customer satisfaction, service quality, efficiency, productivity, and employee satisfaction. The original measurement model with 27 measures was evaluated and the factor loadings between items and their underlying sub-constructs ranged from .22 to .92. All the estimates were significant at .05 significant level. However, the proposed measurement model was not a good fit with overall model fit indexes below the required fit criteria of ≥ 0.9 (GFI=.734, CFI=.818, NFI=.775, TLI=.796), while RMSEA=.101 was higher than the fit criteria of ≤ 0.08 , chi-square =1314.456 ($df=314$, $p=.000$) and the relative chi-square was 4.186. Model respecification was required to obtain a better model fit of the organizational performance construct. Thus, the items with factor loading values extremely below .5 and those with high values of modification indexes were eliminated one by one until an acceptable model fit was obtained. The respecification process also involved the correlation of two measurement errors or residual covariances with high modification indexes for items *efficiency2-productivity1* and *employeesatisfaction2-employeesatisfaction4* to gain an incremental increase in fit over the model.

In the respecification process, a total of 8 items were deleted: from customer satisfaction (2 items), from service quality (2 items), from efficiency (1 item), from productivity (1 item), and from employee satisfaction (2 items). The remaining 19 measures were included in the measurement model fit test. The standardized estimates for the modified measurement model of organizational performance with the remaining 19 measures showed that factor loadings between items and their underlying sub-constructs ranged from .47 to .92, while the correlation coefficients between the five dimensions ranged from .58 to .84. The correlation coefficients for residuals were .27 and .36, respectively, for *employeesatisfaction2-employeesatisfaction4* and *efficiency2-productivity1*. All the estimates were statistically significant at .05 significance level.

Overall, the modified measurement model was a good fit with the overall fit indexes were according to fit criteria: GFI=.904, CFI=.959, NFI=.928, TLI=.950, while RMSEA=.063, chi-square=314.092 (df=140, p=.000), and the relative chi-square =2.244. Table 5 shows the improved model fit indexes obtained from the modified model and second-order CFA model compared with the original model fit indexes.

Table 5: Model Fit for Measurement Model of Organizational Performance

Model	χ^2/df (Relative χ^2)	p value	CFI	GFI	RMSEA
Original Model	1314.456/314 (4.186)	.000	.818	.734	.101
Modified Model	314.092/140 (2.244)	.000	.959	.904	.063
Second order CFA Model	331.145/145 2.284	.000	.956	.900	.064

The hypothesis proposed that quality governance is positively related to organizational performance, and the results of the structural model showed that the structural relationship of quality governance and organizational performance was positively significant and that the hypothesis was supported with the beta coefficient of .282 and the associated p-value of .006. This means that every one standard deviation increase in quality governance would lead to an increase in organizational performance for .282 standard deviation.

In previous studies, dimensions of quality governance, which consist of transparency, accountability, participation, and rule of law have been associated with performance as the important factors for performance improvement (Halachmi, 2002). This study found that quality governance had a significant positive relationship with organizational performance. This result was consistent with the proposition that, with better transparency, accountability, participation, and rule of law in the quality initiatives implementation, improvement in performance could be achieved, as stakeholders' expectations and requirements are fulfilled and exceeded (Idris *et al.*, 2003).

In the context of public service organizations, the positive relationship found in this study further supported the importance of quality governance to achieve results in performance when implementing quality initiatives. Thus, the finding has strengthened the argument claiming that good quality governance is required to ensure the success of any initiative to give the desired impact on performance through goals and objectives alignment for organizational success (Patel & Robinson, 2010).

CONCLUSION AND RECOMMENDATIONS

The integration of quality and governance issues has been hardly explored in previous research and this study provided a new insight on the importance of quality governance in quality initiative implementation to achieve organizational objectives in performance enhancement.

There has been a shift of focus of studies in the area of quality management from hard or technical aspects to soft or behavioral aspects. With regard to stewardship theory, the current study suggested that the quality practices served as stewards, who are accountable to deliver results in performance and quality governance was required to realize the desired impact on organizational performance. This study incorporated insights related to good governance for quality to ensure the successful implementation of quality initiatives to give the desired impact on performance with the introduction of the concept of quality governance.

The findings of this study have also highlighted that customer focus was a significant factor in influencing the quality governance for giving an effective impact on enhancing organizational performance in public service organizations, which are implementing quality initiatives. This study provided further evidence that emphasis on customer focus practice promoted transparency, accountability, participation, and rule of law that kept the quality initiatives on track, and this would augment excellent organizational performance.

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