

Performance Measurement Systems

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Abstract

This article is in the form of a viewpoint, presenting the need of the support from academic journals to contribute through calls for publishing studies in the area of performance analysis system development for businesses and industries. The paper starts with a short review of current performance analysis models and concludes with the highlights of gap of a total model.

Keywords: Performance, Performance measurement, Management

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Introduction

Performance Measurement System (PMS) is an important system in the purpose of improving the performance of the organization. A well develop and implementation of comprehensive PMS helps the organization to develop and improvise the business environment thus improve better decision making process. Therefore, there are multi comprehensive approaches of PMS has been applied in both quantitative and qualitative are significant to measure, predict and evaluate on current and future organization performance. The adoption of difference models has had on various dimension and measure give the difference result of organization performance. Therefore, this paper will discuss on the best PMS model to use within the company. The findings of this paper were based on the past researches done by experts.

Short communication

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The previous researchers have proven the Balanced Scorecard (BSC) is a measurement system that was give successful to company's performance. The BSC is multi-dimensional model which show combination financial and non-financial measure in PMS. It also involves four measurement perspectives such as financial perspective, customer perspective, internal business process perspective, and research and development perspective to view an organizations performance in future. In the scope of measurement system, all of the perspectives indicator must be balanced to achieve the organizations success in the measurement performance strategy. Generally, BSC is a suitable model shows balanced aspect in the PMS and this model has proven effectiveness of the company's performance measurement clearly by the researchers. According to previous study the consumption of BSC is multiply used. The concept of BSC also has certainly made its mark since a decade. But differences between Performance Prism has been developed on the strength of existing measurement systems such as BSC. While, the Performance Prism that gives positive impact on PMS but it is still new and not many proven successful by the researchers compared with BSC. Through the study shown, Performance Prism is measurement that focuses on stakeholder. Based on the fundamental premises, the Performance Prism was consisting of five related perspectives that are stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. But in the PMS, the stakeholder not enough shown balanced aspect to contributes of organization measurement in the future. So, Performance Prism seems to be an unsuitable model to use in the PMS because it proved to be more successful in the future.

Next PMS is Performance Measurement Matrix which is helps in defining the company strategic objectives and translates the objectives into performance measures using hierarchical and integrated approach that is simple and flexible, but this matrix were not a packed as the BSC. The Strategic Measurement and Reporting Technique (SMART) Performance Pyramid is a balanced model which measures stakeholder satisfaction such as customer satisfaction, quality and delivery. It also measures the operation activity for example productivity and lead time but this model does not integrated the concept of continues improvement makes. As for Kanji's Business Excellence Model (KBEM) is suitable to applied within any organization but due to complicated calculations using advanced statistics method makes this model require more cost and time to implement. Performance Measurement Matrix, the SMART performance pyramid and KBEM were seen as not suitable to implement within the company due to each deficiencies.

European Foundation for Quality Management (EFQM) has been recognized non-perspective framework widely tested by European companies. Basically, EFQM is divided by two areas enablers and result with a balance weight of 50% each area which can covers the whole areas of organization's functioning. However, EFQM not a narrow performance management tool due to lack of guidelines that result from organizational weaknesses. Theory of Constraints (TOC) is another modern PMS that used throughput oriented to generate ongoing improvements on both manufacturing and services industries. This model emphasizes constraints identifications and management of whole organization to manage the recourses by focusing the weakest link of the whole chain cross-functional in the organization. In TOC a good organization goal is to achieve increase throughput while reducing the cost of inventory as well as operating expenses.

There are still various argument by researcher on the TOC approach as best tool of PMS.

To conclude and based on the reviewed PMS literature, the most preferred model was Balanced Scorecard (BSC) since it more packed than the other models that will give more accurate overview on the company's performance. Although BSC is most popular PMS and its disadvantages is less than other developed PMSs, still some researchers argue that the BSC is not a perfect model for analyzing performance of companies. Still authors see the need of developing better PMSs in future studies.

Conclusion

To conclude, this article was a short communication to alarm lack of studies in developing PMSs. Academic journals; especially International Journal of Management, Accounting and Economics (IJMAE) can contribute through calls for publishing studies in the area of performance analysis system development for businesses and industries.

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