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## **Emerald Article: Measuring the success of a performance measurement system in Thai firms**

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# Article Title Page

## Measuring the success of a performance measurement system in Thai firms

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**Assistant Professor Dr. Sakun Boon-itt** received his PhD in Management of Technology (Operations Management) from Asian Institute of Technology. He is currently an Assistant Professor at the Department of Operations Management, Thammasat Business School, Thailand. He has published many papers in international journals, including conference papers. His main research is in the area of operations and supply chain management.

**Structured Abstract: Purpose:** The study aims to identify what managers involved in the design of a performance measurement system (PMS) perceive are the attributes of a successful PMS.

**Design/methodology/approach:** 85 managers from Thai firms were interviewed to develop the proposed model to measure the success of a PMS. Results from 269 returned questionnaires from Thai managers were analysed by second order confirmatory factor analysis (CFA).

**Findings:** Based on our findings, success of PMS was categorised into two aspects, design success and implementation success. Using CFA the empirical data demonstrate a good fit with the proposed measurement model.

**Research limitations/implications:** The results of this study are based on the opinions of managers and therefore their accuracy is open to question. Adding non-managerial perspectives might demonstrate another picture.

**Practical implications:** The findings could well be useful for managers in any organisation. They can assist the manager in judging whether or not the company's PMS is successful according to our discovered criteria. Use of these criteria could lead to better decision-making in the design and implementation of a PMS framework in any organisation.

**Originality/value:** This study enhances the body of knowledge by defining what a successful PMS means to managers in Thai firms. The results of this study can be applied to any country but perceptions of what is important could vary from country to country.

**Keywords:** Performance measurement system, measurement model, confirmatory factor analysis, Thailand

**Article Classification:** Research paper



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## 1. Introduction

A performance measurement system (PMS) is vital in the management of an organisation. It does not only tell whether an organisation is successful, but, if used properly, can also help an organisation implement their strategies (Kaplan and Norton, 1996). At the same time, if the design and implementation of the PMS are not done with care, the PMS could lead to dysfunctional behaviour and in the end could harm the entire organisation. Every manager knows this as fact, but few can clearly determine when a PMS could be termed "successful". It can be argued that if an organisation that implements a PMS has an improved financial performance, its PMS can be called successful. However using financial performance as a measure of the success of a PMS is not appropriate for two reasons. First, there are many uncontrollable factors that can affect a company's financial performance. Thus an increase or decrease in financial performance may or may not be related to the success or failure of a PMS. Secondly, a time lag can be a major issue in determining whether or not a PMS is successful. It would be very difficult to know exactly when a successful PMS will lead to better financial performance. It could be a week, a month, or even several years later. For this