

In Quest of Performance Measures' Golden Thread: A Case Study in Saudi Oil Company

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Abstract

There is a considerable amount of management literature related to Performance Measurement Systems (PMSs) pertaining to their design, use, and updating. In addition, the management literature also discusses the proper framework of PMSs design as well as the importance of cascading, linking or aligning performance measures with strategy at all organisational levels.

The review of the management literature, has identified that there has been limited research examining how performance measures are used at different levels of organisations. There is also limited research on the cascading process of performance measures across various hierarchal levels in the literature. The fact that the measures are used differently or overlooked may either be good for the performance of those lower-level units or may have no effect on performance. Addressing these gaps in our knowledge is vital since using measures by the right level in the organisation will close the feedback loop. Therefore, this paper is concerned with providing a better understanding of how performance measures are used in different levels and how they are cascaded/used throughout an organisation.

Keywords

Operations Management, Performance Measurement System, Management Controls, Key Performance Measures, Performance Metrics

Biography / Biographies

Abdullah Aldhafer is a Researcher at Business Performance Center, School of Management, Cranfield University. He earned Bachelor degree in System Tracks, and MBA from Strathclyde University, Scotland. He is Operational Excellence Advisor in Saudi Aramco Oil Company. He has participated in more than twenty-five conferences around the globe. Abdullah has completed several projects in Oil and Gas Industry for Lean, Six Sigma, Operational Excellence and Performance Measurement systems. His research interests include manufacturing, Six gam, optimization, reliability, scheduling, maintenance, and lean. Abdullah js a board member of Saudi Society for Quality, He is member of IEOM, ASQ, and EFQM.

Bourne, Michael is the Professor of Business Performance Action, Execution and Implementation Center at Cranfield University, has spent 15 years in business, spanning the valve, paper & board, building materials, machine tool and airline catering industries. He held a number of positions, with roles in production management, strategy and acquisitions, IT, HR, commercial and general management, including directorship positions in subsidiary companies. He gained his PhD from the University of Cambridge in 2001, researching the design and implementation of balanced performance measurement systems. He has spent the last fifteen years working with companies supporting senior management teams through the process of clarifying and executing their strategy. His approach is to take a stakeholder approach to clarifying strategy and enabling implementation through alignment of activity to the goals of the organization. Mike is a Chartered Management Accountant and a Chartered Engineer. He has authored over 100 publications including The Handbook of Corporate Performance Management, Balanced Scorecard, Instant Manager and Successful Change Management in a Week. His research is at the interface of performance measurement with strategic management and control systems.

Monica Franco-Santos is Reader in Organizational Governance Action, Execution and Implementation Center at Cranfield University, Prior to joining Cranfield, Monica worked for a leading global management consultancy. As a senior consultant she worked with numerous companies from a variety of industries and sectors. Her expertise was in the design and implementation of executive compensation systems and other Human Resources initiatives. Her educational background includes a PhD in Management from Cranfield School of Management; postgraduate studies on Organizational Behavior and Human Resources Management from the University of Barcelona (Spain) and a BSc in Economics and Business Administration from the University Autonoma of Madrid (Spain). Monica's research broadly focuses on organizational governance systems. In particular, her work examines the design, implementation, and use of performance measures, targets and rewards as well as the impact that these mechanisms have on behavior and decision-making. Her research is widely recognized (for further information visit her publications page) and has been founded by organizations such as the EPSRC, CIMA (Chartered Institute of Management Accountants), IIP (Investors in People, UK) or the Leadership Foundation. She is part of the teaching faculty of Cranfield's MBAs, MScs, PhD, DBA and various executive education programs. She is a visiting professor in ESADE (Barcelona, Spain) and an occasional lecturer in a number of European academic institutions.