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PERFORMANCE MEASUREMENT SYSTEMS AND MANAGER SATISFACTION IN SINGAPOREAN SMALL/MEDIUM FIRMS

Empirical relationship between balanced performance measurement systems, the conceptual use of performance measures, and the satisfaction of managers with performance measures to improve performance in Singapore firms.

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STATEMENT OF ORIGINALITY

The thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University’s Digital Repository**, subject to the provisions of the Copyright Act 1968.

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Wong Sing Hoi (UoN student No: C3050829)
SYNOPSIS

Purpose – This study seeks to examine the empirical relationship between the perception of a balanced and linked performance measurement system, the conceptual use of performance measures, and the satisfaction of managers with their performance measurement systems in small and medium enterprises (SMEs) in Singapore. In doing so, this study seeks to replicate and extend a significant research project conducted in Germany (Sandt, Schaeffer and Weber, 2001) into another cultural setting and with different users.

Design/ methodology/ approach – The sample for the study is 600 managers from 300 SMEs in Singapore. To address common method variance (CMV) concerns in international business research, the present study uses a postal/online questionnaire survey (quantitative), followed by semi-structured email interviews (qualitative), as a method of triangulation. This mixed data collection process will, hopefully, provide greater insight into the concerns of the present study.

Findings – The results indicate that 71 participating managers from 39 SMEs are satisfied with their performance measures, as their responses indicated that they perceived the measures that they used to be balanced and linked to their
strategic plans. This suggests that managers' satisfaction with performance measures that they used related more positively to the conceptual use of the measures to improve firm’s performance.

From eight respondents in the qualitative survey, the majority revealed that they use the feedback from the measures as a learning tool to help them balance profit, growth, and to control the firm’s results. The rest of the respondents use information from the performance measurement system to balance short-term results against long-term capabilities and growth opportunities of the firm.

**Research limitations** – Besides the CMV-bias concern, the other main limitations of the study are the small sample size (relative to the total number of Singapore SMEs), and that the survey only applies to English-speaking SME managers.

**Practical implications** – The study suggests that different firms may need different performance measures, since the strategies are unique to each firm. The findings will, hopefully, arouse Singapore SME managers' awareness of the strategic role of performance measurement in improving the firm’s performance. Managers may also consider the findings from the present research useful as a benchmark of their firm’s performance measurement practices compared to other SMEs.
**Originality/ value** – Firstly, the present research was a replication and extension of the German study to focus on Asian SMEs with a strong influence of Confucianism. The present research appears to be the first to examine the attitude of Singapore’s SME managers towards their firm's performance measurement systems. Secondly, this study aspires to contribute to the literature on managers' satisfaction with the conceptual use of performance measurement systems to improve their firm's performance. Thirdly, the evidence suggests that, despite the increased use of financial and non-financial measures, short-term financial measures remain crucial for the Singaporean SMEs in the sample to track their performance.
I would like to thank Dr. Colin A. Sharp, my principal supervisor, for his guidance and advice. I would also like to thank Dr. Robert Muller for his valuable comments.

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Singapore, 2014
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