

A STUDY ON THE PERFORMANCE MEASUREMENTS AND REWARD SYSTEM OF CONSTRUCTION INDUSTRY

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ABSTRACT

In the organizational control process whereby an organization ensures that its pursuing strategies and actions are achieved, performance measurement have been used to answer the question of “what has happened”. By finding out what has actually happened, the management can determine with considerable certainty which direction the company is going (Ruzita, 2000). In some organizations, PMS is tied to reward system for payments of rewards or business. They therefore have a “behavioral” dimension, as they may be used to motivate employees to pursue the goals and strategic objectives of the firm (Dixon, Nanni and Vollman, 1990).

A research was thus carried out in view that performance measurement and reward system is important in management of a company. The purpose of this study is to compare Setegap Berhad and X company Berhad in their PMS and reward system in terms of reasons of developing PMS, perceived importance of PMS to their companies, selection of financial and non-financial measures, as well as the types of reward provided by the companies.

Various methods had been applied in researcher’s attempts to study on this research topic. Interviews and survey were conducted to collect first hand information. Besides that, secondary research was performed through a comprehensive review on reference books, journals, magazines, articles, and other secondary source. The findings are reported by using frequency distributions and descriptive statistics with the aid of presentable charts and tables. In addition, hypotheses were tested by using Pearson Chi-square test and Z-score (one-tailed test).

The results of the research revealed that PMS is essential management tool in assisting company’s successfulness. Different types of financial measures and non-financial measures were used by the companies for performance assessment. However, a balance between financial and non-financial measures was not achieved since attentions tend to be directed towards financial measures. This issue should be overcome as companies are competing on a wide range of dimensions of performance. The reward system provides motivational effect in various aspects, which therefore can support the development of an effective PMS