

PERFORMANCE MEASUREMENT

(PARTIAL RESULTS OF PROJECT CZ.3.01.2012.221.002 "PERFORMANCE MEASUREMENT SYSTEMS IN CZECH ORGANISATIONS", 2013)

ABOUT THE INSTITUTE

The Institute for Evaluations and Social Analyses is the first research institute in the field of social sciences founded in the Czech Republic. It is an independent entity formed under the rules defined by the European Union (Article 1.3 (ee) of the Framework for State aid for research and development and innovation). The Institute is a research organisation under Act No. 130/2002 on the Support of Research and Development from Public Funds and is registered in the List of Research Organisations of the Research, Development and Innovation Council ("RVVI"). The objective of the Institute is to conduct fundamental research, applied research or experimental development and disseminate the results through teaching, publishing or technology transfer, with any and all profit reinvested in the above activities.

The core activities of INESAN are evaluations and social analyses.

The topics that INESAN focuses on include ethical behaviour, managerial studies, ICT, environment and social topics.

Thanks to its background in the methodology of applied social research, INESAN also processes surveys and methodological analyses. INESAN also provides expert services in creating methodological tools for evaluation, undertakes evaluations, participates in the preparation of tender documents, provides peer reviews of the individual documents related to evaluation and social research methodology.

Publications, expert reports and opinions issued by INESAN are not biased by the attitudes of donors and clients; they present the independent views of INESAN experts.

ABOUT THE PROJECT

The chief objective of Project CZ.3.01.2012.221.002 "PERFORMANCE MEASUREMENT SYSTEMS IN CZECH ORGANISATIONS" is to analyse the current systems, methods and approaches to the measurement of performance in organisations in the Czech Republic.

The project's individual objectives include determining the rate of achievement of the goals set by the organisations; determining the areas of performance measurement; analysis of the performance indicators used; analysis of problematic aspects of performance monitoring and metering; summary of the perceived benefits of monitoring performance and the identification of the methods for using organisations' performance data.

The purpose of this partial output is to provide insights into the specified areas of management where performance is metered in Czech organisations.

SUMMARY OF RESULTS

Measuring the performance of organisations (i.e., constant comparison of the actual results with the set goals) is usually done on the company level (e.g., as part of analysing the pursuit of the corporate strategy). It is also common to monitor financial performance and the sales of products and services; approximately 80 to 90 per cent of entities actually monitor their performance in this respect.

By contrast, ICT and procurement performance is measured to the least extent. Still, more than half of the reviewed entities claim that they measure their performance in these fields.

The various areas of management differ in terms of the importance of performance. While more than two-thirds (68%) of entities consider achieving their set goals crucial for their long-term development, just 19% of the respondents consider ICT performance vital for the development of their organisations.

RESEARCH METHODOLOGY

The information contained in this overview comes from the research conducted by the Institute of Evaluations and Social Analyses (INESAN) as part of Project No. CZ.3.01.2012.221.002.

The data was collected in the Czech Republic in May 2012. The organisations were chosen using a stratified random selection method. The selective pool consists of Czech business entities.

The research involved conducting and analysing a total of 331 interviews with the managerial staff of the individual organisations (directors, CEO, CFO).

SAMPLE DESCRIPTION

Structure by segment:

Industrial companies account for 48% of the organisations, utilities and telecommunications firms account for 20% and the remaining 32% is attributable to other organisations (e.g., construction, commerce and services).

Structure by size of organisation:

One half of the pool (50%) is small entities, i.e., ones with fewer than 100 employees, medium-sized organisations with 100 to 249 employees account for 32% and 18% is attributable to large organisations with 250 or more employees.

Structure by existence of branches:

56% of the organisations have no branches, 34% have branches only in the Czech Republic, 8% have branches home and abroad and 2% of organisations only have branches abroad.

Structure by turnover:

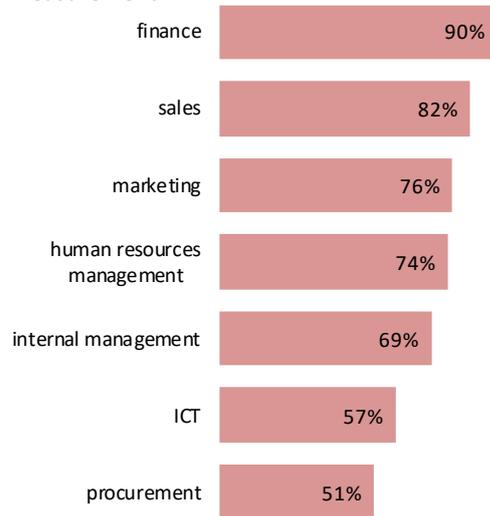
The last known turnover figure (i.e., for 2011) did not exceed CZK 50 M with 25% of the organisations, 17% of the organisations posted a turnover of CZK 50–99 M, 41% posted a turnover of CZK 100–499 M and 17% posted a turnover in excess of CZK 500 M.

PERFORMANCE MEASUREMENT

PARTIAL RESEARCH RESULTS

In total, 9 out of 10 organisations measure their performance on a corporate level. This ratio is not significantly different across the individual segments defined by industrial sectors, size and turnover. In terms of the individual fields of management, organisations mostly measure their performance in achieving financial objectives (nine out of ten). The great majority of organisations measure their performance when it comes to product and service sales (eight out of ten), marketing activities and human resource management (approximately three-quarters of the entities) and in internal management (seven out of ten organisations). More than half of the businesses reviewed measure their performance in other management areas, namely ICT and procurement.

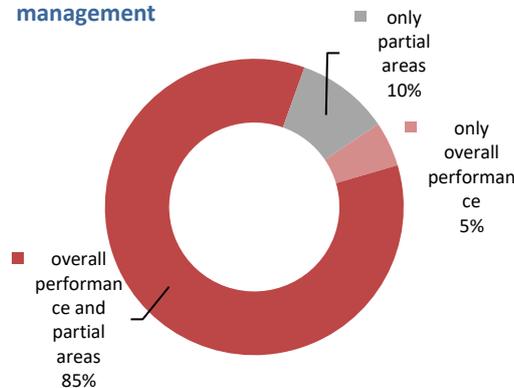
Graph 1: Individual areas of performance measurement



The reviewed organisations mostly measure their overall performance and their performance in finance and financial management. By contrast, ICT and procurement performance is measured to the least extent. The average percentage of organisations that measure their performance in individual areas (benchmark) is 71%.

As far as the reviewed organisations' approach to performance measurement is concerned, it is apparent that most entities (85%) measure both overall performance and performance in the individual fields. Just 5% of the reviewed organisations focus on measuring overall performance and the remaining 10% measure performance in the individual fields only.

Graph 2: Attitude to performance management



Utilities and Telecom companies, organisations with an annual turnover below CZK 50 million and organisations without branches tend to exclusively measure overall performance.

Performance measurement in individual areas is primarily the domain of the organisations that rate themselves as equal or less efficient compared with other entities in their field.

Achieving the set goals on the level of the entire organisation is vital for one half of the entities.

In the individual segments, achieving the set goals is regarded as crucial for the company's long-term development in the finance (68%) and product and service sales (57%) segments. A high degree of importance is attributed to achieving the set marketing goals (44%). For other areas (HR management, ICT, internal management and procurement) the ratio of organisations emphasising achievement of set goals in the fields ranges between 19% and 26%.

Graph 3: Share of organisations that consider achieving their goals in the individual areas crucial for their development



A detailed analysis shows that the organisations that measure their performance in individual areas consider achieving objectives in such areas as crucial or important significantly more often than the entities that do not measure performance in such areas.

Graph 4: Importance of achieving set goals in relevant areas for the organisation's long-term development



■ monitor performance in this area
■ do not monitor performance in this field
Note : average evaluation 4 = significant
1 = insignificant