

Process performance management: The impact of Performance indicators on the organizational profitability

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Abstract

Purpose: This study is conducted in order to affirm the applicability of the steps involved in PPMS, to identify and prioritize the facilitators and inhibitors behind the implementation decision of PPMS and the effect of performance indicators on the profitability of the firms.

Design/methodology/approach: The data was collected from the top level management of the 200 manufacturing companies in Pakistan through a structured questionnaire out of which a stratified sample of 100 companies who have implemented the PPMS is used. SPSS 17 was used in order to check the impact of performance indicators on the overall business performance index.

Findings: This paper found that the manufacturing organizations in Pakistan are following almost all the steps involved in PPMS. The results of AHP analysis show that the “Supportive Culture” and “PPMS facilitate the competitive advantage” are the major facilitators for those organizations who have implemented the PPMS, whereas the organizations who have not implemented PPMS have major inhibitors as “ Non supportive culture” and ”Have another Performance System”. And the Measuring financial performance, Quality performance, Delivery reliability performance, customer satisfaction performance and employees satisfaction lead to increase in the organizational Profitability.

Research limitations/implications: The target population of the study is the manufacturing sector of Pakistan, as the study is conducted on the basis of the data collected from the top management of the manufacturing organizations from Pakistan. We couldn't generalize the results of this study for overall world manufacturing market.

Practical implications This study will be helpful to the top management of the organizations from manufacturing sector regarding the implementing decision of the PPMS. The organization can choose the best indicators used by firms in order to achieve the overall excellence.

Originality/value This paper has put together all important performance indicators used by firms in a single list which was not previously done.

Keywords: Process Performance Management System, Key Indicators, Profitability, AHP, Critical factors.