

Performance Measurement and Employee Incentive of Manufacturing Companies in Sri Lanka

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Performance measurement system would play a key role in communicating, evaluating and rewarding the achievement of strategic objectives. Many manufacturers have instituted programs to reduce costs and improve their operations but frequently fail to evaluate whether their operational changes achieved their desired results. An active performance measurement system can help to determine areas to improve before invest or money. Organizations adopt performance measurement systems typically classified as financial and non-financial measurements. Some manufacturers even use performance measurements to determine compensation and incentive bonuses. This research attempt to assess the performance measurement in manufacturing companies and plan the employee incentives like the adding the short term cash benefits for basic salary of their. The findings were that company performance has significant relationship with employee incentive in manufacturing companies in Sri Lanka. The findings have shown significant relationship EVA, ROA and ROI with employee incentive. This paper recommends that management must identify the both financial and non-financial performance measurement to determinate the employee incentive. This method is important to achieving of business objectives and whether the main purpose of that maximizes their own utility instead the interest of shareholder.

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