

# [The different interrelated components that influence performance](https://assignbuster.com/the-different-interrelated-components-that-influence-performance/)

Theconstruction industry is a very dynamic industry in which accommodatesdifferent uncertainties regarding new technologies, budgets, and developmentprocesses, in order to cope with these uncertainties, different interrelatedcomponents that influence performance should be considered. Performancemeasurement has influenced many construction companies, government sectors, clients, and other project stakeholders.

Navon(2005) stated that a control system is an important element to identify factorsaffecting construction project effort. For each of the project goals, one ormore project performance indicators are needed. Performance measurement andbenchmarking is the cornerstone for challenging any industry to become worldclass (Beatham et al. 2004). Amaratunga(2001) stated that “ you can’t manage.

What you can’t measure” and Hayward(1998) added “ if you can’t measure it, how can you improve it”. Projectsuccess means di? erent to di? erent stakeholders. A project thatmay seem successful to the client may be a completely unsuccessful venture forcontractors or end users Thetraditional approach to evaluating the performance of a project relied on threeindicators: cost, time, and quality. these financial measures of performancehave been the sole measures of company’s success.

Financial measures areuseful, but they tend to measure the past. kagioglou et al. (2001) argued thatthe three traditional indicators are lagging and fail to provide a balancedview when measuring.  Neely (1999) statedthat these types of measures are criticized because they: 1. Lackstrategic focus and fail to provide data on quality, responsiveness andflexibility. 2.

Donot encourage continuous improvement Ithas also been observed that exclusive reliance on these financial indicators ormeasures in management systems only short term behavior and don’t accuratelyreflect the interests of stakeholders; fail to provide information on whatcustomers really want; do not identify how competitors are performing; lackstrategic focus and fail to provide data on quality, responsiveness andflexibility; give misleading signals for continuous improvement; and report onoutcomes but do not communicate the derivers of future performance. Tosustain competitiveness and to survive in a national and international market, construction companies should properly understand how they are currentlyperforming and how they need to perform in the future Hronec(1993), define performance measures as the vital signs of the organization, which “ quantify how well the activities within a process or the outputs of aprocess achieve a specified goal”. Neely et al. 9 went on to proposedefinitions of performance measurement, a performance measure and a performancemeasurement system. These were: Performance measurement canbe defined as the process of quantifying the efficiency and effectiveness ofaction.” A performance measure canbe defined as a metric used to quantify the efficiency and/or effectiveness ofaction.

“ A performance measurementsystem can be defined as the set of metrics used to quantify both theefficiency and effectiveness of actions.” Effectiveperformance measures can let us know, how well we are doing, if we are meetingour goals, if our customers are satisfied, if our processes are in statisticalcontrol, and if and where improvements are necessary. Cheunget al. (2004), developed a web-based construction project performancemonitoring system to help project managers monitor and assess projectperformance. Performancemeasurements are objective quantitative indicators that are designed to trackparticular states of performance such as productivity, effectiveness, efficiency, customer satisfaction, quality and cost. Performancemeasurement is the regular collecting and reporting information about theinputs, efficiency (Takim et al, 2003).

The measurement of organizationalperformance is different from the measurement of project performance (Lin andShen, 2007). Keyperformance indicators should be at the heart of every performance system. In2003, private companies have spent a 1. 5 billion £ on tools for performancemeasurement (Edwards and Thomas, 2005).