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DESIGNING A PERFORMANCE MEASUREMENT SYSTEM FOR A
TELECOMMUNICATION COMPANY IN SRI LANKA

by

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Abstract

The Sri Lankan Telecommunication Industry has been very turbulent over the period of last several decades, since its liberalization. Acquisitions and divestitures have occurred in the case of almost all companies. The telecommunication prices are in a universally and perpetually declining trend, making the differentiation between the telecommunication companies marginal. Global competition has entered the Sri Lankan telecommunication market. Except in the case of one company all other companies are owned in full or in part by international companies. For telecommunication companies, keeping pace with the rapid technology advancement is a must. Faced with all these problems, several dozen players are in fierce competition with one another to capture the major share of a relatively small market of about 20 million people.

To add to all these problems the revenues of almost all Sri Lankan telecommunication companies have decreased dramatically over the last year or so. Some companies record straight losses. Operation costs of all have increased. There has arisen a situation where all companies need to look seriously into their performance in strategy execution. Performance measurement has thus become a major priority. This study selects one major Sri Lankan telecommunication company for a in depth case study to look into its specific performance measurement problems, to design a performance measurement system to help the company to measure its performance in strategy execution.

In this study, existing performance measurement systems and frameworks are discussed to find a suitable design methodology. Finding it difficult to select a single system or framework in the selected context, for the lack of guidance from the evaluation typologies found in literature for the evaluation of performance measurement systems, a new methodology, combining the balanced scorecard and the performance prism, was developed applying a contingency theory approach with which the environment of the case company could be described. Using the new methodology 12 processes were identified as critical for strategy execution, and a set of 37 critical success factors were developed to measure the organisation's performance in strategy execution. The new performance measurement system design reduces the existing complexity in processes and structure of the organisation, and makes it simpler and strategy focused.