Performance Measurement Systems to Enhance Productivity in the Manufacturing Sector

By B.M. Prasad

Abstract
Performance measurement Systems are used to enhance Productivity in the U.S. manufacturing sector. This paper traces the evolution of performance measurement systems in the automated production environment in heavy industry in the developed world. The relationship between the critical factors of production, viz. labor, capital and material is traced and discussed in this paper.

The theme of the paper is to evolve a simple managerial control ratio for performance measurement. It is demonstrated that evolution of managerial control ratios devolves on the individual organizational environment and concerns of profitability relevant to that industry. Currently, there is no generic tool for performance measurement systems common to all manufacturing industries.

The evolution of relevant accounting measurement systems, for automated production systems in particular, which capture all the cost drivers of production, is brought out in this paper. Implementing these systems in an industry situation, with effective employee participation and empowerment is illustrated with specific case studies of selected U.S. industries relevant to the Indian public sector heavy industry. The feasibility of transfer, adoption, absorption and assimilation of these performance measurement systems to improve the employee motivation, productivity and performance indices in public sector industry in India is detailed.