

The correlation between choice of performance measures and organisational performance: a study of the oil and gas industry

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Abstract

The aim of this paper was to explore the prevalence of the use of performance measures in the oil and gas industry and their impacts on organisational performance. A questionnaire survey was designed with a set of performance measures that was developed based on earlier a combination of literature review and exploratory interview of practitioners. These measures comprise of financial measures, operational measures, safety measures, environmental and social responsibility measures. The questionnaire was distributed amongst 550 oil and gas companies in the UK and 120 companies in Malaysia. The response rate was 17%. A correlation analysis was conducted using SPSS to evaluate the impact of the choice of performance measures on the actual organisational performance. This study reveals the prevalence of performance measures in the Oil and Gas industry based on the level of importance. In addition, it shows that performance measurement framework has a significant positive correlation with the overall organisational performance. As little research has been conducted on performance measurement within the oil and gas industry, these findings provides additional insights into the usage and roles of performance measurement in the industry. Further research can be conducted to investigate the most influential measures in determining overall organisational performance in this industry. This study provides some guidance to practitioners with regards to the potential of specific measures in enhancing overall organisational performance.

Keywords

Performance, measures, oil, gas, industry

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