

**Examining the Factors which Influence  
Performance Measurement and  
Management in the Thai Banking Industry:  
An Application of the Balanced Scorecard  
Framework**

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**This thesis is presented for the degree of Doctor of Philosophy  
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**I declare that this thesis is my own account of my research and contains  
as its main content work which has not previously been submitted for a  
degree at any tertiary education institution**

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## ABSTRACT

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Performance measurement is critical to achieving a firm's objectives, translating strategy into action and monitoring progress. Selection of a performance measurement system involves a complex interplay between strategy, a firm's internal and external environment and determination of the relative importance of various measures of performance.

This dissertation examined the factors which influence performance measurement systems within the context of a highly uncertain and rapidly changing environment via the application of the Balanced Scorecard framework. This framework is a strategic management system and its four pillars of measurement— financial, customers, learning and growth, and internal business process - are influenced by the vision and strategy adopted by the specific organisation.

Through a series of qualitative and quantitative studies in the Thai banking industry post the 1997 Asian financial crisis, this dissertation shows that institutional forces play a pivotal role in the choice of performance measurement systems, irrespective of strategic orientation and/or firm ownership.

Specifically, three studies are presented to support this argument. The first study uses the Miles and Snow (1978) typology to identify the strategic orientation of the Thai banks in order to make some predictions about the type and number of performance measures utilised by these banks. Results from this study show that bank managers

identified their banks' strategy as prospector, defender or analyser irrespective of firm ownership. This outcome drives the focus of study two.

Study two is a two-part approach examining the forces which have influenced performance measurement in Thailand's banks via both in-depth interviews conducted with 24 branch managers and the administration of a survey to 60 branch managers. Results from both studies suggest that coercive and mimetic forces play a pivotal role in the choice of performance measures. In particular, the study demonstrates that coercive forces at play within the industry put pressure on the banks to focus on financial measures, despite the increased awareness that to remain competitive both types of performance measures are needed.

The final study examines whether the focus on financial indicators has impacted upon the non-financial measure of customer satisfaction for the banks, particularly as the Balanced Scorecard approach suggests utilising multidimensional performance measures to achieve the best performance outcome for the firm. Results from this study suggest that most customers are not satisfied with firm performance and concludes that there is a need, irrespective of social network forces to focus on both financial and non-financial performance indicators.

These outcomes have both theoretical and practical implications. From a theoretical point of view, this thesis posits that coercive, mimetic and normative forces need to be included in frameworks such as the Balanced Scorecard, if the true picture of what factors influence performance management and measurement are to be understood. From a practical perspective, the thesis provides evidence to managers of the need to

examine performance measurement from a variety of perspectives in order to meet the needs of all stakeholders.

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