

PERFORMANCE MANAGEMENT FOR SMES

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Abstract

It is a fact that performance is a state that any company wants to achieve. A performance management system which is characterized as being suitable and reliable can offer companies the opportunity to achieve performance. Over the past few decades many performance management systems were implemented successfully in various companies. The most widely used performance management systems are designed for medium and large companies. According to Hudson, very few performance systems are suitable for the SME's sector for two reasons: limited resources and short term goals. These are the main disadvantages that small businesses have. There is also a number of advantages that will allow SMEs to develop such as low level of bureaucracy, more efficient internal communication or personalized customer service.

The focus of this research is to introduce a new performance management system created for SMEs that will encapsulate all the advantages that small businesses have and will transform their disadvantages into opportunities. The performance management system is a pyramid-shaped model composed from five perspectives: customer, financial, processes, stakeholders and strategic component that sits at the bottom. A performance model can be seen as a guide containing information that helps small companies to develop and implement their strategies.

Keywords: performance management, SME, performance model, small business

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