

Abstract

The research on the “Impact of Performance-based Remuneration Systems on Productivity Performance of Local Industries was carried out by the economies of Korea, Malaysia, The Philippines and Chinese Taipei. Each economy selected 2-3 local industries namely SMEs and carried out an in-depth analysis via interviews and guided questionnaires on Performance-based Remuneration Systems practiced in selected companies and the impact it had on improving productivity/performance.

Through this study, it was found that SMEs played an important role in economic performance in all these economies. It was therefore crucial that to be competitive performance measures had to be introduced. All the companies selected, gave emphasis on enhancing performance and had developed their own set of performance measures that were able to gauge performance improvement. The impact of implementing Performance-based Remuneration Systems was positive. From the analysis, the companies selected had indicated performance improvement in terms of profits, productivity, improved attendance, staff morale and motivation.

This report provides an overview of the each economy’s economic situation and the importance of SMEs in their economies. It also provides information of the types of performance systems used in each economy. Finally, it describes in detail the system applied by each company and discusses the impact of using Performance-based Remuneration Systems in the selected companies.