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## **DOCTOR OF PHILOSOPHY**

### **An empirical study into the effectiveness of performance management in the United Kingdom public sector**

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**AN EMPIRICAL STUDY INTO THE EFFECTIVENESS OF PERFORMANCE  
MANAGEMENT IN THE UNITED KINGDOM PUBLIC SECTOR**

**By**

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**Supervised by**

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**A thesis submitted in partial fulfilment of the requirement of a PhD degree in Business  
and Management Studies**



## DEDICATION

I dedicate this work to my family, without their help and support this work would not have been possible.

I would also like to dedicate this research to all the public sector employees who have lived and worked with the public sector performance management experiments for many years.

## **ACKNOWLEDGEMENTS**

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Finally, I would particularly like to thank all the public sector senior managers who allowed their organisations to participate in this study and every public sector employee who responded to the survey. Without their cooperation this research would have been impossible.

## **ABSTRACT**

Over recent years Performance Indicators and Performance Management have become considerably more prominent within the United Kingdom (UK) to the point where they have become the Government's primary tool for managing the Public Sector. Many positive benefits are claimed for this development and much has been made of the improved service that appears to have resulted. However there have also been dissenting voices claiming that many of the claimed benefits have been achieved at the expense of other, often unplanned, reductions in quality.

The main aim of this research was to study and assesses of the effectiveness of the performance management systems employed within the United Kingdom Public Sector. However addressing this key question also raised the supplementary issue of the potential dysfunctional consequences that may be experienced from implementing and using these systems. To fully consider this issue it has been considered from two perspectives. The external perspective took into account the wider environmental context in which the organisation is operating whereas the internal perspective considered the issues from the view or the organisation itself, its management and the staff operating within the organisation.

From the external view the key issue considered was whether there had been an improvement in public sector performance since the introduction of performance management. There is a wide range of published secondary data which has been utilised for initial analysis and for cross referencing with

the primary data gathered directly from the organisations using the main data collection instrument. The internal view attempted to ascertain what the elements of effective performance management are with reference to several of the key reported organisational issues and managerial tools that are available. When both the internal and external perspectives were taken in to consideration the research addressed the overall use of Performance Management techniques within the United Kingdom public sector and considered if they have had an overall beneficial impact. The effectiveness and efficiency of these techniques along with the key influencing factors are considered along with any legal implications.

Within this research project both quantitative and qualitative methodologies are employed in order to provide as broad an analysis of the situation as possible. Qualitative methodologies employed include a literature review, in order to establish the theoretical background for the introduction of public sector performance management, and interviews with the key decision makers, to establish the views on the choice of indicators and implementation procedures selected. Quantitative methodologies are the key primary data collection tool and are based around a survey of the users of the performance management systems to ascertain their views as to the usefulness and effectiveness of the systems and the associated procedures. The study targeted public sector organisation within the UK and the unit of analysis was the individual public sector employee, in total 1111 employees from 124 public sector organisations participated in the study. The research suggests that whilst there have been improvements in public services that can be related to

the performance management systems that have been employed these improvements have not come without significant costs, financial and otherwise.



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# CHAPTER ONE: INTRODUCTION

## 1.1 Context

Over recent years Performance Indicators and Performance Management have become considerably more prominent within the United Kingdom (UK) to the point where they have become the Government's primary tool for managing the Public Sector. Many positive benefits are claimed for this development and much has been made of the improved service that appears to have resulted. However there have also been dissenting voices claiming that many of the claimed benefits have been achieved at the expense of other, often unplanned, reductions in quality or unintended behavioural consequences.

This use of performance measures has become widely accepted by many public sector practitioners and much reporting has commented upon practices being amended in order to address target requirements. The growth of performance management was characterised by Butler (2004) as a move away from Taylorism to a new production paradigm which covers the three interrelated fields of production management, work organisation and employee relations. The move towards market discipline within the public sector is documented by (Korac-Boisvert and Kouzmin, 1995) and this has been characterised as the adoption of

the Economic Rationalist mindset by various authors including Habermas (1975) and Offe (1984).

This has led to a growth and evolution of public sector performance management which has been documented by many authors (Rampersad, 2008; Francis, 2007; Franco-Santos et al, 2007; Lettice and McCracken, 2007; Oke et al., 2007; Rao, 2007; De Toni et al., 2007; Sasson et al, 2006; Latham et al., 2005; Schreurs and Moreau, 2005 and 2006; Lawrie and Cobbold, 2004; Li et al., 2005; Neely et al., 2005; Sousa et al., 2005; O’Kane, 2004; Ogilvie, 2004; St-Pierre and Raymond, 2004; de Waal, 2004; Wilson, 2004; Bourne , 2003; Lawler, 2003; Soltani, 2003; Verweire, 2003; Glendinning, 2002; Sharif, 2002; Smith and Goddard, 2002; Townley, 2002; McGriffy, 2001; Otley and Fakiolas, 2000; Radzikowski, Tanenhaus and Asem, 2000; 1998; Taylor et al., 1998; Presley et al., 1997; Uday et al., 1997; Stabler, 1996; Jones, 1995; Samuel et al, 1995; Waldman, 1994a & b). The link between performance management and human resources management has been stressed by various authors (Ashton and Sung, 2002; Rodriguez et al., 2002; Barrette and Ouellette, 2000; Taylor and Pierce, 1999; Cannon, 1992; Beer and Ruh, 1976) and the importance of employee autonomy is postulated by Applebaum et al. (2000).

Concern over the use of performance indicators as a management tool is not a new phenomenon; Goodhart (1975) expressed the already well established concern that a performance indicator lost its utility as an indicator when it was

used as a measure. The increased use of performance targets has also been linked to increases in workplace stress, employee dissatisfaction and staff turnover. Employee relations and behavioural responses to management initiatives have been considered by several authors (Sui-Ppheng and Khoo, 2001; Pickett, 1998; Hultman, 1988), de Waal (2006) considered the importance of taking cultural factors into consideration stressing that these factors should be taken into account when designing any performance management system.

The issue of organisational and individual gaming as a response to performance management initiatives has been discussed by Radnor (2008) who postulated a typology for gaming. The link between performance management and team working was considered by several authors (Rajagopal, 2008; van Vijfeijken et al., 2006; Stevens and Campion, 1999). The influence of psychological contract on performance management was discussed by Davila and Elvira (2007). De Waal (2006) went on to recommend the demarcation into internal performance management systems and external performance reporting systems. The tension between performance management and an employee's work life balance was discussed by White (2003).

Another key factor that needs to be considered is the huge public sector deficit currently being experienced in the United Kingdom and the subsequent budget shortfalls that are predicted in the post 2011 budgetary cycle. The collection, monitoring and use of performance data are likely to be a target for cost savings.

Across all government departments there has been a substantial increase in the number of staff employed in these activities. This growth in support staff expenditure will almost certainly be further highlighted in the forthcoming debates around potential cost savings. It is against this diverse range of opinion that this project is set.

Within the United Kingdom historically the majority of the power has rested with the London based United Kingdom national government however since 1999 some of this power has been devolved to national governments for Scotland, Wales and latterly Northern Ireland. This limited devolution of powers has lead to an increasing level of policy divergence with the English government maintaining the greatest level of central control and also publishing the results of inspections. Whereas a much more low key approach has been adopted in the other constituent countries and generally performance data has not been published to the same extent; it is argued here that public pressure is not necessary to bring about change.

The recent development of performance management in the United Kingdom public sector was triggered by the 1997 general election. In 1997 a Labour government was elected in the United Kingdom, with Tony Blair as Prime Minister. One of the commitments of this new government was to publish explicit performance targets across the public sector. A process of three year budgets was introduced to replace the annual budgeting system that was previously in

place; these three year budgets were referred to as Comprehensive Spending Reviews (CSR), the first being undertaken in 1998 by the then Chancellor of the Exchequer, Gordon Brown. Following this process a Public Service Agreement (PSA) was published for each government department which signalled the government's priorities across the full range of its activities. The initial PSAs set approximately 600 specific objectives which were generally set as measurable targets with specific time frames which were intended to signal a prioritisation of value for money for the taxpayer. These initial targets tended to focus on processes, procedures and outputs rather than outcomes and the measurability, specificity and detail was highly variable and in many cases the excessive number of targets seriously diminished their effectiveness.

The first review of these targets occurred in the Spending Review (SR2000) and lead to a considerable reduction in the number of targets to 160 and focused on a limited range of government departments. The new documentation was far more standardised and gave each government department a broad set of objectives linked to specific, time constrained and measurable value for money (efficiency) targets. The new PSAs were also supported by more operational Service Delivery Agreements which also included many lower level operational targets.

The 2002 Spending Review (SR2002) lead to a further reduction in the high level targets to 130 and was also supported by the creation of the Prime Minister's Delivery Unit (PMDU) which had the specific objective of delivering progress on

key PSA targets particularly in health, education, crime and transport. Further consolidation and refinement has been achieved in the subsequent Spending Reviews. SR2004 saw the abandonment of value for money targets and Service Delivery Agreements which often conflicted with departments' other PSA targets. PSA standards were also introduced for continued monitoring of a department when a PSA target had been achieved. As a response to the changing economic circumstances the government undertook another Comprehensive Spending Review in 2007 and published a new set of PSAs to cover the period from 2008 to 2011 with each PSA being underpinned by a single Delivery Agreement shared across all contributing departments. Along with these PSAs the government also published a Service Transformation Agreement, which detailed the new set of targets and underpinned the delivery of the new PSA framework by setting out the Government's vision for building services around the citizen and specific actions for each department in taking forward this agenda. The specific situation in each key area of the public sector will now be considered.

Performance management in the health sector has a very long history stretching back to the Florence Nightingale's 1863 analysis of hospital mortality rates. More recently the first set of efficiency targets was published in 1981. The more substantive Patient's Charter was published by the then Conservative government in 1991 and all the Labour government's target setting has impacted significantly on the health sector. From 2001 there has been an annual ranking system for every health care organisation which relate directly to the objectives



published in the PSA targets. Surprisingly clinical indicators form only a small part of the whole balanced scorecard that is used to assess the organisation. Strong managerial incentives were also introduced to discourage underperformance which have been criticised, in some instances, as resulting in excessive pressure placed on health service staff (Bevan and Hood, 2006). There have however been indisputable improvements in performance within the healthcare sector in the areas where targets have been set, for example in waiting times.

The current health sector inspection body in England is called the Care Quality Commission who have recently superseded the Healthcare Commission. Data published in the outgoing Healthcare Commission Annual Health Check 2006 – 09 indicates that there are currently 47 underperforming English health trusts and consequently the Care Quality Commission has been given additional powers to take over the management of, or ultimately close, underachieving trusts. The report did generally show improving standards across the health service. The most notable achievements being the fact that most patients in England received hospital treatment within 18 weeks of referral and that 98% of the 19 million patients who attended accident and emergency departments waited less than 4 hours. There were, however, significant regional variations, with trusts in London performing particularly poorly on patient satisfaction with appointments and opening times. Fewer mental health, acute and specialists trust were rated excellent and the number of operations cancelled rose for the second

consecutive year. Hence it can be seen that there is not a clear picture regarding the effectiveness of performance management within the United Kingdom health sector.

Published performance data has been a feature of the education sector since the publication of school league tables, based on pupils' exam performance, by the Conservative government in the 1990s. This ranking of school and college performance has continued to be a key feature of all subsequent educational inspection and target setting regimes; however the centralised publication of league tables has been phased out. Specific legislation relating to the performance management of school teachers in England was enacted in 2006. The Education (School Teacher Performance Management) (England) Regulations 2006 placed several obligations on schools regarding the performance management of their staff. The governing body is required to establish a written performance management policy which outlines the link between staff performance management and school self evaluation and developmental planning. After some initial resistance to this legislation the National Union of Teachers adopted a pragmatic approach and offered schools and its members some practical advice on how to work with the incoming legislation.

Performance indicators were first introduced into the UK Higher Education sector in 1999 and this followed a recommendation in the report of the National

Committee of Inquiry into Higher Education (the Dearing report) 1997. Since 1999 performance indicators have been published, initially by the four UK funding bodies and since 2002 / 2003 by the Higher Education Statistics Agency (HESA), in the following areas:-

- **Widening Participation Indicators**

This is designed to measure the access to higher education amongst under represented groups within the UK population; including the proportion of students coming from state schools or colleges, the proportion of students coming from specified socio economic classes, the proportion of students coming from low-participation neighbourhoods and the proportion of students who are in receipt of Disabled Students' Allowance.

- **Non- Continuation Indicators**

This includes both the proportion of students who do not continue beyond the first year at an institution and the projected completion rates based on current movement of students between years of study.

- **Employment of Graduates**

This is the proportion of graduates who are employed or undertaking further study six months after graduation based on the

## Destinations of Leavers in Higher Education survey.

- Research output

In the UK the Research Assessment Exercise has been held every four or five years and is designed to measure the quality of the research output from an institution. The annual performance indicator produced by HESA is designed to compliment this by providing additional information on the quantity of research output relative to the resources consumed. A new methodology for is currently being developed called the Research Excellence Framework which is likely to be far more based on the use of data and performance measures.

The data is based on the HESA student record and surveys of students who are residents of the UK and studying undergraduate programmes. The majority of the indicators are separately presented for young (under the age of 21) and mature students. The introduction of these performance indicators was designed to support greater public accountability within the higher education sector and to provide robust data for policy making at both national and institutional level. In addition to the raw data, adjusted sector benchmarks and location-adjusted benchmarks are produced which can be used to judge how well an institution is performing in comparison with the Higher Education sector as a whole and to decide whether a meaningful comparison can be made between different

institutions.

Since their introduction these performance indicators have been the subject of much discussion, debate and criticism from within the higher education sector, from the funding bodies, from parliament and from other stakeholders. The major criticisms revolved around the lack of clear targets and hence the lack of a view as to if performance is considered to be good or not. Questions were also raised as to how valuable are the lessons that have been learned in comparison to the cost of data collection and whether individual institutions have responded to the performance monitoring and if so, how? Also a level of concern has been expressed about the cultural shift that these indicators represent and the possible unintended behavioural consequences that have been experienced by their introduction. In order to address these concerns a review of the performance indicators was launched in 2006 by the funding bodies however within the consultation paper they did prejudge the outcome some what by stating that they did not envisage making wholesale changes.

The review consulted all higher education institutions within the UK together with a range of other stakeholders including all the UK devolved governments; several departments within the Westminster administration, the Universities and Colleges Admissions Service, representative organisations for schools and colleges, representative organisations covering equality and diversity, staff, students, media and professional bodies amongst others. The consultation document

posed twenty questions relating to the performance indicators generally covering the themes of: -

- Existing indicators
- Proposals for new indicators
- Changes to benchmarks
- Sector summaries
- General presentation and interpretation

Approximately 100 responses to the consultation were received, which were mainly positive, these were considered and in June 2007 the funding bodies published their outcomes and decisions. As expected it was recommended that no indicators should be dropped at present but some extensions to existing indicators as well as possible new ones in related areas were suggested. On the whole the respondents were happy with the indicators and found the benchmarks helpful. The transfer of the indicators to HESA was also considered a positive step as it meant that the indicators are available sooner than previously was the case. The new Research Evaluation Framework will make much greater use of performance data when establishing research performance. Consequently higher education staff are having to work within a much more formalised performance measurement framework than previously experienced and the likely focus on performance metrics is becoming the subject of much debate within the both academic and managerial communities.

Like the remainder of the public sector the police service has been subject to the performance management regimes previously discussed. Recently the Home Secretary published the Policing Green Paper titled 'From the neighbourhood to the national: policing our communities together' on 17 July 2008. This was followed by the publication of a summary of the responses and next steps on the Policing Green Paper entitled "From the Neighbourhood to the National, Policing our Communities Together" on 28 November 2008 following the completion of the consultation period. The Green Paper sets out the government's vision for the future of policing and includes, amongst other things, new measures designed to increase public confidence in the police and give the public a greater say in how their communities are policed.

It is clear to see from the foregoing discussion that performance management across the majority of the UK public sector has been a key feature of government for a number of years, across both the major political parties.

## 1.2 Scope

Within this research project both quantitative and qualitative methodologies have been employed in order to provide as broad an analysis of the situation as possible. The qualitative methodologies employed include a literature review, in order to establish the theoretical background for the introduction of public sector performance management, and interviews with the key decision makers, to establish the views on the choice of indicators and implementation procedures selected. The quantitative methodologies are based around a survey of the users of the performance management systems to ascertain their views as to the usefulness and effectiveness of the systems and the associated procedures.

The intention was to access as many public sector organisations as possible to provide a statistically valid and wide ranging analysis of the issues under consideration. The organisations were identified from a web based analysis of the sector utilising the online open government information together with individual organisations' websites. The chief executive, or equivalent, of each identified organisation was contacted initially by email and each respondent was then contacted again by telephone for a semi-structured interview. During these interviews the initial ideas developed during the literature review were tested and the views of the respondent in relation to the issues under consideration were gathered. Also during these interviews, permission was gained to undertake the



online survey with their staff. An online survey was then developed, taking into account the interview responses and this was sent out to all the staff in each of the participating organisations by the interviewee. This method helped to ensure a good level of participation in the survey from as broad a spectrum of staff as possible.

Obviously the main reason for introducing performance measurement systems is to improve the management of performance and ultimately the quality of the service; if this is not achieved and the performance measures merely provide a historical reporting tool then much of the potential benefits are lost. Consequently it was intended that this research assessed the effectiveness of these measures. There are also uncertainties regarding the legal implications of the introduction of performance indicators on an employee's contractual arrangement and these are explored too within the literature review.

Another issue that was considered within this study was the intended and unintended behavioural impacts that performance measurement can initiate and how these can be managed. In addition attention has been given to the potential conflicts that may occur with other organisational priorities and assessment exercises.

### **1.3 Research Objectives**

The main aim of this research was to study and assesses of the effectiveness of the performance management systems employed within the United Kingdom Public Sector. However addressing this key question also raised the supplementary issue of the potential dysfunctional consequences that may be experienced from implementing and using these systems. To fully consider this issue it has been considered from two perspectives. The external perspective took into account the wider environmental context in which the organisation is operating whereas the internal perspective considered the issues from the view or the organisation itself, its management and the staff operating within the organisation.

From the external view the key issue considered was whether there had been an improvement in public sector performance since the introduction of performance management. There is a wide range of published secondary data that has been utilised for initial analysis and for cross-referencing with the primary data gathered directly from the organisations using the main data collection instrument. The internal view attempted to ascertain what the elements of effective performance management are with reference to several of the key reported organisational issues and managerial tools that are available. When

both the internal and external perspectives were taken in to consideration the research addressed the overall use of Performance Management techniques within the United Kingdom public sector and considered if they have had an overall beneficial impact. Plus the effectiveness and efficiency of these techniques along with the key influencing factors are considered.

Hence the research can be summarised by the overall objective: -

“Has the increased use of Performance Management techniques within the United Kingdom public sector had an overall beneficial impact?”

Within the study this major research objective has been considered from two different perspectives. Firstly the issue of effectiveness is considered by exploring the items that contribute to an overall improvement in service quality. Secondly service delivery efficiency is considered from the view of various key stakeholders including the organisation, the employees and the key service users or customers.

The main research objective assesses of the effectiveness of the performance measures and implementation processes chosen. However addressing this key question also raises the supplementary issue of the potential dysfunctional consequences that may be experienced from implementing and using these

measures. To address the overall research objective two complimentary research questions have been framed which address the research objective from either the external or internal viewpoint.

From the external point of view the question is: -

- 1 Has there been an improvement in public sector performance since the introduction of performance management systems?

Whereas taking the internal view into account the question is: - .

- 2 What are the elements of effective performance management?

These main questions have been further broken down into several research hypotheses.

## 1.4 Rationale for the Study

The initial motivation for the study lay in the author's experience of being a public sector manager for a number of years and experiencing the government's performance management regimes first hand. Many positive and negative aspects were observed and the author wanted to attempt to ascertain whether the overall impact of performance management had been beneficial for the public sector in an academically rigorous study.

Diamond (2005) emphasises the move towards the widespread use of performance management within the public sectors of OECD countries together with the general belief that the use improves decision making and resource utilisation. Definite benefits from the use of Performance Management in the public sector are claimed by several authors (Moullin, 2007; Kelman, 2005) but also the issues of unintended consequences and "gaming" are considered (Verbeeten, 2008; Bevan and Hood, 2006; Hood and Lodge, 2006; Hume and Wright, 2006; Propper and Wilson, 2003; Leeuw, 1996). Specific models for the effective use of performance management in the public sector are postulated by many authors (Walker, 2008b; Latham, 2008; Pongatichat and Johnston, 2008; Walker, 2008a & b; Bilgin, 2007; Broad et al., 2007; Davenport et al., 2007; Flynn, 2007; Loewy and Bailey, 2007; Marr, 2007; Vigoda-Gadot, 2007; Patel, 2005; Dunleavy et al., 2006; Greiling, 2006; Griffiths, 2006; Holzer and Kloby,

2005; Modell, 2004; Ingram and McDonnell, 1996) and other relevant general developments and recommendations within the field of performance management are discussed (Goodchild, 2005; Wall, 2005; Watt, 2005; Hood, 2004; Grote, 2000; Van Peurse et al., 1995).

In order to address the specific research question three key dimensions were selected for research. The first of these considered the association between organisational performance and central government administration of the performance management system. Secondly the relationship between organisational performance and user expectations was considered and finally the legal basis for performance management was explored within the literature.

Supplementary to this area of study it was also decided to attempt to ascertain the elements of effective performance management. Four dimensions were selected for this internal analysis. The first of these was the relationship between organisational leadership and effective performance management. Secondly the relationship between the management information system in use within the organisation and performance management effectiveness was explored. Next the importance of staff motivation and, finally the organisational structure were considered.

Performance management effectiveness was assessed from a variety of aspects. These aspects considered the views of the organisations' service users and the

employees on the quality of the service that the organisation delivers. Organisational culture was also explored in this context by considering the mission of the organisation and its ability to learn and grow. Finally there is a large amount of published secondary data available for many public sector organisations and this was triangulated with the primary quantitative data and the qualitative data to further verify the results obtained.

Building on the work of Moynihan and Pandey, 2005; and Boyne, 2002 this research study will develop a theoretical model for consideration of the impact of performance management within the United Kingdom public sector. Within the model two key theoretical relationships will be proposed between the overall research objective and the two key research questions. The two key research questions will explore the theoretical relationship with respect to the external perspective and the internal perspective.

There are various policy implications to be drawn from this research. It will be proposed that there is a majority consensus that effective performance management and improved services to users are closely connected within the public sector. There are also some clear indications as to what contributes to effective performance management within the public sector.

## **1.5 Methodology**

The initial step in designing the research methodology for this study was the development of a theoretical model which encompassed the key aspects of public sector performance management from both an external and internal perspective. In order to develop this model a literature review was undertaken which incorporated the key areas of performance management research, the behavioural impact of performance management, public sector performance management specifically, the legal implications of performance management, staff motivation, leadership styles, organisational structure and culture and management information systems amongst others.

Once the theoretical basis for the study was established then the population for the study was obtained by determining the range of organisations within the United Kingdom public sector who were each contacted to ascertain if they wished to participate in the study. The positively responding sample of the total population of public sector organisations were then contacted again and a member of their senior management was interviewed to both test the theoretical background for the study and to commence the development of the data collection instrument. Following these initial interviews the data collection instrument was developed and piloted within a small selection of participating organisations. This piloting exercise led to some minor revisions of the data



collection instrument prior to issuing it to each participating organisation for circulation around its staff and collection of the responses.

Once the primary data collection had been completed the secondary data was collected from the published sources and inputted in a statistical analysis package along with the primary data to support the data analysis stage. The data analysis involved exploring the data in relation to each individual variable and then considering any correlation relationships that may exist within the conceptual framework.

## **1.6 Structure of the Thesis**

The overall structure of this thesis is as follows. This introductory chapter provides the background to the research, key research objectives and questions, outlines the rationale for the study and the methodology applied in addition to this brief description of the thesis structure. The literature review is the second chapter and aims to contextualise this study in the light of previous research into the area of the study and related areas. The third chapter describes the conceptual framework employed within the study and discusses the research objective, research questions, research hypotheses, research variables and their relationships. Chapter four explains the methodology employed in undertaking

the study. An overview of the research philosophy is presented prior to discussing the research methodology employed, the sampling principles and methods, the data collection theory and practice and the data analysis methodology utilised. In chapter five the data analysis is conducted and presented. The sixth chapter presents the discussion and findings of this research in relation to the hypotheses examined. Chapter seven is the final chapter and presents the overall conclusions that can be drawn from the study; in this chapter the major findings of the study are reported and the research contribution and policy implications of the study are discussed.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter aims to provide a review of the academic literature in the field of Performance Management covering its history, development, behavioural impact, its use in the public sector and the legal implications of its use. Also included in this chapter is an overview of the key literature in the related fields of staff motivation, leadership style, organisational structure, management information systems and business process re-engineering. Having explored the social and political context for this study in the previous chapter this chapter aims to firmly ground this research in the relevant fields of previous academic study. The chapter concludes with a literature summary that draws together the main themes identified as relevant to this study highlighting the academic theories relevant to this research.

## **2.2 Early Performance Management Research**

Performance Management was defined by Amaratunga and Baldry, (2002) as: “the use of performance management information to effect positive change in organisational culture, systems and processes, by helping to set agreed-upon performance goals, allocating and prioritising resources, informing managers to either confirm or change current policy or programme directions to meet those goals, and sharing results of performance in pursuing those goals”. Ideally this should lead to a continuous cycle of goal clarification leading to individual objectives and performance targets (Busi and Bititci, 2006).

Academic study into the broad area of Performance Management came to prominence towards the end of the 1980s (Johnson, 1987; Lynch, 1991; Lebas, 1995; Eccles 1991; Kaplan, 1996; EFQM, 1999; Thorpe, 2004). Much research has been undertaken since this time in a variety of areas including: logistics management, marketing, human resources management and operations management; which has also lead to a range of papers, research projects, commercial tools etc. Neely (1999) states that between 1994 and 1996, 3615 performance management articles were published together with 26 books in 1996 in the USA alone and it continues to be one of the most popular areas for academic research today. Franco (2003) have also reinforced that this level of interest continues however there has been a shift from developing models and

frameworks capable of providing a balanced set of measures, through their implementation, to how they are used in practice.

Neely (2005) classifies five broad phases of performance management development; problem identification, frameworks, methods of application, empirical investigation, and theoretical verification. However it has been suggested that the multi-disciplinary nature of performance management research has hindered developments in the field (Marr and Schinuma, 2003 and Neely, 2002) and this has been reinforced by the reluctance of academics to move beyond traditional boundaries when considering the topic (Neely, 1999).

Busi and Bititci (2006) propose that the early studies are now losing their relevance in today's collaborative industrial context since the majority of studies in the field of performance management tended to focus on single enterprises and their internal systems (eg. Beamon, 1999; Neely et al., 1995). Current research in this area has a much more applied focus and has echoed performance management practice development (Thorpe and Beasley, 2004; Bourne, 2003; Korpela et al., 2001). This theory / practice divide is being closed by the growing use of action research, constructive research and case study methodologies (Hill et al, 1999; Vafidis, 2002). This research builds on previous knowledge and places the research within context (Korpela, 1994; Valfadis, 2002, Lukka, 2003; Coughlan and Coughlan, 2002). This contextualisation is further developed by researchers who are using professional and practitioner

journal articles when preparing their literature reviews as suggested by Rowley and Slack (2004). Radnor and Barnes (2007) present a comprehensive overview of the development of performance measurement and management in operations management. This initial section of the literature review charts the development of performance management research since it first came to prominence in the 1980s and outlines the development of academic thinking in his area.

### **2.3 Performance Management Development**

The growth of performance management is characterised by Butler (2004) as a move away from Taylorism to a new production paradigm which covers the three interrelated fields of production management, work organisation and employee relations. The move towards market discipline within the public sector is documented by (Korac-Boisvert and Kouzmin, 1995) and this has been characterised as the adoption of the Economic Rationalist mindset by various authors including Habermas (1975) and Offe (1984).

This has led to a growth and evolution of public sector performance management

as documented by many authors (Rampersad, 2008; Francis, 2007; Franco-Santos, 2007; Lettice and McCracken, 2007; Oke et al., 2007; Rao, 2007; De Toni et al., 2007; Sasson et al, 2006; Latham et al., 2005; Schreurs and Moreau, 2005 and 2006; Lawrie and Cobbold, 2004; Li et al., 2005; Neely et al., 2005; Sousa et al., 2005; O’Kane, 2004; Ogilvie, 2004; St-Pierre and Raymond, 2004; de Waal, 2004; Wilson, 2004; Bourne , 2003; Lawler, 2003; Soltani, 2003; Verweire, 2003; Glendinning, 2002; Sharif, 2002; Smith and Goddard, 2002; Townley, 2002; McGriffy, 2001; Otley and Fakiolas, 2000; Radzikowski, Tanenhaus and Asem, 2000; 1998; Taylor et al., 1998; Presley et al., 1997; Uday et al., 1997; Stabler, 1996; Jones, 1995; Samuel et al, 1995; Waldman, 1994a & b). The link between performance management and human resources management is stressed by various authors (Ashton and Sung, 2002; Rodriguez et al., 2002; Barrette and Ouellette, 2000; Taylor and Pierce, 1999; Cannon, 1992; Beer and Ruh, 1976) and the importance of employee autonomy is postulated by Applebaum et al. (2000).

Employee relations and behavioural responses to management initiatives are considered by several authors (Delgado Pina et al., 2008; Sui-PPheng and Khoo, 2001; Pickett, 1998; Hultman, 1988), de Waal (2006) stresses the importance of taking cultural factors into consideration and Anger (2006) highlights the influence that emotion has within organisations, with both stressing that these factors should be taken into account when designing any performance management system. The issue of organisational and individual gaming as a

response to performance management initiatives is discussed by Radnor (2008) who postulates a typology for gaming. The link between performance management and team working is considered by several authors (Rajagopal, 2008; Rodley et al., 2006; van Vijeijken et al., 2006; Stevens and Campion, 1999). The influence of psychological contract on performance management is discussed by Davila (2007). De Waal (2006) goes on to recommend the demarcation into internal performance management systems and external performance reporting systems. The tension between performance management and an employee's work life balance are discussed by White (2003).

Implementation strategies for performance management systems have been studied by several authors (Ariyachandra, 2008; Major et al., 2007; Watkins, 2007; Wiesner et al., 2007; Lyons, 2006; Bititchi et al., 2005; Zhao, 2005; Liu, 2004; London et al., 2004; Turner et al., 2003; White et al., 2003; Bourne et al., 2002; Loch and Tapper, 2002; Otley and Fakiolas, 2000; De Toni and Tonchia, 1996; Bruce, 1992; Marien, 1992). Links between performance management and total quality management, specifically the Six Sigma, approach have been explored by Llorens-Montes and Molina (2006). The need for processes to ensure the continuous alignment between the performance management system and strategy are presented by Bourne et al. (2000). The relationships between those involved in the implementation of performance management and the organisation's staff are purported to be key to successful implementation by Bertrand (2008) and Auden et al. (2006). Bititchi et al. (2006) explore the



relationship between performance measurement, management styles and organisational culture using case studies and action research concluding that management styles will need to adapt to the use of performance management and the commitment and diversity of the senior management team is identified as a key factor by Carson et al (2004). National Culture and its relationship to performance management is considered by Tsang (2007) and Yu and Zhou (2003). Leadership is presented as a critical if unpredictable factor by Rabey (2005) and the importance of managerial optimism is stressed by Green et al. (2004).

Areas of dissatisfaction with current performance management systems and techniques are considered by several authors (Aguinis et al., 2008; Franceschini, 2008; Radnor, 2008; Cheng et al, 2007; Garengo, 2007; Johnston, 2005; Hood and Lodge, 2006; Nankervis, 2006; Pidd, 2005). Also several authors go on to recommend improvements and revisions to the performance management regimes that they have studied (Chowdhary et al, 2006; Lassaad et al., 2006; Sacconi et al., 2006; Andersen et al., 2004; den Hartog et al., 2004; Jeng, 2004; Kleingeld et al., 2004; Neely et al., 2000; Flapper et al, 1996). In response to this dissatisfaction Cassidy (1997) proposes an alternative performance management model based on chaos theory whereas Medina-Borja et al. (2007) and Casu et al (2005) offer data envelope analysis as a potential performance management development. Other alternative proposals for model development and analysis are postulated by several researchers (Frolic and Ariyachandra, 2006; Shih et al.,

2006).

A few authors have looked at ambitious attempts to utilise performance management across supply chains (Giannakis, 2007; Chan, 2006; Ren et al., 2006; Yildirim and Bititci, 2006). Also others have considered extended enterprises (Bititci and Mendibil, 2005; Folan and Browne, 2004); interdisciplinary environments (Robinson, 2005) and in multinational organisations (Buscoa, 2008; Doeringer, 2003).

Initially the research activity in the field of performance management lead to many frameworks designed to support the development of systems. Folan and Brown (2004) list 32 recommendations for framework development and design taken from the research to date and continue to categorise frameworks as either procedural or structural. Procedural frameworks are those that offer a process for developing measures from a strategy. These are outlined by Sink & Tuttle (1989); Ten-step model (Lynch and Cross, 1991a); Wisner and Fawcett (1991); Kaydos (1991); and SME performance measurement framework (Hudson et al, 2001). Structural frameworks alternatively give a structure for performance measure management. There are considerably more of these types of framework available: performance measurement matrix (Keegan et al, 1999); performance measurement systems models (Lockamy III, 1991); results and determinants framework (Fitzgerald et al, 1991); Brown's framework (Brown, 1996); Internal / external configuration time framework (Azzone, 1991); AMBITE performance

measurement cube (Bradley ,1996); performance pyramid (Lynch and Cross, 1991b); Performance prism (Neely et al, 2002); frameworks for multi-national companies (Yeniyurt, 2003); and, integrated performance measurement framework (Rouse and Putterill, 2003).

As a contrast to performance management frameworks there has been limited academic development of full performance management systems. Most systems have been developed by individual companies with reference to best practice and, in a few instances, the above frameworks. However it has been recommended that a successful system needs to combine both procedural and structural frameworks (Folan and Brown, 2004). Recent research has focused on case studies of these organisationally developed systems (de Waal and Coevert, 2007; Manville, 2007; Nilsson and Kald, 2005). The three most well used academically developed performance management systems are: the balanced scorecard performance management system (Kaplan and Norton, 1992); Business Process Reengineering performance management system (Bradley, 1996); and, Medori and Steeple's performance management system (2000). Other models have been developed more recently (Bento and Ferreira White, 2006; Lee et al, 2005) but these have yet to be fully tested in practice.

Much recent research has pointed to what Busi and Bititci (2006) refer to as a "revolution" in performance measurement. This has resulted in progression from merely performance measurement data collection to true performance

management, where significant use is made of this data (Schmitz and Platts, 2004; Otley, 1999). Originally the focus was on performance measurement where various efficiency and motivational gains were claimed from the compilation of appropriate metrics (Neely et al, 1995; Waggoner et al, 1999). However in practice these potential benefits are often not realised as the measures are misused or not used at all. In order to ensure that these gains are achieved then organisations have to make full, proactive, use of these measures. Various papers have indicated that in practice organisations are generally not satisfied with purely performance measurement systems (Ittner and Larcker, 1998; Eccles, 1991), Holmberg (2000) considers that the main issue is a lack of connectivity between strategy and performance measurement and Beamon, (1999) pointed out that performance measures need to be carefully selected to allow for a more rigorous analysis. The appreciation of the strategic importance of this area still needs to be fully developed (Atkinson et al, 1997; Keebler et al, 1999; Eccles, 1991; Vitale and Mavrinac, 1995).

Some of the biggest challenges facing most managers relate to managing multi-disciplinary teams (Bruce et al. 1995) and as this type of organisation becomes more common, particularly as the use of communications technology rapidly expands (Patterson et al., 2003; Bowersox and Daugherty, 1995), performance management theories need to respond to this. Macbryde and Mendibil (2003) have recommended that process measures, teaming measures and team management measures are used. Folan and Brown (2004) predict that the

external environment will be the next big frontier and there is likely to be a consequent increase in inter-organisational performance management developments. To date much of the research in this area has focused on the supply chain (Beamon, 1998). However Holmberg (2000) has suggested that a lack of systems thinking has been inherent within supply chain performance management design and development. Various researchers have proposed supply chain performance management frameworks (van Hoek, 1998; Beaumon, 1999; Lapide, 2000; Dreyer, 2000; Basu, 2001; and, Can and Qi, 2003) and some have attempted to extend intra-organisational frameworks beyond single organisations (Cravans et al. 2000; Kaplan and Norton, 1996).

Another area of development necessary for performance measurement to allow for effective performance management is the move from lagging to leading operational control (Amaratunga and Baldry, 2002). New performance management terminology is evolving including “proactive” and “passive” performance management, “feedback” and “feedforward” control, and “leading” and “lagging” measures (Busi and Bititci ,2006). The implication is that improvement actions can be taken before corrective actions are required due to an enhanced understanding of current and future events (Holmber, 2000; Schmitz and Platts, 2004). To be really of practical benefit performance management needs to develop a process that monitors the operational environment and then instigates actions which can impact business direction (Yeniyurt, 2003; Bititci et al, 2003).

Taking on the challenges outlined in the previous paragraphs Anderson et al (2006) have proposed a holistic performance management framework linking stakeholder strategy, customer flow, physical layout, market segmentation, relationship building, business processes, supply chain management, organisation, roles, competence, performance measurement, incentives, values, culture and value creation. In this framework each element of the framework is a “science” in its own right, but also interacts with the other aspects.

This section of the review has explored the growth of performance measurement and management techniques and utilisation theories since their initial introduction within organisations. Various frameworks have been considered including the landmark balanced scorecard model. Also within this section the issue of unintended and dysfunctional consequences has been introduced.

## **2.4 Behavioural Impact of Performance Management**

As the use of performance measures for small teams and specific individuals has grown there have been subsequent noticeable behavioural impacts (Ukko et al., 2007). Neely et al (1997) point out that any system measuring human behaviour will lead to changes in this behaviour. Performance measurement systems direct

employees' attention to areas which are important to the company by connecting objectives to their activities (Martínez; 2005). It has been suggested that performance measurement is a useful tool for the communication of a vision to the whole organisation (Kaplan and Norton, 1996) and that organisational culture, management styles and performance measurement are all interlinked (Bititci et al, 2004). Conversely Bourne et al. (2002) noted that an organisation's culture will also have an impact on the performance management process.

In their study of the differences between highly performing and average-performing business units within the same organisation, Bourne et al. (2005) offered the following key features of the highly performing units: -

- Sophisticated use of measures
- The managers discuss their operational model and explain how operation, people and performance interact
- Performance management information is used interactively and communicated both in formally and informally The managers use multiple source of data from different factors before taking action
- Performance measurement is not the main source of control

This is reinforced by Evans (2004) who links higher performance with well developed performance measurement systems and more considered statistical analysis of results. Ittner and Larcker (2003) also highlight the importance of

translating the raw data into a user-friendly format so that individuals and teams are aware of the performance expectations specifically applicable to themselves and any improvement actions that may be required.

Various development and implementation models have been postulated in the performance management literature (Kaplan and Norton, 1996; Lynch and Cross, 1995; Olve et al., 1999; Simons, 2000; Tenhunen et al., 2002; Toivanen, 2001) and in the majority of these systems or models the initial starting point has been corporate vision or strategy. However alternative inductive or “bottom up” approaches have been taken by Lonqvist (2002) and Rautajoki (1995) where significant behavioural impacts have been noted. Ukko et al. (2007) suggest that the most important aspect when launching a new performance management system is early and powerful marketing of the new system to affected staff, linked closely to clear communication of what purposes that the new system will be used for.

Unintended and dysfunctional consequences resulting from the introduction of performance management systems have been documented by a number of authors (Brown, 2005; Karsten et al, 2001). The concept of “working the system” has been noted by Radnor and McGuire (2004) and de Waal (2002) states that for organisations to make performance management successful then they must embrace them on a behavioural as well as an operational level. The importance of feedback has been stressed (London and Smither, 2002) and the behavioural



impact of performance management on teams has been analysed (Brumback, 2003; Senior and Swailes, 2004). Recent work has also considered the different impacts of performance management on the genders (Mahony et al, 2004).

Action research has been proposed as a logical extension of the research in this field and it has been postulated that it would be helpful to undertake an approach to some relevant case study work where the researcher is actively involved in bringing about changes in the organisations under investigation, while using the change process to collect experiences and develop new insights (Andersen et al 2006). For the process to be ultimately successful it is important that employees from the organisations should be active participants in all phases of the work, and collaboration needs to be the key element (Andersen et al 2006). It is recommended that any business process shortcomings identified could be addressed by developing improvements, for the purpose of improving the performance of the business processes (as described in Winter, 1989). Also as previously stated it should be an objective that the learning processes should continue after the research has been completed, in line with action research recommendations (Elden and Chisholm, 1993).

Action research has been used within the social sciences since the 1940s as an appropriate research tool which helps to combine theory and practice through the process of reflection (Hult and Lennung, 1978; Susman and Evered, 1978; Rapoport, 1970; Lewin, 1946). It is claimed that action research helps in both

problem solving and expands academic knowledge in addition to enhancing participant competencies (Hult and Lennung, 1978). Since it is performed collaboratively in a "real" situation it allows feedback to be utilised as part of a cyclical process which is aimed at providing an increased understanding of the particular social situation (Hult and Lennung, 1978).

In order to undertake these tasks (Andersen et al 2006) recommend that the following methodological elements are employed:

- interviews with all employees of the relevant organisational functions
- observation of employees' interaction with internal and external customers in meetings and other situations
- interviews with internal and external customers
- interviews with internal and external customers who had not been in contact with the relevant functions in a while;
- performance measurement of some key factors
- group work among the employees to analyse problem areas and develop improvements
- the use of tools like business process analysis, root cause analysis, and similar techniques to shed light on problem areas.

Any potential performance management implementation and use model that is

postulated must be comprehensive across all functional areas and include financial, business processes, customer satisfaction and innovation measures. MacStravic (1999) suggests that the measurement system should incorporate both success and survival metrics to maintain a balanced, long term view of the organisation rather than merely short term successes. There is evidence that the development of comprehensive and appropriate measures can be beneficial to the organisation in its own right (Mwita, 2000).

Obviously the measures selected must be appropriate to the position and level of the specific individual or team that is being performance managed at that particular time. It is vital that these measures are regularly monitored and the outcomes are the responsibility of a specific individual (Mwita, 2000). A figure of between seven and nine key performance measures appears to be appropriate for most individuals or teams to help motivate them to deliver the target performance (Mwita, 2000). Linkages between measures should be mapped across the organisation and through the levels within the organisation to ensure full integration and to support operational, tactical and strategic decision making.

The process of collecting data is critical to its integrity and can be very resource intensive consequently it is very important that the data requirements of each measure are specifically defined. Once this has been done then cost effective processes for collecting and storing this data can be developed (MacStravic, 1999). Once the raw data is collected it needs to be analysed with a view to

answering the questions that the measure is designed to address. The analysis of the performance measures then need to be presented in a simple, relevant, trustworthy and preferably visual manner so that the priority questions can be answered (MacStravic, 1999). The most important stages in the performance management process then follow, namely the interpretation of the measures and the application of key decisions to improve performance, together with the monitoring for any unintended consequences. It is vital that decision makers can draw accurate conclusions about what is really happening in relation to each desired outcome and what action is required to improve the organisations performance in that area (Winter, 1989).

A generic performance management framework has been developed by Andersen et al (2006) which encompass most of the major areas of activity but the implementation process, linkages and monitoring regime need to be further developed. No matter how the model is structured though the tendency to collect “a fragmented and complex set of information” (Wisniewski and Stewart, 2004) needs to be avoided.

Whilst the actual structure of the performance management model is relevant the implementation and monitoring processes are probably of greater importance. If the desired outcome of improved performance is to be achieved then staff support and involvement is vital (Mwita, 2000). The implementation of a performance management system is just like any other change project; activities

need to be coordinated, people need to be prepared and involved and systems and process need to be integrated. The whole implementation process needs to be planned like a project and should be only commenced when the organisation has a clear view of what success will look like (Andersen et al, 2006).

Chan (2004) lists eight factors that are necessary for successful performance management implementation, as follows: -

1. top management commitment and leadership buy-in;
2. departmental, middle manager and employee participation and buy-in;
3. culture of performance excellence;
4. training and education;
5. keeping it relatively simple and easy to use and understand;
6. clarity of vision, strategy and outcome;
7. link of performance management system to incentive; and
8. resources to implement system.

If sufficient resources can be made available to adequately develop the measures and an effective monitoring system can be established then a comprehensive staff training programme can be utilised to develop their engagement.

Andersen et al (2006) also propose the expansion of the performance

management system beyond the individual organisation to encompass the work of partners, suppliers that the process by taking into account some of the more recent areas of strategic management development and collaborative working. The drive towards more sustainable customer relationships has led to the development of theories such as Customer Focused Strategy (Vandermerwe, 2004), which in turn has led to the development of collaborative enterprises which go beyond the single organisation. It is suggested that much can be learned from the fields of Construction Project Management and Film Production in this respect since the creation of new multidisciplinary project teams consisting of participants from a multitude of organisations is commonplace within these sectors. Within this section the behavioural impact of performance management has been further explored and the issue of gaming has been introduced.

## **2.5 Public Sector Performance Management**

Diamond (2005) emphasises the move towards the widespread use of performance management within the public sectors of OECD countries together with the general belief that the use improves decision making and resource utilisation. In addition it is argued that it increases the performance of employees and “enhances credibility with taxpayers.” Specific limitations and suggested solutions are also highlighted along with some specific “guidelines for using

performance measures” (Diamond, 2005); these guidelines generally emphasise the need for clarity, the need for alignment with the organisation’s mission, good quality information and regular reviews of the measures. Moynihan and Pandey (2005) stress the importance of support from both elected officials and the public and Dealtry (2005) supports the importance of satisficing all the stakeholders, whereas Yang (2008a) reiterates the importance of data credibility to stakeholders and the use that stakeholders make of performance data is explored by several writers (Pollitt, 2006; Boyne et al., 2002).

Definite benefits from the use of Performance Management in the public sector are claimed by several authors (Moullin, 2007; Kelman, 2005) but also the issues of unintended consequences and “gaming” are considered (Verbeeten, 2008; Bevan and Hood, 2006; Hood and Lodge, 2006; Hume and Wright, 2006; Propper and Wilson, 2003; Leeuw, 1996). Specific models for the effective use of performance management in the public sector are postulated by many authors (Walker, 2008b; Latham, 2008; Pongatichat and Johnston, 2008; Walker, 2008a & b; Bilgin, 2007; Broad et al., 2007; Davenport et al., 2007; Flynn, 2007; Loewy and Bailey, 2007; Marr, 2007; Vigoda-Gadot, 2007; Patel, 2005; Dunleavy et al., 2006; Greiling, 2006; Griffiths, 2006; Holzer and Kloby, 2005; Modell, 2004; Ingram and McDonnell, 1996) and other relevant general developments and recommendations within the field of performance management are discussed (Goodchild, 2005; Nico et al., 2005; Wall, 2005; Watt, 2005; Hood, 2004; Grote, 2000; Van Peursesem et al., 1995). The issue of the ethics of performance

management is explored by Winstanley and Smith (1996).

The experience of the UK public sector is explored by several authors (Smith, 2006; Bach et al., 2005; McAdam, 2005) which highlights the increasing level of resources that are being devoted to this activity and quotes the House of Commons Public Administration Select Committee, (2003) stating “to many, it seems that government by measurement has arrived”. Again within the UK Fulop et al. (2000) state that whilst the concept of targets is generally considered to be sound, within the English Healthcare Sector, the specific targets chosen lacked credibility. Further work with the healthcare environment has been undertaken by various researchers (Helm et al., 2007; Hendy et al., 2007; Maynard and Ayalew, 2007; Greener, 2005; Maynard, 2003; Gregg, 2002; Smith, 2002; Smith and Barnes, 2000; Dawson et al., 2001; Zairi and Jarrar, 2001; Gent et al., 1998) and the challenges facing managers of social care services was considered by Lawler and Harlow (2005). Interesting comparisons between the various approaches adopted by the different UK governments to healthcare performance management have been drawn by Hauck et al. (2007).

The impact of performance management on the UK police force management has been explored (Newsome, 2008; Butterfield et al., 2005) and the development in the education sector is reviewed (Cutler and Waine, 2005 and 2001). The experience of local government is considered by Harris (2005) who explores the impact from a human resource management perspective and



highlighting the frequent lack synergy between organisational goals and individual objectives and Andrews et al (2006) explore behavioural lessons. Whereas Walker (2008a) examines various models through case studies and concludes that further research is needed in the field. The applicability of the use of Performance Management within UK local government is questioned by Game (2006). The issue of employee commitment is also considered (Yang, 2008b; Helm et al., 2007; Marsden, 2007) and the impact of senior management is explored (Bundred, 2006; Boyne and Dahya, 2002).

The experience of performance management in the public sector in the Netherlands is examined by various authors (Verbeeten, 2008; de Bruijn, 2006) and de Bruijn (2006) places performance management within the New Public Management agenda claiming that there have been both “beneficial and perverse effects” associated with its use. By the use of case studies de Bruijn (2006) explores the use of output based models and behavioural models and also discusses the consequences for the actors associated with their use. This slightly negative view is to some extent supported by Mol (2004) who reiterates the commonly held belief that “what you measure is what you get”. Bauer et al. (1999) and Greiling (2005) explore the German experience, Brun et al. (2006) discuss empirical evidence from Switzerland and developments in Russia are considered by Lock et al. (2002). The concept of adverse consequences and compromises is also reiterated in the work of Christensen (2004) exploring the Norwegian experience of public sector performance management. Naranjo-Gil

and Hartman (2007) explore the use of performance data by senior management within the Spanish healthcare environment.

Transnational comparisons have been undertaken by Pollitt (2008) drawing distinctions between the approaches within the UK and Dutch healthcare sectors. To a broader extent the use of performance management across the European public sector is considered (Zigan et al. 2008; Pollitt, 2005) and in the USA by several authors (Latham, 2008; Vandenbeeke et al., 2008; Kick et al., 2006; Cederholm and Pernerl, 2002; Cragg, 1997; Nordstrom et al., 1988). Experiences from Canada are documented by various authors (Manning and Barrette, 2005; Townley et al.; 2003) and Wilcox et al. (2007) have compared specific approaches to healthcare performance management in Australia, Canada, England, New Zealand and Wales. The increased use in other countries across the world is starting to be considered by various authors (Marobela, 2008; Wang and Wang, 2005; Al-Arkoubi and McCourt 2004; Wang et al., 2002).

Although a reasonably wide range of performance management research has been undertaken there is still considerable concern expressed that important areas remain inadequately explored (Bourne et al, 2002; Franco and Bourne, 2003; Thorpe and Beasley, 2004; McAdam and Banister, 2001; Bourne et al, 2005; Neely, 2005; Busi and Bititci, 2006). It would appear that the majority of researchers feel that private sector performance management models do not easily translate into public sector use (Radnor and McGuire, 2004; Kaplan, 2001;

Wisniewski and Stewart, 2004; Adcroft and Willis, 2005; Moullin, 2004; Pidd, 2005). It is also considered that evidence derived from the private sector is far in excess of that generated from the public sector (Ittner and Larcker, 1998; Radnor and Lovell, 2003; Eskilden et al, Johnsen, 2001; 2004; Moxham and Boaden, 2005). However McAdam et al (2005) have drawn attention to the growing amount of time and money being directed towards performance improvements in UK public sector organisations and there does appear to be evidence to support performance improvements from this increased use of performance management within the public sector (Brown, 2005; Lipe and Salterio, 2002; Greatbanks and Tapp, 2007). Johnsen (2000) and Moriarty and Kennedy (2002) state that since public sector organisations have not been subjected to traditional market pressures they have actually substituted these with various forms of performance measurement for decades.

It has been highlighted that managerial and technical difficulties can result in performance measurement systems not being fit for use in the public sector (Adcroft and Willis, 2005). In a study of the Canadian Government's strategic performance measures (Atkinson and McCrindell, 1997) reported that measures and indicators have increased considerably and become far too operationally related making it difficult for these measures to be managed. The relevance of measures taken from the private sector for use within the public sector has been questioned by various authors (Micheli and Kennerley, 2005; Gooijer, 2000; Greatbanks and Tapp, 2007). These problems are specifically highlighted within

the healthcare sector in the UK by various authors (Moullin, 2004; Radnor and McGuire, 2004). It would also appear that these issues are not restricted only to healthcare but are public sector wide (Wisniewski and Stewart, 2004; Pidd, 2005; Moxham and Boaden, 2005; Bolton, 2003).

This importing of theory and practice from the private sector is a recurring issue in the public sector worldwide (Adcroft and Willis, 2005). However Bolton (2003) does remark that this knowledge transfer is to some extent logical and can be both beneficial and achievable if well managed. Boyne (2002) considers that the differences between public and private sector organisations can make the movement of management techniques between sectors difficult. The complication of government agendas also contributes to the difficulties experienced (Franco and Bourne, 2003).

The use of balanced scorecards within the public sector has been undertaken but this has not been completely successful (Moullin, 2004). Other public sector focused research has been undertaken which provides some enhancements to the body of knowledge (Gooijer's, 2000; Kloot and Martin, 2000; de Waal and Gerritsen-Medema, 2006; Lawrie et al, 2004). The healthcare sector has also been the subject of review (Kates et al., 2001), as has the education sector (Tucker, 2007; Williams, 2006; Tchibozo, 2005; Mahony et al., 2004). A feature in the in the public sector literature is the influence of stakeholders (Kennerley and Neely, 2002; Neely et al., 2001; Bendheim et al ,1998; Moullin, 2004) and

Wisniewski and Stewart (2004) highlight importance of end-users. Kloot and Martin (2000) specifically highlight the difficulties associated with working in multiple stakeholder environments.

Another distinct but related area of literature is new public management (Mwita, 2000; Halachmi, 2005; Hoque, 2005) which highlights the separation of policy formulation from operations and covers such initiatives as privatisation, outsourcing and partnerships (Gow and Dufour, 2000). This area has grown in popularity in accounting research related to the public sector and has several parallels with performance measurement and performance management. Finally the development of “managerialism” in the public sector was explored by Lawler and Hearn (1995) with particular reference to social services departments. Similarly “managerialism” in the education sector specifically and the public sector generally has been explored, discussed and criticised by various authors (Walsh, 2006; Beesley and Peters, 2005; Gleeson and Husbands, 2003; Fitzgerald et al., 2003). Some interesting work, utilising the collaborative inquiry methodology, has been undertaken by Kakabadse and Kakabadse (2002) considering the responses senior managers in the UK civil service to the government’s reform agenda generally and the Modernising Government White Paper (The Stationary Office, 1999) specifically. This research built on the participatory action research agenda (Reason, 1993), previously discussed, and by utilising the collaborative inquiry process allowed the researched managers to shape the inquiry to convey the message and act as advocates for the inquiry

outcomes. Kakabadse and Kakabadse (2002) highlighted that whilst some government departments had successfully brought about the required transformational change, it was proving more difficult for others and these agencies would have welcomed additional support and guidance to achieve their change targets. The research identified leadership as a critical factor in delivering organisational culture change (Kakabadse and Kakabadse, 2002) and this will be considered in more detail later in the chapter. In a subsequent paper the importance of collaboration and particularly participation and dialogue is emphasised in relation to the modernising government agenda (Kakabadse and Kakabadse, 2003).

Since the initial introduction of performance indicators into the Higher Education sector in the UK (HEFC, 1999) there has been very little specific research aimed at assessing the effectiveness of performance management in the UK higher education sector. Barr and Crawford (2005) considered the recent developments in UK higher education management from a funding perspective. Also various case studies relating to management initiatives and quality assurance from around the world have been produced and comparisons drawn (Brown, 2004; McCarthy & Keefe, 1999; National Centre for Public Policy and Higher Education, CA., 2003; Scott, 1999; Gormitza, 2005; Orsinger, 2006; Iacobucci and Tuohy, 2005; Burke, 2002, Schwarz and Westerheijden, 2004). The outcomes from these comparisons have generally been inconclusive but there has been quite a high incidence of studies which have highlighted the behavioural and

dysfunctional consequences encountered by the implementation of the increased managerial control (McCarthy and Keefe, 1999; Lawrence and Sharma, 2002; Bruneau and Savage, 2002; Morley, 2003; Hayes and Winyard, 2006; Brown, 2004). A Canadian study considered the similar developments that have occurred there from the students' perspective (Institutional Management in Higher Education, 2004).

There has also been a small number of recent papers that have attempted to develop performance management models designed to overcome the previously discussed unintended dysfunctional consequences of their introduction (Teelken and Braam, 2002; Smeenk and Teelken, 2003; van Esch and Teelken, 2005).

This section has explored the range of academic study of performance management within the public sector. The development in various key segments of the UK public sector is considered along with some exploration of international views. The move from the initial resistance to transferring private sector techniques into the public sector to the apparent current acceptance is also discussed.

## **2.6 Legal Implications of Performance Management**

The issue of the legal status of performance management, particularly in relation to an employee's conditions of employment is considered here. It was initially expected to include a hypothesis in relation to this area within the study but the lack of legal consensus outlined within this section led to the decision to exclude this hypothesis from the framework. However it was still considered helpful to outline the developing legal position within this literature review.

### **2.6.1 Employment Contracts**

For performance management to successfully operate within an organisation it is necessary to adjust individuals' terms and conditions of employment by the use of performance targets which would, almost certainly, have not been present at the formation of the contract. To date this variation has undergone very little legal challenge since there are usually other compensatory factors offered within the negotiation to introduce performance targets. However it was considered important that the actual legal basis for employee performance management be established as well as possible.

Historically individual employment law has been based virtually entirely on the common law concept of the contract of employment and consequently saw very



little statutory involvement until relatively recently (Smith & Wood, 2008). The first major relevant item of statute was the Contracts of Employment Act 1963 (consolidated in 1972) which required employers for the first time to provide written terms of employment and outlined rules on notice periods and employment continuity. This was followed by the self explanatory Redundancy Payments Act 1965 and the Industrial Relations Act 1971, later repealed by the Labour Relations Act 1974 which itself was amended by the Trade Union and Labour Relations (Amendment) Act 1976. These all had the effect of introducing the concept of unfair dismissal, codifying trade union immunities and addressed the issue of closed shops.

The next significant piece of legislation was the Employment Protection Act 1975 which established Employment Appeals Tribunals (EAT) and gave statutory backing to the Advisory, Conciliation and Arbitration Service (ACAS) in addition to modernising provisions with respect to wages councils. The law in relation to unfair dismissal was clarified and additional employment protection rights were introduced in relation to trade union membership and maternity leave and pay. The combined effect of this legislation was that it was often necessary to consult provisions in several acts to clarify a point of law. To address this the acts relating to the individual were consolidated in the Employment Protection (Consolidation) Act 1978; covering terms of employment, employment termination, employment protection, redundancy payment, unfair dismissal, industrial tribunals and EAT. This was the principal statute for several years.

The election of the Conservative government in 1979 led to a significant period of change in this area of legislation and the Employment Act 1980 was the start of this. Many of the provisions relating to trade union membership outlined in the Employment Protection Act 1975 were repealed and further restrictions on trade union activity were introduced. In addition aspects of the unfair dismissal law and maternity rights were amended. The restrictions on trade union activities were further strengthened by the Employment Act 1982 and the unions' immunity from suit in tort was removed. The legislative focus on trade union activity continued with the Trade Union Act 1984 which significantly placed obligations and responsibilities on individual union members and these provisions were further tightened by the Employment Act 1988 which incorporated some of the legal consequences of the miners' strike of 1984/5 (Griffiths, 1997).

The Employment Act 1989 introduced some minor changes but the Employment Act 1990 consolidated much of the previous legislation formalising the restrictions on trade union activity. Following the 1992 general election the Trade Union Reform and Employment Rights Act 1993 was introduced which placed even more restrictions on trade union activity and, in response to changes in European Commission (EC) law, amended the law relating to employment particulars, maternity, redundancy consultation and transfer of undertakings in addition to introducing two new heads of unfair dismissal and abolishing wages councils. The majority of these developments were consolidated in the Trade Union and

Labour Relations (Consolidation) Act 1992 which also abolished the Labour Relations Act 1974. The final act of consolidation of the Conservative government was the Employment Rights Act (1996) which replaced the heavily amended Employment Protection (Consolidation) Act 1978.

By contrast the incoming Labour government in 1997 initially focused little attention in this area. The first Act published in this area by this new government was the Employment Rights (Dispute Resolution) Act 1998 which had been inherited at green paper stage from the outgoing Conservative government. The National Minimum Wage Act 1998 was enacted as one of Labour's few election pledges in the area of employment law and the Working Time Regulations 1998 was enacted in response to an EC directive. The first truly new piece of legislation from the Labour government in this area was the Employment Relations Act 1999 which, with some minor amendments, they hoped to draw a line under the Conservatives' series of legislation aimed at restricting trade union activities. Whilst they formally drew this period of government attack on union activity to an end, interestingly none of the Conservative's legislation was repealed thus leaving the restrictions available for their own use should it prove necessary and also signalling a new approach from a Labour government. Following re-election in 2001 they did return to this area with the Employment Act 2002 which extended family friendly legislation, amended tribunal procedures and gave new standard grievance procedures and the Employment Relations Act 2004 which was a collection of technical amendments. Consequently, following

these new Acts, the main thrust of the Conservative legislation in this area remained in force.

In addition the EC also issued key directives in this area which led to UK legislation such as the self explanatory Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000; the Consultation of Employees Regulations 2004 which set out statutory minimum requirements for workforce consultation; and the Transfer of Undertakings (Protection of Employment) Regulations 2006 which introduced some minor reforms. Following re-election in 2005 the Labour government turned its attention again to the area of work-life balance which was addressed in the Work and Families Act 2006. This gave extensions to maternity and paternity rights and also extended the right to request flexible working to other groups.

Despite this proliferation of employment legislation in recent decades the contractual basis of employment is still significant for various reasons (Painter and Holmes, 2008). The first of these is that there are still many gaps in the coverage of legislation which need to be addressed by the contract. The second is that courts and tribunals still refer to contractual theories for guidance. The third is that the relevance of economic torts in relation to industrial action is considered with reference to any contractual breach. Finally there is also a belief among many employees that the statutory minima of employment rights is set too low and hence they will seek recourse to contractual remedies to redress this.

The foundations for the contractual status of employment were laid in the latter half of the nineteenth century (Wedderburn, 1986) and the confirmation of the status of the contract of employment was finally established in *Laws v London Chronicle* (1959). However once the principle was established there started the growth in employment legislation outlined in the previous section which now casts doubt upon whether contract law alone provides an adequate structure for employment law (Smith and Wood, 2008). It is clear that in most instances employment does remain a voluntary relationship and the terms and conditions are negotiated and agreed by the parties. Consequently since the recent moves away from collective negotiation the contract theory is still of significant relevance. There are several conditions that must be fulfilled if a contract is to be recognised before the law, as follows (Selwyn, 2008): -

1. There must be an offer and acceptance (one party offers to perform an act and the other party accepts this offer)
2. There has to be a consideration for the performance of the contract (usually a financial payment)
3. Both parties must have legal capacity to enter the contract
4. The object of the contract must be legal
5. It should be the intention of both parties that a legally recognised obligation is established

The first of these conditions was established by *Carlill v Carbolic Smoke Ball Company* (1892) where Carbolic advertised that if its smoke ball did not cure the flu its buyers would receive £100. When sued, Carbolic argued the advertisement was not to be taken as a serious, legally binding offer. But the Court of Appeal held that it would appear to a reasonable man that Carbolic had made a serious offer. Also of relevance to this first condition is *Felthouse v Bindley* (1862) which establishes the rule that you cannot impose an obligation on another to reject your offer. The second condition is supported by *Currie v Misa* (1875) in which the Exchequer Chamber contains a famous statement by Lush J giving the definition of consideration in English law. Lush J said: -

“A valuable consideration, in the sense of the law, may consist either in some right, interest, profit, or benefit accruing to the one party, or some forbearance, detriment, loss, or responsibility, given, suffered, or undertaken by the other...”

The final condition is illustrated by *Balfour v Balfour* (1919), where it was held that there is a rebuttable presumption against an intention to create a legally enforceable agreement when the agreement is domestic in nature. When these conditions are considered in terms of the employment contract we find that one party offers to undertake some work for the other party who accepts this offer and agrees to pay the consideration in the form of wages.

It has also been established in *Brigden v American Express Bank Ltd* (1999) that the Unfair Contract Terms Act 1977 is applicable to employment contracts. However, the limitations of this case are illustrated by the fact that although Brigden succeeded in establishing that the 1977 Act applied, he actually lost the case. The clause being challenged in the contract allowed his employers to pay him in lieu of notice if he was dismissed within the first two years and also excluded him from the right to the use of the disciplinary procedure. The Judge held that this was not a contract term excluding or restricting the liability of the employers, nor was it a clause that entitled the employers to render a contractual performance substantially different from what was reasonably expected.

The personal nature of the contract of employment has implied duties for both the employer and the employee (Selwyn, 2008). Those implied on the employer are as follows: -

- Duty to pay wages or other remuneration
- Duty to provide work
- Duty to exercise care
- Duty to cooperate
- Duty to provide access to a grievance procedure

An example of the case law behind the first of these duties is *Beveridge v KLM UK Ltd* (2000). This found that an employee had a contractual right to payment of wages when presenting him or herself for work unless the contract in a specific

situation expressly denied that right for a particular reason. The second duty is illustrated in *Breach v Epsilon Industries Ltd* (1976). Here it was established that there is a duty to provide work where the employee needs work to maintain reputation, skills or familiarity with technical change. The third duty was established by *General Cleaning Contractors Ltd -v- Christmas* (1953). The judgement in this case found that it is the duty of the employer to consider the situation, to devise a suitable system, to instruct his employees what they must do and to supply any implements that may be required. In *Donovan v Invicta Airways Ltd* (1970), the fourth duty is considered. The Court of Appeal held that when the conduct of the employer was such that it rendered the continuance of the employee's service impossible, the latter was entitled to treat the contract as at end and to obtain damages for wrongful dismissal. An example of case law relevant to the final employers' duty is *Lock v Cardiff Railway Company Ltd* IRLR (1998). The employer had failed to meet these requirements in not specifying the offences that would warrant summary dismissal following a first breach.

The implied obligations of the employee are as follows (Selwyn, 2008): -

- Duty to obey lawful and reasonable orders
- Duty to use skill and care
- Duty of faithful service
  - Honesty
  - Not to compete
  - Not to misuse confidential information



- Not to impede the employers' business
- The duty to account

The first of these employee duties is illustrated by *United Kingdom Atomic Energy Authority v. Claydon (1974)*, where the employee refused to honour a mobility clause in his contract. The second duty is illustrated by *Lister v Romford Ice & Cold Storage Co. Ltd. (1957)* and the final one by *Secretary of State for Employment v Associated Society of Locomotive Engineers and Firemen (1972)*.

The actual format of the contract is not specified within English law however the Employment Rights Act 1996 states that an applicable employee must be given a written copy of the salient terms of their employment. These written terms are not the contract of employment but they are evidence of the terms of the employment contract, this point is important as it provides the parties with the opportunity to claim in proceedings that the written statement is not an accurate representation of the real terms in a particular instance (Smith and Wood, 2008). Case law has supported this (*System Floors (UK) Ltd v Daniel, 1981*), particularly in circumstances where a term has been deemed to be accepted without protest.

The initial written statement has to be issued within two months of the commencement of the employment and any variation must be issued within one month of the change. However this is merely procedural and does not grant the employer the right to substantially vary the terms of employment. The initial

statement must identify the parties concerned, state the commencement date for the employment and specify if any previous employment is to be counted as continuous service. Following this then the statement must contain information on rates of pay, working hours, holidays, sickness absence procedures, pension arrangements, notice periods, if the employment is permanent or the length of the contract, place of work and any relevant collective agreements. Finally the relevant disciplinary and grievance procedures must be clarified. Obviously these contractual rights can be enforced by action under common law but the Employment Rights Act 1996 also provides for direct enforcement by reference to an industrial tribunal. However the Act only allows for consideration of what should have been included and not for the interpretation of the expressed terms or where it is claimed that the terms are inaccurate.

### **2.6.2 Variations to Employment Contracts**

There is a basic problem with employment contracts in that they are basically a static document whereas systems of work often change sometimes in ways that were not originally envisaged when the contract was prepared. If an employee does not accept the proposed change they may insist on adhering to their original contract terms and bring a common law action to reinforce this, as in *Burdett-Coutts v Hertfordshire County Council* (1984). The terms of employment of

school meals staff had been regulated since 1946 by negotiation between employer representatives and trade union representatives on the National Joint Councils (NJC) for Local Authorities' Services. The rulings made by the NJC were not binding but subject to agreed local variations and they were for many years commonly accepted and incorporated into the individual contracts of employment of school meals staff. In January 1981 the employer's side on the NJC initiated discussions with a view to varying the school meals agreement. When no agreement could be reached, the Hertfordshire County Council decided to act unilaterally. On January 15<sup>th</sup> 1983 the County Education Officer wrote to the employees giving 12 weeks "detailed notice of the variations in your contracts of service." In this case the employees and their union, N.U.P.E., attempted to challenge this action by seeking a contractual remedy. They maintained that the letter of January 15<sup>th</sup> was a letter giving the notice of the termination of employment and offering to re-employ on the new terms set out in the letter. It was argued by the employer that this offer was accepted since the plaintiffs remained in employment. The plaintiff's case was that the letter was an attempt to vary unilaterally the terms of the contract, and as such was a repudiatory breach. Since she had exercised her option to refuse to accept the breach despite remaining in employment, she was entitled to stand on the original contract and recover all the wages owing her. The judge found in favour of the plaintiff. This case appears to justify an employee's refusal to accept new terms and conditions of employment even if it is considered necessary by the employer. However in these circumstances an employer could take an alternative course of

action and dismiss the employee bringing a defence to the subsequent tribunal of the business's needs to alter the working patterns quoting "some other substantial reason" as outlined in the Employment Rights Act 1996 section 98. Ambiguous contract terms can also cause significant difficulties when there is a need to vary employment conditions. This was highlighted in Rank Xerox Ltd v Churchill (1988) where it was held that a relocation clause was inappropriate for the type of employee concerned.

A more reliable course of action for the employer is to gain the employee's consent to the change and in many instances implied consent is claimed where an employee does not immediately object to a change. However in the case of Jones v Associated Tunnelling Co Ltd (1981) the plaintiff claimed a redundancy payment and the issue was whether he had been dismissed. Jones had refused to move to a job at a nearby workplace and claimed constructive dismissal. The employers pointed to geographical mobility clause in Jones' contract of employment and claimed that there had been no dismissal. In the absence of an express term it was held that there was an implied term requiring the employee to work within a reasonable daily travelling distance of home; the term that was implied was based on the lowest common denominator of what the parties might be supposed to agree. This case emphasised the importance of approaching a unilateral change realistically.

The employer's right to unilaterally vary an employee's contract is supported by

Cresswell v Board of Inland Revenue (1984). In this case the plaintiffs were employed by the Inland Revenue as tax officers. The case arose as a result of the computerisation of the Pay As You Earn tax system. The plaintiffs (who were members of the Inland Revenue Staff Federation) refused to operate the computers, and continued with manual operations, as before. The defendants responded by suspending them without pay until they were prepared to operate the new system. The plaintiffs sought a declaration that they were not bound to operate the new computers and that the defendants were in breach of their employment contracts in requiring them to operate the new system and in suspending them without pay. It was held that it is an implied term of the employment contract that the employer has a unilateral right to alter the terms in the interests of technological change. In judgement Walton J stated: -

“...there can really be no doubt as the fact that an employee is expected to adapt himself to new methods and techniques introduced in the course of his employment.”

Thus the limited case law that is available points to the general requirement for the employee to accept changes were they do not fundamentally alter the job itself as in *Catamaran Cruisers Ltd v Williams* (1994). In this case it was found that the employment tribunal should not only consider the benefits or otherwise of a contractual variation from an employee's perspective but should also consider the employer's position. Other relevant cases are *Richmond Precision*

Engineering Ltd. v. Pearce (1985) where it was held that the dismissal is fair if the variation would be made by a reasonable employer and Armstrong Whitworth Rolls Ltd v Mustard (1971) where the judgement found that a variation can be inferred from the conduct of the parties.

The move to building more flexibility into terms and conditions of employment is highlighted by Bélanger et al.(2002) with reference to attempts by employers to align tacit skills of workers with organisational goals. Deakin (2005) refers to a “conceptual crisis” brought about by labour market changes and the organisation of enterprise and production. Charting the growth of the use of employment contracts alongside the growth in industrialisation but he dates the formalisation of employment relations from the inception of the welfare state in the UK. The concepts of managerial prerogative and the employee’s duty to work are explored by Ronnmar (2004 and 2006) this is closely linked to the growth in flexibility within the employment relationship. It is pointed out that within English law the rights of the employer to direct work is generally not treated as a specific legal issue but the more general area of managerial prerogative tends to be the focus of attention. Storey (1983) drew attention to this issue by identifying the conflict between employee satisfaction and management’s right to control work. Dunn and Wright (1994) introduce the issue of collective bargaining into the consideration of flexibility and managerial prerogative, documenting moves to both greater formalisation of agreements and others to less formalisation. Kaufman (2008) charts the growth of industrial relations from an individual

employment paradigm to a collective, union based, labour management paradigm.

Hart and Moore (2008) take a broader look at contracts generally proposing that they are often merely a framework of expectations which may evolve in response to future events. In order to build the necessary flexibility into the contractual relationship contracts are often left “incomplete by design” so that key items can be negotiated where necessary in the future. Obviously this negotiation has to be perceived as fair by both parties otherwise one side will feel aggrieved and this is generally supported within the courts where they believe that duress has influenced the outcome. The conflict between the rights and expectations of employees and employers with regard to emerging flexible employment situations is further discussed by Collins (2005). It is suggested that the evolution of legal systems is needed to address these new forms of employment. This view is further reinforced by Vallee (1999) who places this issue into the field of human rights proposing that labour law should be addressing the activity of work rather than the employment relationship. The current employment contracts which are incomplete by design require the right of an employer to exercise discretion to be individually tested and clarified by tribunals or courts where conflict occurs. Guest (2004) and Collins (2005) further reinforce the concept of the psychological contract and the fact that any breach of this can cause dysfunctional consequences from employees and indicates the evidence that employers’ expectations of the employees are evolving beyond performance of allotted tasks

in good faith; it is stated that the law needs to evolve in order to clarify what implicit terms should be protected within the new employment models. Guest (2004) challenges the view that all employees are unhappy with flexible employment relationships and points to various groups who actively seek this type of employment; however a buoyant economy with low levels of unemployment is generally necessary to support this desire for flexibility. The ever changing nature of the employment relationship is documented by D'Art and Turner (2006) however they propose that the current developments are not removing the previously held conflictual attitudes.

Difficulties experienced by the implementation of performance appraisals are documented by Martin et al. (2000) and Werner and Bolino (1997) and the issue that dissatisfaction with the process and outcome of appraisal can lead to sub optimal performance is highlighted by Latham et al. (2005). Changes to the division of labour and the wider scope of managerial activities undertaken by workers within lean manufacturing are highlighted by Delbridge et al. (2000).

Fentiman (1985) discusses *Cresswell v. Board of Inland Revenue* (1984) and *Royle v. Trafford B.C* (1984) in which the possibility that in amending the terms and conditions of employment an employer may be in breach of the employment contract. Both cases conclude that the employee has a duty to work within the terms of their contract but also to co-operate with the employer and that the ability to amend job descriptions is within the employer's power. In short there is



an implied term that employees must accept modernisation of working practices. Fentiman (1985) does acknowledge that both cases highlight the tensions that currently exist within the employment relationship and that they both reinforce the concept of managerial prerogative. However Phillips (1978) reports *Redbridge London Borough Council v. Fishman* which finds that the employee could reasonably refuse to undertake work which was significantly different from that originally contracted.

The impact of corporate culture is discussed by Grugulis et al. (2000) utilising illustrations where work and social freedom are traded and highlighting a shift of managerial control from controlling behaviours to controlling attitudes and norms. National cultural comparisons are drawn by Gerlach et al. (2008) and provides evidence of different cultural views to the employment relationship and that certain cultures are more accepting of flexible employment than others.

### **2.6.3 Collective Agreements**

Whilst the level of trade union recognition has declined from 85% of all employees in 1979 to 36% of all employees in 1997 (Painter and Holmes, 2008) collective agreements are still a significant feature of employment law, particularly in the public sector. However, unlike the majority of European countries, collective consultation is not a right that can be enforced by UK

employees. Despite the reforms contained in the Employment Relations Act 1999 the fundamental principle of managerial prerogative has remained unaffected. At present, any employee participation is limited to the employer's obligation towards its employees to inform and consult on certain issues in defined circumstances. Independent trade unions generally regard collective bargaining as the most effective way of obtaining influence on employer's decisions affecting employees, and the Employment Relations Act 1999 gave them the right to pursue these objections through statutory recognition. However this was not a novel concept as a previous Labour government had introduced a similar regulatory scheme during the 1970s, in the Employment Protection Act 1975.

Collective agreements refer specifically to agreements made between trade unions and an employer or a group of employers. They generally set out the procedures which govern the relationship between the parties and often set out terms and conditions for those covered by the agreement (Selwyn, 2008). These agreements are only binding in law if they are incorporated into an individual's contract of employment, whether expressly or implied. A very helpful summary of the relationship between the contract of employment and collective agreements is given in *Framptons Ltd v Badger* (2006), as follows: -

- As the parties to the agreement are the employer and trade union, employees do not derive rights directly from the agreement
- The agreement is presumed not to be binding unless it is incorporated

into an individual's

- Incorporation can be either express or implied contract
- Vague or aspirational terms cannot be incorporated
- The terms of the agreement may continue to operate even if the collective agreement has ended particularly if there are no other binding contractual terms

The authority for the trade union to enter into a collective agreement can be express where a union is invited to participate in a negotiation or implied which generally stems from national negotiations or by the law of agency for which authority must exist. In order for incorporated terms to be varied there must be agreement from the employees concerned or a specific right to vary the terms must be incorporated into the contract. This was established in *Lee v GEC Plessey Telecommunications* (1993) where an agreement was reached to amend agreed redundancy procedures between the employer and the union and challenged by the employees and the High Court ruled in the employees' favour. Terms that have a direct benefit to the employee are said to have a normative effect and can be expressly incorporated into a contract of employment. A distinction needs to be drawn between contractual terms which are binding and have a bilateral effect and unilateral rules which do not have any legally binding effect (*Cadoux v Central Regional Council*, 1986). Various authors have suggested that recent moves towards greater employment flexibility have increased the importance of collective agreements and have suggested the

greater use of Works Councils be revisited in the United Kingdom (Biagi, 2001; Hassel, 1999; Collins, 1998; Edwards et al, 1998; Jacobi et al, 1998; Kjellberg, 1998).

This growth in employment flexibility was investigated by the Institute of Manpower Studies (1986) who also highlighted the potentially detrimental effect on employees of increased flexibility in employment, particularly in relation to increasing functional flexibility. The Institute was formed in the late 1960s by a group of industrialists and individuals who saw the need for an independent, national centre of excellence to research and disseminate best practice in manpower planning, and labour market issues.

Deery and Mitchell (1999) in a wide ranging international study have highlighted the decline in trade union and collective agreements and a notable growth in individualised contracts and negotiation. This move from collective terms to the individual is most pronounced in the United Kingdom due to the legislative developments discussed previously. Much of the employment legislation enacted by the Conservative Government in the 1980s and early 1990s had the effect of weakening the trades' union movement and, by extension, diminishing the need for employers to enter into collective agreements. This was in contrast to the previous decades. Dukes (2008) discusses how subsequent Labour Government legislation was not designed to encourage the spread of collective bargaining.

Within the other major common law countries New Zealand has travelled furthest along the path away from collectivism with their Employment Contracts Act 1991, which ended compulsory union membership and the number of trade union members there fell by more than half in the first five years that the act was in force. The pace of change towards individualism has been slower in Australia but even here there have been steps in this direction with the Workplace Regulations Act 1996. This act introduced enterprise bargaining where wage and working conditions are negotiated at the level of the individual organisations, rather than nationally as had previously been the case. Once established these agreements are legally binding on both employers and employees. This movement can also be considered as strengthening managerial rights and the concept of managerial prerogative.

Deakin (1999) expresses the view that the move to individualised contracts has actually meant that contracts are not negotiated individually but merely that they offer latitude for managerial changes to the organisation of work; often formalising previously contested elements of managerial prerogative. Deakin (1999) again suggests that where common purpose cannot be achieved by persuasive means greater coercive power has been given to the employer by the state to ensure compliance. Under the Trade Union and Labour Relations (Consolidation) Act 1992 sections 237 and 238 the employer may dismiss all those taking part in industrial action that are not union members. Selective dismissal in the case of unofficial action is also legitimated unless the dismissed

employee belonged to a trade union which had authorised or repudiated the industrial action by the time of the dismissal. The move away from collective bargaining may in actuality result in a move towards an expansion of the residual role of common law. The implications of this will be discussed further below.

Contractual terms cannot be varied unilaterally unless this is unambiguously provided for within the contract (*Security Facilities Division v Hayes*, 2001) hence an unaccepted unilateral variation amounts to repudiation of the contract. If an employee lodges a protest about a change but continues within the employment there then arises a dispute about if the revised terms have been accepted (if under protest).

Often the determining factor will be the length of time which the employee works under the revised terms and conditions as in *Henry v London General Transport Services Ltd* (2000). The case concerned platform staff for whom the Transport and General Workers Union was the only recognised union. In preparation for a management buy-out the employers negotiated changes to the terms and conditions of employment with the union. A new framework agreement was reached which included changes in rates of pay, hours of work, holidays and holiday pay, sick and overtime pay. After workplace meetings the union told management that most staff affected consented to the new terms and a notice was displayed at each workplace notifying the changes. However, some employees objected. The changes were then introduced in January 1995, a

petition from the objectors was presented in September 1995 and tribunal claims were lodged by them nearly two years after the changes were introduced. The case was brought for unauthorised deduction of wages the objectors seeking to rely on the old contracts before the changes were introduced. The tribunal held that whilst there had been a tradition of collective negotiation between the company and the union, the framework agreement proposed fundamental changes and it was not satisfied that the tradition was sufficient to establish that such fundamental changes were incorporated into individual contracts by virtue of collective bargaining. According to the tribunal the burden was on the employers to establish that but they had failed. The employers successfully appealed to the Employment Appeal Tribunal and the employees' cross appeal was dismissed.

It is also possible to vary a contract by virtue of the terms of a collective agreement. In *Parry v Holst* (1968) it was held that the claimant was not entitled to a redundancy payment as he was covered by the Working Rule Agreement of the Civil Engineering Construction Conciliation Board, Clause XD (f) which allowed his employer to transfer him between jobs at the employer's discretion.

A variation in a collective agreement is only binding on individual employees if they were collectively represented at the time of the change or if the employee expressly accepts the change. Consequently it would appear that an employee is not in any stronger position to resist contractual variations if they are

collectively agreed, although they may be in a stronger position to resist if the variation was made outside of the collective agreement without the cooperation of the negotiating parties (Smith and Wood, 2008).

#### **2.6.4 Managerial Prerogative**

If an employer insists upon the employee undertaking substantially different duties than those contracted then this is classed as a unilateral variation. An employer could avoid this difficulty by including a clause which required the employee to perform “any other reasonable duties” (Smith and Wood, 2008). Alternatively the employer could declare the employee redundant and then making a subsequent offer of alternative employment, in this instance the employer is not bound to make a subsequent offer of employment but could simply make the employee redundant if they wished.

The contract of employment cannot be totally inflexible however; some change to working practices is inevitable. If an employer wishes to vary practices and an employee refuses then the employer has the right to terminate the contract by dismissing the employee and claiming “some other substantial reason” as grounds for the dismissal (Smith and Wood, 2008).



In the case of *Grix v Munford* (unreported), such a dismissal was held to be fair and the following guidance was offered to employers wishing to similarly vary a contract: -

- The employer should consult fully and properly with the employee
- Reasonable consideration should be given to objections or alternative suggestions
- The employer needs to prove that the change is necessary

In order to decide if the dismissal was fair the employment tribunal should consider the advantages and disadvantages of the proposed change and the nature of the offer etc from the perspective of both the employer and the employee. Hence in *Peter Carnie & Son Ltd v Paton* (1979) where the case considers the unfair constructive dismissal of an architect; the Employment Tribunal found that changes in her contractual duties required by her employers had the effect of deskilling her as an architect and amounted to a fundamental breach of contract entitling her to resign. The decision was upheld on appeal and it was held that the claimant was not entitled to insist on specific duties and consequently was not unfairly dismissed.

If the express terms of the contract allow for substantial variations then in most instances the employee is bound to accept the proposed change as illustrated by *Bex v Securicor Transport Ltd* (1972). In this case a clause existed allowing the

employer to vary the nature of the employee's work but when appointed to a new position which the employee regarded as a demotion he resigned and brought the case. It was held that the company could rely on the variation clause and that there had been no breach of contract.

As can be seen from the foregoing discussions there is a great deal of uncertainty about the boundary between the contract and managerial prerogative (Deakin, 1999). There has been little legal exploration or academic study of the issue of managerial prerogative. Some work has been undertaken in Australia (Westcott, 2009; Marshall and Mitchell, 2008; Bray and Waring, 2008; McIntyre, 2005) and Ronnmar (2004) has undertaken some comparisons within Europe but there is little empirical evidence from the UK. Storey (1983) defines managerial prerogative as "the residue of discretionary powers left at any moment in the hands of the manager" and also refers to Hill and Hoods (1952) alternative functional definition of "those rights, or that authority, which management must have in order to successfully carry-out its function of managing the enterprise". He charts the history of managerial prerogative and management rights from early industrialisation to the 1980s; citing the 1922 engineering industry "lock out" and the subsequent Engineering Employers Federation agreement followed by its eventual replacement in 1971 as key milestones in the development of the current framework for managerial prerogative.

Early manifestations of the concept of managerial prerogative were based around

the view that owners and their representatives had the right to manage their capital assets as they saw fit and in extreme cases this led to the refusal of any collective representation. Other justifications relate to the statutory law of ownership and the responsibility which this places on the interest of shareholders above all other stakeholders. The Companies Act 2006 attempts to provide a balance between giving legally binding guidance to directors in fulfilling their duties to the various prescribed stakeholders, including those of the company's employees, and declining to interfere with substantive business decisions; particularly in relation to the managerial prerogative in the individual employment relationship. This supports the argument that managers should be allowed to manage for the sake of economic efficiency. This right of the manager to manage has rarely been challenged recently by trade unions or in case law.

One of these rare challenges is *Robinson v Tescom Corporation* (2008). In this case the employer unsuccessfully attempted to persuade the employee to agree a proposed change in his contractual job description, and after similar changes were agreed by other employees, announced that the changes would be imposed upon him. The employee responded in writing in the following terms: -

“I will work under the terms of the varied job description ... but under protest ... I do not accept the terms and I am treating the change as a breach of contract and dismissal from the original contract.”

Having responded thus, the employee refused to work to the new job description when the employer subsequently introduced it. He was, as a consequence, summarily dismissed. The Employment Appeal Tribunal affirmed the employment tribunal decision to reject the employee's claims for unfair dismissal and breach of contract. The basis of the decision appears to be that the employee had agreed the new job description, albeit "under protest" and therefore his subsequent refusal to work to it was gross disobedience, which both justified his summary dismissal in contract and made the decision to dismiss him a reasonable response for the purpose of unfair dismissal law. Hence the decision ultimately went in the employer's favour.

The trend highlighted in this study of increasingly sophisticated control systems, as illustrated by performance management, has resurrected the tensions between worker resistance and managerial control embodied in the concept of managerial prerogative and as such has increased the necessity for further updated study and possible testing of the concept in the courts. Many organisations have tackled this move to greater managerial control in one of two ways (Deakin, 1999); either by removing the right to collective bargaining completely and moving totally to individualised contracts as discussed previously or making the acceptance of the proposed changes a prerequisite of retaining collective agreements. This second option has been adopted consistently throughout the United Kingdom public sector.

As previously stated there is no general legislation and very little UK case law which relates specifically to performance management, however as discussed above there are general duties not to discriminate and to treat employees reasonably. The general principle appears to be that employers can lay down rules about how the job is to be done and how performance will be evaluated, and then act upon those rules. This ideology is referred to as managerial prerogative, again as discussed above. In most circumstances the only grounds for complaint that an employee might be entitled to act upon are that either the rules have been applied capriciously, arbitrarily or irrationally, or that the rules have been changed with insufficient notice (or retrospectively) thereby putting an employee at a disadvantage (Deakin, 1999). In such cases, a court might find the employer to be in breach of an implied term of the contract of employment, provided the matter is sufficiently serious particularly if the performance management concerns pay (*Commerzbank AG v Keen*, 2007).

Until relatively recently the management of employee performance has tended to occur in an informal way unless there are very obvious measures with which to judge performance, such as in the example of sales staff. However the increased focus on performance measurement and management which is considered in this study has also led to the need for individual performance to be dealt with in a more formal way.

Education is one of the few areas where the implementation of performance

management has been formalised in Law with the introduction of the Education (School Teacher Performance Management) (England) Regulations 2006. These Regulations provide for the management and review of school teacher performance in the English maintained sector. All schools are required to have a performance management policy and appoint reviewers who will review and monitor the performance of teachers. Many employees, including most public sector employees, are aware of performance issues to a much greater extent and consequently employers' capability procedures have become accepted as an appropriate method for dealing with sustained employee underperformance. The importance of following appropriate procedures was highlighted in *Hetherington v Darlington Borough Council* (1999) where the claimant was found to have been unfairly dismissed when the employer's procedures were not followed and stated claims were unsubstantiated.

There are some interesting developments currently underway in the Republic of Ireland where the government is attempting to introduce performance management systems that are similar to those in operation within the United Kingdom but against the background of an economic recession. When performance measures were introduced in the United Kingdom the economy was buoyant and hence the introduction of these measures was linked with improvements in terms and conditions for the staff involved. Hence generally the relevant trade unions agreed since they felt that on balance their members were gaining from the introduction of the performance management system. The

situation is currently very different from this in the Republic of Ireland.

The Irish government would like to introduce performance measurement systems since it feels that the experience in the United Kingdom has generally been beneficial (Oic, 2008) however the current economic difficulties mean that the government also has to reduce public spending. Hence a situation has emerged where employees are being asked to accept changed and possibly more onerous working practices, with no incentive, and in some instances with proposed reductions in salary or staffing. To date the debate has mainly focused on the financial aspects with the main trade union, the Civil and Public Services Union together with the Irish Congress of Trade Unions, challenging the cost cutting measures and suggesting alternative methods to achieve the necessary savings (Begg, 2009; Horan, 2009). It remains to be seen if there are also challenges to the introduction of the performance management system itself.

As previously stated, in order for a contract to be valid under common law there has to be an offer and acceptance of that offer. This applies to a contract of employment in the same way as any other contract. Thus any variations to a contract must have the agreement of both parties (Smith and Wood, 2008). Again as previously discussed variations can, in some circumstances, be agreed on behalf of the individual in collective negotiations but as the case law has indicated this is more problematic. If an employer unilaterally imposes changes to the contractual terms and conditions then there will be a breach of contract

(Smith and Wood, 2008).

This could be the case with the introduction of performance management systems. In these circumstances an employee has various options. The first is to accept the breach of contract and continue to work under the amended contract. In this case the employee would, in due course, be regarded as accepting the changes. If the change involved significant change to the contract then the employee may treat the breach as terminating the contract and, subject to qualifying service, may bring a claim for unfair dismissal. However in these circumstances the tribunal will decide if it feels that the employer acted reasonably, in which case it may reject the claim (Smith and Wood, 2008).

A third option for the employee is to work within the varied contract but under protest. In this case then the employee could still seek damages from the employer for breach of contract or, again subject to qualifying service, may bring a claim for unfair dismissal to a tribunal. In this instance the tribunal will have to decide if the new terms do constitute a new contract or merely a variation of the old one (Smith and Wood, 2008). The final option open to the employee would be to sue for damages in the civil court although this is likely to be the most expensive and time consuming option (Smith and Wood, 2008).

Again, as discussed above, an employer may take an alternative route if agreement to the variations becomes impossible, having followed the relevant



dispute resolution procedures, and terminate the original contract, with notice. They may then offer the new revised contract to the employee. If the employee accepts the new contract then continuity of employment is preserved if they do not accept then they may make a claim for unfair dismissal (Smith and Wood, 2008).

Unfortunately there has been very little published in this field since most of the negotiations have taken place in private and have generally led to enhanced pay and conditions for the employees in response to the introduction of new working practices. It is unclear, for example, how the courts would respond if an employee refused to accept the enhanced conditions and wished to continue with the original contract. The courts would then have to consider the issues of business need and reasonableness when coming to a decision (Smith and Wood, 2008).

One interesting area where there was some public debate was the change in further education lecturers' contract conditions in 1993. Several lecturers across the country chose to not accept the new contract and to keep their original "silver book" contract (THE, 1995). Over time the majority of these lecturers were "persuaded" to accept the new contract as they were given less favourable pay rises than the colleagues who had accepted the new contract (in lieu of additional holidays) and in a few instances these "silver book" contracts were terminated in restructuring exercises. However some of these "silver book" contracts remained

in existence until the individuals retired because the situation was never legally challenged by either the employer or employee.

From the forgoing discussion it can be clearly seen that the area of managerial prerogative is key to the legal foundation of performance management and it is also clear that there is much ambiguity surrounding this area of law. It is unclear how the courts would respond to an unfair dismissal claim made by an employee who objected to the imposition or implementation of a performance management system; the decision would have to be made on the specific circumstances.

Hence it can be seen from this examination of employment law generally and the legal status of performance management in particular there is still a lack of clarity which could be explored further in the courts.

## **2.7 Staff Motivation**

If performance management systems are to be successful then they should support and hopefully increase staff motivation. Kreitner et al.(1999) claim that performance is a function of ability and motivation and Mitchell (1982) recommends four characteristics of motivation namely: individual, intentional, multifaceted and behaviour prediction. The importance of organisational values on staff motivation is discussed by Kets de Vries (2001). Money as a motivator

has been considered from the earliest days of management research and this view was supported by Taylor (1947) and different reward practices are suggested by Allen and Helms (2002) claiming that organisational philosophy is the key factor.

Major motivational theories have been presented in academic literature including: Maslow (1943) who presented a hierarchy of needs; Aldfer (1972) modified the needs model; Herzberg et al.(1959) considered the influence of the two major facets of hygiene factors and motivators; and McClelland (1962) who offered an achievement motivation theory. Motivational research then progressed into more process oriented theories. Expectancy based models were offered by Vroom (1982) and Porter and Lawler (1968). Adams (1965) presented an equity theory of motivation and Locke (1968) presented a goal theory. The attribution of perceived causes of behaviour on motivation was considered by Heider (1958) and Kelly (1973).

Methods of maintaining and enhancing staff motivation have been considered from a variety of viewpoints. Michie and West (2004) have considered the healthcare sector and highlighted the important links between several key areas of an organisation's operations. These have been categorised into Organisational context, People Management Procedures, Employees' Psychological Consequences and Overall Organisational Performance. Another attempt to identify key staff motivators and to present an appropriate managerial model is

offered by Tampoe (1993). The importance of keeping employees intellectually engaged in their work is presented by Florida and Goodnight (2005) who emphasise the importance of utilising appropriate managerial structures which encourage creative thinking across the organisation and customer feedback. The importance of the customer is also stressed by Yoon et al. (2007) who claim that employee contentment is important to enhanced customer service and also that this enhanced service has a positive impact on employee satisfaction.

The relationship between goals and job satisfaction is explored by Locke and Latham (1985) and this area is further explored by Newburg and Kimiecik (2002) who present their resonance performance model. The issue of emotional intelligence is introduced by Cooper and Sawaf (1997) and this is further explored by Sy et al. (2006) by claiming that there is a positive correlation with employee satisfaction and hence performance. The influence of senior management on employee satisfaction is considered by Isiah and Obeng (2000) and this is further linked to employee empowerment and leadership styles which will be further considered in the following section.

Tisson and Gebbie (2004) concentrate on the area of employee competence and how this impacts both on customer service and employee motivation. This is taken a stage further by Thorlakson and Murray (1996) who discuss the issue of employee empowerment in relation to employee motivation in addition to other managerial aspects. The link between staff motivation and customer service is

also acknowledged by Haddad et al. (2006) and the importance of staff motivation in achieving strategic objectives is recognised by Wilson (1994). The impact of performance related pay on staff motivation, particularly in the public sector is discussed by Marsden and Richardson (1994). The conclusion drawn by this research is that the performance related pay model adopted may have had an overall de-motivational effect on staff.

This section has briefly outlined the development of motivational theories with particular reference to those that have some relevance to the field of performance management such as goal setting and engagement.

## **2.8 Leadership**

The importance of leadership has been considered from ancient times and has been discussed by various ancient writers such as Plato, Aristotle, Socrates and Confucius; more recently it is claimed that there are over 400 academic definitions of leadership (Crainer, 1995). An interesting definition comes from Adair (2003) who suggests that leadership involves convincing people to undertake activities that they may not otherwise have done. Two mutually exclusive views regarding leadership have been stated in twentieth century leadership literature (Mostovicz et al., 2009). The first is that leaders are born and

embody subconscious qualities (Grint, 2000; Lowen, 1975; Nietzsche, 1969) the second being that leadership qualities can be learned and developed (Henrikson, 2006; Kakabadse and Kakabadse, 1999; Kakabadse and Myers, 1996). However Mostovicz et al. (2009) do go on to discuss how these two views could complement each other.

There have been many different methods of analysis of leadership presented in the literature. Drucker (1989) proposed that leadership is an inherent quality that cannot be learned whereas Adair (2003) takes a more practical functional approach. In the Ohio State Studies, Fleishman (1974) presented leadership from a behavioural perspective and Belbin (1993) offered three distinct leadership styles: authoritarian, democratic and laissez-faire. A situational approach to leadership was taken by Follett (1941) and contingency theories have been offered by various authors (Fiedler, 1967; Vroom and Yetton, 1973; Vroom and Jago, 1988; House, 1971; House and Dessler, 1974; Hersey and Blanchard, 1993).

A distinction between management and leadership is drawn by Heller (2002) who emphasised the difficulty in appropriately applying these complementary skills in the correct situation. This differentiation supported the work of Kotter (1990) who created a classification for leadership and management and Gardner (1986) took this distinction further by referring to leader managers and routine managers. A broader leadership classification system is proposed by Northouse (2001).

Kouzes and Posner (1995) considered the importance of vision to leadership and considered various earlier studies. The importance of organisational vision is discussed by Karami (2007). This idea was further explored by Strange and Mumford (2002) who identified two visionary leadership styles. The importance of leadership styles on organisational performance have been considered by Dickson et al. (2006), who suggested that a variety of effective leadership prototypes exist. A specific focus on the importance of strategic leadership and its impact on organisation performance is drawn by Lumpkin and Dess (2006).

The potential unintended negative impact of leadership in relation to the implementation of new initiatives was considered by Henke et al. (1993) and the link between a leader's personal attributes and leadership style is discussed by Sosik and Dinger (2007) who also considers the effect of leadership training. The usefulness of psychological trait measurement, particularly the Myers-Briggs Type Indicator, to the enhancement of leadership effectiveness was analysed by Gardner and Martinko (1996).

Various leadership styles are considered by Goleman (2000) including Coercive, Authoritative, Affiliative, Democratic, Pacesetter and Coaching leaders. The conclusion is drawn that no one style is appropriate in all circumstances and that effective leaders must employ a variety of styles. The negative effect of Directive Leadership and the positive effect of Supportive Leadership is highlighted by

Euwema et al. (2007) and recommendations for “competent” management are presented by duGay et al. (1996). The increased attention given to leadership in the UK public sector is highlighted by Lawler (2008) who goes on to argue for the importance of exploring a broad range of leadership approaches. A further leadership model is proposed by Hackman and Wageman (2005) which concentrates on the functions required from the leaders as opposed to behaviours or styles of leadership. Certain dysfunctional leadership styles are discussed by Devries (1993) and the concept of Narcissistic Leadership is considered by Rosenthal and Pittinsky (2006).

One common form of leadership analysis is to consider Transformational and Transactional leadership styles (Burns, 1978). The key differences between these two contrasting leadership styles have been discussed by Ergeneli et al. (2007). Transformational leaders aim to create significant and rapid changes in the mode of operation of organisations, teams or individuals whereas transactional leaders tend to work with the status quo and target their efforts on supporting their followers’ existing needs by concentrating on exchanges between the follower and leader. It is argued (Bass, 1997) that transformational leadership is equally effective in all cultural settings. Maslin-Wicks (2007) identify four dimensions of transformational leadership, namely idealised influences, inspirational motivation, intellectual stimulation and individualised consideration.

The positive impact of Transformational Leadership on organisational



performance is discussed by various authors (Rowold and Heinitz, 2007; Jung et al., 2003; Jung and Avolio, 2000; Jung and Avolio, 1999). However a potential increase in employee stress level under Transformational Leadership has been noted by Sosik and Godshalk (2000) and the value to the organisation of the importance of paying attention to the needs of followers is stressed by Bass (1998) who refers to authentic transformational leaders who act with moral authority and the common good in mind.

Berson et al. (2001) claim that the contrast between transformational and transactional is critical when articulating future organisational direction pointing out that transactional managers will tend to focus mainly on goals and targets whereas transformational leaders will focus on long term strategic direction. Yammarino et al. (1993) claim that transformational leaders will tend to be more inspiring and charismatic. This is further reinforced by Bass and Avolio (1993) who stress the importance of vision communication and goal attainment by building the self confidence of subordinates to transformational leaders. Transformational leaders are presented as creative and outcome focused (Nanus, 1985; Bennis, 1984) whereas transactional leaders / managers are characterised as technologists who attempt to maintain the balance of operations and the status quo (Warburton, 1993; Burns, 1978). It is claimed that most leaders are good managers but managers are not necessarily good leaders (Warburton, 1993).

This stated importance of the transformational leader who can take big organisational strides forward is challenged by Kakabadse and Kakabadse (1999) they claim that the ability to recognise appropriate actions and be flexible to circumstances and organisational requirement is more important and that a balance is always required between leadership and management. This view is further supported by Kouzmin et al. (2007) who emphasises the importance of organisational stewardship and introduces the concept of the organisational architect with the vision and creativity to design and develop the organisation within the given constraints. As a response to the wide range of challenges faced by contemporary leaders Lee-Davies et al. (2007) have proposed a shared polylogue leadership model which is built around multi level communication and team empowerment through improved information flows and dialogue. The polylogue model proposes maximising the talents of the organisation's existing leaders rather than seeking one key transformational leader (Lee-Davies et al., 2007). Ethnographic research undertaken by Sheard and Kakabadse (2009) explores leaders' team building abilities, the importance of team member involvement in overall performance and a validated framework is developed.

The issue of ethical leadership is considered by Mostovicz et al. (2009), amongst others, who present the theory that leaders' ethical behaviour can be enhanced where there is a fit between the individual leader's world view and the planned organisational objectives. This work is built on the societally motivated Theta worldview (Pyszczynski et al., 2004; Pyszczynski et al., 1997) and the individually

motivated Lambda worldview (Deci and Ryan, 2000; Bakan, 1996) and the ethical conflicts that these contrasting worldviews can engender (Mostovicz et al., 2009). This work also stresses the importance of leadership development and proposes a dynamic theory (Mostovicz et al., 2009). Kakabadse et al. (2009) offer an insight into the temptations faced by business leaders and categorise these as hedonism, power and posterity.

The specific challenges facing public sector leaders are considered by Kouzmin et al. (2007) and particularly the demands that are now being placed on the public sector in relation to new management models (Warrington, 1997), for example performance management. The importance of public sector leadership in terms of organisational effectiveness is highlighted in the benchmarking study presented by Korac-Kakabadse and Kakabadse (2005). This finding is further supported by Hockey et al. (2005) who also offer a view on the importance of the development programmes instigated with public sector leaders and managers generally and Alimo-Metcalfe and Lawler (2001) in relation to the NHS specifically. The issue of ethical leadership within the public sector is considered by Kakabadse et al. (2003) and the importance of leaders providing a moral example and nurturing an environment of trust is emphasised.

However within this research the tensions felt within the UK public sector are highlighted with attention being drawn to the difficulties experienced in rationalising the long standing values of an independent civil service with the

market-practice concepts considered in this research (Kakabadse et al., 2003). The broad area of organisational leadership has been outlined within this section and the relationship with performance management has been explored. The conclusion that has been drawn is that the transactional / transformational leadership model is the most appropriate for integration within the conceptual framework for this research.

## **2.9 Organisational Structure and Culture**

According to Drucker (1989) appropriate organisational structure is the key factor in determining organisational performance. Three interrelated organisational levels have been identified by Parsons (1980), namely the technical level, the managerial level and the community level. The interrelationship between these levels and the necessity of a structured hierarchy was discussed by Weber (1964). Some basic organisational design principals are offered by Lundy (1996) which builds on the earlier work of Urwick (1952). The concept of span of control was introduced by Graicunas (1937) and further expanded by Woodward (1980). The relationship between span of control and the chain of command introduces the concept of organisational flatness (Benton, 1991). The interface between line management relationships and staff relationships is discussed by Clutterbuck (1994) and this potential for organisational conflict is further emphasised in the

matrix organisational model (Mann, 2002). The impact of organisational structure on organisational behaviour has been considered by Dunderdale (1994).

The evolution of organisational structure from a simple model to a more complex one is presented by Cassia et al. (2005) it is then suggested that this evolution is a natural feature of organisational growth. This increasing complexity as a response to the operating environment is further supported by Grossler et al. (2006). The link between performance management and perceptions of organisational structure is discussed by Ogaard et al. (2008) where it is claimed that organisational structure and flexibility is perceived differently by managers and employees. Specific issues relating to hierarchical organisations are considered by Dupouet and Yildizoglu (2003).

The perceived pressure for organisations to be flexible and reorganise to meet demands is analysed by Grimshaw et al. (2001), the idea of organisational transformation is explored further and a model for effective organisational transformation is presented by Ormerod (1997). This is further expanded in relation to transaction costs, resources and competencies by Nooteboom (1999) and in relation to strategic planning by Wilson (1994). The organisational management issues of multinational organisations is discussed by Gravesen and Damanpour (2007) and issues relating to organisations operating international strategic alliances is considered by Kauser and Shaw (2004).

The area of organisational culture has been studied by Hofstede (1980, 1989, 1994) from both a national and organisational perspective. From an organisational culture perspective six organisational cultural variables have been proposed, as follows: process versus result oriented; task versus employee oriented; professionally versus parochially oriented; open versus closed; tight versus loose internal control; pragmatic versus normative responses. This work is expanded by House et al.(2004) who suggest the following organisational cultural variables: uncertainty avoidance; power distance; institutional collectivism; in-group collectivism; gender egalitarianism; performance orientation; humane orientation; assertiveness; future orientation.

A major area of recent study is the area of organisational learning and knowledge management and the link to organisational structure is made by Morris and Empson (1998). Lopez et al. (2006) suggest several factors that are positively related to organisational learning. The importance of effective knowledge management structures to the survival of an organisation is discussed by Teece (2000), this is further supported by Siemieniuch and Sinclair (2004) who offer a framework of knowledge management processes. The issue of effective knowledge management and its relationship with organisational effectiveness is considered further in the following section. The importance of teamwork and participation is discussed in relation to knowledge management and organisational change by Rezgui (2007). Organisational change is also considered by Jackson and Harris (2003) from the perspective of the evolving e-

business environment.

The whole issue of working within an organisation from both an individual's and manager's perspective is discussed by Kakabadse (2004). The interrelationship of individuals and actions is considered specifically in relation to globalisation, downsizing, diversity and new technologies alongside strategies that can be employed to ensure that the relationship is productive and beneficial for all parties involved (Kakabadse, 2004).

The range of research into the broad area of organisational structure has been considered within this section together with its relationship to performance management. The importance of having an appropriate organisational structure for effective performance management is explored within the conceptual framework.

## **2.10 Knowledge Management, Organisational Learning and Change**

The concept of knowledge in relation to knowledge management is discussed by Kakabadse et al. (2003) with knowledge being defined as beliefs and values based on information. Information is defined as meaningfully organised data and data as observations and facts (Kakabadse et al., 2003). Five dominant models

for knowledge management are then considered; these being: philosophy based models, which are concerned with what constitutes knowledge, relationships and how information is gathered; cognitive models, which consider the exploitation of knowledge as an organisational asset; network models, which consider information and knowledge flows as methods of organisational learning; community of practice models, which are based on the sociological and historical perspective of a group of likeminded individuals; and, quantum models, which attempt to use the work of quantum physics to rationalise complex knowledge structures (Kakabadse et al., 2003). Within these models are incorporated the common components of business process, information technologies, knowledge repositories and individual behaviours and Kakabadse et al. (2003) conclude that there is an organisational imperative to resolve the inherent conflict between the co-modification of knowledge for process gain and the generation of knowledge for organisational learning. The importance of alignment between technological requirements and organisational capabilities in this field is emphasised by McKersie and Walton (1991).

The process of knowledge management and long standing organisational attempts to capture tacit knowledge are documented by Korac-Kakabadse et al. (2002). Within this research five generic processes are identified which fall under the overall umbrella of knowledge management, these are: knowledge identification; knowledge leveragability / diffusion; knowledge replication; knowledge generation / innovation; knowledge commercialisation (Korac-



Kakabadse et al., 2002). This work builds on the work of Pedler et al. (1989) by emphasising the importance of organisational learning and predicting that it will be possible to technologically replicate most intelligent work in the near future since routines and patterns will be discovered by sufficiently sophisticated analysis. Hence the focus of professionals will switch from content knowledge to human relations competencies (Korac-Kakabadse et al., 2002). Complimentary to this work is the suggestion of the benefit to individual participants that will be possible by wider organisational decision making utilising improved knowledge systems is also discussed by Lee-Davies et al. (2007).

Supporting knowledge management are Management Information Systems which are a collection of inter-related components working together to support decision making by collecting, processing, storing and dissemination information (Turban et al., 2004) and the link between information systems and strategic processes is drawn by Johnson and Scholes (2002). They have been on the research agenda for many years; Gorry and Morton (1971) offered a Framework for management information systems and Mason and Mitroff (1973) suggested a programme for research into this subject. However the recent growth in communications technology and computing power has led to a significant growth in research in this area. The evaluation of the value to the business of the information systems is discussed by Laudon and Laudon (2002) and Farbey et al. (1992).

The importance of reliable and accessible management and performance information is discussed by various authors (Hemsworth, 2008; Agarwala, 2007; Folan et al., 2007; Garengo, 2007; Sharif et al., 2007; Schreurs, 2004; Nudurupati and Bititci, 2003); critical factors relating to information quality are presented by Bititci (1997); suggestions for gaining competitive advantage by the effective use of management information systems is discussed by Bose (2006a) and the use of web based technologies is explored by Bititci et al. (2002). The link between performance management and knowledge management is considered by Kalling (2003) and Molleman and Timmerman, (2003) and this is further expanded to consider organisational learning by Yeo (2003).

System design and user satisfaction has been investigated by Sabherwal et al. (2006) and the importance of the linkage to business processes is discussed by Raghu and Vinze (2007). Spender (1996) highlighted that these systems should be merely considered as a tool to improve management and performance and Alavi and Leindner (2001) recommended that a successful system of knowledge management should be considered as an organisational resource. Best practices for system implementation are offered by King and Marks (2008) and the importance of recognising clients' requirements in system development and implementation is highlighted by Ravishankar and Pan (2008).

Various individual systems and their interrelationship are considered by Hendricks et al. (2007) and the expansion of systems beyond individual

organisations to members of the supply chain is discussed by Gunasekaran (2008). The issue of outsourcing is considered by Baden Fuller et al. (2000) and the potential for transformational change that this may instigate is presented by Kakabadse and Kakabadse (2002). Also the effectiveness of IT-mediated communication systems for both internal and external use is considered by Korac-Kakabadse et al. (2000).

The area of organisational change and Business Process Reengineering has been discussed within academic literature for a number of years. The key feature of business process re-engineering is that it involves radical changes to organisational processes with a view to achieving dramatic business performance improvements. The original proponents of Business Process Re-engineering are generally acknowledged as Hammer and Champy (1993). The original idea was supported and developed by Hill and Collins (1998) and Moylan (1994).

However there have also been detractors and definitions can vary considerably (Coulson-Thomas, 1996). Guimaraes and Bond (1996) reviewed early implementation exercises and presented key recommendations for success. Other implementation specifications and processes were recommended by Childe et al. (1994) and Maull et al. (2003). The subject was critically analysed further by Edwards and Peppard (1994) and Willmott (1995) who identified the inherent tensions often present between Business Process Re-Engineering and

Human Resource Management processes. Knights and McCabe (1998) explored this further and highlighted the issue of employee stress and dissatisfaction during periods of organisational change. This expansion in organisational change initiatives is explored by Sorge and van Witteloostuijn (2004) who refer to what they call “a virus that induces a permanent need for organisational change”. A more positive view is taken by Reijers and Mansar (2005) who offer best practice advice and recommendations.

Business Process Re-Engineering in the public sector generally is considered by MacIntosh (2003) and specifically in a health care environment by McNulty (2003) and Buchanan (1997). Recent developments in this field are discussed by Khan et al. (2007) who explore World-Class Manufacturing and Tan et al. (2007) who consider Activity-Based Costing and Activity-Based Management. The applicability of process redesign to supply chains is explored by Trkman et al. (2007).

This final section of the literature review introduces the strategic importance of appropriate management information and knowledge management systems, particularly in relation to performance management, which is also explored within the conceptual framework.

## 2.11 Literature Summary

Whilst not all the concepts and recommendations discussed within this review are relevant to this study it is possible to extract several key themes which can guide this project and influence its recommendations in addition to highlighting potential areas for further study.

It is obvious from this literature review that there has been a significant movement, in recent years, away from devising balanced frameworks, through their implementation to their practical use. This movement can be encapsulated in the change in emphasis from performance measurement to performance management. The strategic implications of performance management have been recognised as has the possibility to use it to effect positive change within an organisation but there is also a need for the processes to be proactive.

With the development of more collaborative marketplaces the study of performance management has moved beyond single enterprises and internal systems to consider multi-disciplinary teams and inter-organisational collaboration. Alongside this move beyond the single organisation there has been a corresponding move into research with a considerably more applied focus. The use of techniques such as action research, constructive research and case study

methodologies have lead to a far greater level of contextualisation.

Another major theme that has been developed by the literature is the consideration of the behavioural impacts of management systems and the effect of organisational culture. Several studies have highlighted unintended and sometimes dysfunctional consequences and the concept of “working the system” appears to be well supported. It seems obvious that senior management cannot successfully impose a performance management system. The inclusive process of determining stakeholder objectives, communicating different perspectives and achieving consensus maximises the chances of success. Any performance management system must help communicate objectives and improve management involvement, not be a substitute for it. The system needs to be used to aid the recognition of achievement and help improve motivation, without adding restrictive administration. The importance of regular constructive feedback cannot be over estimated.

The final key area within the Performance Management section of this literature review is the perceived differences between management in the public sector and management in the private sector. Strong emphasis has been placed on the wide variety of public sector stakeholders along with the significant impact of government agendas and initiatives on management within the sector. Much of the research undertaken in this area highlights the considerable international resentment that is felt regarding the increasing use of private sector management

initiatives within the public sector and the term managerialism has been developed to encapsulate these perceived negative developments.

Several related and complimentary areas of academic study were then considered. The review of the legal literature indicates the need for further examination of the current and emerging employment contractual relationships and the validity of performance management when viewed against the background of managerial prerogative. The historical development of staff motivational research has been examined and the key aspects have been presented. The link between staff motivation and customer satisfaction and the relationship with performance related pay are of particular significance to this study. The evolution of leadership theory has been considered and the relevance of the transformational and transactional leadership model to performance management is discussed. Next the development of organisational studies and particularly the research in relation to organisational structure and culture is discussed and the current importance of knowledge management connects well with the summary of the work in the area of management information systems and organisational learning. This literature review concludes with a brief summary of the key research in the field of business process re-engineering and considers its impact in the public sector in particular.

## **CHAPTER THREE: CONCEPTUAL FRAMEWORK**

### **3.1 Introduction**

This chapter aims to synthesise the literature into a conceptual framework for the research. The chapter begins with an initial discussion considering the growth in the use of performance management techniques within the United Kingdom public sector together with a development of the sample frame. The research objective and research questions are then considered. This is then followed by the identification of the research variables together with a discussion of the key themes of leadership style, management information systems, staff motivation and organisational structure. Next the conceptual framework for the research is presented and finally the chapter closes with a summary of the key points discussed.

Within the literature previously discussed it can be seen that there is a small but growing body of literature which is seeking to develop a conceptual framework and test empirically how the external environmental influences and internal management factors are related to overall organisational performance (Moynihan and Pandey, 2004; Boyne, 2003). The debate is also starting to emerge relating to what extent management contributes to public service performance and this research aims to offer some theoretical support for this.



External environmental factors are considered by Moynihan and Pandey (2004) and they go on to state that whilst management actions are important, the nature of the influence affected by the external environment can restrict the impact of management interventions. Nonetheless the importance of management is highlighted by Boyne (2003).

Various authors have presented key features of managerial action that can impact on public sector organisational performance. Organisational structure is considered by Goodsell (1994) and centralisation of operations by Pollitt et al. (1998). The different but related area of organisational culture is explored with mixed results by various authors (Holzer and Callaghan, 1998; Popovich, 1998; Anderson et al., 1991; Pratchet and Wingfield, 1986; Weisman and Nathanson, 1985). Another area of exploration has centred on leadership but as yet there has been limited empirical testing of the performance effects of different leadership styles. However the importance of leadership has been discussed by several authors (Ingraham et al., 2003; Meier and O'Toole, 2002; Hale, 1996; Denhardt, 1993; Doig and Hargreave, 1987). This research has attempted to develop a conceptual framework which pulls together these key elements.

### 3.2 Research Objective

Obviously the main reason for introducing performance measurement systems is to improve the management of performance and ultimately the quality of the service; if this is not achieved and the performance measures merely provide a historical reporting tool then much of the potential benefits of the performance management system have been lost. Consequently it is intended that this research will assess the effectiveness of these measures. There are also uncertainties regarding the legal implications of the introduction of performance indicators on an employee's contractual arrangement which have been highlighted within the literature review.

Another issue that will be considered within this study is the intended and unintended behavioural impacts that performance measurement can initiate and how these can be managed. In addition attention will be given to the potential conflicts that may occur with other organisational priorities and assessment exercises.

Hence the research can be summarised by the overall objective: -

"The increased use of Performance Management techniques within the United Kingdom public sector has had an overall beneficial impact"

Within the study this major research objective has been considered from two different perspectives. Firstly the issue of effectiveness is considered by exploring the items which contribute to an overall improvement in service quality. Secondly service delivery efficiency is considered from the view of various key stakeholders including the organisation, the employees and the key service users or customers.

### **3.3 Research Questions**

The main research objective assesses of the effectiveness of the performance measures and implementation processes chosen. However addressing this key question also raises the supplementary issue of the potential dysfunctional consequences that may be experienced from implementing and using these measures. To address the overall research objective two complimentary research questions have been framed which address the research objective from either the external or internal viewpoint.

From the external point of view the question is: -

- 1 Has there been an improvement in public sector performance since the introduction of performance management systems?

Whereas taking the internal view into account the question is: -

## 2 What are the elements of effective performance management?

These main questions have been further broken down into several research hypotheses which are discussed in the next section.

### **3.4 Research Hypotheses**

As discussed above the research objective was approached by considering the view external to the organisation and separately the view internal to the organisation. Consequently the research hypotheses have been grouped into external view hypotheses and internal view hypotheses.

#### **3.4.1 External View**

**H1** There is a significant association between clear, centrally administered targets and performance management effectiveness

**H2** There is a significant association between user expectations regarding the quality of services received and performance

management effectiveness

### **3.4.2 Internal View**

- H3** There is a significant association between leadership style and performance management effectiveness
  
- H4** There is a significant association between MIS and performance management effectiveness
  
- H5** There is a significant association between staff motivation and performance management effectiveness
  
- H6** There is a significant association between organisational structure and performance management effectiveness

### **3.5 Research Variables**

The relationship between the research variables and the main data collection instrument is outlined in the Data Dictionary which is presented in Appendix 3.1. The overall relationship between the research objective, research questions and the research variables is discussed and presented graphically

in the following section. The logic behind the inclusion of each individual research variable is considered in this section.

### **3.5.1 External View – Government Involvement**

The first group of variables are designed to measure the extent and impact of central government on the targeting and performance management processes undertaken by each organisation. The first variable that is considered is the extent of national targeting in relation to locally set targeting, next the consequences for achievement or non-achievement of targets are considered finally the rate of change of the performance management system is considered. To support the discussions and conclusions the data gathered by the survey will also be analysed in conjunction with the published secondary data available from the various relevant overseeing government departments.

#### **3.5.1.1 Local vs. National Targeting**

This variable is designed around the work of Moynihan and Pandey (2005) and Dealtry (2005) together with the strong opinions stressed by many of the organisational chiefs within the initial interviews. Most sections of the public sector have central government set targets which they have to respond to however many individual organisations have locally set targets also. These

local targets may be set by the organisation's management team independently, to aid their management of the organisation or in conjunction with other local stakeholders.

This variable aims to measure the employees' understanding of the nature of the performance management regime that they are operating within together with gathering opinions on other possible methods of ensuring stakeholder accountability for the public sector. The data gathered by the survey measuring the organisations view on its performance management effectiveness has also been correlated with the published organisational judgements available from the various relevant overseeing government departments and inspection bodies. Table 3.1 offers a sample of the relevant questions from the data collection instrument.

**Table 3.1 Sample of the Local vs. National Targeting questions**

1.	I have work related targets that apply directly to me
2.	Who sets these targets
3.	How else could public sector organisations be judged?

### **3.5.1.2 Consequences**

There is considerable variation between different sections of the public sector and between the different constituent countries of the United Kingdom with

respect to the consequences of failing to achieve performance targets. Some systems operate very strict sanctions for organisations that fail to operate effectively within the performance management system with severe financial penalties and enforced management changes. Whereas some systems operate with a much lighter touch and it could be argued that they actually offer financial rewards to organisations which fail to meet targets.

Again this variable is designed to measure the level of employee understanding of the regime which they are operating under. As above, the data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments and inspectorates. Table 3.2 offers a sample of the relevant questions from the data collection instrument.

**Table 3.2 Sample of the Consequences questions**

- |    |  |
|----|--|
| 1. | What happens if these targets are not met? |
| 2. | Who checks if these targets are not met?   |

### **3.5.1.3 Rate of Change**

Finally in relation to hypothesis one the issue of the rate of change of the central government administered performance management systems and targets are considered. This area was raised as a concern by many of the



organisational chiefs interviewed. Once more the data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments and relevant inspection bodies. Table 3.3 offers a sample of the relevant questions from the data collection instrument.

**Table 3.3 Sample of the Rate of Change questions**

1.	My targets change too often
2.	Up to date information about the organisation's performance is available to me

### **3.5.2 External View – Service quality**

As previously discussed if performance management systems do not contribute to improved services for the service users then its contribution will have been fundamentally diminished. This group of variables are designed to assess the relationship between quality of services and performance management effectiveness.

The first variable considers the impact of user expectations on performance management effectiveness and vice versa. The second variable looks at the relationship with organisational reputation. The final variable explores the

extent to which gaming still exists. Again, as previously, the data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments.

### **3.5.2.1 User Expectations**

This variable has been designed to consider the relationship between user expectations and performance management effectiveness. The importance of stakeholder influence on performance management has been discussed by Kennerley and Neely (2002) amongst others and the specific importance of the end users has been considered by Wisniewski and Stewart (2004). The key aim of this variable is to gather the views of employees on the relationship between performance management and service quality. Table 3.4 offers a sample of the relevant questions from the data collection instrument.

**Table 3.4 Sample of the User Expectations questions**

- |    |  |
|----|--|
| 1. | Working to targets has improved customer service   |
| 2. | Working to targets has made customer service worse |
| 3. | Targets are needed                                 |

### 3.5.2.2 Reputation

This variable relates directly to the service quality variable but also relates to the government involvement and staff motivation hypotheses. As previously discussed the publication of performance league tables has led to much local and national press interest in public sector performance. The impact of this reporting has been considered by various authors (Smith, 2006; Bach et al., 2005; McAdam, 2005).

The aim of this variable is to assess the impact of this reporting on the individual employees and consequently judge the impact on motivation and performance management effectiveness. Table 3.5 offers a sample of the relevant questions from the data collection instrument.

**Table 3.5 Sample of the Reputation questions**

1.	I have seen reports in the press about my organisation achieving its targets
2.	This makes me feel good
3.	I have seen reports in the press about my organisation not achieving its targets
4.	This makes me feel bad

### 3.5.2.3 Gaming

Much academic and press attention has been focussed on the unintended dysfunctional consequences that have resulted from the use of performance measures and performance management systems (Brown, 2005; Karsten et al., 2001). This has been discussed by Radnor and McGuire (2004) amongst others who refer to “working the system” and “gaming”.

This variable is designed to firstly confirm the existence of gaming and then secondly to judge whether it is still an active phenomenon or whether system developments and inspection improvements have driven this out. Table 3.6 offers a sample of the relevant questions from the data collection instrument.

**Table 3.6 Sample of the Gaming questions**

1.	I am aware of times when rules have been broken to achieve a target
2.	This had an impact on the customer
3.	How long ago did this occur?

### **3.5.3 Internal View – Leadership**

Organisational leadership style was considered to be a key area that was likely to have an impact on performance management effectiveness within an individual organisation. Consequently one of the internal research hypotheses is focused on this area.

Various models for assessing leadership style exist (Crainer, 1995) however the Transformational and Transactional model, as outlined by Bass and Avolio (1993), has been selected as the favoured model for this study since it relates specifically to goal attainment and the communication of vision. The statements used for this section of the data collection instrument were derived from the Multifactor Leadership Questionnaire published by Bass and Avolio (1995).

#### **3.5.3.1 Transformational leadership**

This variable is designed to measure the extent to which charismatic, inspirational leadership is in operation within each organisation. This has then been correlated with both the primary and secondary data relating to the

overall effectiveness of performance management within the organisation. Table 3.7 offers a sample of the relevant questions from the data collection instrument.

**Table 3.7 Sample of the Transformational leadership questions**

1.	I trust the senior management team of my organisation to overcome obstacles
2.	The senior management team introduces new projects and challenges
3.	It is possible to express my concerns to the organisation's management if I need to

### **3.5.3.2 Transactional leadership**

This variable is designed to measure the extent to which incremental management by exception is in operation within each organisation. Again this has been correlated with both the primary and secondary data relating to the overall effectiveness of performance management within the organisation.

Table 3.8 offers a sample of the relevant questions from the data collection instrument.

**Table 3.8 Sample of the Transactional leadership questions**

1.	My manager works out agreements with me on what I will receive if I do what needs to be done
2.	My manager focuses attention on irregularities, mistakes, exceptions and deviations from what is expected of me
3.	Problems have to be chronic before management will take action

#### **3.5.4 Internal View – Management Information Systems**

Hypothesis four proposes that performance management as practiced within the United Kingdom public sector would not be possible without the advent of effective computerised management information systems. This area has been considered by several authors (Hemsworth, 2008; Agarwala, 2007; Folan et. al., 2007; Garengo, 2007; Sharif et. al., 2007; Schreurs, 2004; Nudurupati and Bititci, 2003) and some critical success factors are offered by Bititci (1997).

The variables related to this hypothesis are designed to measure the extent to which these success factors are in place and hence to measure the correlation with both the primary and secondary data relating to the overall effectiveness of performance management within the organisation. The three variables are firstly information availability, then information reliability and finally information accessibility.

#### **3.5.4.1 Availability**

If a performance management system is going to be effective then staff need to be able to have information which is freely available to them in order to allow them to judge the impact of their performance. This variable measures the extent to which information is available to individual staff members both in relation to their own performance and the overall organisational performance. Table 3.9 offers a sample of the relevant questions from the data collection instrument.



**Table 3.9 Sample of the Availability questions**

1.	Up to date information about my performance is available to me
2.	Up to date information about the organisation's performance is available to me

#### **3.5.4.2 Reliability**

To impact on effectiveness the available information needs to be trusted and believed by those using it. This variable aims to assess the extent to which the management information presented is trusted by employees. Table 3.10 offers a sample of the relevant questions from the data collection instrument.

**Table 3.10 Sample of the Reliability questions**

1.	I can trust the information about my performance
2.	I can trust the information about the organisation's performance

#### **3.5.4.3 Accessibility**

The final component of an effective management information system is information accessibility. In order for staff to effectively respond to the information provided the information needs to be easy to obtain as and when required. This final variable is designed to gather employees' views on information availability. Table 3.11 offers a sample of the relevant questions from the data collection instrument.

**Table 3.11 Sample of the Accessibility questions**

- |   |
|---|
| <ol style="list-style-type: none"><li>1. It is easy to access the information about my performance</li><li>2. It is easy to access the information about the organisation's performance</li></ol> |
|---|

### **3.5.5 Internal View – Staff Motivation**

This hypothesis is based on Kreitner et.al.(1999) who postulates that there is a significant relationship between staff motivation and performance management effectiveness. The specific variables are developed from the recommendations of Mitchell (1982) and Herzberg et al.(1959). The variables

also build on the relationship between goals and job satisfaction discussed by Locke and Latham (1985).

Two performance management related staff motivation variables have been developed for use within this study which look at intrinsic performance management factors followed by a variable considering extrinsic factors.

#### **3.5.5.1 Intrinsic Factors**

This variable considers the autonomy of the employee in relation to their own performance management. It is designed to assess how much control an employee has over their individual performance management regime and what the impact of overall organisational achievement has on their personal motivation. Table 3.12 offers a sample of the relevant questions from the data collection instrument.

**Table 3.12 Sample of the Intrinsic Factors questions**

1.	I sometimes set my own targets
2.	I like working to targets
3.	My targets are easy to achieve
4.	This makes me feel good
5.	This makes me feel bad

#### **3.5.5.2 Extrinsic Factors**

This variable is designed to assess impact of external factors on the performance management regime and to gather information on the employee's understanding of these constraints. Table 3.13 offers a sample of the relevant questions from the data collection instrument.

**Table 3.13 Sample of the Extrinsic Factors questions**

1.	I know why I have targets
2.	My targets change regularly
3.	Up to date information about my performance is available to me
4.	I have seen reports in the press about my organisation achieving its targets
5.	I have seen reports in the press about my organisation not achieving its targets

### **3.5.6 Internal View – Organisational Structure**

The link between organisational structure and performance management effectiveness was identified by Drucker (1989). The impact of flexible flatter structures is discussed by Ogaard et.al.(2008) and hierarchical structures by Dupouet and Yildizoglu (2003). This hypothesis has been proposed in order to test the relationship between organisational structure and performance management effectiveness.

### 3.5.6.1 Hierarchical

This first variable is designed to assess how hierarchical the management structure within a particular organisation is. Table 3.14 offers a sample of the relevant questions from the data collection instrument.

**Table 3.14 Sample of the Hierarchical questions**

1.	There is a clear management structure in my organisation
2.	I have to work to rigid rules and regulations
3.	Who explained this to you?

### 3.5.6.2 Flat

The second variable is designed to assess how flat and flexible the management structure within a particular organisation is. Table 3.15 offers a sample of the relevant questions from the data collection instrument.

**Table 3.15 Sample of the Flat questions**

1.	I work as part of a team
2.	I have a great deal of freedom in choosing how I carry out my work
3.	Who explained this to you?

### **3.5.7 Performance Management Effectiveness**

The final set of variables relate to the overall assessment of performance management effectiveness. The primary data gathered for this area of the study is combined with the published secondary data available from the various relevant overseeing government departments. The variables selected for collection here relate to the overall vision and mission of the organisation and its relationship with both its employees and service users. Finally the potential of the organisation for learning and growth is assessed.

These variables have been developed based on the holistic performance management framework proposed by Anderson et.al.(2006) and supported by the view that the key variables of performance management, management style and organisational culture are interrelated (Bititci et.al., 2004).

### 3.5.7.1 Mission

Kaplan and Norton (1996) proposed that performance management is closely related to organisational vision. This variable is designed to gather the employees' views on the strength of the organisational mission for correlation with the internal and external judgements of performance management effectiveness. The data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments. Table 3.16 offers a sample of the relevant questions from the data collection instrument.

**Table 3.16 Sample of the Mission questions**

- |   |
|---|
| <ol style="list-style-type: none"><li>1. There is a clear plan for the future of the organisation</li><li>2. This plan will improve the services that the organisation provides</li></ol> |
|---|

### 3.5.7.2 Customers

This variable is developed based on the stakeholder view of performance management offered by Moynihan and Pandey (2005) and Dealtry (2005). The variable is designed to collect employees' views on the organisation's relationship with their service users. As above, the data gathered by the



survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments. Table 3.17 offers a sample of the relevant questions from the data collection instrument.

**Table 3.17 Sample of the Customers questions**

- |    |  |
|----|--|
| 1. | The users of my organisation's services are happy with the service that they receive |
| 2. | The views of the organisation's service users are considered                         |

### **3.5.7.3 Internal**

This variable is also based on the stakeholder view of performance management offered by Moynihan and Pandey (2005) and Dealtry (2005) but in this instance the variable is designed to collect employees' views on the services that they deliver. Once more the data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments. Table 3.18

offers a sample of the relevant questions from the data collection instrument.

**Table 3.18 Sample of the Internal questions**

1.	The organisation's employees are happy with the service that they provide
2.	The structure of the organisation improves the services provided
3.	The organisation learns from its mistakes

#### **3.5.7.4 Learning and Growth**

This final variable is a measurement of the organisation's capacity to learn from both its good and bad practice. As previously the data gathered by the survey has been analysed in conjunction with the published secondary data available from the various relevant overseeing government departments. Table 3.19 offers a sample of the relevant questions from the data collection instrument.

**Table 3.19 Sample of the Learning and Growth questions**

- |    |  |
|----|--|
| 1. | The views of the organisation's staff are considered |
| 2. | The organisation learns from its mistakes            |
| 3. | Good practice is shared across the organisation      |

### **3.6 Proposed Research Conceptual Model**

The relationship between the research objective, research questions, hypotheses and variables is presented in Figure 3.1. The first level of the model holds the overall research objective of measuring the impact of performance management within the United Kingdom public sector. From this level two key theoretical relationships have been established between the overall research objective and the two key research questions. The two key research questions develop the theoretical relationship with respect to the external perspective and the internal perspective. These research questions form the second level of the model; the third level of the model contains the research hypotheses and illustrates the theoretical relationship between these hypotheses and the research questions.

The research questions have been investigated by studying the theoretical

hypotheses discussed above. Two hypotheses contribute to the investigation of the external perspective question. The first of these hypotheses relates to the relationship between centrally administration performance management and its effectiveness. The second external hypothesis investigates the association between performance management effectiveness and service user expectations.

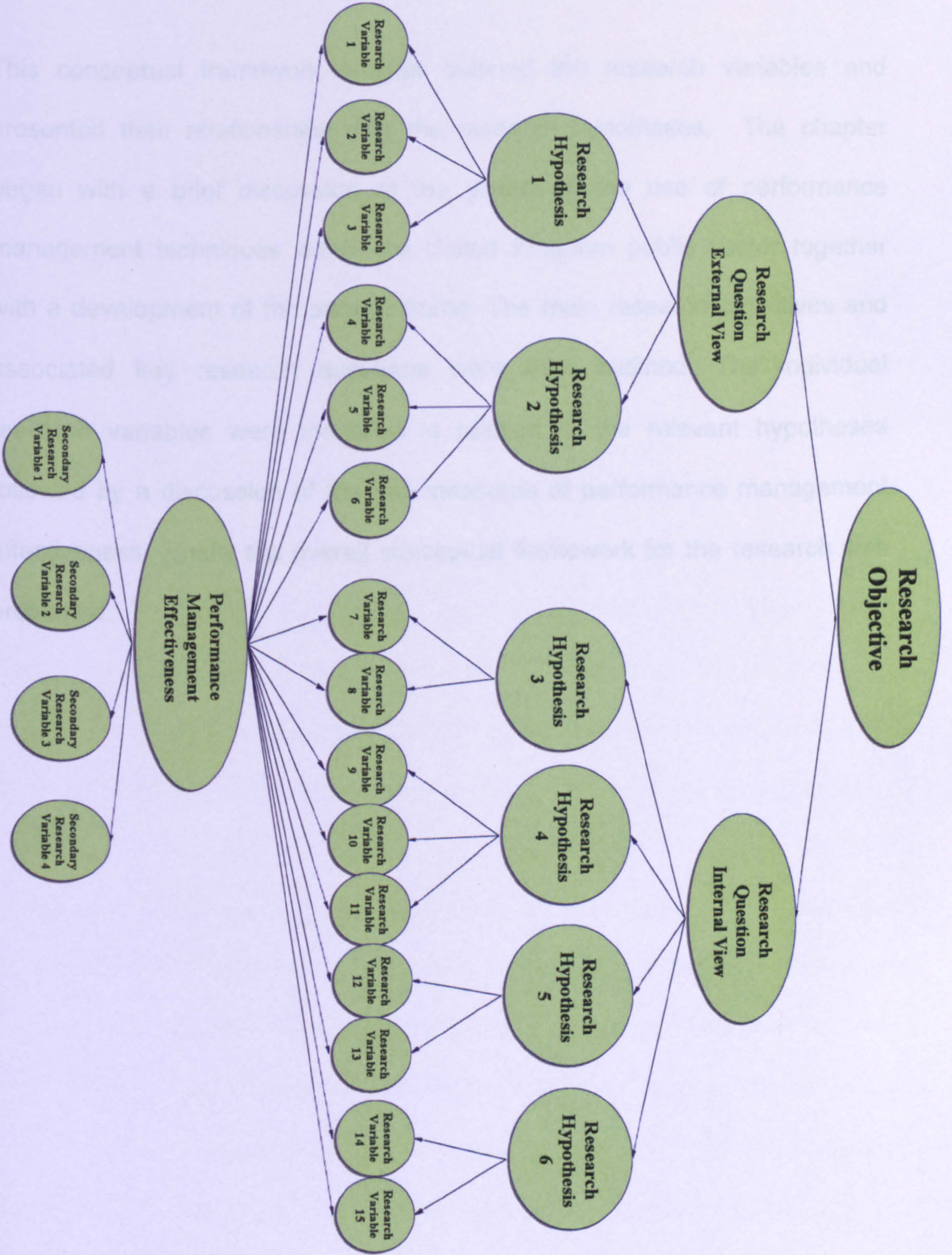
The first internal hypothesis studies the relationship between the leadership styles in operation with individual organisations and performance management effectiveness. The second hypothesis in this group considers the relationship between management information systems and performance management effectiveness. The next hypothesis in the set investigates the impact of staff motivation on performance management effectiveness. The final internal objective assesses the impact of organisational structure on performance management effectiveness. The fourth level of the model contains the individual research variables and illustrates their theoretical relationship to their respective hypothesis.

Each hypothesis is investigated by either two or three independent research variables with the information collected using the data collection instrument directly assigned to the research variables by the Data Dictionary which is presented in Appendix 3.1.

The final layer of the model illustrates the theoretical relationship between performance management effectiveness and the other sections of the model.

This is the key component that is correlated with the individual research variables during the data analysis in order to investigate the hypotheses and hence the research questions. The four research variables that contribute to the overall assessment of performance management effectiveness are also illustrated within the model. These research variables are investigated by a combination of the primary data gathered by the data collection instrument and the published secondary data available from the various relevant overseeing government departments and inspection bodies discussed previously.

Figure 3.1 Proposed Research Conceptual Model



### **3.7 Conclusion**

This conceptual framework chapter outlined the research variables and presented their relationships with the research hypotheses. The chapter began with a brief discussion of the growth in the use of performance management techniques within the United Kingdom public sector together with a development of the sample frame. The main research objectives and associated key research questions were then outlined. The individual research variables were identified in relation to the relevant hypotheses followed by a discussion of the key measures of performance management effectiveness. Finally the overall conceptual framework for the research was presented.

## **CHAPTER FOUR: RESEARCH METHODOLOGY**

### **4.1 Introduction**

This chapter aims to provide a summary of the research methodology applied within this study. Section two of the chapter considers various appropriate research methodologies such as deductive and inductive theories along with philosophical and epistemological developments such as realism, positivism and interpretivism for example. Within the third section a distinction is drawn between quantitative and qualitative research methods. The specific research methodologies that have been employed within this research are discussed within this section. Section four considers the research process undertaken and this is followed by a discussion of sampling methodology in section five.

Alternative data types, together with the meanings of primary and secondary data, are considered in section six and various data collection methods are illustrated in section seven; for example, observation, interview and self administered questionnaires. Section eight discusses questionnaire construction procedures, both generally and specifically to this study, together with different data types and measurement scales such as ordinal, nominal, ratio and interval types. The implementation of the data collection processes and strategies employed are explained within section nine and the plan for



analysis of the data is presented in section ten. Finally, the chapter is summarised in section eleven.

## **4.2 Research Philosophy**

As Saunders et al. (2000) indicate the research philosophy and strategies employed by management researchers will generally be influenced by the assumptions that they make within their world view. Four methodological approaches for business and management research are outlined by Cooper et al. (2003) and these can be summarised as reporting, description, exploration and prediction. Of these approaches the most straight-forward is reporting where the researcher simply undertakes some statistical analysis and presents a summary of data which is already available. The descriptive approach requires the researcher to undertake a series of observations of single variables and to present the collected data as a definition or description of a subject. The flexibility of this approach has meant that it is very popular in business research.

Exploratory studies build their research around proving theories and hypotheses which have been developed from previous observations. Finally predictive studies aim to use their theories to predict future actions. Linked to this are the three major relevant research philosophies of positivism, realism and interpretivism and these are considered in the following subsections.

### 4.2.1 Positivism

Positivism is an epistemological philosophy which recommends the use of natural science research methods in the study of social reality. It is claimed that only knowledge that is based on actual experiences is valid and metaphysical speculation should be avoided. However this view was later diluted slightly with the inception of Logical Positivism which holds that, whilst observational evidence is indispensable, knowledge also contains a component which cannot be derived from observation (May, 1997). Epistemology is the study of the theory of knowledge; as Smith (1998) states it considers how we know.

May (1997) explains that positivism aims to explain generalised human behaviour via theories which are based on data collected from the social world. Generally the emphasis is on quantifiable observations which can be statistically analysed. As Bryman (2004) discusses the key function is to generate and test hypotheses which can be used to support generalised theories and laws. There is a distinction between research and theory, though one should support the other, and there are obviously elements of inductive and deductive approaches within each. Morrison (2007) presents the following structure for positivist research: -

1. Identify research objects
2. Experience and observation lead to data collection
3. Data analysed and used to verify theories and hypotheses
4. A positive stance is adopted in relation to the outcomes
5. The outcomes are utilised to predict future events

A stronger and more extreme stance is presented by Collis and Hussy (2003) who suggest that only measurable and observable phenomena can be regarded as knowledge with validity. Positivist researchers will tend to take a detached approach to their research considering the subjects of the research as objects. Saunders et al. (2000) recommend that a positivist researcher should undertake a highly structured methodology in order to allow their results to be replicated.

#### **4.2.2 Realism**

An alternative philosophical approach to scientific research can be found in realism Saunders et al.(2000). Bryman (2004) suggests that realism has two features in common with positivism. Firstly is the belief that scientific data collection and interpretation methods can be applied to the social sciences. Secondly, that the researcher can be detached from the object of the research and merely observe and describe this external reality. Bhaskar (1989) asserts

that there are, in effect, two branches of realism. The first, where there is claimed to be a perfect synergy between reality and the description of it, is referred to as empirical realism. The other branch is critical realism which suggests that in order to present an understanding of the social world the researcher must identify the structures which generate these events and that the structures can only be identified through scientific analysis.

Bryman (2004) compares the positivist approach where it is claimed that the researcher reflects reality with the critical realist's view that scientific research is the only way of truly knowing the reality. There is a distinction drawn by critical realists between the description of the object and the object of study itself and any categorisation of the object is conditional and temporary (Bhaskar, 1975).

### **4.2.3 Interpretivism**

A third philosophy is interpretivism which comes from the stance that there are underlying subjective meanings to social actions which need to be generated from the scientific research. Bryman (2004) stresses the interpretivist belief in the distinction between people and the objects of research. The contrast with positivism is documented by Von Wright (1971) suggesting that positivists seek to explain social actions whereas

interpretivists seek to understand these actions. This view is supported by Bryman (2004).

There is a strong intellectual link between interpretivism and the theory of verstehen proposed by Weber (1947); here the aim of sociology is presented as the understanding of social action through the explanation of its cause and effects. It could be suggested that an interpretivist approach is particularly suited to business and management research generally and research into organisational behaviour particularly since it encourages the researcher to understand the differences between humans in our role as social actors.

Within this research a mainly positivist philosophy has been adopted by utilising natural science data collection and analysis techniques in relation to organisational studies; quantifiable data has been collected and statistically analysed.

### **4.3 Methodological Approach to the Research**

Management and leadership research involves the use of theory (Karami et al. 2006a) however this theory may not necessarily be explicitly stated within the design of the research. It is vital though that this theory needs to be clearly stated within the presentation of the conclusions and findings. The decision as

to whether the theory is articulated at the commencement of the research depends upon whether the research follows a deductive or inductive approach (Saunders et al. 2000). In a deductive approach a research strategy is developed to test a predefined theory and hypotheses, whereas an inductive approach is the opposite, data is analysed and the theory is developed as a result of this analysis. Deductive approaches tend to be more closely related to quantitative research and the inductive approach with qualitative methods. An overview of quantitative and qualitative research is provided within this section followed, in the next section, by a discussion of the processes involved within this research in particular since both quantitative and qualitative methods were adopted.

### **4.3.1 Quantitative Research Methodology**

In the broadest terms quantitative research is summarised as the collection of numerical data. As stated above the quantitative methodology is closely linked with the deductive approach where a theory is initially formulated and then either proven, revised or disproved by the findings of the research. A theory which represents a view of reality is postulated which is then tested by the research. A five step approach to deductive research is suggested by Robson (2002) which is summarised below: -

1. Hypothesis deduction
2. Expression of the hypothesis in operational terms
3. Testing of the operational hypothesis
4. Examination and analysis of the data collected
5. Modification of the theory in response to the findings

This approach is further elaborated by Bryman (2004), as a general quantitative approach, in the following eleven stage process: -

1. Theory
2. Hypothesis
3. Research design
4. Devise measures and concepts
5. Select research site(s)
6. Select research respondents
7. Data collection
8. Data processing
9. Data analysis
10. Findings / conclusion
11. Writing up

This logical process follows the development of testable hypotheses from the original theory. The research process is then designed in order to test these hypotheses by providing an overall framework for the collection and analysis of the data. Within the research design causal connections are sought

between the research variables and opportunities for generalisation of the research findings from the sample groupings to larger populations are considered. Obviously the research seeks to understand human behaviour within a specific context and this must underpin the research design stage.

Following the design it is necessary to select the target site or sites which in the field of business and management research will generally mean the organisation or organisations where the study will be undertaken. This is closely followed by the selection of the individual subjects or groups of subjects to be studied. Data collection is the next stage which, in management research, will almost always involve the administration of a survey or some other similar data collection instrument. The development of the data collection instrument will necessitate the pre-testing of subjects and definition of research variables followed by detailed design and piloting. Once piloted and amended as necessary the data collection instrument can then be administered to the chosen subject sample by a variety of methods; including face to face or telephone interviews, postal or on-line surveys.

Once collected, the information and raw data (Pelosi and Sandifer, 2000) needs to be transformed into quantifiable data which can be analysed, generally by statistical means. Certain types of data, for example age, income etc, do not need transformation but most responses will need to be numerically coded to allow for statistical analysis, usually utilising specialised software. The data analysis will measure the relationships between the research variables and develop easily understandable methods for the



presentation of the analysis. Finally the results of the analysis is presented and discussed and conclusions are drawn with specific reference to the originally stated theory and hypotheses.

### **4.3.2 Qualitative Research Methodology**

As previously stated qualitative research generally follows the exploratory inductive approach to the generation of theories (Bryman, 2004); that is, theories are developed as a response to the findings of the research. This process of theory developed from data is often referred to as Grounded Theory which was originally proposed by Glaser & Strauss (1967). Another related branch of the qualitative methodology is Ethnography whereby fieldwork is used to provide a descriptive study of human societies and this technique has been utilised within business settings to provide greater understanding of processes.

Gerson and Horowitz (2002) stress the fact that qualitative research generally involves some form of direct involvement with the subject of the research either by observation, questioning or participation within the activities being researched. This activity is often supported by analysis of documentation and other materials. Gerson and Horowitz (2002) also state that this direct involvement with the subject means that qualitative research

offers a broader understanding than that offered by basic epistemological assumptions.

The purpose of qualitative research is usually an attempt to provide an understanding and meaning to observable human behaviour. Because of the labour intensive nature of the lengthy direct interactions undertaken within qualitative research it usually involves much smaller focused sample groups rather than the larger random samples sometimes associated with quantitative research. Because of the closer researcher involvement within the research process it is important that this is reflected upon and made clear within the analysis of the data. This idea is supported by Myers (2002) who goes on to suggest that rich, thick descriptions should be utilised in order to convey the tacit knowledge gained.

#### **4.4 The Employed Research Methodology and Processes**

This research aims to assess whether the increased use of Performance Management techniques within the United Kingdom public sector has had an overall beneficial impact. The assessment was approached from both the External Viewpoint and Internal Viewpoint. From the External perspective the question of if there has been an improvement in public sector performance since the introduction of performance management systems was addressed

by primary data and published secondary data for reference. From the Internal view the elements of effective performance management were considered; namely leadership style, management information, staff motivation and organisational structure.

The approach employed within this research followed mainly a deductive methodology beginning with a detailed review of the relevant literature. Gerson and Horowitz (2002) state that the formulation of the research problem tends to be the most difficult task for any researcher so a considerable amount of time was spent on this stage absorbing the key issues. This prior review of the literature helped to formulate key areas for further investigation.

This initial stage was followed by a series of semi-structured interviews with senior staff from a range of public sector organisations and responses were gathered in relation to the following questions: -

- Do you have government set targets?
- How long have these existed?
- Are there any consequences for no achievement?
- How do you feel about these targets?
- How do you think staff feel about these targets?
- What MIS do you have?
- Are you aware of incidents of Gaming?
- What are the current Performance Management issues that affect you?

This combination of activity led to the formulation of the conceptual framework discussed in chapter 3, which outlines the key research proposition, the hypotheses to be tested together with the research variables to be measured.

Martinez et al. (2004) support qualitative approaches in the field of performance management since they state that early quantitative research in the field of performance management was flawed in the following ways: -

- (i) Most studies come from surveys with no control on important variables, such as whether the companies have a performance management system in place in reality.
- (ii) Survey studies do not provide in-depth understanding on the impact of the performance management system. Some of them conclude that the use of the performance management system increases business performance, but rarely explain why and how.
- (iii) Very few findings focus on the operational impact of the performance management system.
- (iv) Very little research has been reported from case studies

Within this study quantitative approaches were adopted mainly in the early stages of the study to guide the literature review and ultimately to support the development of the conceptual framework and the data collection instrument. Whilst the wider literature review was being undertaken the interviews were also in process and these interviews raised additional issues that were then further explored within the literature. This methodology proved to be extremely useful in both guiding the literature review and then supporting the development of the conceptual framework. Also, in relation to qualitative methodology, the realist approach has been used in terms of authoritative reportage within the reporting of the findings and discussions. Where the quantitative data has identified a phenomena then supporting evidence has been sought within the initial interviews and reported accordingly.

The next stage was the selection of the target study sample and participating organisations; this was greatly eased and facilitated by the senior management contacts made in the earlier stages of the study. The sampling principles employed within the study are discussed in the following section. The major data collection exercise followed which involved the development, initial piloting and then the full administration of an online survey to the targeted sample staff within the target organisations. The use of an online survey provided many benefits such as cost savings since postage was not required and ease of data collection since it was already available in electronic format.

This data was then analysed utilising the statistical analysis software SPSS and this analysis was used to test the hypotheses, develop the discussions and ultimately reach the documented conclusions and recommendations. Throughout this process the review of new literature continued with any subsequently identified necessary amendments to the process undertaken.

#### **4.5 Sampling**

The idea behind sampling is to select a sample of a larger population that will represent the whole population and allow conclusions to be drawn about the whole population. Cooper and Schindler (2003) give the example of tasting a drink; one sip will tell you if it is sweet or sour it is not necessary to drink the whole drink. The sample is the measured group that represents the whole population being studied. So in this case the population is public sector employees within the United Kingdom. The sample is the number of employees responding to the data collection instrument and the unit of analysis is the individual public sector employee.

In an ideal world the total population under investigation would be surveyed and this is referred to as a census. However in most instances the population is too large for every member to be economically surveyed so a representative sample is selected (Field, 2005). In this instance there are

approximately 4 million public sector employees, to undertake a census of that number of units of analysis would be prohibitively expensive and time consuming consequently a sample of the total population had to be selected.

There are two important aspects which need to be considered when deciding on the sample and these are accuracy and precision (Cooper and Schindler, 2003). The degree to which bias is absent from the sample is referred to as the accuracy, that is the degree to which the number of over and under estimators balances each other out. An accurate sample implies little systematic variance. Cooper and Schindler (2003) define systematic variance as the variation in measures due to known or unknown influences from the response delivered by the whole population. The accuracy of the selected sample is vital to the validity of the research outcomes achieved (Maxim, 1999). The higher the degree of accuracy required the more expensive and time consuming the survey will be consequently an appropriate level of accuracy must be selected. Precision refers to the degree to which the sample represents the population as a whole and the variation here is referred to as sampling error. Basically sampling error is the remaining error in the system when all known sources of systematic variance have been taken into account.

#### **4.5.1 The Sampling Method Employed in the Study**

The organisations selected in the survey form a representative sample of the organisations within the United Kingdom public sector. This is illustrated by the data presented in the data analysis chapter and as can be seen an overall sample size of 9% of the total population of organisations representing approximately 4, 000,000 public sector employees has been achieved. Each of the participating organisations originally agreed to issue the data collection instrument to its staff and most agreed to interviews with senior managers. This resulted in 1111 responses to the data collection instrument from individual public sector employees, which is the unit of analysis for the study, and this response rate based on a total population of approximately 4,000,000 gives a sampling error of less than 3% at the 95% confidence level for the whole study (Dillman, 2007) which can be seen in Table 4.1 below.



**Table 4.1 Completed sample sizes needed for various population sizes and characteristics at three levels of precision for the 95% confidence level.**

Population Size	±10% Sampling Error		±5% Sampling Error		±3% Sampling Error	
	50/50 split	80/20 split	50/50 split	80/20 split	50/50 split	80/20 split
100	49	38	80	71	92	87
200	65	47	132	111	169	155
400	78	53	196	153	291	253
600	83	56	234	175	384	320
800	86	57	260	188	458	369
1000	88	58	278	198	517	406
2000	92	60	322	219	696	509
4000	94	61	351	232	843	584
6000	95	61	361	236	906	613
8000	95	61	367	239	942	629
10 000	95	61	370	240	965	640
20 000	96	61	377	243	1013	661
40 000	96	61	381	244	1040	672
100 000	96	61	383	245	1056	679
1 000 000	96	61	384	246	1066	683
1 000 000 000	96	61	384	246	1067	683

This table is derived from the following formula: -

$$N_s = \frac{(N_p) (p) (1-p)}{(N_p-1) (B/C)^2 + (p) (1-p)}$$

Where:  $N_s$  = completed sample size needed for desired level of precision  
 $N_p$  = size of population  
 $p$  = proportion of population expected to choose one of the response categories  
 $B$  = acceptable sampling error  
 $C$  = Z statistic associated with the confidence level

After Dillman, 2007

## **4.6 The Data**

Within this section the nature and sources of data that have been used within this study are discussed. The data and consequently the discussion is divided into the two main data sources which are primary data and secondary data. The nature of these two data types is outlined and the relevant sources are discussed.

### **4.6.1 Primary Data**

Primary data is data that is specifically collected for the research project in hand (Zikmund, 1991). Saunders et al. (2007) outline a variety of collection methods for primary data; namely observation, semi-structured interviews, in depth interviews and questionnaires. They go on to outline observation as the process of systematic observation, detailed recording and description followed by analysis and interpretation of the observed behaviour (Saunders et al., 2007). The use of semi-structured and in depth interviews can allow the researcher to gather reliable and valid data and these techniques were utilised in the initial stages of this research. The final method of primary data

collection is the use of questionnaires and self administered questionnaires are the main source of primary data within this study. The detailed processes of primary data collection and fieldwork relevant to this study are discussed later in section 4.7.

#### **4.6.2 Secondary Data**

Zikmund (1991) describes secondary data as data that has been collected by a third party for some other purpose but can contribute to the analysis of the current study. In relation to this study there is much relevant publically available data that has been collected by various government agencies such as the Audit Commission, the Care Quality Commission, Ofstead and Her Majesty's Inspectorates.

There are both advantages and disadvantages to the use of secondary data. One advantage proposed by Zikmund (1991) is the cost effective nature of the use of secondary and also the speed of availability in comparison to primary data collection. The use of secondary data allows the researcher to focus the scarce resources of time and money on analysis and interpretation of the data rather than simply on data collection. One of the major disadvantages associated with the use of secondary data is that, as it is not specifically

gathered to address the needs of the research, ensuring validity and relevance may be problematic (Zikmund, 1991).

### **4.6.3 Data Sources of the Study**

As previously discussed, primary data was collected for this study by the administration of a survey to a broad range of public sector employees across the UK. The study targeted public sector organisations within the UK and the unit of analysis was the individual public sector employee. The data collection process will be explained more fully later, in the fieldwork section of this report. This main primary data was triangulated with secondary data collected from the key inspecting government agency databases and websites. This combination has been used to initially develop the research variables and conceptual framework for the research and then to test the proposed hypotheses.

## **4.7 Data Collection Methods**

Within this section the three main primary data collection methods used within social and organisational research will be discussed. These are observation, interviews and questionnaires. The final sub-section illustrates and examines the primary data collections method employed within this study.

### **4.7.1 Observation**

Alder and Alder (1998) claim that observation has been the foundation stone of human knowledge since it is probably the earliest and certainly most basic form of research. It has continued to be a key data collection method particularly when used alongside other methods such as interviewing, participative observation and experimental design.

In its most basic form observation involves developing a view of an aspect of the surrounding world by the direct use of human senses usually involving direct contact the object of the study. Observation is defined by Morris (1973) as “the act of noting a phenomenon, often with instruments and recording it

for scientific and other purposes” (p.906). This idea that the researcher does not intervene in the process being observed is central to observation and is supported by Adler and Adler (1998). The researcher should not attempt to manipulate or influence the subject of the observation in any way such as the adjustment of the task being observed or by posing leading questions which may challenge the subject of the observation to adjust their behaviour. It is preferable, if possible, that the researcher should not question the subject regarding the process under observation but simply observe the subject undertaking the process and gather raw data for later analysis. Communication between the researcher and the subject should be limited.

The observation process is distinct from the interview process in that it should simply follow the course of events and not attempt to question or alter them in any way. Various observable aspects of human behaviour are documented by Zikmund (1991) such as expressive behaviour, verbal behaviour or physical action and evidence. The situation in which the subject is aware of the observer is referred to as visible observation however the mere presence of the researcher may influence the behaviour of the subject and hidden observation where the presence of the observer is not known to the subject is an attempt to address this. There are obviously ethical issues that need to be considered when undertaking hidden observation.

Observation is often a key first step within the research process, particularly in relation to identifying the area of study to be investigated. Zikmund (1991) presents several stages in this process in relation to social research: firstly the

participants are identified; secondly the setting of the subject is identified; thirdly the purpose of the participants is established; fourthly the social interactions and behaviour of the participants is developed; finally the frequency, duration and causes of the events to be studied are gathered. Structured observation is outlined by Bryman (2004) whereby explicitly formulated observation and recording rules are generated by the researcher prior to the observation being undertaken.

#### **4.7.2 Interviews**

Interviewing is another powerful research tool that can be used to aid the understanding of a human phenomenon. Fontana and Frey (1998) outline a variety of interview types and uses, the most common being face to face verbal interchange however interviews by telephone or other electronic communication device are also very popular. This is further supported by Saunders et al. (2007) who highlights the fact that this is a two way process between researcher and subject. The long history of interviewing is discussed by Zikmund (1991) who charts the development of face to face interviewing for information gathering from ancient Egyptian and Roman times who both used censuses to determine tax levels and military conscription.

Structured interviewing is defined by Fontana and Frey (1998) as the process of asking the interviewee a number of pre-determined questions which are used consistently for each respondent. This process can be further developed by probing where clarification of specific points is sought by the researcher (Zikmund, 1991). Alternatively unstructured interviewing refers to the situation when the interviewer simply has a list of topics for discussion and the conversation is allowed to flow freely and flexibly exploring whatever points that the interviewer considers to be the most appropriate. Semi-structured interviewing is a compromise between these two extremes whereby pre-set questions are utilised but also the conversation is allowed to flow in order to develop key points further.

Obviously the accurate recording of the questions and response is vitally important and this can be undertaken in a variety of ways. Firstly note taking by the researcher which is probably the most cost effective method but it can be quite difficult for the researcher to make notes and maintain the conversational flow. Alternatively a note taker can be employed which obviously leads to more expense and can be off putting for the subject but it tends to result in fuller and more accurate recording of responses. Finally electronic means can be used to record the interview, either just audio or audio visually, for later transcription; similar benefits and difficulties can be recorded here as with employing a note taker.



### 4.7.3 Questionnaires

Questionnaire based surveys are a very common research tool and are used in many sectors such as market research and political research in addition to academic research (Zikmund, 1991). The key reason for employing this data collection method is to gather specific primary data from the identified representative survey sample. This is one of the most common social research techniques particularly when utilising the self administered postal questionnaire (Bryman, 2004). Recent technological developments have made the use of electronic self administered questionnaires feasible which brings several benefits to the researcher including ease of administration, data collection and analysis together with cost effectiveness.

Questionnaire design is critical as since there is no interviewer to read and explain the questions they must be carefully worded for ease of understanding and response by the subject. Also to facilitate statistical analysis most survey questions tend to be closed with a limited number of responses rather than the more open questioning that will be experienced in interviews.

The following main advantages of postal self administered questionnaires are suggested by Nachiman and Nachiman (1996). Firstly it is a very cost

effective method of undertaking a survey since it does not necessitate the utilisation of specialised interviewers. The lack of interviewer involvement also reduces the likelihood of errors being introduced due to interviewer bias and skills variability. Another benefit from the lack of an interviewer is anonymity which can be very beneficial when the survey is exploring themes of a sensitive nature. In these circumstances a postal survey could well produce a higher response rate than a similar face to face survey. Postal questionnaires allow responses to be considered and other information sources to be consulted although how often this actually occurs in practice is questionable. Finally postal surveys can cover a wide geographic area at a minimal cost.

These benefits can also be claimed for electronic surveys with the added benefit of further cost reductions and ease of administration. The major disadvantage of self administered surveys is lack of response and much effort needs to be put in to the questionnaire design and delivery and follow up methods to ensure that the maximum possible, and statistically significant, response is obtained (Dillman, 2007). Another potential disadvantage is failure of the respondent to understand the question (Bryman, 2004) and great care needs to be taken within the survey design and piloting to minimise the risk of this.

#### **4.7.4 Data Collection Methods Employed**

In order to adequately test the stated hypotheses this study necessitated the collection of both qualitative and quantitative data. Within this research observation was very useful for formulating the conceptual framework. The impact of the published targets, monitoring audits and inspection reports was observed in staff operating at various levels and in a range of organisations across the United Kingdom public sector. There were both positive and negative effects on moral and customer service from the use of the performance management techniques employed. Also it was possible to observe changes in stress levels being exhibited by staff at key points within the performance management cycles employed. These observations were used to identify the need for the research and also to contribute to the development of the conceptual framework. In addition to the literature review the semi-structured telephone interviews with senior managers from a range of UK public sector organisations were utilised to test some initial thoughts and to further refine the conceptual framework as well as supporting some of the key findings.

However the major primary data collection method was conducted through a self administered electronic questionnaire. There were several reasons for selecting this survey method and these are outlined below: -

1. A large number of public sector employees working across a range of organisations within several branches of the public sector could be included in the survey.
2. Certain items covered within the research are organisationally and personally sensitive and this method should ensure a greater response in these areas rather than interviewing. Also the issue of interviewer bias is removed by this method.
3. Electronically delivered self administered surveys are a very time efficient way of collecting large quantities of data.
4. Also this is a very cost effective method of gathering the data.

#### **4.8 Questionnaire Construction**

The survey questionnaire utilised within this research consists of six sections which are mapped to the research variables outlined within the Conceptual

Framework and this mapping is documented within the Data Dictionary, which is presented in appendix 3.1.

Following a brief introduction the first section of the survey gathers information relating to the individual respondent and the organisation which they work for. Participating organisations are grouped into operational sectors and then the specific organisations are named, this allows for analysis by sector, organisation and UK region. In addition to the organisational data respondents are asked to state their job type, their length of service both in their current role and with the organisation overall and their gender. This range of questions again allows for future flexibility in the analysis of the data.

The second section consists of a range of questions designed to assess whether transactional leadership or transformational leadership is the dominant leadership style operating within the organisation. This group of questions are based on those proposed by Bass and Avolio (1995) in their Multifactor Leadership Questionnaire. Also within this section is a group of questions design to elicit if the organisational structure tends towards a flat or hierarchical structure. The third section gathers respondents' opinions relating to how effective the organisation is in delivering its services in relation to the Performance Management Effectiveness variables of Mission, Customers, Internal Environment and Learning and Growth, as outlined within the Conceptual Framework.

The next section asks a range of questions related to the individuals' opinions of operating within a performance managed environment. This section also seeks to assess their understanding of the reasons for the performance management system and the key drivers. The fifth section considers the availability, accuracy and reliability of the management information that is available throughout the organisation to allow the performance management system to operate.

Finally there are a range of questions which are designed to assess the wider impact of the performance management system both on employees, customers and other stakeholders. The issue of organisational unintended consequences and gaming, which have been discussed by several authors (Verbeeten, 2008; Bevan and Hood, 2006; Hood and Lodge, 2006; Hume and Wright, 2006; Propper and Wilson, 2003; Leeuw, 1996), is also considered in this section.

The final question is a free format open question where respondents are asked to offer other solutions to the issue of accountability for public sector organisations. Since this questionnaire aims to gather a range of data relating to complex issues several measurement scales have been utilised and they are discussed in the following sub-section.

### 4.8.1 Measurement Scales

Measurement scales are defined by Cooper and Schindler (2003) as a “procedure for the assignment of numbers (or other symbols) to a property of objects in order to impart some of the characteristics of numbers to the properties in question” (p.250). Put simply the use of measurement scales allows for ease of statistical analysis of the gathered data.

Cooper and Schindler (2003) identify three types of scale: categorisation, ranking and rating. Categorisation is a grouping method which allows respondents to be grouped into clusters relevant to the study, such as gender or ethnic origin. Ranking allows participants to make comparisons between various indicants or objects such as choosing a more attractive or “better” product. Rating is an artificial scoring system devised to allow respondents to rank indicants or objects without direct comparison to others. For example a participant may be asked to indicate their degree of agreement or disagreement with several statements.

Within this study categorisation is employed within the first section regarding descriptive data, the organisation and the respondent’s role within the organisation. The remainder of the questionnaire mainly utilises various rating scales, selected for their appropriateness to the questions being asked.

### 4.8.2 Rating Scales

As discussed above rating scales allow respondents to judge objects or properties without referring to others. Cooper and Schindler (2003) identified the following various types of rating scales:-

1. The simple category scale
2. Multiple choice single response scale
3. Multiple choice multiple response scale
4. Likert scale
5. Semantic differential scale
6. Numerical scale
7. Multiple rating list scale
8. Fixed sum scale
9. Staple scale
10. Graphic rating scale

Within this study two different semantic differential scales have been used. For the leadership style questions the Multifactor Leadership Questionnaire scale (Bass and Avolio, 1995) has been used which consists of the following responses to the statements: -

- Not at all
- Once in a while



- Sometimes
- Fairly often
- Frequently if not always

For the remainder of the statements and questions which utilise a rating scale then the following Likert based range of responses has been used: -

- Strongly agree
- Agree
- Not sure
- Disagree
- Strongly disagree

For the purposes of analysis these semantic differential scales have then been translated into numerical scales.

### **4.8.3 Measurement Consideration**

There are various data types to be considered, these are nominal, ordinal, interval and ratio. These data types are outlined within the following subsections.

#### **4.8.3.1 Nominal**

Nominal data is defined by Cooper and Schindler (2003) as information that can be grouped into mutually exclusive and collectively exhaustive categories. A nominal scale is the simplest type of scale (Zikmund, 1991) since the reference letters or numbers attached to the objects acts as identifier labels for classification. Extensive use is made of nominal data where major subgroups of the survey population can be identified, for example gender or marital status. The nominal scale is used within this study in the first section of the questionnaire which gathers data on the organisation and the individual.

#### **4.8.3.2 Ordinal**

An ordinal scale asks the respondent to consider the classification of an object according to its degree within an ordered scale (Zikmund, 1991). Within a business research environment the use of an ordinal scale would typically ask participants to rate a product against a scale such as poor, fair, good, excellent. Cooper and Schindler (2003) state that the use of an ordinal scale implies a gradation between responses for example c is less than b, b is less than a and so on.

### 4.8.3.3 Interval

Interval scales imply the concept of equality of distance between responses, for example the distance between a and b is the same as that between b and c, and so on (Cooper and Schindler, 2003). A good example of an interval scale is the calendar whereby the distance between individual days is consistent but the origin (zero value) is arbitrary. With an interval scale the arithmetic mean is considered to be a measure of the central tendency.

There are many different examples of interval scales such as intelligence quotients, semantic differential scales and other multi-graphical scales. A specific interval scale is the Likert Scale which consists of a series of statements which express a positive or negative view in relation to the object (Cooper and Schindler, 2003) and each response is given a numerical rating to represent its degree of attitudinal favourableness. These numerical ratings can then be used to assess a participant's attitude to the issues in question. As previously discussed this type of interval scale is used extensively within this research study.

#### **4.8.3.4 Open and Closed Questions**

Another key item that has to be considered when developing a questionnaire is the question style. Bryman (2004) states that one of the most important considerations is whether the questions should be asked as open or closed questions. With an open question no limits are given to the respondent so they can answer the question in any form that they see as appropriate. Conversely closed questions offer set of specific choices for the respondent to select from. Bryman (2004) recommends that self administered questionnaires mainly employ closed questions because they make analysis of the subsequent data significantly easier.

The construction of a questionnaire is closely related to the response rate. Dillman (1983) suggests that response rates are likely to be increased by an attractive layout and this is strongly supported by Bryman (2004) who also recommends that the questionnaire be kept as short as possible which is supported by closed questioning.

#### **4.8.5 Questionnaire Theoretical Development**

The questionnaire was designed to specifically collect data for each variable identified within the Conceptual Framework and hence ultimately to address

each proposed hypothesis. The individual variable questions were developed with reference to the previously reviewed literature and in conjunction with the semi-structured interviews with senior managers. For the leadership style questions the Multifactor Leadership Questionnaire scale (Bass and Avolio, 1995) was used to develop relevant questions.

#### **4.8.6 Pilot Study**

Prior to the full administration of the questionnaire a pilot study was undertaken with a range of respondents from two of the participating organisations together with some Bangor University employees. The pilot study was undertaken to assess the effectiveness of the proposed questions and to draft revisions as necessary.

The pilot study responses suggested a few minor amendments to the proposed questions and when analysed the completed pilot questionnaires showed a level of consistency indicating the appropriateness of the questionnaire overall.

The pilot study was also extremely useful in testing the on screen appearance, instructions and delivery mode for the questionnaire to ensure participants would be able to complete the survey with minimal effort.

Obviously, since the interviewer is not present to answer questions or clarify in a self administered questionnaire, the sufficiency of the instructions and clarity of question wording is vital to the overall response rate for any self administered survey (Bryman, 2004).

#### **4.9 Fieldwork**

As stated in the Sampling section above the total population for this study is the approximately four million public sector employees within the United Kingdom. The first step necessary was to identify a method of accessing a significant sample of this population. To facilitate this various branches of the public sector were identified as having a large amount of UK Government administered performance management. These were The National Health Service, The Police Service, The Fire and Rescue Service, Further Education and Local Authorities, including Schools. The organisations within each of these sectors were identified from UK Government web pages; this identified a total of 1306 organisations.

A contact for the senior person in every organisation was obtained, mainly from the organisation's own web pages and an initial introductory email outlining the research was sent, this included as Appendix 4.1. In response to this initial contact, 124 positive responses were obtained and these are listed in Appendix 4.2. A semi-structured telephone was undertaken with 59 senior

staff from these positively responding organisations and these discussions were used to help develop the Conceptual Framework for the study and subsequently the data collection instrument.

Once the questionnaire had been developed and piloted the web link for the survey was sent to the agreed contact staff for each organisation by email. The survey is presented as Appendix 4.3 and the email is included as Appendix 4.4. The undoubted benefit of this data collection method is the low cost and time commitment necessary in comparison to interviewing although this does come at a cost of potentially lower response rate and possible misunderstandings from respondents.

The initial response to the survey was very good and this was further enhanced by a reminder email sent a few weeks after the original when the daily response rate had slowed, this email is included as Appendix 4.5.

Care has been taken within the administration of the survey to ensure that it is both valid and accurate. As the total population is large the sample needed to be in excess of 1067 to ensure statistical validity and minimise the sampling error to 3% at a 95% confidence level (Dillman, 2007). With a view to achieving this, the responses have been carefully monitored and reminders sent to participating organisations as necessary.

The survey has generally employed ordinal scales to collect the data for the key research variables to enable rigorous statistical testing of the hypotheses

to be undertaken. The population for this research comprised of the staff from five groups of organisations in the public sector in the United Kingdom. Private sector companies were deliberately excluded from this study. A total of 1111 staff in the public sector have been involved in this research as the unit of analysis and the main research instrument was an online survey questionnaire.

Data was successfully collected via the online survey from the representative sample of 1111 participants and staff varied from lower to senior levels from the organisations operating in public sector. In order to minimise response bias, the respondent participants were provided with confidentiality in the research and online guidance for completing the survey.

#### **4.10 Data Analysis Plan**

Once the data had been collected it was necessary to undertake the planned statistical analysis. The process of codifying and conversion of the raw data is discussed by Zikmund (1991) who recommends that the converted data is inputted into a computer for ease of analysis. There are several stages in this process. First the data is checked and edited to allow for errors and omissions and to ensure consistency. The next stage is to codify the data by classifying



each response with the appropriate numerical score. Finally the data is transformed into a numerical format suitable for computer processing.

#### **4.10.1 Data Input**

Another key benefit of administering a web based questionnaire is that the data is already available in an electronic format consequently the data conversion and inputting processes are greatly eased. The raw data is downloaded directly into an appropriate spreadsheet format and once the data has undergone the transformation process it is transferred into the statistical analysis software, SPSS, with minimal effort.

Following data collection, questionnaire responses were qualified by assigning numbers to the responses according to a given set of results, as discussed previously. The level of measurement describes the degree of accuracy and details in a variable's possible value. In this study the variables were measured mainly in ordinal level.

#### 4.10.2 Data Analysis

Descriptive data analysis is the process which transforms the numerical data into an easily understandable and interpretable format (Karami et al., 2006a; Zikmund, 1991). This process involved basic statistical calculations to produce frequency distributions, averages and percentage distributions. Within this study the preliminary data analysis involved categorisation of the data in relation to the research variables and the calculation of appropriate means and standard deviations, in addition to correlation analysis. In order to facilitate this analysis various presentational tools such as histograms, pie charts and frequency tables have been utilised to illustrate the categorised data.

There are two main sets of statistical procedures and the appropriateness of use depends upon the distribution of the data (Zikmund, 1991). With normally distributed data then parametric statistical analysis is appropriate, particularly with large data sets and interval or ratio scaled data. Conversely with data that is not normally distributed then non parametric analysis is suitable. Also the relationship between different research variables can be investigated with bivariate correlation analysis. As mentioned above in this instance the majority of the data is non-normally distributed hence non parametric analysis has been undertaken.

Reliability analysis on measurements was carried out by calculating the alpha

value. The coefficient alpha is the average of all possible split-half coefficients resulting from different ways of splitting the scale item. Churchill and Peter (1984) suggest that, this coefficient varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability. In this research the value of alpha ranged from 0.67 to 0.98. This coefficient gave an indication of the internal consistency and therefore stability of measurement generated by research scales and indicated that the data collected was reliable.

As discussed above, in order to analyse the data and consequently test the hypotheses, the collected data was summarised using statistical graphs such as, pie charts and histograms. In addition to this, various descriptive statistics including means, medians, modes, standard deviations and coefficients of skewness and kurtosis were calculated. The main reason for such analysis was to get a clear picture of how the different variables were distributed. The general picture which has emerged indicated the presence of skewed and non-normal distributions. In order to cross check these observations regarding the distributions the Kolmogorove-Smirnove goodness-of-fit test on the data to check for normality has been performed, see Table 4.2 below. The result of the test confirmed that the majority of variables were not normally distributed. Accordingly, this finding had a big influence on the choice of statistical techniques used for testing the hypotheses. In addition the variables were measured in ordinal scale. This finding led to a focus mainly on non-parametric statistical techniques.

**Table 4.2 Kolmogorove-Smirnov goodness-of-fit test****Tests of Normality**

	Kolmogorov-Smirnov(a)		
	Statistic	df	Sig.
EFFECTIVENESS	.345	556	.000
MISSION	.200	556	.000
CUSTOMERS	.238	556	.000
INTERNAL	.147	556	.000
LEARNING & GROWTH	.160	556	.000
USER EXPECTATIONS	.249	556	.000
POSITIVE REPUTATION	.246	556	.000
NEGATIVE REPUTATION	.195	556	.000
GAMING	.209	556	.000
TRANSFORMATIONAL LEADERSHIP	.129	556	.000
TRANSACTIONAL LEADERSHIP	.109	556	.000
AVAILABILITY	.213	556	.000
RELIABILITY	.238	556	.000
ACCESSIBILITY	.213	556	.000
INTRINSIC FACTORS	.175	556	.000
EXTRINSIC FACTORS	.132	556	.000
HIERARCHICAL	.171	556	.000
FLAT	.213	556	.000

a Lilliefors Significance Correction

Table 4.3 provides the classification of the statistical tests in terms of the level of the data measurement and research design. One way analysis of variance technique, ANOVA, is employed for the analysis of the data, when the data is measured in interval level, and an experimental design between subjects is applied. In order to investigate the association between variables, the correlation analyses, Spearman's rank order correlation for non-categorical data, and Pearson's correlation for categorical data, are used. In this case the Spearman rank orders correlation coefficients are the ones calculated since the data is mainly ordinal and exhibited skewed distributions.

In order to investigate the association between two samples in nominal level, the Chi-square test is used. While for ordinal variables the Mann-Whittney U test for detecting significant differences is used.

**Table 4.3** Data analysis plan: employed statistical tests

Type of Data	Experimental Design (Between Subjects)	Experimental Design (Within Subjects)
<b>Two Samples</b>		
Nominal		McNemar test
Ordinal	Wilcoxon Mann-Whitney Test	Wilcoxon signed ranks test
Interval	Independent Samples T test	Paired samples t-test
<b>Three Samples</b>		
Nominal	Chi-square test	Cochran's Q test
Ordinal	Kruskal-Willis K-Sample Test	Friedman Test
Interval	One way ANOVA	Repeated measures ANOVA

The independent samples T test is applied for the data, which is measured in interval levels. When investigating the relationship between variables in cases of more than three samples, Chi-square for nominal data, Kruskal-Wallis K-sample test for ordinal data, and ANOVA for interval data are applied.

#### **4.10.3 Distribution of the Data and Reliability**

As mentioned in the previous sub-section one of the primary tools for descriptive data analysis is frequency distribution which is defined by Gravetter and Wallnau (2000) as the organisation and tabulation of the number of subjects in the relevant category. This frequency distribution can be presented in either graphical or tabular format. Field (2005) refers to the usefulness of frequency distributions in assessing the properties of the score distributions. It is particularly easy to identify the mode from graphical data presentation.

#### 4.11 Chapter Summary

The aim of this chapter was to provide an overview of the research methodology utilised in this study. A number of alternative approaches to research methodological design have been reviewed in relation to this study. This review has included research philosophy, research design and approaches, qualitative research methodologies, research process, data collection methods and the data analysis plan.

The conclusion that has been drawn was that this study required rich qualitative and quantitative data to be collected; hence the methodology was designed as a combination of qualitative and quantitative approaches. However the main source of primary research data was quantitative via a self administered on line questionnaire. This broadly triangulated approach enabled the researcher to develop a view of the effectiveness of the Performance Management Systems.

Some of the key behavioural impacts that performance measurement can initiate were highlighted by this methodology and proposals as to how these can be managed are given in the recommendations; as are suggestions regarding the potential conflicts that may occur with other organisational priorities and assessment exercises.

Preparation of the data for analysis has been discussed along with the criteria for selecting appropriate data analysis techniques. The data analysis was undertaken utilising the SPSS statistical analysis software package and this process is discussed further in the following chapter.



## **CHAPTER FIVE: DATA ANALYSIS**

### **5.1 Introduction**

The purpose of this chapter is to present the data analysis results and the statistical methods employed to analyse the data. This introductory section will outline the approach adopted, the overall population size, the sample size and composition. The second section will consider the organisational and respondent profiles and the following section outlines the descriptive data analysis of the research variables related to the external viewpoint. The fourth section similarly discusses the descriptive data analysis of the research variables related to the internal viewpoint.

Within these sections the qualitative data that has been collected from both the initial interviews with the organisational senior managers and the textual section of the data collection instrument is also considered. In the fifth section correlation analysis will be undertaken in relation to each hypothesis. The next section will present the parametric One-Way ANOVA technique to rank the combined data for each variable in relation to the performance management effectiveness data. The final section will provide an overall summary of the chapter and the subsections contained.

## **5.2 Organisational and Respondent Profiles**

The organisations selected in the survey form a representative sample of the organisations within the United Kingdom public sector. This is illustrated by the data in the Tables 5.1 and 5.2. As can be seen from these tables an overall representative sample size of 9% of the total population of all public sector organisations has been achieved, which in turn represents approximately 400,000 public sector employees. This (9%) is also the minimum participation rate for each of the United Kingdom constituent countries and the majority of sectors. The only outlier is the Further Education sector which achieved a participation rate of 5% of the total number of organisations however this particular organisational sample still gives an organisational sampling error of less than 10% (Dillman, 2007).

**Table 5.1 Total Number of organisations in each sector**

	Local Authority	Police	FE College	Fire Service	NHS Trust	Total
England	336	39	345	46	329	1095
Northern Ireland	24	1	16	1	4	46
Scotland	29	8	43	6	23	109
Wales	17	4	23	3	9	56
<b>Total</b>	<b>406</b>	<b>52</b>	<b>427</b>	<b>56</b>	<b>365</b>	<b>1306</b>

Source: <http://www.direct.gov.uk/en/index.htm> (accessed 15/06/2008)

In this study, five groups of organizations operating in public sector were selected. Each of the participating organisations originally agreed to issue the data collection instrument to its staff and most agreed to interviews with senior managers. The total numbers of individual responses from each sector are as follow: NHS Trust (N=160); Police Force (N=47), Fire and Rescue (N=57), Local Authorities, including schools, (N=559), and Further Education Colleges (N=275) with 13 respondents not identifying their organisation.

This resulted in a total of 1111 responses to the data collection instrument from individual public sector employees, which is the unit of analysis for the study, and this response rate based on a total population of approximately

4,000,000 gives a sampling error of less than 3% for the whole study (Dillman, 2007).

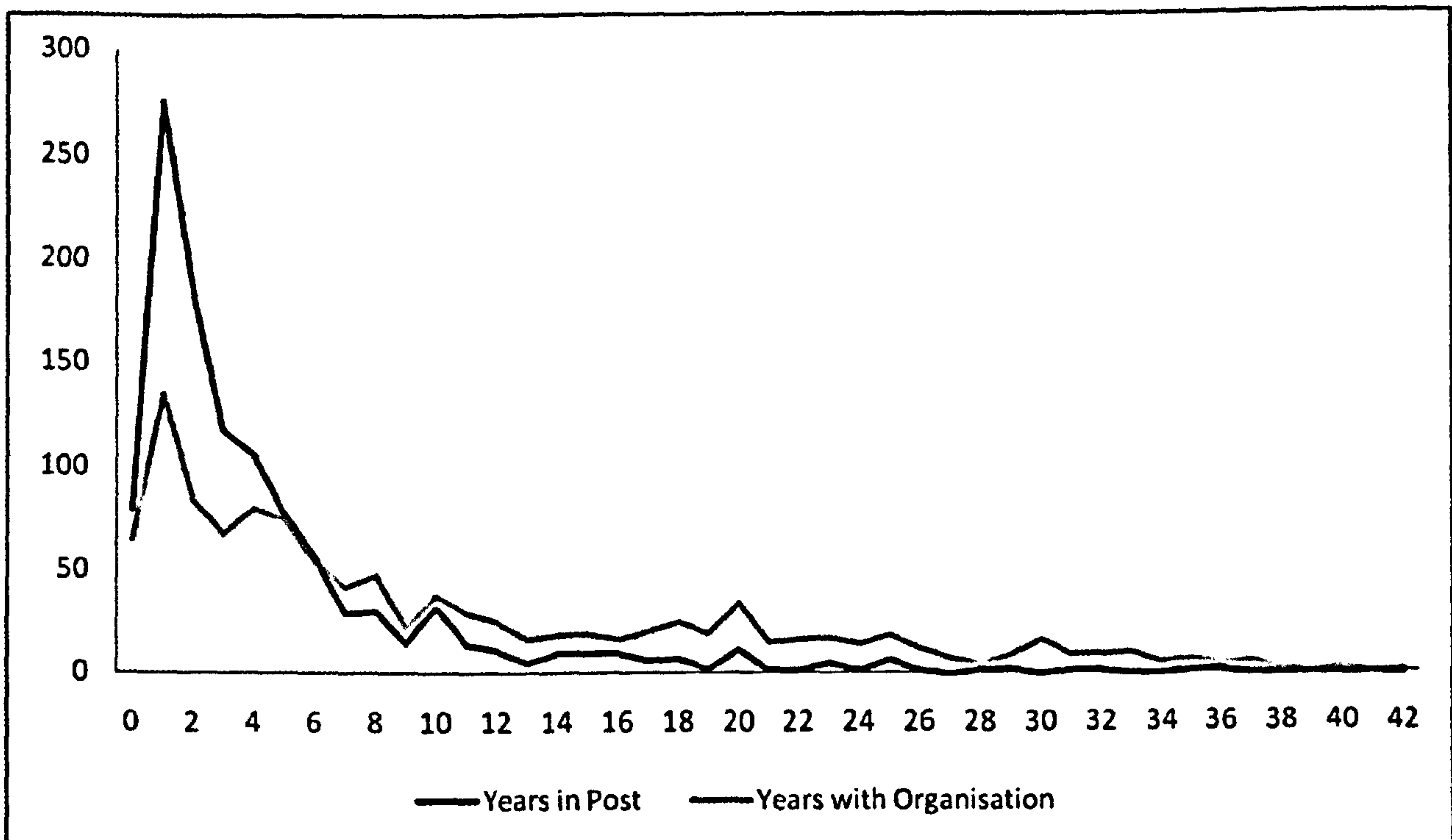
**Table 5.2 Number and percentage of participating organisations in each sector**

	Local Authority	Police	FE College	Fire Service	NHS Trust	Total Sectoral Participation
England	37 (11%)	10 (26%)	17 (5%)	9 (20%)	23 (7%)	96 (9%)
Northern Ireland	2 (8%)	0 (0%)	3 (19%)	0 (0%)	3 (75%)	8 (17%)
Scotland	3 (10%)	1 (13%)	2 (5%)	2 (33%)	2 (9%)	10 (9%)
Wales	2 (12%)	3 (75%)	1 (4%)	1 (33%)	3 (33%)	10 (18%)
<b>Total National Participation</b>	<b>44 (11%)</b>	<b>14 (27%)</b>	<b>23 (5%)</b>	<b>12 (21%)</b>	<b>31 (9%)</b>	<b>124 (9%)</b>

Initial data analysis shows that 45 per cent of the respondents who identified their gender (N=465) were male, while 55 percent (N=594) were female. The

minimum total number of years of work experience with the organisation of the respondents' was less than one year and the maximum was 42 years (mean = 10.68, SD = 9.493). The mean period in post was 4.76 years (SD = 5.183) indicating that a considerable proportion of staff are relatively new in post. This would tend to indicate that there is a relatively high level of staff movement and organisational change and this data is illustrated in Figure 5.1.

**Figure 5.1 Years in Post and Years with Organisation**



The organisational positions of the respondents are as follows: Senior manager (N=203, 18.6%), Middle manager (N=302, 26.7%), Professional practitioner (N=339, 31.0%), Clerical (N=224, 20.5%) and Manual (N=25, 2.3%).

### **5.3 Descriptive Analysis of External Research Variables**

To address the overall research objective two research questions have been framed which address the research objective from either the organisations' external or internal viewpoint and from the external point of view the question is: -

Has there been an improvement in public sector performance since the introduction of performance management systems?

#### **5.3.1 External View – Government Involvement**

The first hypothesis and group of variables are designed to measure the extent and impact of central government on the targeting and performance management processes undertaken by each organisation.

**H1** There is a significant association between clear, centrally administered objectives and performance management effectiveness

The first variable that is considered here is the extent of national targeting in relation to locally set targeting, next the consequence for achievement or non-achievement of targets are considered and finally the rate of change of the performance management system is considered.

Initially the respondents were asked if the respondent had targets that apply directly to their work: 21.8% (N=201) strongly agreed, 65.8% (N=608) agreed, 5.4% (N=50) were not sure, 5.4% (N=60) disagreed and 0.5% (N=5) strongly disagreed (mean = 1.98, SD = 0.762).

It is clear from this data that the large majority (87.6%) of respondents have work related targets. These results have been cross tabulated with the rate of change of targets and this is presented in Table 5.3. Interestingly these results show that whilst the majority of respondents do have work related targets most of these respondents do not feel that these targets change too often.

**Table 5.3** Cross tabulation between targeting and rate of change

			My targets change too often					
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
I have work related targets	Strongly agree	Count	10	30	23	111	24	198
		% of Total	1.1%	3.3%	2.6%	12.3%	2.7%	22.0%
	Agree	Count	25	107	114	331	20	597
		% of Total	2.8%	11.9%	12.7%	36.7%	2.2%	66.3%
	Not sure	Count	1	10	22	13	1	47
		% of Total	.1%	1.1%	2.4%	1.4%	.1%	5.2%
	Disagree	Count	5	11	14	22	2	54
		% of Total	.6%	1.2%	1.6%	2.4%	.2%	6.0%
Strongly disagree	Count	1	0	1	2	1	5	
	% of Total	.1%	.0%	.1%	.2%	.1%	.6%	
Total		Count	42	158	174	479	48	901
		% of Total	4.7%	17.5%	19.3%	53.2%	5.3%	100.0%

The respondents were then asked who set these targets for them and the responses were as follows: My supervisor, 33.9% (N=302); Local managers, 10.5% (N=94); Local managers, 30.8% (N=275); The governing body, 3.1% (N=28); Local government, 5.4% (N=48); National inspectors, 1.5% (N=13); National government, 14.8% (N=132). Most respondents 75.2% felt that their targets were set within their own organisation with the majority feeling that they were set by their direct supervisor.

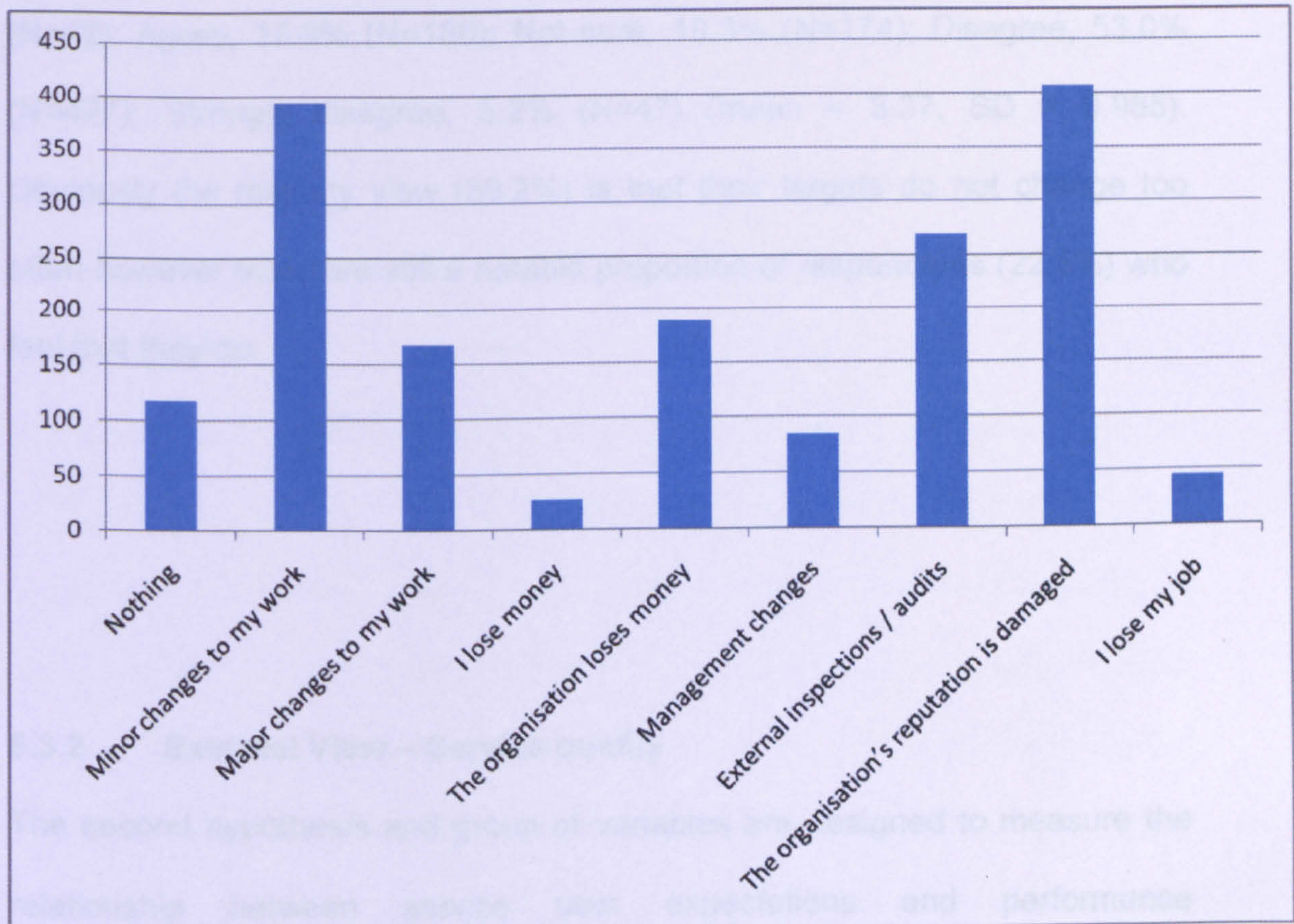
Next respondents were asked to consider what happens if the targets that they are working to are not met. The responses were: Nothing, 13.3% (N=118); Minor changes to my work, 44.2% (N=392); Major changes to my work, 18.7% (N=166); I loses money, 2.9% (N=26); The organisation loses



money, 21.2% (N=188); Management changes, 9.5% (N=84); External inspections / audits, 30.2% (N=268); The organisation's reputation is damaged, 45.8% (N=406); I lose my job, 5.0% (N=44). These results are illustrated in Figure 5.2.

From this response it is clear that individuals are aware of the potential reputational damage caused by failure to achieve targets and that their personal working practices will be amended (in either large or small ways) if targets are not achieved. Respondents were also aware of other organisational threats in terms of additional inspections or audits, financial consequences or management changes. Significantly the possibility of nothing happening was also suggested by a notable proportion (13.3%) of respondents. It would appear that on the whole individuals felt minimal personal threat of financial consequences or job loss by working to targets.

**Figure 5.2** What happens if targets are not met?



They were then asked who they consider to be responsible for monitoring their performance with the following result: My supervisor, 43.4% (N=382); Local managers, 11.3% (N=99); Local managers, 28.2% (N=248); The governing body, 3.1% (N=27); Local government, 2.5% (N=22); National inspectors, 6.6% (N=58); National government, 5.0% (N=44). As with target setting respondents overwhelmingly felt that performance monitoring was a locally undertaken activity within their own organisation.

Finally in relation to the first hypothesis data was collected in relation to the rate of change of performance targets. When asked if their personal targets changed too often participants responded as follows: Strongly agree, 4.7% (N=42); Agree, 17.8% (N=160); Not sure, 19.3% (N=174); Disagree, 53.0% (N=477); Strongly disagree, 5.2% (N=47) (mean = 3.37, SD = 0.985). Obviously the majority view (58.2%) is that their targets do not change too often however there are still a notable proportion of respondents (22.5%) who feel that they do.

### **5.3.2 External View – Service quality**

The second hypothesis and group of variables are designed to measure the relationship between service user expectations and performance management effectiveness.

**H2** There is a significant association between user expectations regarding the quality of services received and performance management effectiveness

The first variable related to this hypothesis considers the respondents' opinions in relation customer service delivery. Initially participants were asked if they felt that working to targets had improved customer service: 9.6%

(N=85) strongly agreed, 50.2% (N=446) agreed, 25.3% (N=225) were not sure, 10.3% (N=92) disagreed and 4.6% (N=41) strongly disagreed (mean = 2.5, SD = 0.962). From this it can be seen that 59.8% of respondents support with the statement whereas 14.9% do not, however 25.3% of respondents are unsure if service has improved or not.

Secondly for this variable respondents were asked to respond to the converse of this statement and the responses supported the above data quite closely. The data in this instance is as follows: Strongly agree, 2.4% (N=21); Agree, 13.1% (N=114); Not sure, 30.1% (N=263); Disagree, 46.0% (N=402); Strongly disagree, 8.4% (N=73) (mean = 3.45, SD = 0.906). The final data set in relation to this variable collects the respondents' views as to whether targets are needed. This data is as follows: Strongly agree, 22.0% (N=193); Agree, 60.2% (N=527); Not sure, 11.8% (N=103); Disagree, 4.7% (N=41); Strongly disagree, 1.4% (N=12) (mean = 2.03, SD = 0.805). Here is clear to see that there is a considerable amount of support amongst respondents towards working to targets (82.2%).

The next variable relates to respondents' views regarding their organisation's reputation. Firstly they were asked to state whether they had seen reports in the press about their organisation not achieving its targets. The responses were: Strongly agree, 13.4% (N=119); Agree, 56.6% (N=504); Not sure, 11.8% (N=105); Disagree, 11.8% (N=105); Strongly disagree, 2.1% (N=19) (mean = 2.37, SD = 0.975). They were then asked if this made them feel good, and the responses were: Strongly agree, 15.7% (N=135); Agree, 44.9%

(N=387); Not sure, 25.3% (N=218); Disagree, 12.2% (N=105); Strongly disagree, 2.0% (N=17) (mean = 2.40, SD = 0.957). This result indicates that 70.0% of respondents have seen positive reports about their organisation and this has had a positive effect 60.6% of the respondents.

Secondly they were asked to state whether they had seen reports in the press about their organisation not achieving its targets. The following responses were received: Strongly agree, 6.7% (N=59); Agree, 45.4% (N=403); Not sure, 16.0% (N=142); Disagree, 26.9% (N=239); Strongly disagree, 5.0% (N=44) (mean = 2.78, SD = 1.069). They were then asked if this made them feel bad, and the responses were: Strongly agree, 12.2% (N=103); Agree, 39.8% (N=335); Not sure, 29.0% (N=244); Disagree, 16.1% (N=135); Strongly disagree, 2.9% (N=24) (mean = 2.57, SD = 0.992). This result indicates that 52.1% of respondents have seen negative reports about their organisation and this has had a negative effect 52.0% of the respondents.

The final variable in relation to this hypothesis considers the issue of gaming. Firstly respondents were asked if they were aware of times when rules have been broken to achieve a target and the responses were as follows: Strongly agree, 5.5% (N=48); Agree, 23.0% (N=199); Not sure, 33.5% (N=290); Disagree, 31.8% (N=275); Strongly disagree, 6.1% (N=53) (mean = 3.11, SD = 1.004).

Respondents were then asked if this breach of rules had had an impact on the customer with the following responses: Strongly agree, 3.5% (N=29); Agree,

15.1% (N=124); Not sure, 51.0% (N=418); Disagree, 25.9% (N=212); Strongly disagree, 4.5% (N=37) (mean = 3.13, SD = 0.846). Within the survey a reasonable proportion of respondents (N=247, 28.5%) stated that they were aware of times when rules have been broken to achieve a target. Additionally several respondents (N=153, 18.6%) felt that this had had an impact on the customer and on average this occurred within the last two years (Figure 5.3).

**Figure 5.3 How long ago did gaming occur?**

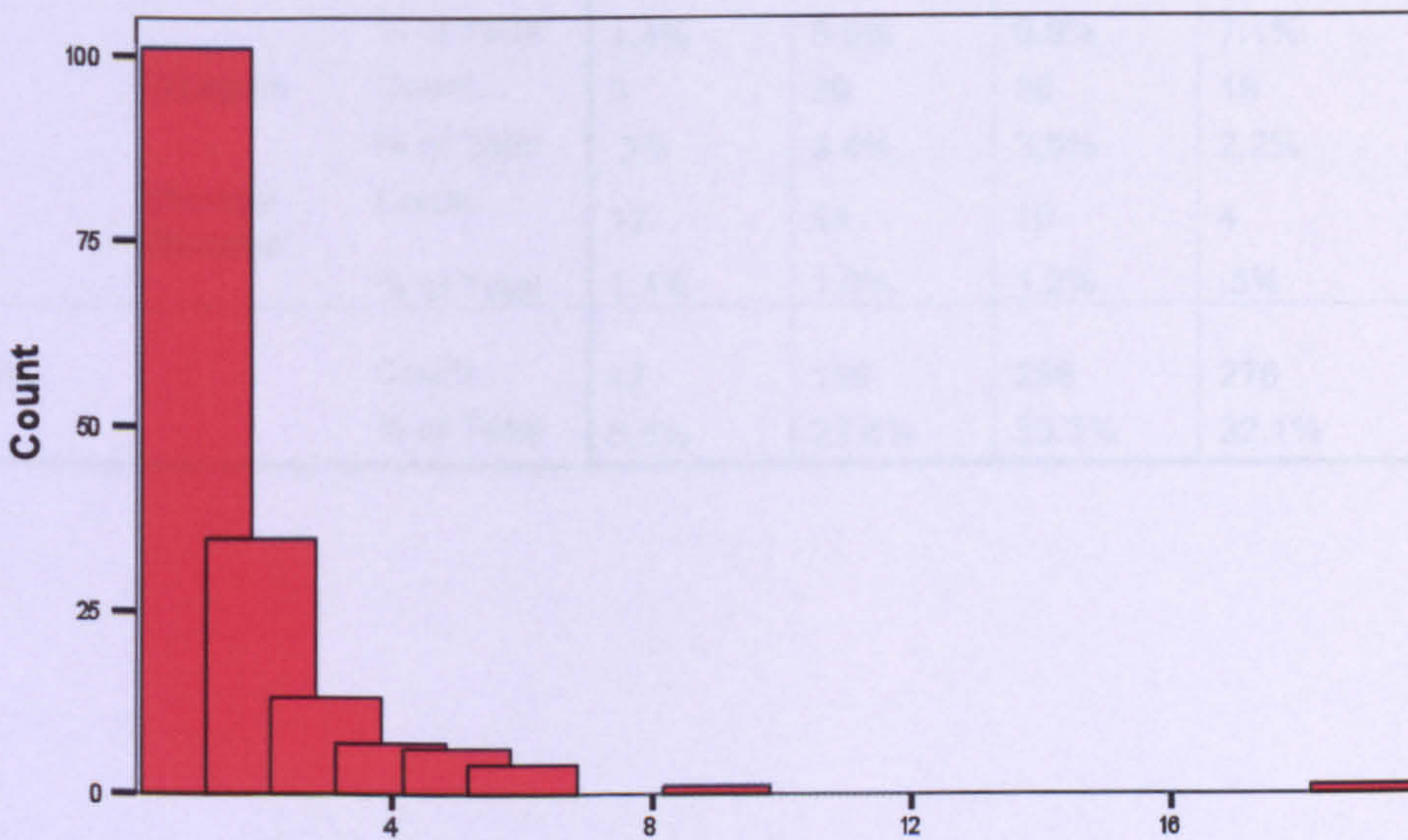


Table 5.4 presents the results of the cross tabulation between targets improving customer service and gaming and as can be seen from the table the results are generally mutually supportive. The highest proportion of respondents who felt that targeting improved customer service also disagreed with the gaming statement (26.7%). However, interestingly, 15.7% of

respondents who felt that targeting does improve customer service were also aware of the existence of gaming.

**Table 5.4 Cross tabulation between targets improving service and gaming**

			Gaming					
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Targets improve service	Strongly agree	Count	9	11	23	28	11	82
		% of Total	1.0%	1.3%	2.7%	3.3%	1.3%	9.5%
	Agree	Count	11	95	138	164	26	434
		% of Total	1.3%	11.1%	16.1%	19.1%	3.0%	50.5%
	Not sure	Count	12	47	85	61	11	216
		% of Total	1.4%	5.5%	9.9%	7.1%	1.3%	25.1%
	Disagree	Count	3	29	30	19	5	86
		% of Total	.3%	3.4%	3.5%	2.2%	.6%	10.0%
Strongly disagree	Count	12	14	10	4	1	41	
	% of Total	1.4%	1.6%	1.2%	.5%	.1%	4.8%	
Total	Count	47	196	286	276	54	859	
	% of Total	5.5%	22.8%	33.3%	32.1%	6.3%	100.0%	

## **5.4 Descriptive Analysis of Internal Research Variables**

Next the conceptual framework for the study shifts the focus of the investigation from the environment external to the organisation to the organisation's own internal environment. Taking the internal view into account the research question is: -

*What are the elements of effective performance management?*

The main internal research question has been further broken down into several research hypotheses and the related data is considered in the following section.

### **5.4.1 Internal View – Leadership**

The first internal hypothesis considers the importance of the leadership style adopted by the organisation's senior management.

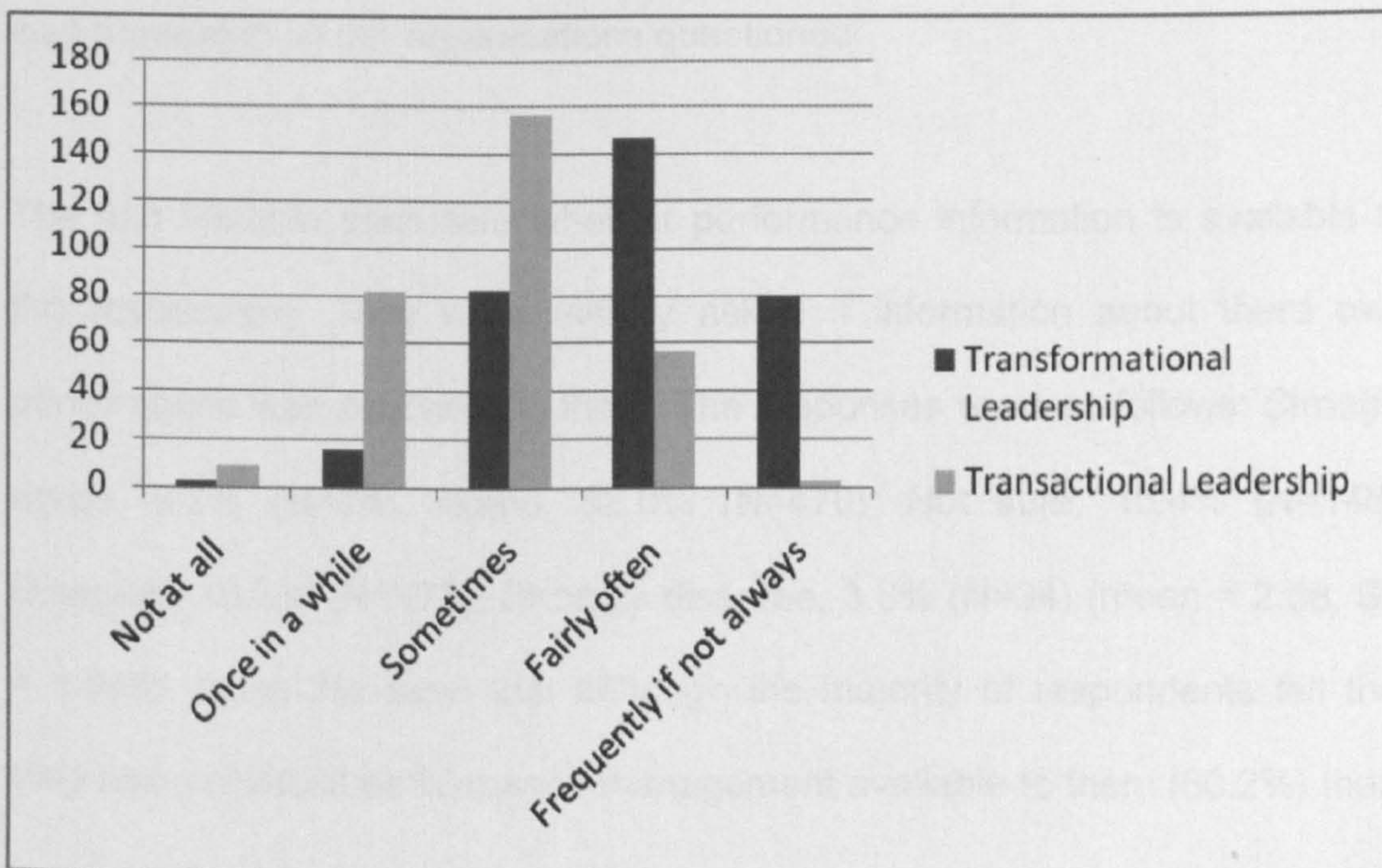
**H3** There is a significant association between leadership style and performance management effectiveness



Various models for assessing leadership style exist (Crainer, 1995) however the Transformational and Transactional model, as outlined by Bass and Avolio (1993), has been selected as the favoured model for this study since it relates specifically to goal attainment and the communication of vision.

The statements used for this section of the data collection instrument were derived from the Multifactor Leadership Questionnaire published by Bass and Avolio (1995). The combined results for the transformational leadership and transactional leadership statements are presented in Figure 5.4 and these results offer a fairly strong indication of support for the existence of transformational leadership within the organisations surveyed and present weaker support for the existence of transactional leadership within the participating organisations.

**Figure 5.4 Transformational Leadership and Transactional Leadership**



### 5.4.2 Internal View – Management Information Systems

This hypothesis proposes that performance management as practiced within the United Kingdom public sector would not be possible without the advent of effective computerised management information systems.

**H4** There is a significant association between MIS and performance management effectiveness

All organisations questioned have active management information systems, with most having key performance data available to staff at all levels in the organisation. The level of sophistication of these systems varied between organisations and to some extent between sectors but it was a feature that was present in all the organisations questioned.

The first variable considers whether performance information is available to the respondent. They were initially asked if information about their own performance was available to them. The responses were as follows: Strongly agree, 8.2% (N=74); Agree, 52.0% (N=470); Not sure, 16.4% (N=148); Disagree, 19.7% (N=178); Strongly disagree, 3.8% (N=34) (mean = 2.58, SD = 1.015). It can be seen that although the majority of respondents felt that they had individual performance management available to them (60.2%) there

is still a considerable minority (23.5%) who felt that they did not. The second statement related to the first variable considered if information about the organisation's performance was available to the respondents. The responses were as follows: Strongly agree, 16.9% (N=153); Agree, 60.2% (N=544); Not sure, 11.8% (N=107); Disagree, 8.9% (N=80); Strongly disagree, 2.1% (N=19) (mean = 2.19, SD = 0.893). Here we can see much stronger support (77.1%) for the statement.

The second variable here considers the reliability of the performance data available to the respondents firstly in relation to their own performance and secondly in relation to the organisation's. The results for individual information are: Strongly agree, 9.9% (N=89); Agree, 52.7% (N=472); Not sure, 25.0% (N=224); Disagree, 9.6% (N=86); Strongly disagree, 2.7% (N=24) (mean = 2.42, SD = 0.896) and for organisational information: Strongly agree, 10.7% (N=97); Agree, 52.3% (N=472); Not sure, 24.7% (N=223); Disagree, 10.0% (N=90); Strongly disagree, 2.3% (N=21) (mean = 2.41, SD = 0.893). These results are consistent and indicate that the majority of respondents (63.0%) feel that the performance information available to them is reliable.

The final variable linked to this hypothesis considers how easy it is for the respondents to access performance management information. Firstly they were asked about their own information and the responses were: Strongly agree, 6.5% (N=59); Agree, 46.2% (N=416); Not sure, 23.6% (N=213); Disagree, 19.3% (N=174); Strongly disagree, 4.3% (N=39) (mean = 2.68, SD = 0.998). Then they were asked about organisational information, the

responses were as follows: Strongly agree, 11.6% (N=104); Agree, 55.0% (N=493); Not sure, 19.5% (N=175); Disagree, 11.9% (N=107); Strongly disagree, 2.0% (N=18) (mean = 2.38, SD = 0.910). It can be seen that a larger majority felt that they could more easily access organisational performance information (66.6%) than their own (52.7%).

The cross tabulation of these results shows a strong agreement between individual and organisational responses; when a participant responded positively from their individual perspective, they also tended to respond positively from an organisational perspective. This is illustrated by the cross tabulated results presented in table 5.5. There is also a strong relationship shown when each individual variable is cross tabulated which would tend to support the view that when the performance data is available it is reliable and accessible. The cross tabulation presented in table 5.6 illustrates this point.

**Table 5.5 Cross tabulation between organisational availability and individual availability**

			Organisational Availability					Total
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	
Individual Availability	Strongly agree	Count	62	11	3	1	0	77
		% of Total	6.9%	1.2%	.3%	.1%	.0%	8.5%
	Agree	Count	65	344	42	14	4	469
		% of Total	7.2%	38.1%	4.7%	1.6%	.4%	51.9%
	Not sure	Count	13	89	35	10	0	147
		% of Total	1.4%	9.9%	3.9%	1.1%	.0%	16.3%
	Disagree	Count	10	88	22	51	5	176
		% of Total	1.1%	9.7%	2.4%	5.6%	.6%	19.5%
	Strongly disagree	Count	4	12	4	4	10	34
		% of Total	.4%	1.3%	.4%	.4%	1.1%	3.8%
	Total	Count	154	544	106	80	19	903
		% of Total	17.1%	60.2%	11.7%	8.9%	2.1%	100.0%

**Table 5.6 Cross tabulation between reliability and availability**

			Reliability					Total
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	
Availability	Strongly agree	Count	56	20	1	0	0	77
		% of Total	6.3%	2.2%	.1%	.0%	.0%	8.6%
	Agree	Count	32	370	48	11	5	466
		% of Total	3.6%	41.3%	5.4%	1.2%	.6%	52.1%
	Not sure	Count	2	46	88	11	1	148
		% of Total	.2%	5.1%	9.8%	1.2%	.1%	16.5%
	Disagree	Count	2	31	77	56	6	172
		% of Total	.2%	3.5%	8.6%	6.3%	.7%	19.2%
	Strongly disagree	Count	0	2	10	8	12	32
		% of Total	.0%	.2%	1.1%	.9%	1.3%	3.6%
	Total	Count	92	469	224	86	24	895
		% of Total	10.3%	52.4%	25.0%	9.6%	2.7%	100.0%

### 5.4.3 Internal View – Staff Motivation

This hypothesis is based on Kreitner et.al.(1999) who postulates that there is a significant relationship between staff motivation and performance management effectiveness.

**H5** There is a significant association between staff motivation and performance management effectiveness

Two performance management related staff motivation variables have been developed for use within this study which look at intrinsic performance management factors followed by extrinsic factors.

The Intrinsic Factors variable considers the autonomy of the employee in relation to their own performance management. The first question related to this variable asks if respondents sometimes set their own targets. The responses were as follows: Strongly agree, 23.2% (N=211); Agree, 68.1% (N=618); Not sure, 2.2% (N=20); Disagree, 5.4% (N=49); Strongly disagree, 1.1% (N=10) (mean = 1.93, SD = 0.751). This indicates that the vast majority of respondents (91.3%) have some degree of autonomy with respect to their own targets.

Next the participants were asked if they liked working to targets, the results are: Strongly agree, 15.1% (N=137); Agree, 63.6% (N=578); Not sure, 11.0% (N=100); Disagree, 8.4% (N=76); Strongly disagree, 2.0% (N=18) (mean = 2.19, SD = 0.860). This result shows that a high proportion of respondents (78.7%) appear to like working to targets and operating within a performance management system.

Participants were then asked if they felt that their targets were easy to achieve and the responses were as follows: Strongly agree, 0.9% (N=8); Agree, 21.5% (N=195); Not sure, 20.9% (N=189); Disagree, 50.2% (N=454); Strongly disagree, 6.5% (N=59) (mean = 3.40, SD = 0.926). In this case the majority of respondents (56.7%) did not feel that their targets were easy to achieve. When taken together this set of results provide some interesting insights.

Even though most respondents didn't feel that their targets were easy to achieve they were still happy about working to targets and most had some involvement in the setting of their targets. Hence it would appear reasonable to infer that the respondents set themselves stretching targets and took some satisfaction in working to and hopefully achieving them. Also when analysing this data the feelings expressed in response to the reputation questions were considered.

The Extrinsic Factors variable is designed to assess the impact of external factors on the performance management regime and to gather information on the employee's understanding of these constraints. Firstly in relation to this

variable, respondents were asked if they knew why they had targets. The responses were as follows: Strongly agree, 28.7% (N=259); Agree, 63.5% (N=572); Not sure, 4.8% (N=43); Disagree, 2.4% (N=22); Strongly disagree, 0.6% (N=5) (mean = 1.82, SD = 0.673). Here we can see that a large majority (92.2%) of respondents feel that they know why they are operating within a performance managed environment.

Next, in relation to this variable, participants were asked if their targets changed regularly. The responses were as follows: Strongly agree, 7.6% (N=68); Agree, 48.1% (N=429); Not sure, 12.0% (N=107); Disagree, 31.2% (N=278); Strongly disagree, 1.0% (N=9) (mean = 2.70, SD = 0.892). It can be seen from this data that there is a level of variability in these responses with no clear outcome; this could be partly due to not defining what should be considered as regular changes.

Finally participants were asked if their targets changed too often and the responses were as follows: Strongly agree, 4.7% (N=42); Agree, 17.8% (N=160); Not sure, 19.3% (N=174); Disagree, 53.0% (N=477); Strongly disagree, 5.2% (N=47) (mean = 2.58, SD = 1.015). Consequently if this result is considered in conjunction with the previous response it can be seen that whilst there is no clear outcome if participants are asked if their targets change too often there is obviously a majority agreement (58.2%) that their targets do not change too often. As previously when analysing this data the responses to the reputation questions were considered.



**Table 5.7 Cross tabulation between targets are easy to achieve and own target setting**

			Targets are easy to achieve					Total
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	
Own target setting	Strongly agree	Count	5	49	29	111	16	210
		% of Total	.6%	5.4%	3.2%	12.3%	1.8%	23.2%
	Agree	Count	2	135	134	314	31	616
		% of Total	.2%	14.9%	14.8%	34.7%	3.4%	68.1%
	Not sure	Count	0	2	13	5	0	20
		% of Total	.0%	.2%	1.4%	.6%	.0%	2.2%
	Disagree	Count	1	7	12	20	8	48
		% of Total	.1%	.8%	1.3%	2.2%	.9%	5.3%
	Strongly disagree	Count	0	1	0	5	4	10
		% of Total	.0%	.1%	.0%	.6%	.4%	1.1%
	Total	Count	8	194	188	455	59	904
		% of Total	.9%	21.5%	20.8%	50.3%	6.5%	100.0%

The cross tabulation analysis highlighted an interesting point which is presented in table 5.7. The majority of respondents who said that they set their own targets also stated that they felt that their targets were not easy to achieve (52.2%). As previously discussed this result would appear to suggest people are happy to set themselves stretching targets.

#### 5.4.4 Internal View – Organisational Structure

This hypothesis has been proposed in order to test the relationship between organisational structure and performance management effectiveness as identified by identified by Drucker (1989).

**H6** There is a significant association between organisational structure and performance management effectiveness

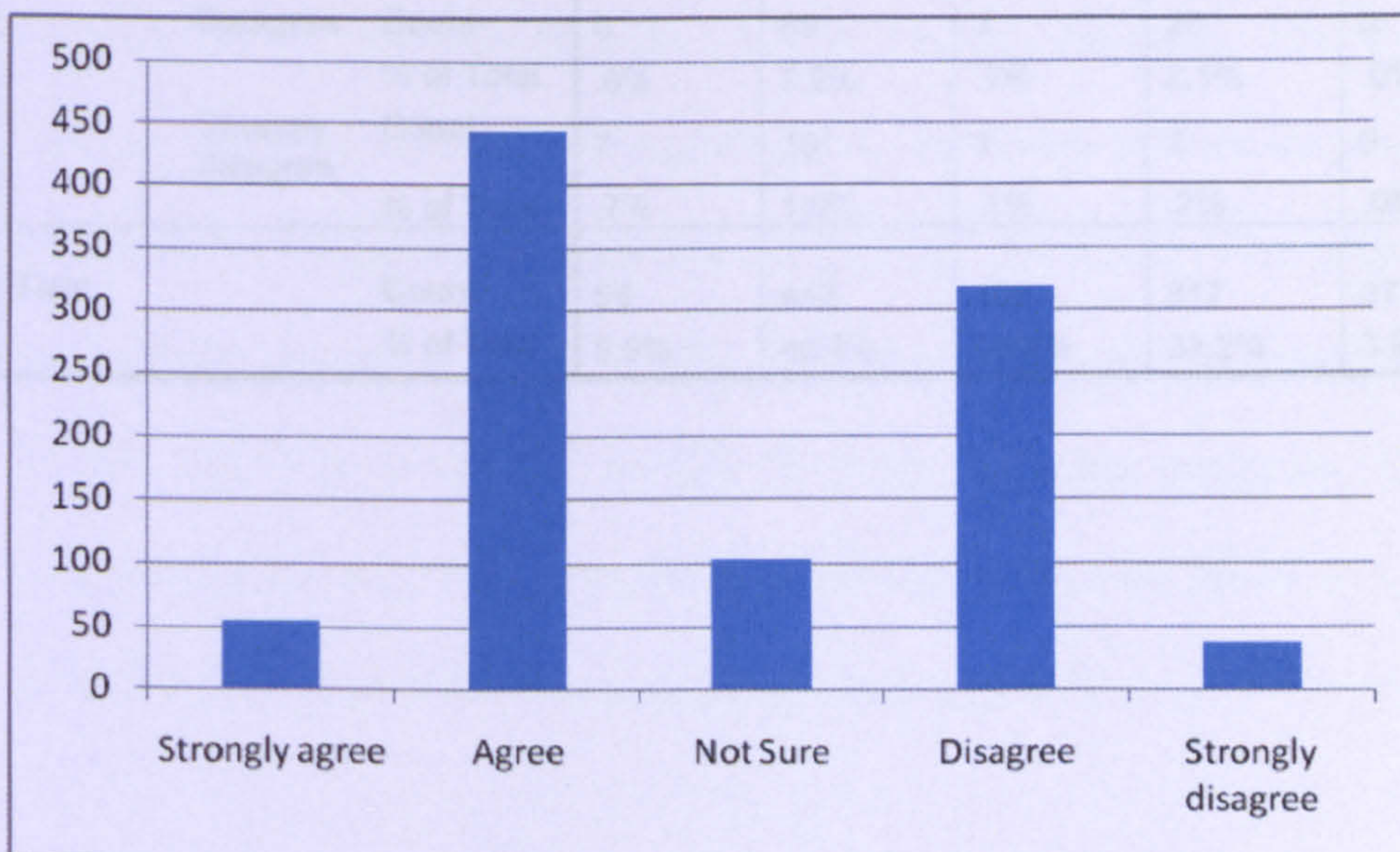
Participants were asked to respond to four statements in response to this hypothesis, firstly they were asked if there was a clear organisation structure in their organisation. The responses were as follows: Strongly agree, 33.6% (N=323); Agree, 47.5% (N=456); Not sure, 7.2% (N=69); Disagree, 8.2% (N=79); Strongly disagree, 3.4% (N=33) (mean = 2.00, SD = 1.024). There is a clear consensus here, 81.1% of respondents supported the statement indicating that the majority of the organisations surveyed had clear management structures.

Similar results were also obtained when participants were asked if they worked as part of a team. The responses were as follows: Strongly agree, 45.3% (N=435); Agree, 47.0% (N=451); Not sure, 3.32% (N=32); Disagree, 3.4% (N=33); Strongly disagree, 0.9% (N=9) (mean = 1.61, SD = 0.778). Again there is a clear majority agreement (92.3%) here supporting the statement. In addition respondents were asked if they had a great deal of

freedom in choosing how to carry out their work. The responses were as follows: Strongly agree, 24.6% (N=236); Agree, 53.4% (N=512); Not sure, 9.1% (N=87); Disagree, 10.8% (N=103); Strongly disagree, 2.1% (N=20) (mean = 2.12, SD = 0.971). As above the statement is supported by most (78.0%) of respondents.

A different pattern of responses however was gained when participants were asked if they had to work to rigid rules and regulations. The responses were as follows: Strongly agree, 5.9% (N=56); Agree, 46.2% (N=442); Not sure, 10.9% (N=104); Disagree, 33.2% (N=318); Strongly disagree, 3.9% (N=37) (mean = 2.83, SD = 1.074). These results show a split response with 52.1% supporting the statement and 37.1% not supporting it. These results are presented in Figure 5.5.

**Figure 5.5** I have to work to rigid rules and regulations



Summarising this set of results it appears reasonably clear that most participants felt that whilst they worked within a clear organisational structure, usually involving some element of team working, they had a great deal of autonomy in relation to their day to day working life. However, nearly half of the respondents did feel that this freedom was shaped by a rigid set of operating regulations and this is illustrated by the cross tabulation in table 5.8.

**Table 5.8 Cross tabulation between rules and regulations and freedom**

			Rules and Regulations					
			Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Freedom	Strongly agree	Count	13	75	14	110	27	239
		% of Total	1.4%	7.9%	1.5%	11.5%	2.8%	25.0%
	Agree	Count	24	241	61	173	9	508
		% of Total	2.5%	25.2%	6.4%	18.1%	.9%	53.2%
	Not sure	Count	6	47	20	12	1	86
		% of Total	.6%	4.9%	2.1%	1.3%	.1%	9.0%
	Disagree	Count	6	69	7	20	0	102
		% of Total	.6%	7.2%	.7%	2.1%	.0%	10.7%
	Strongly disagree	Count	7	10	1	2	0	20
		% of Total	.7%	1.0%	.1%	.2%	.0%	2.1%
	Total	Count	56	442	103	317	37	955
		% of Total	5.9%	46.3%	10.8%	33.2%	3.9%	100.0%

#### 5.4.5 Performance Management effectiveness

As previously discussed published inspection data is available for all the English organisations; all the English inspecting bodies publish their results which give each inspected organisation a rating. These published ratings were collected for all the English organisations within the study and for the organisations from the other nations where this was available. These ratings use a variety of scales but for the purposes of this analysis the ratings were transposed onto a single scale and this data was combined for the responding organisations by integrating the various measurement scales as follows: Outstanding, 43.1% (N=479); Good, 10.2% (N=113); Satisfactory, 18.5% (N=205); Weak, 6.6% (N=73); Poor, 0.0% (N=0) (mean = 1.85, SD = 1.050).

Four variables have been developed to be considered along with this secondary data in order to allow comparisons to be made between the external view and the internal view of the organisation. The first of these relates to the mission of the organisation. Here participants were asked if they felt that their organisation had a clear plan for the future. The responses were as follows: Strongly agree, 17.4% (N=162); Agree, 49.7% (N=463); Not sure, 20.3% (N=189); Disagree, 10.7% (N=100); Strongly disagree, 1.8% (N=17) (mean = 2.30, SD = 0.941). Here it can be seen that there is a reasonably strong consensus (67.1%) supporting the statement.

When asked if this plan will improve the services that the organisation provides there was considerable (39.4%) doubt. The responses were as follows: Strongly agree, 14.9% (N=138); Agree, 37.1% (N=344); Not sure, 39.4% (N=366); Disagree, 6.7% (N=62); Strongly disagree, 1.9% (N=18) (mean = 2.43, SD = 0.893).

Next the organisations' customers or service users were considered. Respondents were first asked if they felt that their organisation's service users are happy with the service that they receive. The responses were as follows: Strongly agree, 10.7% (N=101); Agree, 62.1% (N=584); Not sure, 20.9% (N=197); Disagree, 5.7% (N=54); Strongly disagree, 0.5% (N=5) (mean = 2.23, SD = 0.734). A similar profile of responses was achieved when the participants were asked if the views of the organisation's service users are considered and these responses are as follows: Strongly agree, 16.7% (N=156); Agree, 61.7% (N=577); Not sure, 15.3% (N=143); Disagree, 5.7% (N=53); Strongly disagree, 0.6% (N=6) (mean = 2.12, SD = 0.770). Indicating that most respondents (72.8%) felt that customer satisfaction levels were acceptable and the views of customers are considered by the organisations' senior managers (78.4%).

The third variable in this area considers the internal view of the organisation. Firstly for this variable the participants were asked if they considered that the organisation's employees are happy with the service that they provide. The responses were as follows: Strongly agree, 5.1% (N=48); Agree, 55.7%

(N=524); Not sure, 24.9% (N=234); Disagree, 13.3% (N=125); Strongly disagree, 1.0% (N=9) (mean = 2.49, SD = 0.823).

A similar profile of responses was also achieved when the participants were asked if the organisation learns from its mistakes. These responses were as follows: Strongly agree, 7.9% (N=74); Agree, 46.0% (N=429); Not sure, 26.1% (N=243); Disagree, 16.8% (N=157); Strongly disagree, 3.1% (N=29) (mean = 2.61, SD = 0.961). Finally the respondents were asked if the structure of the organisation improves the services provided and the responses were as follows: Strongly agree, 9.1% (N=86); Agree, 36.7% (N=345); Not sure, 35.9% (N=337); Disagree, 15.1% (N=142); Strongly disagree, 3.2% (N=30) (mean = 2.66, SD = 0.951). From this final set of results it is possible to see that there is a reasonable degree of uncertainty in relation to these responses.

This final variable considers how well the organisation learns from its activities. Firstly for this variable participants were asked if they felt that the views of the organisation's staff are considered. The responses were as follows: Strongly agree, 7.1% (N=67); Agree, 48.9% (N=459); Not sure, 22.6% (N=212); Disagree, 17.9% (N=168); Strongly disagree, 3.4% (N=32) (mean = 2.61, SD = 0.975). Whilst the majority (56.0%) of respondents felt that the opinions of staff were a considered a notable proportion (21.3%) felt that they were not.

A similar profile of responses was obtained when participants were asked if the organisation learns from its mistakes and if good practice is shared across

the organisation. The responses for learning from mistakes were as follows: Strongly agree, 7.9% (N=74); Agree, 46.0% (N=429); Not sure, 26.1% (N=243); Disagree, 16.8% (N=157); Strongly disagree, 3.1% (N=29) (mean = 2.61, SD = 0.961) and for sharing good practice: Strongly agree, 8.2% (N=76); Agree, 45.2% (N=421); Not sure, 22.8% (N=212); Disagree, 21.5% (N=200); Strongly disagree, 2.4% (N=22) (mean = 2.64, SD = 0.983).

### 5.5 Correlation Analysis

Using the Spearman rank order correlation technique, the correlation between variables has been calculated. The appropriate correlation matrices of variables are reported in this section and included in Tables 5.9 to 5.15 in relation to the appropriate hypothesis. Before a correlation analysis was undertaken for each hypothesis an analysis was undertaken for Performance Management Effectiveness. The secondary data for organisational effectiveness, previously discussed, was correlated with the primary data for the Performance Management Effectiveness variables outlined in the conceptual framework. The matrix obtained is presented in Table 5.9. As can be seen there is a significant correlation between all the identified variables and organisational effectiveness. The results are: Mission ( $\gamma = 0.093$ ;  $p < 0.05$ ); Customers ( $\gamma = 0.229$ ;  $p < 0.01$ ); Internal ( $\gamma = 0.197$ ;  $p < 0.01$ ); Learning and Growth ( $\gamma = 0.172$ ;  $p < 0.01$ ).



**Table 5.9 Performance Management Effectiveness Correlations**

Spearman's rho		EFFECTIVENESS	MISSION	CUSTOMERS	INTERNAL	LEARNING & GROWTH
EFFECTIVENESS	Correlation Coefficient	1.000				
	Sig. (2-tailed)	.				
	N	870				
MISSION	Correlation Coefficient	.093(*)	1.000			
	Sig. (2-tailed)	.012	.			
	N	737	928			
CUSTOMERS	Correlation Coefficient	.229(**)	.454(**)	1.000		
	Sig. (2-tailed)	.000	.000	.		
	N	745	921	935		
INTERNAL	Correlation Coefficient	.197(**)	.646(**)	.619(**)	1.000	
	Sig. (2-tailed)	.000	.000	.000	.	
	N	739	926	925	931	
LEARNING & GROWTH	Correlation Coefficient	.172(**)	.641(**)	.560(**)	.842(**)	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.
	N	737	924	923	927	929

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

Next a similar Spearman rank order correlation analysis was undertaken in relation to each hypothesis. Initially the external view hypotheses were considered. Here the first hypothesis stated: -

**H1** There is a significant association between clear, centrally administered targets and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are presented in Table 5.10.

**Table 5.10 Correlations between centrally administered targets and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	LOCAL V NAT 1	RATE OF CHANGE 1	RATE OF CHANGE 2
EFFECTIVENESS	Correlation Coefficient Sig. (2-tailed)	1.000			
	N	870			
LOCAL V NAT 1	Correlation Coefficient Sig. (2-tailed)	.018	1.000		
	N	739	924		
RATE OF CHANGE 1	Correlation Coefficient Sig. (2-tailed)	-.112(**)	-.149(**)	1.000	
	N	719	901	901	
RATE OF CHANGE 2	Correlation Coefficient Sig. (2-tailed)	.122(**)	.286(**)	-.164(**)	1.000
	N	724	904	893	904

\*\* Correlation is significant at the 0.01 level (2-tailed).

As can be seen there is a significant negative correlation between the Rate of Change ( $\gamma = -0.112$ ;  $p < 0.01$ ;  $\gamma = 0.122$ ;  $p < 0.01$ ) variables and Effectiveness but not the Local v National ( $\gamma = 0.018$ ;  $p < 0.01$ ) variable. The data associated with the Consequences variable is not in a format appropriate for this correlation analysis but will be included in the forthcoming discussions.

The next hypothesis postulated: -

**H2** There is a significant association between user expectations regarding the quality of services received and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are presented in Table 5.11 which shows that there is a significant correlation between User Expectations of the quality of products and services received in the public sector and Performance Management Effectiveness ( $\gamma = 0.109$ ;  $p < 0.01$ ). There is a significant positive correlation between Effectiveness and the Positive Reputation variable ( $\gamma = 0.156$ ;  $p < 0.01$ ) and significant negative correlations between the Negative Reputation variable ( $\gamma = -0.120$ ;  $p < 0.01$ ) and Performance Management Effectiveness and Gaming ( $\gamma = -0.115$ ;  $p < 0.01$ ).

**Table 5.11 Correlations between user expectations regarding the quality of services received and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	USER EXPECT.	POSITIVE REPUTATION	NEGATIVE REPUTATION	GAMING
EFFECTIVENESS	Correlation Coefficient	1.000				
	Sig. (2-tailed)	.				
	N	870				
USER EXPECTATIONS	Correlation Coefficient	.109(**)	1.000			
	Sig. (2-tailed)	.004	.			
	N	700	870			
POSITIVE REPUTATION	Correlation Coefficient	.156(**)	.417(**)	1.000		
	Sig. (2-tailed)	.000	.000	.		
	N	691	839	863		
NEGATIVE REPUTATION	Correlation Coefficient	-.120(**)	.132(**)	.140(**)	1.000	
	Sig. (2-tailed)	.002	.000	.000	.	
	N	672	817	828	840	
GAMING	Correlation Coefficient	-.115(**)	-.237(**)	-.177(**)	.088(*)	1.000
	Sig. (2-tailed)	.003	.000	.000	.014	.
	N	656	811	798	788	817

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Next the internal view hypotheses were analysed. The first of these explored the relationship with leadership: -

**H3** There is a significant association between leadership style and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are presented in Table 5.12 which shows that there is a significant correlation between Transformational Leadership and Performance Management Effectiveness ( $\gamma = -0.092$ ;  $p < 0.01$ ) but the relationship between Transactional Leadership and Performance Management Effectiveness ( $\gamma = 0.066$ ;  $p < 0.01$ ) was not significant. In other words, transformational leadership increases performance management effectiveness and transactional leadership does not have a significant effect.

**Table 5.12 Correlations between leadership style and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	TRANSFORMATIONAL LEADERSHIP	TRANSACTIONAL LEADERSHIP
EFFECTIVENESS	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	870		
TRANSFORMATIONAL LEADERSHIP	Correlation Coefficient	-.092(**)	1.000	
	Sig. (2-tailed)	.010	.	
	N	779	985	
TRANSACTIONAL LEADERSHIP	Correlation Coefficient	.066	.030	1.000
	Sig. (2-tailed)	.074	.368	.
	N	731	915	921

\*\* Correlation is significant at the 0.01 level (2-tailed).

The next internal hypothesis considers Management information Systems: -

**H4** There is a significant association between MIS and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are presented in Table 5.13 which shows that there is a significant correlation between Performance Management Effectiveness and all three variables: Availability ( $\gamma = 0.114$ ;  $p < 0.01$ ); Reliability ( $\gamma = 0.164$ ;  $p < 0.01$ ); Accessibility ( $\gamma = 0.114$ ;  $p < 0.01$ ). Hence it can be deduced that an effective management information system is important for effective performance management.

**Table 5.13 Correlations between MIS and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	AVAILABILITY	RELIABILITY	ACCESSIBILITY
EFFECTIVENESS	Correlation Coefficient	1.000			
	Sig. (2-tailed)	.			
	N	870			
AVAILABILITY	Correlation Coefficient	.114(**)	1.000		
	Sig. (2-tailed)	.002	.		
	N	715	894		
RELIABILITY	Correlation Coefficient	.164(**)	.712(**)	1.000	
	Sig. (2-tailed)	.000	.000	.	
	N	715	884	895	
ACCESSIBILITY	Correlation Coefficient	.114(**)	1.000(**)	.712(**)	1.000
	Sig. (2-tailed)	.002	.	.000	.
	N	715	894	884	894

\*\* Correlation is significant at the 0.01 level (2-tailed).

The third internal hypothesis explores the relationship between performance management effectiveness and staff motivation: -

**H5** There is a significant association between staff motivation and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are presented in Table 5.14 which shows that there is no significant relationship identified between the identified Intrinsic Factors ( $\gamma = 0.013$ ;  $p > 0.05$ ) and

Extrinsic Factors ( $\gamma = 0.055$ ;  $p > 0.05$ ) and Performance Management Effectiveness. This is a surprising result which may be due to the inappropriate selection of Staff Motivation measures and hence variables but which undoubtedly requires further investigation. This result will be discussed more fully in the Chapter Seven.

**Table 5.14 Correlations between staff motivation and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	INTRINSIC FACTORS	EXTRINSIC FACTORS
EFFECTIVENESS	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	870		
INTRINSIC FACTORS	Correlation Coefficient	.013	1.000	
	Sig. (2-tailed)	.734	.	
	N	720	903	
EXTRINSIC FACTORS	Correlation Coefficient	.055	.161(**)	1.000
	Sig. (2-tailed)	.148	.000	.
	N	702	877	880

\*\* Correlation is significant at the 0.01 level (2-tailed).

The final internal hypothesis explores the relationship between organisational structure and performance management effectiveness: -

**H6** There is a significant association between organisational structure and performance management effectiveness

The results of the correlation analysis associated with this hypothesis are

presented in Table 5.15 which shows that there is no significant relationship identified between a Hierarchical organisational structure and Performance Management Effectiveness ( $\gamma = -0.008$ ;  $p < 0.01$ ) but there is a significant relationship identified between a Flat organisational structure and Performance Management Effectiveness ( $\gamma = 0.102$ ;  $p < 0.01$ ). This result supports the view that a more flexible organisational structure were employees have more autonomy in relation to their work supports performance management effectiveness.

**Table 5.15 Correlations between organisational structure and performance management effectiveness**

Spearman's rho		EFFECTIVENESS	HIERARCHICAL	FLAT
EFFECTIVENESS	Correlation Coefficient	1.000		
	Sig. (2-tailed)	.		
	N	870		
HIERARCHICAL	Correlation Coefficient	-.008	1.000	
	Sig. (2-tailed)	.818	.	
	N	761	957	
FLAT	Correlation Coefficient	.102(**)	.051	1.000
	Sig. (2-tailed)	.005	.119	.
	N	761	953	958

\*\* Correlation is significant at the 0.01 level (2-tailed).



## 5.6 Variable Ranking

The main internal aim of this research is to identify the key elements of effective performance management to facilitate this One-Way ANOVA has been used to rank the combined data for each variable. The results of the One-Way ANOVA are presented in Table 5.16 and Figure 5.6 illustrates the ANOVA rankings imposed upon the original conceptual model.

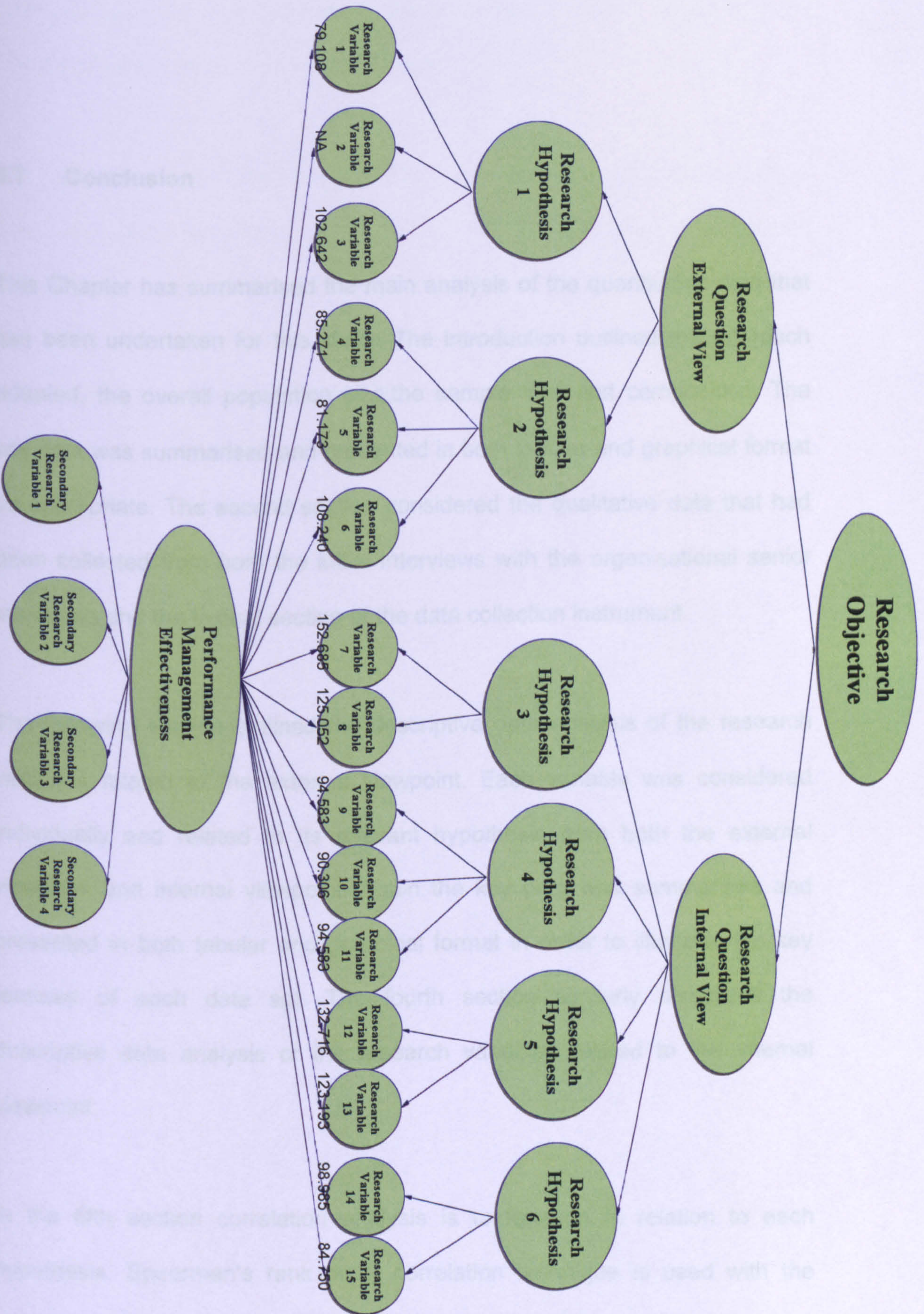
It is possible to infer from these results that transformational leadership is a key factor in effective performance management but due to the high ranking of transactional leadership also it possibly should be considered that the relevant factor should be appropriate leadership rather than simply focusing on any one particular style. The analysis also places the staff motivation variables, which are obviously linked with leadership, and gaming very close to the top of the rankings indicating that an element of gaming occurs within effective performance management systems.

Table 5.16 One-Way ANOVA

		Test Value = 0					
Variable	Variable reference	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
		Lower	Upper	Lower	Upper	Lower	Upper
LOCAL V NAT	RV1	79.108	923	.000	1.983	1.93	2.03
RATE OF CHANGE	RV3	102.642	900	.000	3.370	3.31	3.43
USER EXPECTATIONS	RV4	85.271	869	.000	2.266	2.21	2.32
POSITIVE REPUTATION	RV5	81.173	862	.000	2.357	2.30	2.41
NEGATIVE REPUTATION	RV5	85.675	839	.000	2.640	2.58	2.70
GAMING	RV6	108.240	816	.000	3.088	3.03	3.14
TRANSFORMATIONAL LEADERSHIP	RV7	152.685	984	.000	3.860	3.81	3.91
TRANSACTIONAL LEADERSHIP	RV8	125.052	920	.000	2.880	2.83	2.93
AVAILABILITY	RV9	94.583	893	.000	2.528	2.48	2.58
RELIABILITY	RV10	90.306	894	.000	2.413	2.36	2.47
ACCESSIBILITY	RV11	94.583	893	.000	2.528	2.48	2.58
INTRINSIC FACTORS	RV12	132.716	902	.000	2.50498	2.4679	2.5420
EXTRINSIC FACTORS	RV13	123.193	879	.000	2.36439	2.3267	2.4021
HIERARCHICAL	RV14	98.985	956	.000	2.41588	2.3680	2.4638
FLAT	RV15	84.750	957	.000	1.89614	1.8522	1.9400
MISSION	SV1	83.382	927	.000	2.362	2.31	2.42
CUSTOMERS	SV2	105.001	934	.000	2.175	2.13	2.22
INTERNAL	SV3	104.916	930	.000	2.586	2.54	2.63
LEARNING & GROWTH	SV4	96.160	928	.000	2.620	2.54	2.67

Hierarchical organisational structure and effective management information systems appeared reasonably high in the rankings. The impact of a negative reputation came low in the rankings and interestingly the impact of a positive reputation appeared lower. This ranking of factors in relation to performance management effectiveness will be explored further in Chapter Six.

Figure 5.6 Conceptual Model with ANOVA rankings



## 5.7 Conclusion

This Chapter has summarised the main analysis of the quantitative data that has been undertaken for this study. The introduction outlined the approach adopted, the overall population size, the sample size and composition. The key data was summarised and presented in both tabular and graphical format as appropriate. The second section considered the qualitative data that had been collected from both the initial interviews with the organisational senior managers and the textual section of the data collection instrument.

The following section outlined the descriptive data analysis of the research variables related to the external viewpoint. Each variable was considered individually and related to its relevant hypothesis from both the external viewpoint and internal viewpoint. Again the key data was summarised and presented in both tabular and graphical format in order to illustrate the key features of each data set. The fourth section similarly discusses the descriptive data analysis of the research variables related to the internal viewpoint.

In the fifth section correlation analysis is undertaken in relation to each hypothesis. Spearman's rank order correlation technique is used with the variables related to each hypothesis and the performance management

effectiveness data. The correlations are presented in tabular format and the key significant findings are briefly discussed.

The next section uses the One-Way ANOVA technique to rank the combined data for each variable in relation to the performance management effectiveness data. As above the data is presented in tabular format and the key significant findings are briefly discussed. This final section provides an overall summary of the chapter and the subsections therein.

**CHAPTER SIX: FINDINGS AND DISCUSSION****6.1 Introduction**

The main research objective assesses the effectiveness of the performance measures and the associated performance management systems however addressing this key question also raises the supplementary issue of the potential dysfunctional consequences that may be experienced from implementing and using these measures and systems. To address the overall research objective two research questions have been framed which address the research objective from either an external or internal viewpoint.

From the external point of view the question is: -

- 1 Has there been an improvement in public sector performance since the introduction of performance management systems?

Whereas taking the internal view into account the question is: -

- 2 What are the elements of effective performance management?

These main questions have been further broken down into several research hypotheses and these will be discussed in the following sections.

## 6.2 Organisational and Respondent Profiles

The profile of the respondents covers their gender, position within the organisation, length of service with the organisation and the length of time within their current role. The organisational profile questions collected the respondents' specific organisation and the sector in which their organisation is operating. As previously discussed 1111 individual responses were received from 124 different organisations in five branches of the public sector and based in all four of the constituent countries of the United Kingdom. Statistically significant responses were received for all countries and branches of the public sector. It is beyond the scope of this research to consider variations between the constituent countries and branches of the public sector but this is undoubtedly an area for further analysis of the data.

The first characteristic of the personal profile was the respondents' gender and the descriptive data analysis shows that 45% were male and 55% female. The second characteristic in the personal profile was the respondents' total number of years of work experience with their particular organisation the minimum was less than one year and the maximum was 42 years with the mean being 10.68 years. The third characteristic was the length of time that the respondent was in their current role and the mean here was 4.76 years

indicating that a considerable proportion of staff are relatively new in post. As with the organisational profile there are other areas for further analysis identified by the personal profile of the respondents and their relationship with the research variables which are again beyond the scope of this study.

### **6.3 Performance Management Effectiveness**

Many of the hypotheses considered within this research relate to the concept of performance management effectiveness and this has been considered by a combination of primary and secondary data. Defining the term effectiveness in this context is very difficult and various authors have attempted (Lewin and Minton, 1986; Quinn and Rohrbaugh, 1981; Price, 1971; Yuchtman and Seashore, 1967). For the purposes of this study one particularly useful definition was offered by Drucker (1974) who stated that effectiveness is "doing the right things to meet the organisations objectives" (p.45). This definition of effectiveness has been expanded for the purposes of this research and is presented as: the organisation achieves or exceeds its externally set targets whilst maintaining service user and employee satisfaction.

Published inspection data is available for all the English organisations and this data was combined for the responding organisations by integrating the



various measurement scales used into one common scale to ease comparison. Also four variables have been developed to be considered with this secondary data in order to allow comparisons to be made between the external view and the internal view of the organisation.

The secondary data for organisational effectiveness was correlated with the primary data from the performance management effectiveness variables to validate the use of the primary data. This correlation exercise showed that there is a significant correlation between all the identified variables and organisational effectiveness. The results are: Mission ( $\gamma = 0.093$ ;  $p < 0.05$ ); Customers ( $\gamma = 0.229$ ;  $p < 0.01$ ); Internal ( $\gamma = 0.197$ ;  $p < 0.01$ ); Learning and Growth ( $\gamma = 0.172$ ;  $p < 0.01$ ). These results indicate that the variables selected for the primary measurement of organisational performance management effectiveness are supported by the published secondary data; which in turn allows for meaningful correlations to be made with the other primary variables.

## **6.4 External View - Public Sector Performance**

From the external perspective the overall research question explores whether there has been an improvement in public sector performance since the introduction of performance management. The external research question is: -

*Has there been an improvement in public sector performance since the introduction of performance management systems?*

The response to this question is explored by considering the two related hypothesis in the following sub sections.

### **6.4.1 Findings in relation to Hypothesis 1**

The first hypothesis considered here is that there is a significant association between clear, centrally administered objectives and performance management effectiveness.

**H1** There is a significant association between clear, centrally administered objectives and performance management effectiveness

As discussed previously the first variable that was considered here was the extent of national targeting in relation to locally set targeting, next the consequence for achievement or non-achievement of targets were considered and finally the rate of change of the performance management system was considered and these variables were designed around the work of Moynihan and Pandey (2005) and Dealtry (2005).

There is a significant negative correlation between the Rate of Change ( $\gamma = -0.112$ ;  $p < 0.01$ ;  $\gamma = 0.122$ ;  $p < 0.01$ ) variables and Effectiveness but not the Local v National ( $\gamma = 0.018$ ;  $p < 0.01$ ) variable. The Rate of Change result indicates that too much systematic change inhibits performance management effectiveness and this was predicted, as the difficulties associated with the relatively rapid move to public sector performance management and the continually changing systems have been documented by Diamond (2005) and the House of Commons Public Administration Select Committee (2003). Also in relation to this variable the area of unintended consequences has been discussed by a number of authors including Brown, 2005 and Karsten et al., 2001.

The Local v National variable result is to some extent a little surprising in that many interviewees expressed concern that too high a proportion of their targets were set by central government and beyond their control. Many interviewees stated a desire for more local control over the performance process. However this result may simply indicate a lack of understanding of the target setting process by the majority of the respondents.

Kaplan and Norton (1996), supported by others subsequently (Lynch and Cross, 1995; Olve et al., 1999; Simons, 2000; Tenhunen et al., 2002; Toivanen, 2001), expressed the belief that successful performance management needed to be based upon strategic goals and vision and this could be used to support both local and national target setting. From the public sector perspective it could be argued that the strategy is generated by central government and hence supports central target setting however each individual organisation and locality will have its own needs and priorities which would support the need for local targeting.

The data associated with the Consequences variable is not in a format appropriate for correlation analysis but from the responses it is clear that individuals are aware of the potential reputational damage caused by failure to achieve targets and that their personal working practices will be amended (in either large or small ways) if targets are not achieved. Respondents were also aware of other organisational threats in terms of additional inspections or audits, financial consequences or management changes. The possibility of nothing happening was suggested by a proportion (13.3%) of respondents.

It would appear that on the whole individuals felt minimal personal threat of financial consequences or job loss by working to targets. This view is supported by Harris (2005) who suggests that there is often disconnection between individual objectives and organisational goals. It would be an interesting exercise to analyse the responses to this variable by each different

type of employee and possibly by sector and nation but again this analysis is beyond the scope of this research.

It is difficult to draw a definite conclusion in relation to the first hypothesis as there is an element of variability in the results. Certainly the secondary data does support a general improvement in organisational performance over time. However the primary data does suggest that there has been too much change in this area for the performance management systems employed to be fully effective. Also the lack of connection indicated between most respondents and the target setting and organisational consequences would tend to indicate that some of the benefits of public sector performance management claimed by Moullin (2007) and Kelman (2005) may not have been maximised.

The data collection instrument provided the opportunity for respondents to give textual responses to the issues raised within the data collection instrument. Many respondents acknowledged the progress that had been achieved by the use of performance management techniques. OFSTED the English inspector of schools, colleges and children's service was particularly praised by several respondents.

A commonly held view was that targets are appropriate if they are balanced and monitoring them does not become an end in itself. A view expressed by several contributors was that target setting has undoubtedly changed the National Health Service (NHS) and has been instrumental in improving waiting times for patients which was widely acknowledged as a real success.

However the ever increasing range of targets is proving difficult to manage and impacting on patient care.

This view was also echoed in other sectors with several local authority contributors stating that they felt that working to targets and the associated inspection regimes had negatively impacted on service delivery. Recent high profile failures in social services were cited by many as examples of this detrimental impact. Also the majority of respondents from the police service felt that working to targets was acceptable but did stress concern about the interpretation by inspectors and also the fact that little positive support was offered to help achieve targets. These results support the definite benefits gained from the use of Performance Management in the public sector which have been claimed by several authors (Moullin, 2007; Kelman, 2005).

There was a view that over reliance on targets could inhibit creativity since individuals were concerned about the negative impact on themselves individually or their department if the new initiative proved to be ineffective. There was an element of cynicism from some, who felt that there was no effective alternative to targets, performance management and inspections in today's society.

These views support the findings of Neely et al (1997) who pointed out that any system measuring human behaviour will lead to changes in this behaviour. Performance measurement systems direct employees' attention to areas which are important to the company by connecting objectives to their

activities (Martinez; 2005) and consequently removing an aspect of freedom from the service delivery.

The issues of unintended consequences and “gaming” have been considered by several authors (Verbeeten, 2008; Bevan and Hood, 2006; Hood and Lodge, 2006; Hume and Wright, 2006; Propper and Wilson, 2003; Leeuw, 1996) and some respondents felt that there had been several negative aspects of performance management including highlighting aspects of gaming. Again from the NHS the early release of patients to allow other to be treated and hence achieve waiting time and admissions targets was cited as a concern for several respondents. It was felt that often this early release was not in the best interests of the patients and was not based on clinical needs often resulting in subsequent readmissions. It was also claimed that urgent cases had been delayed so that non-urgent cases that were approaching the end of their target waiting time could be treated.

Another quoted interesting example of working the system to improve a performance measure relates to libraries. Libraries have a national target for the number of visits by local people; this number of visits can be significantly increased by closing libraries at lunchtime and then re-opening and hence readmitting, and re-counting, the same users again. This has the illusory effect of increasing visitor numbers but actually results in a poorer service for library users.

These examples support the idea of unintended and dysfunctional

consequences resulting from the introduction of performance management systems which have been documented by a number of authors (Brown, 2005; Karsten et al, 2001). As well as supporting the concept of “working the system” which was noted by Radnor and McGuire (2004) and de Waal (2002) who stated that for organisations to make performance management successful then they must embrace them on a behavioural as well as an operational level.

There was a commonly held view that meeting targets does not necessarily mean delivering a better service and in many instances targets distort service provision and don't take into account the particular needs in an area. It was also felt that targets set for the performance of the organisation often conflict with targets set in relation to service user satisfaction. Respondents felt that targets can often seem quite arbitrary and that the focus changes too regularly. Many respondents highlighted the de-motivating affect of this changing focus on frontline staff; a commonly stated view was that many of the current systems are based on miss-trust. This does tend to support the view expressed by the House of Commons Public Administration Select Committee, (2003) who stated “to many, it seems that government by measurement has arrived”. Concern was also expressed about an apparent culture of providing surveys and statistics to bolster a positive image when then methods employed to achieve the target may be inappropriate. Another commonly expressed concern of the respondents was the cost of administering the performance management and inspection systems and the feeling that if this resource was put into service delivery the customer would



be far better served. This opinion is supported by McAdam et al (2005) who have drawn attention to the growing amount of time and money being directed towards performance improvements in UK public sector organisations.

The responses from the interviews with the organisations' senior managers also provided interesting insights. On the whole most supported the idea of target setting and performance management and recognised the overall service improvements that had been achieved. However most had concerns with the way that the targets were set nationally with little or no local consultation. This supports the view expressed by Kakabadse and Kakabadse (2002) who highlighted that whilst some government departments had successfully brought about the required transformational change, it was proving more difficult for others and these agencies would have welcomed additional support and guidance to achieve their change targets.

The number of targets set by central government was also a concern that was expressed by the majority of senior managers who tended to express the view that it was impossible to adequately focus on them all. The majority view was that their staff accepted working within a performance management system, sometimes reluctantly, and saw the benefits however a few did express concerns about the amount of pressure that can be placed on staff and the time and expense involved in administering the systems. The political nature of the systems and specific targets was also highlighted by a number of interviewees. These views support the work of Moynihan and Pandey (2005) who stressed the importance of support from both elected officials and the

public in addition to Dealtry (2005) who highlighted the importance of satisfying all the stakeholders and Yang (2008a) who reiterated the importance of data credibility to stakeholders.

The perceived consequences for failure to meet targets varied between countries and sectors. England has a far more actively performance managed public sector and the impact of this was felt more strongly by the senior managers here. The lack of published data in the Scotland, Northern Ireland and Wales was considered to be politically driven by most interviewees. It was a widely represented view amongst the respondents from Scotland, Wales and Northern Ireland that under performance was not reported to avoid ministerial and executive embarrassment. This supports the comparisons between the various approaches adopted by the different UK governments to healthcare performance management reported by Hauck et al. (2007).

Interestingly the managers within the healthcare sector felt that the consequences for failing to meet targets would be more severe for their organisation and themselves personally. Local Authorities and Colleges fell in the middle of the spectrum regarding perception of adverse consequences for failure with Police and Fire Services being less concerned about this issue.

### 6.4.2 Findings in relation to Hypothesis 2

The second external hypothesis proposed that there is a significant association between user expectations regarding the quality of services received and performance management effectiveness.

**H2** There is a significant association between user expectations regarding the quality of services received and performance management effectiveness

The results of the correlation analysis of the variables associated with this hypothesis show that there is a significant correlation between User Expectations of the quality of products and services received in the public sector and Performance Management Effectiveness ( $\gamma = 0.109$ ;  $p < 0.01$ ). There is a significant positive correlation between Effectiveness and the Positive Reputation variable ( $\gamma = 0.156$ ;  $p < 0.01$ ) and significant negative correlations between the Negative Reputation variable ( $\gamma = -0.120$ ;  $p < 0.01$ ). These results support the importance given to stakeholder views proposed by Anderson et al. (2006) within their holistic performance management framework and the work of Moynihan and Pandey (2005) who emphasise the importance of support from both elected officials and the public at large.

There is also a significant negative correlation between Performance Management Effectiveness and Gaming ( $\gamma = -0.115$ ;  $p < 0.01$ ). These results

indicate that gaming is still in existence as indicated by Bevan and Hood (2006) amongst others and that this gaming continues to have a negative impact on the effectiveness of the organisational performance management systems. These results offer strong support for the second hypothesis, the only major issue that would appear to require further clarification in this area is causality and this is considered later.

The initial interviews with the senior managers also presented some interesting insights in this area. Whilst a few felt that gaming had been completely eradicated most felt that it did still exist and to some extent was an inevitable consequence of performance management. As mentioned previously the issues unintended consequences and "gaming" have been considered by several authors (Verbeeten, 2008; Bevan and Hood, 2006; Hood and Lodge, 2006; Hume and Wright, 2006; Propper and Wilson, 2003; Leeuw, 1996).

Several senior managers claimed that gaming did not exist in their organisation but they felt that it did exist in other organisations. Most felt that much of what is referred to as gaming is often the result of different interpretation of rules when reporting against specific measures but there was a consensus that benchmarking with other organisations and external auditing was reducing this. A few did offer specific examples of gaming from their experience and several referred to "data cleansing" and "presenting the best face" which occurs at specific times of the year prior to publically reporting. One chief executive stated that "total honesty can be disadvantageous" whilst

another stated that they “didn’t ask questions that they didn’t want to know the answer to”.

Gaming would appear to be reasonably commonplace in the NHS that referrals are delayed in March so they do not impact on the current year’s data and that treatments tend to be assigned as therapeutic rather than diagnostic since the allowable waiting time is considerably longer. There also continues to be unnecessary movement of patients from Accident and Emergency departments to wards as the 4 hour treatment target is approached. This does tend to support the work undertaken in the healthcare environment by various researchers (Helm et al., 2007; Hendy et al., 2007; Maynard and Ayalew, 2007; Greener, 2005; Maynard, 2003; Gregg, 2002; Smith, 2002; Smith and Barnes, 2000; Dawson et al., 2001; Zairi and Jarrar, 2001; Gent et al., 1998).

In the area of local government one local authority claimed that a neighbouring authority had actively adjusted public satisfaction data to achieve a more favourable outcome. Again this supports the experience of performance management local government presented by Harris (2005) and Andrews et al. (2006).

Many of the College Principals interviewed expressed suspicion about some reported very high success rates in the sector. Most felt that there was an element of over recruitment in these instances and then failures and withdrawals were simply not reported. All these gaming points illustrate an

interesting outcome since they appear to indicate that gaming is a key feature in effective performance management systems; obviously this is an area that requires further investigation.

Unintended consequences and dysfunctional behaviour were highlighted by a number of interviewees and the idea of “what gets measured gets done” was quoted by several interviewees. Disenfranchisement of key professional practitioners was a commonly stated concern which is presented in the literature as new public management (Mwita, 2000; Halachmi, 2005; Hoque, 2005) which highlights the separation of policy formulation from operations.

One local authority cited the case that customer satisfaction in its planning department went down significantly as the department’s achievement of targets improved. The manager in question felt that this was due to the targets failing to adequately address service quality. The type of provision offered by many Colleges is heavily influenced by success rates and not local demand or community needs. Also Police activity is heavily influenced by the targets set, with a “disproportionate” focus of activity on detection since this is perceived to be an easily achieved target area and an increase in cautioning resulting from the “Bringing Offences to Justice” target. An example quoted from the Fire Service related to home safety visits where some organisations were recording very brief visits were others were recording much more substantial engagement only.

Many interviewees also expressed concern about the number of changes in

the area of performance management and generally were unhappy about the speed that the latest round of changes, relevant to their sector, was being introduced. Particularly concern was expressed about the proposed eighteen week patient pathway from regional NHS speciality centres since they are often a tertiary referral and consequently much of the allocated eighteen weeks has already expired when the patient is referred to them.

#### **6.4.3 Findings in Relation to the External View Research Question**

As stated above the external research question is: -

Has there been an improvement in public sector performance since the introduction of performance management systems?

In relation to this research question there is a sufficient lack of clarity in these results to recommend further study in this area. As previously stated the secondary data does indicate that there has been an improvement in public sector performance since the introduction of performance management systems and many of the interviews conducted within this study also support this view. However sufficient ambiguity has been highlighted in the areas of central government administration of the performance management systems and the legal status of performance management to justify the recommendation that further detailed study is undertaken here.

## **6.5 Internal View - Elements of Effective Performance Management**

From the internal perspective the key research question considers what the elements of effective performance management are. The internal view research question is: -

What are the elements of effective performance management?

This main internal research question has been further broken down into several research hypotheses and the related outcomes are considered in the following sub sections.

Within the data collection instrument several individuals suggested alternative methods for judging public sector organisations. Many contributors stressed that the system should evolve to deliver what the public really wants and not what central or local government or other 'representative' groups think that the public wants. The importance of an effective, working, customer care programme was discussed by several respondents.

Greater ongoing local stakeholder involvement in performance monitoring was a recurring theme. It was felt that governmental targets sometimes get in the way with the actual service provision and inhibit the process of "thinking



outside the box" for new initiatives. It was generally agreed that systems do need policing to ensure that standards are maintained. The feeling was that targets should focus on outcomes for service users rather than on processes and inputs and not be imposed nationally by central government but should be negotiated so that they reflect local needs. A feeling that the focus should be on 'themed' outcomes for customers and not specific targets which can appear arbitrary, targets must be accompanied by appropriate strategies that encourage and support individuals.

These points highlight the difficulties that have been experienced when theory and practice from the private sector has been directly imported to the public sector; this is a recurring issue in the public sector research worldwide (Adcroft and Willis, 2005; Franco and Bourne, 2003; Boyne, 2002). However Bolton (2003) does remark that this knowledge transfer between private and public sectors is to some extent logical and can be both beneficial and achievable if well managed. The complication of government agendas also contributes to the difficulties experienced.

Much of the discussion related to the importance of teamwork and empowering individuals to take responsibility for their work and service delivery. There was a commonly stated view that professional judgement had been undermined by the current focus on targets and a strong feeling that this needs to be redressed. Several respondents cited this as a source of dissatisfaction in their work and a weakness in the system. A significant proportion of the respondents felt that the emphasis on achieving targets had

had a negative impact on the organisational culture and also on individual stress levels. As stated previously this supports the new public management debate (Mwita, 2000; Halachmi, 2005; Hoque, 2005) and brings out the issue of “managerialism” which has been discussed and criticised by various authors (Walsh, 2006; Beesley and Peters, 2005; Gleeson and Husbands, 2003; Fitzgerald et al., 2003).

### **6.5.1 Findings in relation to Hypothesis 3**

The first internal hypothesis explored if there is a significant association between leadership style and performance management effectiveness.

**H3** There is a significant association between leadership style and performance management effectiveness

The results of the correlation analysis associated with this hypothesis show that there is a significant correlation between Transformational Leadership and Performance Management Effectiveness ( $\gamma = -0.092$ ;  $p < 0.01$ ) but the relationship between Transactional Leadership and Performance Management Effectiveness ( $\gamma = 0.066$ ;  $p < 0.01$ ) was not significant. In other words, transformational leadership increases performance management effectiveness and transactional leadership does not have a significant effect.

This is an interesting outcome since Berson et al (2001) claim that transactional leaders will have a strong focus on goal achievement whereas the focus for transformational leaders will be on the long term strategic direction of the organisation. It appears to be reasonable to infer from this that effective performance management is achieved by shifting the focus away from specific goals and targets and towards the wider strategy and vision for the organisation.

This outcome supports the research published by Kakabadse and Kakabadse (2002) which identified leadership as a critical factor in delivering organisational culture change. It could be argued that this is the view that is currently being taken by the government with their shift from many process targets to fewer outcome targets. This would also be another interesting area for further study.

The identification of transformational leadership as having a positive influence on organisational performance has been identified by several authors previously (Rowald and Heinitz, 2007; Jung et al., 2003; Jung and Avolio, 2000). Hence it would appear to be safe to suggest that this particular hypothesis has been proven however the link between performance and a leaders' focus on strategy and vision does warrant further investigation. This outcome supports Kouzes and Posner (1995) and Karami (2007) who considered the importance of vision to leadership.

However this stated importance of the transformational leader who can take big organisational strides forward is challenged by Kakabadse and Kakabadse (1999) they claim that the ability to recognise appropriate actions and be flexible to circumstances and organisational requirement is more important and that a balance is always required between leadership and management. This view is further supported by Kouzmin et al. (2007) who emphasises the importance of organisational stewardship and introduces the concept of the organisational architect with the vision and creativity to design and develop the organisation within the given constraints. Consequently a further extension for this research could be to consider the different leadership styles that are present in successful public sector organisations.

The importance of leadership and good management in government organisations has been presented by Lawler (2008) and Ingraham et al. (2003) who state that the quality of management within government organisations is a key factor in allowing the organisation to pursue their mission well and use their resources effectively. Whilst they support the view that leadership is vital they are also very clear in stating that good leaders can become inhibited by external constraints and it is in these circumstances that management skills become equally important.

However, whilst good leadership can stimulate better performance these efforts will ultimately be wasted without effective management and external support (Ingraham et al., 2003); the support to leaders of an effective senior management team is heavily emphasised. Ingraham et al. (2003) also

suggested that the most effective public sector leaders also carried responsibility for the success or otherwise of their organisation, in other words results and accountability were very strongly linked.

### **6.5.2 Findings in relation to Hypothesis 4**

Secondly from the internal perspective the hypothesis states that there is a significant association between management information systems and performance management effectiveness.

**H4** There is a significant association between MIS and performance management effectiveness

The results of the correlation analysis associated with this hypothesis indicate that there is a significant correlation between Performance Management Effectiveness and all three variables: Availability ( $\gamma = 0.114$ ;  $p < 0.01$ ); Reliability ( $\gamma = 0.164$ ;  $p < 0.01$ ); Accessibility ( $\gamma = 0.114$ ;  $p < 0.01$ ). Hence it can be deduced that an effective management information system is important for effective performance management.

This confirms the link between strategic processes and information systems discussed by Johnson and Scholes (2002) and also confirms the critical

success factors for effective information systems suggested by Bititchi (1997). The process of knowledge management and long standing organisational attempts to capture tacit knowledge are documented by Korac-Kakabadse et al. (2002) which builds on the work of Pedler et al. (1989) by emphasising the importance of organisational learning and predicting that it will be possible to technologically replicate most intelligent work in the near future since routines and patterns will be discovered by sufficiently sophisticated analysis. Hence they predict that the focus of professionals will switch from content knowledge to human relations competencies (Korac-Kakabadse et al., 2002). Also complimentary to this work is the suggestion of the benefit to individual participants that will be possible by wider organisational decision making utilising improved knowledge systems is also discussed by Lee-Davies et al. (2007).

The importance of effective management systems was discussed by Ingraham et al. (2003) who insisted that management systems are policy levers for improvement and also stressed the importance of the management of the systems and the wider organisation. As previously discussed Alavi and Leindner (2001) stressed that information systems are a valuable organisational resource and this value in terms of performance management has also been supported by this result. This is also supported by McKersie and Walton (1991) who emphasise the need for alignment between technological requirements and organisational capabilities. Within future research it would be useful to further explore the issue of information system user satisfaction highlighted by Sabherwal et al. (2006).

### 6.5.3 Findings in relation to Hypothesis 5

The third internal hypothesis suggests that there is a significant association between staff motivation and performance management effectiveness.

**H5** There is a significant association between staff motivation and performance management effectiveness

The results of the correlation analysis associated with this hypothesis suggest that there is no significant relationship identified between the identified Intrinsic Factors ( $\gamma = 0.013$ ;  $p > 0.05$ ) and Extrinsic Factors ( $\gamma = 0.055$ ;  $p > 0.05$ ) and Performance Management Effectiveness. This is a surprising result which may be due to the inappropriate selection of Staff Motivation measures and hence variables but which undoubtedly requires further investigation.

This result does contradict much of the work reported in the literature review particularly Kreitner et al. (1999) who proposed a strong link between performance and motivation and Locke and Latham (2005) who postulated a positive relationship between job satisfaction and individual goals and this work was further developed by Newburg and Kimiecik (2002) in their resonance performance model. This result and the previously discussed

leadership one does however provide some support for the work of Florida and Goodnight (2005) who linked job satisfaction, performance and management.

It is clear that this result does not support the hypothesis postulated and also that further research is necessary in this field, possibly testing one of the reviewed models, before a definite conclusion can be drawn in this area.

#### **6.5.4 Findings in relation to Hypothesis 6**

Finally from the internal perspective the hypothesis proposes that there is a significant association between organisational structure and performance management effectiveness.

**H6** There is a significant association between organisational structure and performance management effectiveness

The results of the correlation analysis associated with this hypothesis indicate that there is no significant relationship identified between a Hierarchical organisational structure and Performance Management Effectiveness ( $\gamma = -0.008$ ;  $p < 0.01$ ) but there is a significant relationship identified between a Flat organisational structure and Performance Management Effectiveness ( $\gamma =$



0.102;  $p < 0.01$ ). Hence this result supports the view that a more flexible organisational structure were employees have more autonomy in relation to their work supports performance management effectiveness.

This result supports the view expressed by Dupouet and Yildizoglu (2003) that there are some difficulties with Hierarchical organisations. The link between structural flexibility and performance has been presented by Ogaard et al (2008) and this supports the work of Drucker (1989) who stressed the importance of obtaining the correct organisational structure. This point was further explored by Dunderdale (1994) particularly with respect to organisational behaviour and supported by Cassia et al. (2005) who also expressed the view that organisational structure is constantly evolving and hence needs to be flexible. Hence from this result it is safe to assume that the hypothesis has been proven in terms of a flat organisational structure.

### 6.5.5 Findings in Relation to the Internal View Research Question

As previously stated the main internal aim of this research is to identify the key elements of effective performance management: -

What are the elements of effective performance management?

To facilitate this One-Way ANOVA has been used to rank the combined data for each variable. The results of the One-Way ANOVA are presented in Table 5.16 and Figure 5.7 illustrates the ANOVA rankings imposed upon the original conceptual model.

It is possible to infer from these results that transformational leadership is a key factor in effective performance management but due to the high ranking of transactional leadership also it possibly should be considered that the relevant factor should be appropriate leadership rather than simply focusing on any one particular style. The analysis also places the staff motivation variables, which are obviously linked with leadership, and gaming very close to the top of the rankings indicating that an element of gaming occurs within effective performance management systems. Hierarchical organisational structure and effective management information systems appeared reasonably high in the rankings. The impact of a negative reputation came low in the rankings and interestingly the impact of a positive reputation appeared even lower.

These findings help to support the development of a public sector performance management system. As previously stated there has been limited academic development of full performance management systems. Most systems have been developed by individual companies with reference to best practice and, in a few instances, published frameworks. However it has been recommended that a successful system needs to combine both procedural and structural frameworks (Folan and Brown, 2004). As discussed previously, recent research has focused on case studies of these organisationally developed systems (de Waal and Coevert, 2007; Manville, 2007; Nilsson and Kald, 2005). The identified importance of leadership and organisational structure, the existence of gaming and the reputational issues, together with the questionable outcome in relation to staff motivation, all need to be integrated and further tested within a potential public sector performance management system.

## 6.6 Chapter Summary

In conclusion this chapter has considered the major propositions of the research study. Following the chapter introduction the second section of the chapter discussed the organisational and respondent profiles. Section three explored the issue of performance management effectiveness and sections four and five considered the major propositions of the research. Section four discussed public sector performance by examining the relevant primary data and the published secondary data. Section five explored the key elements required for effective performance management and consideration was given to leadership, staff motivation, organisational structure and management information systems. Finally the chapter concludes with this summary.

## **CHAPTER SEVEN: CONCLUSIONS**

### **7.1 Introduction**

This concluding chapter is designed to summarise the major results and findings of the research study. Following this introductory section the second section of the chapter revisits the overall research objective and associated research questions. The third section presents the major findings of the research in relation to the stated internal and external perspectives. Section four discusses the theoretical contribution of the research and section five considers any policy implications arising from the study. The sixth section outlines the limitations of this study and is followed by section seven which offers some recommendations for future research. The chapter closes with a concluding section.

## **7.2 Revisiting the Research Objectives and Research Questions**

Prior to summarising the major findings from the research it is useful to first revisit and remind the reader of the main research objective and research questions. The main objective of this research was to investigate if the increased use of Performance Management techniques within the United Kingdom public sector had an overall beneficial impact. In order to explore this objective two organisational perspectives were considered and these were the external perspective of the organisation and the internal perspective of the organisation.

From the external point of view the question considered was if there had been an improvement in public sector performance since the introduction of performance management. Whereas from the internal view the question considered what the elements of effective performance management are. These main questions were further broken down into several research hypotheses which were tested as part of the study and these results were used to develop the major findings of the study. These major findings are presented in the following section.

It may also be helpful to contextualise the significance of this research by considering recent press reports in this area. Since their introduction the use of performance management and target setting has been the subject of regular public debate and this has been reflected very strongly in the news

media in recent years. The use of targets has become such an accepted tool of government that it is even used to measure the return on the government's investment in sport. Williams (2008) quotes, the then sports minister, Gerry Sutcliffe as stating that "it is vital that Team GB (Great Britain) reaches the target of 41 medals from the Beijing Olympics" and failure to achieve their proportion of this medal total led to the departure of the performance director of UK Athletics following the games.

The National Health Service (NHS) has featured regularly in the press in relation to performance and targets. One particularly high profile example of this relates to the fallout from the performance reporting and subsequent inspections of Mid Staffordshire NHS Trust. Trigg (2009) reported that inspectors had identified a combination of concerns relating to higher death rates, inadequate nursing, low staffing levels, poor training, lack of equipment and substandard management. The BBC (2009a) reported that doctors were told by managers to treat less serious injuries which were approaching their accident and emergency waiting time target ahead of more serious cases and specifically citing that wards were used as "dumping grounds" for patients in order to allow the hospital to achieve this waiting time target. Again the BBC (2009b) quotes the then Shadow Health Secretary, Andrew Lansley, as saying "It is unacceptable that the pursuit of targets – not the safety of patients – was reputedly prioritised, alongside endless managerial change and a closed culture, which failed to admit and deal with things going wrong." The monitoring of this trust led the healthcare commission to issue a warning to all trusts that managers should not focus solely achieving targets. However

the BBC (2009c) reports the House of Commons Health Committee's warning that targets too often come before patient safety. These reported concerns over the use of targets have not been restricted to the more public English system; similar concerns about increased administration and inadequate patient care have also been expressed in the other constituent countries of the UK (Owen, 2008; Williamson, 2008)

Whilst understandably, accident and emergency services tend to dominate reporting in this area there have been other areas of focus in relation to health performance targets in recent years. Under resourcing of maternity services and the national failure to hit midwife staffing targets was reported (BBC, 2008a) and Trigg (2008) reported on the failure of general practitioners (GPs) to hit their waiting time targets and anomalies in GP performance reporting. The new GP contract has also been the subject of much reporting; Hutchinson (2008) claims that the agreed improvement targets were generally too easy to achieve and consequently have led to dramatic increases in GPs earnings. The issue of NHS spending is set to remain high on the political agenda as it faces potential financial cuts post 2011, following the next spending review (Jeffreys, 2009). Also the impending General election in 2010 has meant that all major political parties are publically discussing the NHS and possible improvements to the service including less procedurally based targets and more outcome targets (BBC, 2008b; BBC, 2008c) and a stronger patient voice (Donaldson, 2008). It has recently been widely reported in the press that, if re-elected, the current government will offer patients the right to opt for treatment in the private healthcare sector at public expense if



their local trust can't achieve the target of 18 weeks from referral to admission. However the Conservatives have said that, if elected, they would scrap this procedural 18 week target and focus instead on outcome targets such as death rates.

Performance management in the education sector has also featured prominently in the press which much debate about exam results and league tables in particular (Eason, 2009). The National Curriculum assessments are a series of educational assessments, colloquially known as Sats, and these assessments have been the key formative assessment tool throughout the schools system in recent years and these tests have been the source of much controversy. The number of tests has been reduced over the years amid scandals surrounding marking failures and claims that teachers are "teaching to the test" (Coughlan, 2008). The pressure that performance management and the associated inspection places on teachers and head teachers in particular has also been discussed (BBC, 2008d) together with the proposals to target inspections more specifically on schools with lower exam success (BBC, 2009d; BBC, 2008e). This strong emphasis on inspection and accountability was emphasised by the then Children's Secretary, Ed Balls, who was quoted by the BBC 2009e saying "There's a radical devolution of power to head teachers, backed up by stronger accountability, and an uncompromising approach to school improvement".

In addition to exam performance and attainment, proposals are also being considered to make schools more accountable in relation to pupil well being

(BBC, 2008f). Also in the field of education, University dropout rates have received some attention (Daily Mail, 2008) together with claims that Universities are being lenient when dealing with plagiarism cases in order to achieve a greater degree pass rate and hence boost their position in the published league tables (BBC, 2008g). There are also plans under consideration for the introduction of outcome targets within the higher education sector similar to those employed in other branches of the education sector generally.

The public are very interested in the performance of the police service and most police forces report and comment on their performance on their websites and in their annual reports. There have also been reports detailing gaming and miss-information in relation to Police performance. The Times (2005) reported that Surrey Police were fabricating emergency calls that they could respond to in order to improve their performance data. The government were also criticised (BBC, 2008h) for releasing apparently favourable data to the press before it was checked and verified. Both these examples illustrate the importance to the public of police performance data since adverse movements in the data are widely reported (Casciani, 2009) and ministers and local police forces are publically held to account. There has been much criticism that the high priority given to performance data has caused police forces and individual officers to focus too heavily on aspects that are measured to the detriment of other areas of policing and their relationship with the public generally (BBC, 2008i; Allen, 2008; Taylor, 2008). This issue has been recognised by government and plans are being put in place to deal with

them, the BBC (2008j) quote the Prime Minister, Gordon Brown as saying “We are clearing the decks, cutting the red tape, cutting back on bureaucracy, making it possible for policemen and women to spend far more time on the beat answering people’s inquiries, in touch with local communities”.

The performance of local authorities are obviously constantly monitored and reported upon by their relevant local press but some local authority performance issues have been sufficiently wide ranging to reach the national press also. The tragic death of Baby Peter in Haringey has been widely reported and the management and performance monitoring failures much discussed (BBC, 2008k). In addition the dysfunctional and allegedly corrupt operation of many public services at Anglesey Council has also been the subject of much national reporting and again the management and inspection failures publically debated (BBC, 2008l).

Current reporting also indicates that performance management remains high on the political agenda. The BBC (2008m) reports Gordon Brown outlining his legislative programme to the House of Commons. In the address he made the following statements: -

“Schools would be made more accountable to parents through the first independent qualifications system to guarantee the highest standards.”

“Hospital funding will be linked to performance in England by using

patient experience to measure quality of care and an NHS constitution will be established to set out the standards that patients can expect.”

He has further expanded on this second point by suggesting that the Ebay-style feedback systems could be used to allow the public to rate services (BBC, 2009f).

### **7.3 Major Findings**

The data analysis on the whole shows that, majority of the respondents reported an effective performance management system is required to increase organisational performance. Thus, the association between respondents' awareness of effective performance management and its components are discussed here in this section. It is notable that a strategic approach to establishing effective performance management systems has been established in the organisations where those senior managers considered human resources as strategic assets.

In relation to the conceptual framework and considering the previously discussed correlation analysis it is possible to see significant positive correlations between Performance Management Effectiveness, Service User

Expectations, Transformational Leadership, Organisational Reputation, Management Information Systems and Gaming. Consequently from the point of view of the first hypothesis it is possible to identify a significant association in relation to all of the selected variables.

Hence it is suggested that where service users expect a high level of service then the organisation will generally be matching this raised expectation with improved service quality. The question of whether service levels are raised in response to expectations or expectations are raised in response to improved service needs to be the subject of further study.

Again the relationship between performance management effectiveness and organisational reputation is significant in most instances. It would appear to be clear that staff who work in an organisation with a high reputation perform to a higher level but again further work is needed to identify the primary motivator for this. This hypothesis is further supported by the relationship between employees' feelings and performance management effectiveness, where there is also a strong correlation. Also the majority of employees feel good about positive press reports relating to their organisation and bad about negative reports.

From the results it is clear to see a strong correlation between performance management effectiveness and Transformational Leadership, this supports the commonly held belief that a strong visionary leader will tend to be more effective than a leader who prefers incremental development. There is also a

strong correlation between having readily available, reliable and accessible management information and performance management effectiveness. This in turn tends to support the importance of focused leadership since a positive management step needs to be taken in order to install and roll out the use of an effective management information system.

The issue of gaming in relation to performance measurement and hence management is considered and again there is a significant positive correlation with performance management effectiveness. In addition to the correlation with performance management effectiveness generally there is also a significant correlation with user expectations, transformational leadership and management information systems. This could be interpreted as indicating that gaming is more likely in a positively performance managed environment, though additional study will be required to confirm the relationship.

There is also evidence which seems to indicate that a focus on performance management by an organisation's leadership will tend to mean that staff are more likely to indulge in gaming activity. Within the survey a reasonable proportion of respondents stated that they were aware of times when rules have been broken to achieve a target. Additionally several respondents felt that this had an impact on the customer and on average this occurred within the last two years.

The responses from the interviews with the organisations' senior managers also provide an interesting insight into this area. Whilst a few felt that gaming

had been completely eradicated most felt that it did still exist and to some extent was an inevitable consequence of performance management. Several senior managers claimed that gaming did not exist in their organisation but they felt that it did exist in other organisations

Most felt that much of what is referred to as gaming is often the result of different interpretation of rules when reporting against specific measures but there was a consensus that benchmarking with other organisations and external auditing was reducing this. A few did offer specific examples of gaming from their experience and several referred to “data cleansing” which occurs at specific times of the year prior to reporting. This is an interesting outcome since it appears to indicate that gaming is a key feature in effective performance management systems; obviously this is an area that requires further investigation.

This research has highlighted significant relationships between Performance Management Effectiveness and several key features of the overall performance management process. Whilst it is possible to infer causal relationships from these results it is suggested that these relationships are further tested so that the actual instigating factors can be isolated.

From the point of view of the manager within the public sector there are various lessons that can be learned.

It has been suggested that staff who feel positive about delivering improved

performance generally achieve this. Although the results do not strongly support this view it is felt that further investigation is necessary to determine if staff motivation is a key requirement for effective performance management. Also this staff motivation needs to be underpinned by a strong understanding of the reasons for using performance management systems. The role of positive and proactive leadership is strongly supported by this research and again, with appropriate vision and communication which raises expectations of both staff and users, this will lead to improved staff motivation.

Another area that is highlighted by this study is the importance of effective supporting management information systems which must be readily available, easily accessible, reliable and, probably most importantly, trusted by all staff.

The other key feature that is indicated by this research is that a focus on performance management with the consequent targets and measurements will tend to lead to an element of gaming were staff seek to be seen to achieve their targets even if they actually haven't. It is important that managers are aware of this and that appropriate control systems are in place to ensure that the benefits of effective performance management are not diluted by this phenomenon.



#### **7.4 Theoretical Contribution of the Research**

Building on the work of Moynihan and Pandey, 2004; and Boyne, 2003 this research study developed a theoretical model for consideration of the impact of performance management within the United Kingdom public sector. Within the model two key theoretical relationships have been proposed between the overall research objective and the two key research questions. The two key research questions developed the theoretical relationship with respect to the external perspective and the internal perspective. These research questions formed the second level of the model; the third level of the model contained the research hypotheses and illustrated the theoretical relationship between these hypotheses and the research questions.

The first theoretical contribution of this model is in investigating the relationship between clear, centrally administered objectives and performance management effectiveness. This area of the model was designed around the work of Moynihan and Pandey (2005) and Dealtry (2005) together with the strong opinions stressed by many of the organisational chiefs within the initial interviews.

The second contribution of this theoretical model is in the investigation of the relationship between user expectations regarding the quality of services received and performance management effectiveness. Within this area, service user expectations, organisational reputation and gaming were

considered. The work of Kennerley and Neely (2002) and Wisniewski and Stewart (2004) was used to develop the user expectation variable. The reputational variable was built around the work of Smith, 2006; Bach et.al, 2005 and McAdam, 2005. Finally in this area the gaming variable was developed considering Radnor and McGuire (2004), Brown, 2005 and Karsten et al., 2001.

The third theoretical contribution of this theoretical model for consideration of the impact of performance management within the United Kingdom public sector is investigating the relationship between leadership style and performance management effectiveness. Various options for assessing leadership style exist (Crainer, 1995) however the Transformational and Transactional method, as outlined by Bass and Avolio (1993), was selected as the most appropriate for this model since it relates specifically to goal attainment and the communication of vision.

Next came the investigation of the relationship between management information systems and performance management effectiveness. This area has been considered by several authors (Hemsworth, 2008; Agarwala, 2007; Folan et. al., 2007; Garengo, 2007; Sharif et. al., 2007; Schreurs, 2004; Nudurupati and Bititci, 2003) and some critical success factors are offered by Bititci (1997). The variables in relation to this area were developed from this work.

The fifth theoretical contribution is the investigation of the relationship

between staff motivation and performance management effectiveness. This exploration was based on Kreitner et al. (1999), who postulated that there is a significant relationship between staff motivation and performance management effectiveness. The specific variables were developed from the recommendations of Mitchell (1982) and Herzberg et al. (1959) and also built on the relationship between goals and job satisfaction discussed by Locke and Latham (1985).

Finally the relationship between organisational structure and performance management effectiveness was investigated. This area of the study was developed in consideration of the link between organisational structure and performance management effectiveness identified by Drucker (1989) and the impact of flexible flatter structures discussed by Ogaard et.al. (2008) and hierarchical structures explored by Dupouet and Yildizoglu (2003).

## **7.5 Policy Implications**

There are various policy implications from this research. It appears that there is a majority consensus that effective performance management and improved services to users are closely connected within the public sector. There are also some clear indications as to what contributes to effective performance management within the public sector.

There is definite evidence that leadership style makes a substantial contribution to effective performance management and it is felt that a sensible use of resources would be to ensure that these messages are understood by all leaders within the public sector and that appropriate training and support is provided where necessary to ensure that this is consistently the case. The link between staff morale and performance management effectiveness needs to be noted, and further explored, as does the likely incidence of gaming. Inspection regimes need to be sufficiently intelligent to consider these items and to be able to effectively monitor for them.

There was a strong feeling from the senior managers interviewed that too much money was being spent on monitoring, inspection and auditing and that this expenditure was actually impacting on service quality. This would be another area to explore in future research with other subsequent policy recommendations.

In the current economic climate the likelihood is that significant savings will be required in the public sector budget. Faced with the prospect of having to reduce services it is vital that information relating to where the least benefit is currently being generated is available to policy makers and managers. Hence it could be considered that the case for performance management of the public sector is even more urgent than ever.

Finally it is important that the impact of the many performance management

experiments undertaken within the United Kingdom public sector, together with any future ones, are appropriately evaluated. Policy evaluation needs to be taken seriously so that lessons can be learned and policies refined and strengthened from an informed position rather than the current apparent response to public opinion and whim.

## **7.6 Limitations of the Study**

There are various aspects of this study which could be improved with the benefit of hindsight. Within the data analysis it became obvious that some of the inconclusive results may be due to a lack of clarity in the conceptual framework and the survey questioning. Obviously this ambiguity does provide a limiting factor for the study and the research findings.

Another limitation of this research relates to the breadth of data analysis undertaken. The quantity of primary data collected by the data collection instrument is very large and many new potential avenues for analysis have become clear whilst undertaking the data analysis exercise. Unfortunately

time constraints have meant that these areas of additional exploration have not been pursued at this time however they do form some of the recommendations for further research that are discussed in the next section.

A third limitation applicable to most research studies is the data collection exercise and related processes. Financial and time restrictions mean that the data collection exercise is undertaken with a sample of the whole population and generally consists of responses to a limited number of closed questions. In an ideal world the researcher would be able to conduct detailed one to one interviews with the whole population, seeking clarification to any points of ambiguity. In this way a totally accurate, representative study could be undertaken. Obviously this method would be impractical, hugely expensive and time consuming, consequently it is necessary to accept the limitations that sampling provides.

## **7.7 Recommendations for Further Research**

Whilst undertaking this research critical gaps in our knowledge have been highlighted which obviously indicate areas for further study and these will be discussed in this section. The first of these is the need to explore causal relationships with regard to the correlations identified, particularly in the area of service user expectations and reputation. Useful results may be obtained in

this area by using the conceptual model of service quality proposed by Parasuraman et al. (1985) which suggests ten determinants of service quality (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding customers' needs and tangible evidence of the service) which could be individually explored and correlated with performance management effectiveness.

This analysis of service quality could also analyse some of the new initiatives that are being proposed such as the "Ebay-style" feedback for services (BBC, 2009f) and the recent publication of all public sector inspection outcomes for England on the Audit Commission's web site.

A wider area for exploration in this field could be the apparent breakdown in trust between the public and service users in particular with professions generally and the publicly funded professions specifically. Much has been written in the popular press about untrustworthy actions by politicians and public officials and some of this has been reported within this research. As discussed the government's response to this mistrust of professionals has been the growth in performance management, inspection and audit considered in this research; however these reports of the public's mistrust of professionals continue and, it could be argued, have increased in recent years.

Also as widely reported, and discussed earlier in this report, is that the increased use of performance management is claimed to be undermining

professional integrity and in many ways distorting responses, as evidenced by the widespread use of gaming reported in this research. A useful research exercise would be to explore this apparently increasing breakdown in trust and also to postulate alternative methods of holding public services to account. This debate could explore the area of professional ethics and governance as an alternative to the highly regulated and managed approaches that are currently in operation.

The next issue for further research relates to the connection between leadership, management and performance. Ingraham et al. (2003) presented the link between management and performance as an area that requires further exploration and this research has also found that leadership and management play significant roles within organisational performance.

Further exploration is required to confirm and further explore the key components of management systems and management per se that are particularly effective in improving organisational performance. Ashworth et al. (2009) in a recent review of published literature found strong empirical support for the positive effect of organisational environment, human resource management, strategic planning, collaboration and regulation and weaker empirical evidence to support the effect of innovation, learning, culture and leadership. Obviously these identified strong and weaker relationships challenge some of the findings of this research and hence identify further areas of study that are necessary to resolve these inconsistencies.



Another potential expansion of this research would be to explore alternative leadership theories such as distributed leadership (Gronn, 2002) or integrated and grounded leadership (Ingraham, 2003) within the organisations studied and their importance to organisational performance.

The balance between centralisation and decentralisation in public sector performance management also needs to be further explored. There is still much debate over where the balance should lie with many practitioners claiming that it is too centralised at present and to some extent central government are attempting to address this in their current proposals. Entwistle (2009) has suggested that the issue of central-local relations possibly should be considered as a coordination problem as opposed to a constitutional one and also that the relationship is far more complicated than initially apparent with aspects of hierarchy, autonomy, partnership and market forces operating to varying degrees. Also related to this area of further investigation is the relationship between performance management and policy both from an organisational and national viewpoint.

A final possible beneficial area of future research could be to analyse the costs and benefits associated with the public sector performance management systems that are currently in place and those that may be proposed following the general election. The vast amount of data processing and analysis that is undertaken both in central government departments and within the public sector organisations requires a considerable resource both in terms of staffing and computing infrastructure.

It would be very helpful if a research exercise was undertaken to cost this performance management infrastructure and compare this with a similar costing of the benefits in service improvement that could be attributable to the use of the associated performance management systems. This cost benefit analysis would provide extremely useful information for the general debate around the most effective method of undertaking public sector management and governance and of providing the likely public sector cost savings that will be required in the next budget planning round.

## **7.8 Conclusion**

This concluding chapter summarised the major results and findings of the research study. Following the introductory section the second section of the chapter revisited the research objective and associated research questions. The third section presented the major findings of the research in relation to the stated internal and external perspectives. Section four discussed the theoretical contribution of the research and section five considered any policy implications arising from the study. The sixth section outlined the limitations of this study and was followed by section seven which offered some recommendations for future research. The chapter closes with this concluding section.

The study started by considering the question of whether the increased use of Performance Management techniques within the United Kingdom public sector has had an overall beneficial impact. Much evidence has been considered and a lot of this data does point to significant measured improvements in organisational and sectoral performance. The majority of the senior staff interviewed as part of the research felt that on balance the performance management regime that they have been operating under for several years has indeed delivered positive benefits. Most practitioners also appear to at least accept performance measurement and management as a fact of life and can see some benefits, if not being fully welcoming of it.

However there were also dissenting voices amongst the senior staff interviewed some of whom felt that the measured benefits had been gained at the expense of unreasonable levels of staff stress and disruption to services which were not the focus of the performance management system at that particular time. The data analysis did highlight the undoubted existence of gaming and it would appear safe to assume that this is a negative consequence of the performance management systems employed. Hence it is probably safe to suggest that whilst there have been improvements in public services that can be related to the performance management systems that have been employed these improvements have not come without significant costs, financial and otherwise.

The future of performance management in the United Kingdom public sector

is unclear. Current developments are exploring greater local ownership of targets and also considering improved methods for measuring outcomes of services. However it is unclear if the current performance management system would remain in place if there was a change of government at the forthcoming general election or indeed in the light of the likely public sector expenditure reductions whichever party wins the election.

# APPENDICES

## Appendix 3.1: Data Dictionary

No	Number of question	Variable code name in SPSS	Variable	Measurement Scale
1	1	GBDORG01	NHS Trust	1=Bristol 2=Burton 3=Cardiff & Vale 4=Christies 5=Cwm Taf 6=Dorset 7=Dumfries & Galloway 8=Gwent 9=Eastern 10=Hereford 11=Leicester City 12=Lincolnshire 13=Liverpool & Broadgreen 14=North Cheshire 15=North Lancashire 16=North Wales 17=Northern 18=Mid Cheshire 19=Papworth 20=Pennine 21=Redbridge 22=Sheffield Children's 23=South West Ambulance 24=Southampton 25=Southport & Ormskirk 26=Tayside 27=Walton Centre 28=West Essex 29=West Hertfordshire 30=Western 31=Wirral 32=Wolverhampton 33=York
2	1	GBDORG02	Police Force	1=Avon & Somerset 2=Cambridgeshire 3=Devon & Cornwall 4=Dumfries & Galloway 5=Dyfed-Powys 6=Kent 7=Gloucestershire 8=Northamptonshire 9=North Wales 10=South Wales 11=Suffolk 12=Surrey 13=Sussex 14=Thames Valley 15=West Mercia
3	1	GBDORG03	Fire and Rescue Service	1=Buckinghamshire 2=Cheshire 3=Dorset 4=Dumfries & Galloway 5=East Sussex 6=Fife 7=Hampshire 8=Hertfordshire 9=Nottinghamshire 10=Northamptonshire 11=North Wales 12=Suffolk

4	1	GBDORG04	Local Authority	1=Cambridgeshire 2=Barking & Dagenham 3=Belfast 4=Blaenau Gwent 5=Braintree 6=Buckinghamshire 7=Cambridgeshire 8=Ceredigion 9=Charnwood 10=Clackmannanshire 11=Copeland 12=Cumbria 13=Darlington 14=Derbyshire 15=Dumfries & Galloway 16=East Cambridgeshire 17=Gloucestershire 18=Gravesham 19=Harborough 20=Hastings 21=Havering 22=Herefordshire 23=Hinckley & Bosworth 24=Hyndburn 25=Kettering 26=Knowsley 27=Lancashire 28=Leicester 29=London 30=Merton 31=Newry & Mourne 32=North Dorset 33=North Lanarkshire 34=North West Leicestershire 35=North Yorkshire 36=Northumberland 37=Restormel 38=Rotherham 39=Salisbury 40=South Lakeland 41=South Lanarkshire 42=Southwark 43=Staffordshire Moorland 44=Stockport 45=Suffolk
5	1	GBDORG05	School	10=Cumbria 17=Hastings 29=North Yorkshire
6	1	GBDORG06	College of Further Education	1=Bicton 2=Bolton 3=Carlisle 4=Doncaster 5=Durham New 6=Fareham 7=Grimsby 8=Hastings 9=Herefordshire 10=Hopwood Hall 11=James Watt 12=Jewel & Esk Valley 13=Lambeth 14=Llandrillo 15=Manchester 16=Mid Cheshire 17=Newbury 18=North West Regional 19=North West 20=Oxford & Cherwell Valley 21=South Eastern 22=Warwickshire 23=Westminster Kingsway

7	2	GBDFNC01	Basic data	Senior manager Middle manager Professional practitioner Clerical Manual
8	3	GBDPOS01	Basic data	Years
9	4	GBDEMP01	Basic data	Years
10	5	GBDSEX01	Basic data	1=Male 2=Female 3=Other
11	6	ILSTFL01	Transformational leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
12	7	ILSTFL02	Transformational leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
13	8	ILSTFL03	Transformational leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
14	9	ILSTAL01	Transactional leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
15	10	ILSTAL02	Transactional leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
16	11	ILSTAL03	Transactional leadership	1=Not at all 2=Once in a while 3=Sometimes 4=Fairly often 5=Frequently
17	12	IOSHIR01	Hierarchical	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
18	13	IOSHIR02	Hierarchical	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
19	14	IOSFLA01	Flat	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
20	15	IOSFLA02	Flat	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
21	25	EOBLVN01	Local vs. National	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
22	26	EOBLVN02	Local vs. National	1=My supervisor 2=Local managers 3=Senior managers 4=The governing body 5=Local government 6=National inspectors 7=National government

23	27	EOBCON01.1	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
24	27	EOBCON01.2	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
25	27	EOBCON01.3	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
26	27	EOBCON01.4	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
27	27	EOBCON01.5	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
28	27	EOBCON01.6	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
29	27	EOBCON01.7	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
30	27	EOBCON01.8	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job



31	27	EOBCON01.9	Consequences	1=Nothing 2=Minor changes to my work 3=Major changes to my work 4=I lose money 5=The organisation loses money 6=Management changes 7=External inspections / audits 8=The organisation's reputation is damaged 9=I lose my job
32	28	EOBCON02	Consequences	1=My supervisor 2=Local managers 3=Senior managers 4=The governing body 5=Local government 6=National inspectors 7=National government
33	29	ISMINT01	Intrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
34	30	ISMINT02	Intrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
35	31	ISMINT03	Intrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
36	32	ISMEXT01	Extrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
37	33	IOSHIR03	Hierarchical	1=My supervisor 2=Local managers 3=Senior managers 4=The governing body 5=Local government 6=National inspectors 7=National government
38	33	IOSFLA03	Flat	1=My supervisor 2=Local managers 3=Senior managers 4=The governing body 5=Local government 6=National inspectors 7=National government
39	34	ISMEXT02	Extrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
40	35	EOBROC01	Rate of change	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
41	35	ISMEXT03	Extrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
42	37	EOBROC02	Rate of change	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree

43	36	IMIAVA01	Availability	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
44	37	IMIAVA02	Availability	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
45	38	IMIREL01	Reliability	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
46	39	IMIREL02	Reliability	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
47	40	IMIACC01	Accessibility	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
48	41	IMIACC02	Accessibility	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
49	42	EQAREP01	Reputation	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
50	42	ISMEXT04	Extrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
51	43	EQAREP02	Reputation	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
52	43	ISMINT04	Intrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
53	44	EQAREP03	Reputation	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
54	44	ISMEXT05	Extrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
55	45	EQAREP04	Reputation	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
56	45	ISMINT05	Intrinsic factors	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree

57	46	EQAEXP01	User Expectations	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
58	47	EQAEXP02	User Expectations	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
59	48	EQAEXP03	User Expectations	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
60	49	EQAGAM01	Gaming	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
61	50	EQAGAM02	Gaming	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
62	51	EQAGAM03	Gaming	Years
63	52	EOBLVN03	Local vs. National	Text
64	16	PMECUS01	Customers	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
65	17	PMEINT01	Internal	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
66	18	PMECUS02	Customers	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
67	19	PMEINT02	Internal	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
68	20	PMELAG01	Learning & Growth	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
69	21	PMEINT03	Internal	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
70	22	PMELAG02	Learning & Growth	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
71	21	PMELAG03	Learning & Growth	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
72	23	PMEMIS01	Mission	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree

73	24	PMEMIS02	Mission	1=Strongly agree 2=Agree 3=Not sure 4=Disagree 5=Strongly disagree
74	Secondary Data	PMESDA01	Effectiveness	1=Outstanding 2=Good 3=Satisfactory 4=Weak 5=Poor

## **Appendix 4.1: Initial Email**

Dear

Please allow me to introduce myself; my name is Ian Connor and I am a member of the management team at Bangor University in North Wales. This is my web page for your information: -

[http://www.bangor.ac.uk/cbssl/staff/ian\\_connor.php.en](http://www.bangor.ac.uk/cbssl/staff/ian_connor.php.en)

I am currently researching the impact of the effect of the increased use of target setting and other Performance Management techniques within the United Kingdom public sector. With a view to assessing the overall affect and considering what has actually been achieved by its use. I am hoping to assess the reasons behind the decisions to introduce performance indicators; the processes involved in the selection of appropriate indicators and the implementation procedures employed together with intended and unintended behavioural impacts that performance measurement can initiate and how these can be managed.

As part of the research I am hoping to interview key opinion formers at various levels within a range of organisations and to survey a much wider group of staff within these organisations. Hence the reason for this email: -

- Would you be prepared to be interviewed as part of this process?
- Would you allow your staff to participate in a questionnaire survey?
- What do you consider to be the main issues relating to performance management in the UK public sector that need to be considered as part of this research?

Thank you for the time that you have taken in reading this email and I look forward to working with you in the near future.

Regards

Ian Connor

College Manager  
College of Business, Social Sciences and Law  
Bangor University

## **Appendix 4.2: Participating Organisations**

### **Local Authorities**

Barking and Dagenham District Council  
Belfast City Council  
Blaenau Gwent County Council Borough Council  
Braintree District Council  
Buckinghamshire County Council  
Cambridgeshire County Council  
Ceredigion county council  
Charnwood borough council  
Clackmannanshire Council  
Copeland Borough Council  
Cumbria county council  
Darlington  
Derbyshire county council  
Dumfries and Galloway Council  
Gloucestershire County Council  
Gravesham Borough Council  
Harborough District Council  
Hastings Borough Council  
London Borough of Havering Council  
Herefordshire County Council  
Hinckley and Bosworth Borough council  
Hyndburn Borough Council  
Kettering Borough Council  
Knowsley Metropolitan Borough Council  
Lancashire County Council  
Leicester City Council  
London Borough of Merton Council  
Newry and Mourne District Council  
North Dorset District Council  
North Lanarkshire Council  
North West Leicester District Council  
North Yorkshire  
Northumberland County Council  
Restormel Borough Council  
Rotherham Metropolitan Borough Council  
Salisbury District Council  
South Lakeland District Council  
South Lanarkshire Council  
London Borough of Southwark Council  
Staffordshire Moorland District Council  
Stockport Metropolitan Borough Council  
Suffolk Coastal and Waveney District Councils

## **Police Force**

Avon and Somerset Police  
Cambridgeshire Constabulary  
Devon & Cornwall Constabulary  
Dumfries and Galloway Constabulary  
Dyfed-Powys Police  
Kent Police  
Gloucestershire Constabulary  
Northamptonshire Police  
North Wales Police  
South Wales Police  
Suffolk Constabulary  
Sussex Police  
Thames Valley Police  
West Mercia Constabulary

## **Further Education Colleges**

Bicton College of Agriculture  
Bolton Community College  
Doncaster College  
Durham New College  
Fareham College  
Grimsby Institute of Further and Higher Education  
Hastings College of Arts and Technologies  
Herefordshire College of Technology  
Hopwood Hall College  
James Watt College  
Jewel and Esk Valley college  
Lambeth College  
Llandrillo College  
Manchester College  
Mid Cheshire College  
Newbury College  
Northen Regional College North East Institute of Further and Higher Education  
North West Institute of Higher Education  
Oxford and Cherwell Valley College  
South Eastern  
Warwickshire College  
Westminster College

**NHS Trust**

Bristol  
Burton  
Christies  
Cwm Taf  
Dorset  
Dumfries and Galloway  
Gwent  
Eastern  
Hereford  
Leicester City  
Lincolnshire  
Liverpool and Broadgreen  
North Cheshire  
North Lancashire  
North Wales  
Northern  
Mid Cheshire  
Papworth  
Pennine  
Redbridge  
Sheffield Children's  
South West Ambulance  
Southampton  
Southport and Ormskirk  
Tayside  
Walton Centre  
West Hertfordshire  
Western  
Wirral  
Wolverhampton  
York

**Fire and Rescue Service**

Buckinghamshire Fire & Rescue  
Cheshire Fire & Rescue Service  
Dorset Fire & Rescue Service  
Dumfries and Galloway Fire & Rescue Service  
East Sussex Fire & Rescue Service  
Fife Fire & Rescue Service  
Hampshire Fire & Rescue  
Hertfordshire Fire & Rescue Service  
North Wales Fire & Rescue Service  
Northamptonshire Fire & Rescue Service  
Nottinghamshire  
Suffolk Fire & Rescue Service



## **Appendix 4.3: Data Collection Instrument**

## Introduction

Thank you for agreeing to participate in this survey, your views are extremely valuable to us. We are currently undertaking research into the increased use of Performance Management techniques within the United Kingdom public sector with a view to assessing its overall impact. This survey is being completed by a range of staff in over 100 public sector organisations so the results will be very useful and it is hoped that they will be used to develop future policy.

Please set your browser to full screen.

# Your Role

First we will start with some questions about you.

## 1. Please select your organisation

	NHS Trust	Police Force	Fire and Rescue Service	Local Authority	School	College of Further Education
Organisation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## 2. What is your function in the organisation?

- Senior manager       Professional practitioner       Manual  
 Middle manager       Clerical

## 3. How long have you been in your current post?

Years

## 4. How long have you worked for the organisation?

Years

## 5. What is your gender?

- Male       Female       Other

## Leadership Style

The following questions are designed to assess the leadership style in operation within your organisation and the organisation's structure. If you are a member of the senior management team then please respond to these from your personal point of view.

**6. I trust the senior management team of my organisation to overcome obstacles.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

**7. The senior management team introduces new projects and challenges.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

**8. It is possible to express my concerns to the organisation's management if I need to.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

**9. My manager agrees with me what I will receive if I do what needs to be done.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

**10. My manager focuses attention on irregularities, mistakes, exceptions and deviations from what is expected of me.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

## Leadership Style

**11. Problems have to be chronic before management will take action.**

- Not at all       Once in a while       Sometimes       Fairly often       Frequently if not always

**12. There is a clear management structure in my organisation.**

- Strongly agree       Agree       Not sure       Disagree       Strongly disagree

**13. I have to work to rigid rules and regulations.**

- Strongly agree       Agree       Not sure       Disagree       Strongly disagree

**14. I work as part of a team.**

- Strongly agree       Agree       Not sure       Disagree       Strongly disagree

**15. I have a great deal of freedom in choosing how I carry out my work**

- Strongly agree       Agree       Not sure       Disagree       Strongly disagree

## Organisational Effectiveness

This set of questions is designed to gather your views as to the effectiveness of your organisation.

**16. The users of my organisation's services are happy with the service that they receive.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**17. The organisation's employees are happy with the service that they provide.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**18. The views of the organisation's service users are considered.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**19. The structure of the organisation improves the services provided.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**20. The views of the organisation's staff are considered.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

## Organisational Effectiveness

**21. The organisation learns from its mistakes.**

Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**22. Good practice is shared across the organisation.**

Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**23. There is a clear plan for the future of the organisation.**

Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**24. This plan will improve the services that the organisation provides.**

Strongly agree     Agree     Not sure     Disagree     Strongly disagree

## Working to Targets

The next set of questions relate to your experience of working to targets.

### 25. I have work related targets that apply directly to me?

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

### 26. Who sets these targets?

- My supervisor     The governing body     National government  
 Local managers     Local government  
 Senior managers     National inspectors

### 27. What happens if these targets are not met?

(tick all that apply)

- Nothing     I lose money     External inspections / audits  
 Minor changes to my work     The organisation loses money     The organisation's reputation is damaged  
 Major changes to my work     Management changes     I lose my job

### 28. Who checks if these targets are not met?

- My supervisor     The governing body     National government  
 Local managers     Local government  
 Senior managers     National inspectors



## Working to Targets

**29. I sometimes set my own targets.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**30. I like working to targets.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**31. My targets are easy to achieve.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**32. I know why I have targets.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**33. Who explained this to you?**

- My supervisor     The governing body     National government  
 Local managers     Local government  
 Senior managers     National inspectors

**34. My targets change regularly.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**35. My targets change too often.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

## Information

This set of questions relate to the information that is available to you.

**36. Up to date information about my performance is available to me.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**37. Up to date information about the organisation's performance is available to me.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**38. I can trust the information about my performance.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**39. I can trust the information about the organisation's performance.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**40. It is easy to access the information about my performance.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**41. It is easy to access the information about the organisation's performance.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

## Wider Impact

The final group of questions relates to the wider impact of performance management

**42. I have seen reports in the press about my organisation achieving its targets.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**43. This makes me feel good.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**44. I have seen reports in the press about my organisation not achieving its targets.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**45. This makes me feel bad.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**46. Working to targets has improved customer service.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

## Wider Impact

**47. Working to targets has made customer service worse.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**48. Targets are needed.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**49. I am aware of times when rules have been broken to achieve a target.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**50. This had an impact on the customer.**

- Strongly agree     Agree     Not sure     Disagree     Strongly disagree

**51. How long ago did this occur?**

Years

**52. How else could public sector organisations be judged?**

	5
	6

## **Appendix 4.4: Survey participation invitation**

Dear

Thank you again for your help with our Performance Management Research to date. I am pleased to say that we have now completed the initial telephone interview stage and we have used the information gathered to generate the staff survey, which can be accessed at the link below: -

[http://www.surveymonkey.com/s.aspx?sm=72kGsOZPdLBiEj3n3ctdWQ\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=72kGsOZPdLBiEj3n3ctdWQ_3d_3d)

We would appreciate it if you could ask as many of your staff as possible to undertake the survey. The greater the number of respondents the more valid the final results will be. The survey will take staff approximately 10 minutes to complete. You simply need to forward the above link in an email and they can access the survey directly.

I trust this is self explanatory but if you would like any additional information or clarification then please do not hesitate to contact me.

Once more thank you for your help.

Ian Connor

College Manager  
College of Business, Social Sciences and Law  
Bangor University

## **Appendix 4.5: Survey participation reminder**

Dear

Thank you again for your help with our Performance Management Research to date. The survey is progressing well, we currently have over 900 responses. However we have had very few responses from your organisation. We would appreciate it if you could ask as many of your staff as possible to undertake the survey. The greater the number of respondents the more valid the final results will be. The survey will take staff approximately 10 minutes to complete. You simply need to forward the link below in an email and they can access the survey directly.

[http://www.surveymonkey.com/s.aspx?sm=72kGsOZPdLBiEj3n3ctdWQ\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=72kGsOZPdLBiEj3n3ctdWQ_3d_3d)

I trust this is self explanatory but if you would like any additional information or clarification then please do not hesitate to contact me.

Once more thank you for your help.

Ian Connor

College Manager  
College of Business, Social Sciences and Law  
Bangor University

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