

# **Is performance management applicable in developing countries?**

## **The case of a Tanzanian college**

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### **Introduction**

Developing countries offer potentially some of the most important growth opportunities for companies both from the developing as the developed world. It is therefore interesting to note that a recent review of the last twenty years of empirical research grounded in institutional theory found that most studies focused on developed countries (95 percent) and that only a small portion (five percent) of the studies tried to test institutional theory in developing countries (Farashahi et al., 2005). As a result, there has been little structural research on institutional effect and change in emerging countries which is surprising because many of these countries offer a highly dynamic environment which is a good testing ground for new theory, techniques and concepts of business and management (Hofstede, 2001; Pacek and Thorniley, 2004). It has to be noted that quite a few scholars doubt whether existing Western management practices can and will work in emerging markets, and it has long been recognised that culture is a major source of differences in measurement and reporting standards and methods (Daniels et al., 2004; Piercy et al., 2004). At the same time, interest in this type of research is increasing as developing and developed countries alike start to realise that the study results can be important input in development policies to reduce poverty (Hopper et al., 2003).

Performance management can be regarded as one of those theories whose validity needs to be tested in an emerging country's context, as this context can be more dynamic and be completely different from a developed country's context. In this article an overview is given of the status of performance management in profit and nonprofit organisations in developing countries, in particular in Africa. After this, prescriptive empirical research, in the shape of a case study at the Tanzanian College of Business Education, is used to test whether performance management is a potential useful management tool for organisations in emerging markets. Using a case study on performance management in Africa in general, and Tanzania

specifically, adds to the literature as not many of these studies are currently found in the scientific literature.

### **Performance management in developing countries**

There is a growing body of literature on the modernisation of management control and information systems in developing countries, with an emphasis on management accounting practice (Anderson and Lanen, 1999; Joshi, P.L., 2001; Waweru et al., 2004) and the development of new public management (Polidano, 1999; Mwita, 2000; Schacter, 2002; McCourt, 2002). However, the scientific and professional literature specifically on implementing performance management in developing countries is scarce (Abdel Aziz et al., 2005). The popularity of the balanced scorecard (BSC) is gradually changing this, mainly in Asian countries, but it is still a relatively new concept for developing countries (Anand et al., 2005; Creelman and Makhijani, 2005; Pandey, 2005).

At the end of the second half of the twentieth century, many developing countries decided to change over to market-based development. This change was also fostered by external donors, like the World Bank, who exerted pressure on governments by making their financing conditional upon structural economic adjustment such as free trade, competition, privatisation and limited state intervention (Schacter, 2002; Hopper et al., 2003). The shift to a market-based economy required modernisation of accounting practices and new management control and information systems. This was sorely needed because research at the time showed that there is a significant positive correlation between public sector effectiveness and increased per capita income, increased adult literacy and reduced infant mortality (Kaufmann, 1999). Developing countries started to introduce new public management (NPM), which has several core elements: devolve authority and provide flexibility; develop competition and choice; provide responsive service; be performance oriented; be customer driven; and focus on efficiency. In practice, many developing countries have only adopted elements of the NPM model, notably privatisation and downsizing. Many countries have also experimented with performance management initiatives but most of these were limited to the introduction of performance-oriented staff appraisal systems. These have not been very successful because in these systems promotions are linked to performance, while in many developing countries promotion is still linked to seniority or to relations. Attempts to use performance targets have produced mixed results. The sheer size of the developing world does not warrant homogeneous discussion of the feasibility of implementing performance management in developing countries. Therefore, in the next section, the focus is on one continent, Africa.

### **Performance management in Africa**

Although performance management is relatively unknown in many African countries, the interest in such an improvement tool is growing among African organisations and in specific African countries. For instance, there seems to be a real need for the BSC in Burkina Faso's state-owned companies. As it will help these companies to improve their performance and then contribute to the country's growth, both management and government want to work diligently on a successful implementation of performance management (Waal and Augustin, 2005). In Egypt,

there is a trend in many manufacturing organisations to combine financial and nonfinancial measures because there is growing awareness that sole reliance on financial data is no longer effective for an organisation. Despite this growing awareness, performance management systems are not widespread yet in Egypt, and many Egyptian organisations are still using traditional financial measures like return on investment and return on assets (Abdel Aziz et al., 2005). In Zimbabwe, all government departments, local government institutions, and most private companies are using zero-based budgeting systems. However, since the success of the BSC has been noticed, Zimbabwe is trying its best to catch up with the rest of the world in the area of leading-edge performance management systems. The country has the advantage that it hosts many transnational companies which are already applying the latest performance management systems. These companies can serve as an example for Zimbabwean organisations (Nhemachena, 2004). In South Africa, the term 'performance management' is relatively new in the field of management. However, there are many pressures on South African organisations, enticing them to investigate the concept of strategic performance management. Competition has increased dramatically over the past decade because of many multinational companies investing in South Africa. The battle against nepotism and corruption has intensified. In addition, many South African companies have to take the development of employee skills, knowledge, and experience seriously in order to deal with today's rapidly changing workplace. However, many companies have difficulty competing well in the current business environment as a result of traditional organisational cultures which are rigid and bureaucratic, and because of the lack of technological resources. To overcome the hurdles, South-African organisations are increasingly turning to strategic performance management (Motswiane, 2004). In Kenya, performance management was traditionally defined as the process of financial control, in which the mission and strategy are translated into budgets, and subsequently results are compared with budgets. However, as many Kenyan companies are trying to qualify for the ISO standard, they are turning more and more to performance management, especially the BSC. Some organisations have already implemented the scorecard, particularly if they are part of a multinational that is using the BSC. Those organisations that have done so show much better performance than their "scorecardless" competitors (Malinga, 2004). In Ethiopia, there are some developments for the benefit of performance management. More and more Ethiopian enterprises are expressing a strong interest in the BSC, their managers are starting to acknowledge the importance of regular formal and informal performance review meetings, communication about results is being improved by applying modern means of communication like the intranet, people are willing to train in the use of performance management, and government is fostering the improvement of performance (Tessema, 2005).

### **Is performance management applicable?**

The overall lack of management skills and expertise often makes it not viable for developing countries to develop complex structures such as sophisticated performance management systems. They therefore concentrate more on introducing and copying tools and systems from the Western world which are not always the best suited to local circumstances. This raises the question whether Western techniques like performance management are suitable for developing countries. There is no question that in theory adopting management practices which have

proven to be effective is a better alternative for an organisation than investing limited and scarce resources in efforts which do not amount to much more than 'reinventing the wheel'. Also, the poor management practices, bureaucratic inefficiencies, and low productivity levels in many organisations of developing countries create considerable pressure for managers to adopt speedy, ready-to-implement strategies. The state-of-the-art techniques and practices currently in operation in Western organisations can undoubtedly be of great benefit to organisations in developing countries. However, these techniques and practices have evolved in the context of Western environment and cannot be expected to be transplanted just like that to the different sociocultural environment of developing countries. At the same time, the short overview of performance management developments in several African countries shows the need for and trend towards implementing this Western technique. As the saying goes: the proof of the pudding is in the eating; real life implementations have to prove whether performance management is a viable management technique for developing countries. In the next section such an implementation is described, at the Tanzanian College of Business Education. This organisation has been chosen as the author was invited by the principal of CBE – who had attended an executive seminar on performance management given by the author a year earlier – in July 2005 to conduct a workshop on performance management. Therefore he was able to observe firsthand the proceedings. Later, the author stayed in touch, among other means through CBE personnel who attended courses at Maastricht School of Management.

### **Performance management at the Tanzanian College of Business Education**

The history of the College of Business Education (CBE) is closely linked to the history of Tanzania. Soon after the independence of the former English colony, Tanzania found itself in dire need of sufficiently trained personnel for running the commercial and industrial companies of the now independent nation. As a result, after first offering several short courses from 1963 onwards, in January 1965 then president Nyerere officially opened the new College of Business Administration in Tanzania's capital Dar Es Salaam. Over the years, CBE has grown from initially one campus with 28 male students and one programme, to two campuses (Dar Es Salaam and Dodoma) with 3,000 male and female students and six programmes. The main activities of the college are: to provide facilities for study, training and research mainly in the fields of business administration, accountancy, purchasing and supplies management, marketing management, legal, industrial and general metrology, and computer and information technology; to award certificates, diplomas, advanced diplomas and postgraduate diplomas in these fields; and to provide consultancy, counselling, arbitration and business advisory services to the Tanzanian business community. The college has several hostels on both campuses which together can accommodate up to 500 students. CBE's vision reads as follows: 'To be a centre of excellence that is dynamic, well-equipped, known and respected in the provision of training, research and advisory services in the fields of accountancy, procurement and supplies management, business administration, entrepreneurship, marketing management, legal, industrial and scientific metrology information and communication technology (ICT) and other related disciplines'.

CBE falls under the Ministry of Industry and Trade and has a governing body which puts policies in place for running the activities of the college. The principal, who is the chief executive of the college, reports to the governing body. CBE's management

is made up of the principal and vice-principals, the registrar, the director of human resources and administration, and the heads of the academic departments.

#### CBE's strategic plan

During the year 2000, CBE's vision, mission and strategic objectives were, under the guidance of the newly appointed principal, for the first time developed in a structured way, and documented in a strategic corporate plan for the period 2000 to 2005 (CBE, 2000, 2003, 2005). This plan had 21 strategic objectives to be accomplished. In the five years that the plan covered, student enrolment increased from 600 to 3,000 which put a lot of strain on the organisation. Also new programmes were introduced, physical facilities were improved like drilling a reliable waterhole at the Dodoma campus and upgrading the water system at the Dar Es Salaam campus, more than a hundred personal computers were procured, the hostels were refurbished, and tutors received much additional training. At the same time, many objectives were not achieved and also the social, economical, political and business environments changed considerably.

A SWOT analysis, performed in 2005, showed that CBE has considerable strengths and opportunities but at the same time has to work on several weaknesses and deal with specific threats. The college has much experience with teaching and has two accessible locations to do this from. It has forged many strategic alliances and built strong national and international networks. CBE has a provisional accreditation of the National Council for Technical Education (NACTE), has good library and ICT sources and acts as an information centre for academia in Tanzania. At the same time, the college suffers from a shortage of teaching facilities, many aging tutors who are about to retire while replacements are not readily available, expensive communication lines between the two campuses, and an insufficient number of administrative and support staff. Opportunities are abundant: a large pool of school leavers who are potential 'clients' of CBE; increased demand for professional training in Tanzania; a large network of CBE alumni in the country which are good for relations and marketing but also are potential candidates for advanced degrees; a positive attitude of sponsors towards the college; and much potential for enlarging the current network and alliances and creating new ones. However, specific threats are looming like low-income levels of Tanzanian citizens who consequently are not able to pay the tuition fees thereby impacting CBE's financial stability, increased competition of universities and emerging institutions for higher learning, and high labour turnover because competitors are offering more attractive remuneration packages. In addition, there is a lack of employment for CBE's graduates partly because of the freezing of governmental jobs, and the potential reversal of the government's decision to move its seat to Dodoma will impact the Dodoma campus negatively. Finally, if full NACTE accreditation is not obtained, running certain courses will not be possible or will be restricted.

To deal with the outcomes of the SWOT, a second five-year corporate strategic plan was made. This plan states an ambition to increase student capacity of the college to 5,000 students and 4,200 graduates in the academic year 2009-10, increase both tutor quality (by hiring more tutors holding master degrees and PhDs) and staff quality (e.g. by additional training and improving the incentive package), offer more new (postgraduate) diploma programmes and expand existing programmes, modernize teaching and learning facilities, and ascertain the financial sustainability of the

college. As a first consequence of these ambitions, the mission and strategic objectives of the college were revised. The updated mission of the college is: 'To train highly competent and practice-oriented professionals in business administration, metrology (weights and measures), accountancy, procurement and supplies management and related fields at certificate, diploma, higher diploma, postgraduate diploma and professional degree levels; to undertake relevant basic and applied research and to provide consultancy and advisory services to the public'. A total of 26 strategic objectives were formulated, partly consisting of 'old' objectives from the previous strategic plan and partly new ones. In order to make these rather abstract objectives more tangible and measurable, a workshop with the complete management team of CBE was organized, under the guidance of the author of this book. It took place in Morogoro, a town 200 kilometres and a two and a half hour drive west of Dar Es Salaam, halfway to Dodoma.

#### CBE's performance management analysis

The three-day workshop at CBE started with conducting a performance management analysis (PMA). In total 24 participants, all of CBE's management team including the principal and the two vice-principals, individually filled in the PMA questionnaire. With the PMA, the strengths and improvement opportunities of the current performance management system and the performance-drive of CBE were evaluated. The PMA looks at both the structural and the behavioural side of performance management. The 'structural side' deals with the structure which needs to be implemented in order to use performance management. It usually includes critical success factors (CSFs), key performance indicators (KPIs), and often a BSC. The 'behavioural side' deals with organisational members and their use of the performance management system. The PMA is based on the principle that both sides need to be given equal attention in order to establish a performance-driven organisation (Waal, 2003, 2004; Waal et al., 2004). The analysis enables an organisation to assess its 'performance drive' by means of a questionnaire which covers nine dimensions. 'Performance drive' is defined as a strong performance orientation of organisational members resulting in a drive for continuous improvement and better results. The nine PMA dimensions are given in Exhibit 1.

| <b>Dimension</b>         | <b>Type</b> | <b>Description</b>  |
|--------------------------|-------------|---|
| Responsibility structure | Structural  | A clear parenting style and tasks and responsibilities have been defined and these are applied consistently at all management levels.                             |
| Content                  | Structural  | Organisational members use a set of financial and non-financial performance information, which has a strategic focus through the use of CSFs and KPIs.            |
| Integrity                | Structural  | The performance information is reliable, timely and consistent.   |
| Manageability            | Structural  | Management reports and performance management systems are user-friendly and more detailed performance information is easily accessible through ICT systems.       |
| Accountability           | Behavioural | Organisational members feel responsible for the results of the key performance indicators of both their own responsibility areas and the organisation as a whole. |
| Management               | Behavioural | Senior management is visibly interested and involved in the   |

| Dimension          | Type        | Description   |
|--------------------|-------------|---|
| style              |             | performance of organisational members and stimulates an improvement culture and proactive behaviour. At the same time, it consistently confronts organisational members with lagging results.                             |
| Action orientation | Behavioural | Performance information is integrated in the daily activities of organisational members in such a way that problems are immediately addressed and (corrective or preventive) actions taken.                               |
| Communi-<br>cation | Behavioural | Communication about the results (top-down and bottom-up) takes place at regular intervals as well as the sharing of knowledge and performance information between organisational units.                                   |
| Alignment          | -           | Other management systems in the organisation such as the human resource management system, are well aligned with performance management, so what is important to the organisation is regularly evaluated and rewarded on. |

*Exhibit 1: Performance management analysis: the nine dimensions*

The managers of an organisation rate the criteria for each of the nine PMA dimensions on a scale of 1 to 10, indicating whether the organisation in their opinion currently does poor (score is between 1 to 5) or well (score is between 6 to 10) on the criteria. They also rate the criteria on how well the organisation should be doing in the near future (the desired score in three years). After that, they calculate an average score for each dimension by dividing the total criteria scores by the number of criteria (five per dimension, except for 'responsibility structure' which has four criteria). After everyone has completed the questionnaire, the scores of all respondents are averaged per dimension and the results are represented in a so-called PMA radar diagram (Exhibit 2). The structural dimensions are shown on the right in the radar diagram, the behavioural dimensions on the left. The radar diagram clearly indicates which side of the diagram and thus which specific dimensions need to be addressed to improve the organisation's performance drive (see the 'dents' in the PMA-diagram). It is up to the organisation to decide how much it can and wants to improve, and pull up its performance to a score of 10 (the desired score).

The resulting PMA radar diagram and the averaged scores for CBE are given in Figures 2 and 3.

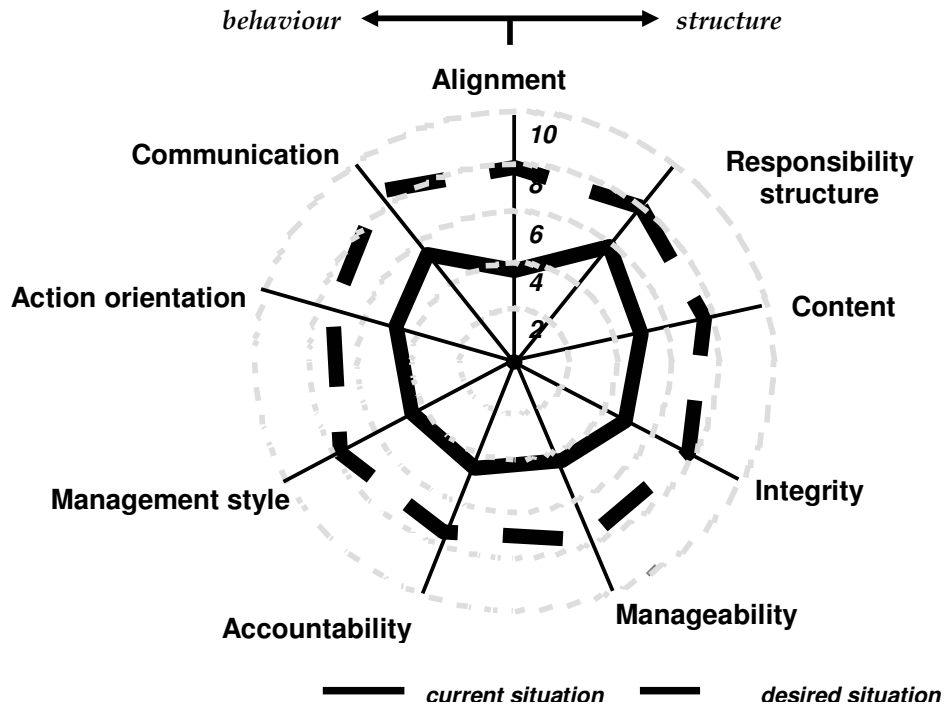


Figure 2: PMA radar diagram with the scores of CBE

|           | Respons. structure | Content | Integrity | Manageability | Accountability | Man. style | Action orient. | Communication | Alignment | Comp. perf. |
|-----------|--------------------|---------|-----------|---------------|----------------|------------|----------------|---------------|-----------|-------------|
| Current   | 5.7                | 4.9     | 4.9       | 4.5           | 4.6            | 4.6        | 4.6            | 5.1           | 3.9       | 5.8         |
| Std. dev. | 1.9                | 1.7     | 1.9       | 1.8           | 1.9            | 2.0        | 1.7            | 2.2           | 1.8       | 1.5         |
| Desired   | 8.0                | 7.8     | 7.8       | 7.7           | 7.5            | 7.9        | 7.6            | 8.3           | 7.9       |             |
| Std. dev. | 1.2                | 1.5     | 1.1       | 1.3           | 1.2            | 1.1        | 1.2            | 1.1           | 1.4       |             |

Figure 3: PMA scores of CBE (including standard deviations)

The PMA scores showed CBE's management team was not satisfied with the current performance management system and with the performance-drive of the organisation. The average scores for the structural aspects was 5.0 and for the behavioural aspects 4.6, while the desired situation had an average of 7.9. In addition, the management team was clearly aware that a competitive score of 5.8 did not fit an organisation which has in its vision 'to be a centre of excellence' so it wanted to improve the PMA scores considerably in the next five years. When the PMA scores were discussed, the relative high score for the aspect 'responsibility structure' was put into perspective: CBE had indeed defined the daily tasks and responsibilities of the various management levels, but it had not defined the more strategic ones. Especially for the managers it was not clear how much room they had to make strategic decisions in their own responsibility areas. Although guidelines were regularly communicated through memos by one of the vice-principals, in practice these were either unclear or did not receive enough attention. The absence of concrete and tangible CSFs and KPIs was reflected in the low score for 'content', while the lack of good ICT systems showed up in the 'integrity' and 'manageability'



scores. The behavioural side of performance management had not received enough attention in recent years; CBE had focussed its improvement efforts on the structural side by appointing a new principal and developing corporate strategic plans. Managers did feel accountable for their own department but not necessarily for CBE as a whole and training in a modern management style had not been promoted under the previous leadership. It was suggested that the low score on 'action orientation' was caused by the management being composed of mainly academics who, in contrast to practitioners, tend to think things through (too long) before acting. It seemed surprising that the score for 'communication' was relatively high, seeing that the two campuses were so far apart. However, the principal and vice principals had taken special care to regularly visit the campuses and to conduct meetings and discussions with local managers. Finally, the major problem area for CBE proved to be 'alignment'. The lack of alignment was basically caused by the fact that the current incentive structure was outdated and that government regulations did not give the organisation much room to manoeuvre in this respect. The standard deviation for the scores (see Figure 3), which indicates how much the respondents agree (low deviation) or disagree (high deviation), was relatively high. This is caused by the fact CBE's management had not spend much time talking about performance management. In fact, the joint workshop in Morogoro was one of the first plenary meetings in which both Dar Es Salaam and Dodoma managers participated, and in which the desired performance driven behaviour was discussed.

Several alternatives were discussed to improve CBE's current situation and to get the college on the road to being a performance-driven organisation. It was decided to review the possibility of turning the departments into cost centres with clearly defined tasks, responsibilities and a cost budget. This would increase clarity on who is responsible for what. The management team also resolved that future communications within the college, and especially between the two campuses, between principal and vice-principals and the rest of the management team, and between management team members in general, would be characterised by a continuous dialogue. This entails that there would be two-way communication instead of one-way, and that both sides would listen to each other and have a right of input. This would result in a better quality of information exchange and knowledge transfer. The management team determined to regularly repeat the exercise of filling in the PMA, to get a frequent update of the performance drive of CBE. The PMA aspects were to be referred from now on as 'the nine CBE commandments', focussing the complete organisation on what is important to the college.

Although CBE already scored higher on the structural aspects than on the behavioural aspects, it was nevertheless agreed upon to first start improving the structural performance information of the college. Reason for this was that the performance information should better match the responsibility structure so managers could better base their management style, action taking and communication on it. The performance management system had to contain performance indicators which monitor the execution of the strategic objectives on all levels in the organisation, so managers could feel more accountable for the results of CBE. The first activity to improve CBE's performance information was to review the 26 strategic objectives included in the strategic corporate plan. It was decided to not take all the objectives but the ten which were included in the budget for the coming year and therefore had the highest priority. The objectives were first made SMART,

i.e. specific, measurable, acceptable, realistic and timely. The managers were consequently divided into four groups and each group discussed five to six objectives. After a few hours, the groups reconvened to reach consensus on the newly formulated strategic objectives, with the following result:

1. Make CBE more accessible to its customers through establishment of at least two centres in other geographical zones/regions in Tanzania by June 2010.
2. Strengthen ICT programmes by setting up a full-fledged department by June 2006.
3. Assess impact of CBE curricula and programmes on the market every six months, identify and make improvement to existing programmes and courses, and offer new programmes and courses.
4. Improve teaching and learning continuously.
5. Upgrade status of the college by meeting NACTE accreditation criteria by 2006 and achieve NCA level 9 within five years.
6. Sustain and continuously improve the financial position of the college.
7. Rationalise and maintain all college resources.
8. Develop new skills in project proposal write-up for 80 percent of academic staff within 5 years.
9. Strengthen and enhance inter-campus communication.
10. Increase student enrolment through strengthening and enhancing marketing and public relations.

The second activity to improve CBE's performance information consisted of developing tangible CSFs and KPIs for the strategic objectives, in order to make it possible for the management team to monitor the execution of the objectives. Again the four groups of managers got to work: they took a subset of the strategic objectives and developed result CSFs and KPIs (measuring the end-results when an objective has been achieved) and effort CSFs and KPIs (measuring the efforts needed to achieve the desired end-results) for these, which subsequently were presented during a plenary meeting to reach consensus (Waal, 2006). Further details of one of these strategic objectives are given below.

*Objective 3:* Assess impact of CBE curricula and programmes on the market every six months, identify and make improvement to existing programmes and courses, and offer new programmes and courses.

*Result-CSF<sub>A</sub>:* Graduate attractiveness

*KPI<sub>1</sub>:* Graduate employability

*KPI<sub>2</sub>:* Graduate admission in higher learning and professional exams

*Result -CSF<sub>B</sub>:* Good fit curricula - labour market

*KPI<sub>1</sub>:* Positive responses from stakeholders (employers and students)

*KPI<sub>2</sub>:* Student enrolment

*Result -CSF<sub>C</sub>:* Enhanced college image

*KPI<sub>1</sub>:* Positive responses to college image

This objective has several results. First of all, relevant programmes which match the needs of the Tanzanian market will increase the attractiveness of CBE's graduates for Tanzanian employers and higher learning institutions. The 'absorption' of these

graduates in the job market and the admission to higher learning programmes will be swifter and more complete than that of graduates of other institutions. Important is that both employers and potential students acknowledge the good fit between CBE's programmes and labour market demands and that CBE is actually seen in the country as a high-quality college which is a frontrunner in the education field. This will result in increased student enrolment.

|                                 |   |
|---------------------------------|---|
| <i>Effort-CSF<sub>D</sub></i> : | Improved programmes offered                       |
| <i>KPI<sub>1</sub></i> :        | Increased enrolment in improved programmes        |
| <i>Effort-CSF<sub>E</sub></i> : | New programmes offered                            |
| <i>KPI<sub>1</sub></i> :        | Enrolment in new programmes                       |
| <i>Effort-CSF<sub>F</sub></i> : | Mobilised financial, human and physical resources |
| <i>KPI<sub>1</sub></i> :        | Budgetary space for new and improved programmes   |
| <i>KPI<sub>2</sub></i> :        | Student/tutor ratio                               |
| <i>KPI<sub>3</sub></i> :        | Number of classrooms available                    |

As a result of the six-monthly assessment, current programmes may have to be improved to create a better match with labour market and educational demands and new programmes may have to be offered to CBE's students. In order to successfully adapt CBE's offerings, the facilities and budgetary space have to be present and put into effective use, for instance by reducing the student/tutor ratio (so students will receive more personal attention of the teacher).

Through the development of the second strategic corporate plan and the performance management workshop, CBE has set its first promising steps on the way to a strategic performance management system. Additional steps have to be taken in the form of finalizing the development of the CSFs and KPIs, choosing with which indicators the college wants to start working the coming year, translating these to lower levels in the organisation, making sure the indicators are measured and reported monthly, and regularly discussing them to base action taking on them. CBE's management team is confident that through performance management the reform at the college will be pushed forward considerably and that the organisation is ready for the challenges ahead. However, it was also expected that the implementation process would be a long and difficult one because introducing performance management would constitute a significant change compared to the old way of managing. Especially fostering and developing performance-driven behaviour was seen as a tough task. Indeed, a year later it was reported that just small advances had been made on the way to performance management (Brilliant, 2006)

## Conclusion

Recent history of improvements in Tanzania's public sector has shown mixed results. There have been many steps forward but overall reform progress seems to be slow. A possible explanation for this is that Tanzania's public sector has been cautious and gradual in implementing reform but has not dealt with all the blind spots and difficulties in the reform process (Clarke and Wood, 2001; Ronsholt and Andrews, 2005).i It seems clear from the case study at CBE that the Western management

technique of performance management is potentially a worthwhile method for organisations in developing countries to improve their performance. At the same time, the case study also makes clear that performance management, and especially the fostering of performance-driven behaviour, cannot be implemented lightly and should not be underestimated. It takes continuous attention, dedication and in particular stamina from management to keep focussing on performance management in order to keep it 'alive' in the organisation (Bossidy and Charan, 2003; Bourne, 2005; Maister, 2001; Marcus, 2006). If improvement activities in the area of performance management are not accompanied by the fostering of performance driven behaviour, which includes managers being a role model by regularly addressing performance management, organisations will have a tough time fulfilling their potential. In this respect, organisations in emerging markets can learn a lot from Western companies which have been wrestling with this issue for over two decades now (Waal, 2006).

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