

Stimulating performance-driven behaviour to obtain better results

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ABSTRACT

Despite the increase in experience gained, there is still little known about the factors that influence the everyday use of performance management (Vosselman, 1999). Research predominantly focuses on the technicalities of implementing performance management and pays too little attention to behavioural aspects (Martins, 2000). A recent study identified twenty behavioural factors that contribute to the successful implementation and use of performance management (De Waal, 2002+2003a). The research study discussed in this paper continues this line of research, by addressing the question how organisations can determine how they good (or bad) they are performing on the factors that contribute to performance-driven behaviour. The study consists of four stages: (1) identifying the various aspects of performance-driven behaviour; (2) developing a practical tool which incorporates these aspects and measures the performance-orientation of organisations; (3) applying the tool within organisations (including the description of a case study), and evaluating the analysis results; (4) making suggestions for improving performance-driven behaviour.

Introduction

In theory, during the performance management process efficient and effective steering and control of the organisation is achieved by: (1) formulating the mission, strategy and objectives of the organisation, (2) translating the objectives to the various management levels of the company, (3) measuring the objectives with critical success factors (CSFs), key performance indicators (KPIs) and the balanced scorecard (BSC), and (4) taking quick corrective action based on regular reporting of the indicator results. In practice, for efficient and effective steering and control it is also needed that organisational members (managers and employees) display performance-driven behaviour, which is defined as goal-oriented behaviour (Lipe and Salterio, 2000; Martins, 2000). Research shows that the combination of performance-driven behaviour and regular use of the performance management process leads to improved results (Ahn, 2001; Sandt et al., 2001; De Waal, 2002+2003a). It therefore makes sense to determine which factors have a positive effect on performance-driven behaviour and regular use of the performance management process. In this way, organisations can work purposefully towards improving these factors.

A closer look at the literature reveals that the influence of behavioural factors on the use of the performance management process has been underexposed in scientific and professional literature (Vagneur and Peiperl, 2000; Krause, 2000). A lot of performance management research focused on the technicalities of implementing a performance management system rather than on behavioral issues (Martins, 2000). In recent years, an increasing number of organizations have implemented performance management systems that are based on critical success factors and key performance indicators. A frequently used format in this context is the balanced scorecard (Kaplan and Norton, 1996). Despite the increase in experience gained with these systems, organizations still do not know enough about how to improve the behavioural factors that influence performance-driven behaviour (Vosselman, 1999). The research described in this paper builds on a recent study into these behavioural factors (De Waal, 2003a+b). Based on the identified behavioural factors, a practical tool was developed with which an organisation can perform a self-assessment. From this assessment, a picture emerges about the aspects of performance management that the organisation has to improve in order to become more performance-driven.

Identifying performance-driven aspects

Recent research identified twenty behavioural factors that have a positive influence on performance-driven behaviour (De Waal, 2002). The term 'behavioural factors' is used here twofold: (1) for activities of organisational members that can be observed, and (2) for preconditions that allow organisational members to display performance-driven behaviour. The factors were identified during case study research among three Dutch organizations. During this case study, behavioural factors that the literature indicated as being of influence on successful performance management system use were tested whether they in practice indeed had a positive influence at all three organizations. The resulting twenty behavioural factors are grouped into five categories, called areas of attention. These are the areas that an organisation needs to pay special attention to in order to improve the use of performance management, and foster and stimulate performance-driven behaviour (Exhibit 1).

Areas of attention	Behavioural factors
Organisational members' understanding – <i>Organisational members have a good understanding of the nature and goals of performance management</i>	<ol style="list-style-type: none"> 1. Organisational members understand the meaning of KPIs, so they have an insight into the (possible) consequences their actions have on the results of their KPIs. 2. Organisational members have insight into the relationship between business processes and CSFs/KPIs, so they understand that the results they achieve on their KPIs are important to the continuity of the organisation. 3. Organisational members' frames of reference contain similar KPIs, so they can compare their results to those of other members and obtain in insight in how they are doing comparatively. 4. Organisational members agree on changes in the CSF/KPI set, so they keep on accepting their KPIs and keep on feeling responsible for the results they achieve on these.
Organisational members' attitude – <i>Organisational members have a positive attitude toward performance management</i>	<ol style="list-style-type: none"> 5. Organisational members recognise and acknowledge the need for performance management, which makes them willing to cooperate during the implementation of performance management. 6. Organisational members agree on the starting time, which makes them willing to cooperate from the start of the implementation of performance management. 7. Organisational members have earlier positive experiences with performance management, so they can communicate the aim and goals of performance management to the organisation. 8. Organisational members realise the importance of CSFs/KPIs/BSC to their performance, so performance management becomes part of their daily activities. 9. Organisational members do not experience CSFs/KPIs/BSC as threatening, so they are not hesitant to use performance management.
Performance management alignment – <i>Performance management matches the responsibilities of organisational members</i>	<ol style="list-style-type: none"> 10. Organisational members' KPI-sets are aligned with their responsibility areas, so they can be used for steering and control of those areas. 11. Organisational members can influence the KPIs assigned to them, so the acceptance and use of those KPIs is increased. 12. Organisational members prepare their own analyses, which increases the acceptance of those analyses. 13. Organisational members find the quality of the analyses good, which increases the use of those analyses. 14. Organisational members can use their CSFs/KPIs/BSC for managing their employees, which increases regular use of performance management.
Organisational culture – <i>The organisational culture is aimed at using performance management to continuously improve</i>	<ol style="list-style-type: none"> 15. Organisational members' results on CSFs/KPIs/BSC are openly communicated, so everyone is aware of the status of the organisation and performance knowledge can be shared. 16. Organisational members are stimulated to improve their performance by using performance management, so they do not have to be afraid performance management will be used to punish lagging results.

Areas of attention	Behavioural factors
	17. Organisational members trust the performance information, which increases the acceptance of the information. 18. Organisational members clearly see (top) management using performance management, so they understand the importance of performance management to management and the organisation.
Performance management focus – <i>Performance management has a clear internal management and control focus</i>	19. Organisational members find performance management relevant because it has a clear internal control purpose, and can therefore support their activities well. 20. Organisational members find performance management relevant because only those stakeholders' interests that are important to the organisation's success are incorporated, so performance management stays aimed at the continuity of the organisation.

Exhibit 1: Behavioural factors that are important for the successful implementation and use of performance management (De Waal, 2002)

Identification of the behavioural factors shown in Exhibit 1 is the first necessary step toward stimulating performance-driven behaviour. It provides the basis for further research and development of practical applications, with which the performance-orientation of an organisation can be evaluated, analysed and improved.

Developing the analysis tool

A practical analysis tool is developed on the basis of the behavioural factors mentioned in Exhibit 1. This tool – the performance management analysis® – offers organisations a method to measure and evaluate their performance-driven behaviour. It builds on a previously developed analysis tool, the management information and reporting analysis (De Waal, 2001). Where as the 'old' tool analyses only the content of performance management, the performance management analysis goes further than that: it looks at both the 'structural side' and the 'behavioural side' of performance management. The structural side refers to the structure which needs to be in place to be able to use performance management: critical success factors and key performance indicators, possibly supported by a balanced scorecard. The behavioural side refers to organisational members that display performance-driven behaviour by using the performance management system. The new analysis tool is based on the principle that both sides need to be given attention in order to establish a performance-driven organisation. After all, much can be measured and reported but when organisational members do not use the performance information, this information has no added value. In the same manner, good will of organisational members do not account for much when they do not have the performance information needed to display performance-driven behaviour.

The performance management analysis combines the behavioural factors from Exhibit 1 with criteria from the management information and reporting analysis to arrive at nine aspects. The problem with selecting aspects from the literature, as previously discussed research shows (De Waal, 2002+2003a), is that performance management research has not yet led to a single coherent and generally accepted framework (American Productivity & Quality Center, 1999a, 1999b). One may even wonder whether it is feasible to arrive at a uniform and 'correct' terminology (Von Cotta-Schönberg, 1995) and a single 'perfect' framework (Moon and Fitzgerald, 1996). After all, the essence of performance management is that it is tailored and adapted to the specific circumstances of an organisation. This makes each implementation of performance management unique. To get out of this gridlock, the grouping of factors and criteria into performance management analysis aspects is derived from the elements that are mentioned in the research literature as being most important for successful performance management (amongst others: Kaplan and Norton, 1996, 2000; Lipe and Salterio, 2000; Malina and Selto, 2000; Marchand et al., 2000; Massello, 1999; Merchant, 1998; Neely, 1998, 2000; Simons, 1995, 2000; Vosselman, 1999).

This paper does not discuss how to go about setting-up and improving the structural aspects of performance management because there is enough literature about this subject available (e.g. Neely, 1998; Kaplan and Norton, 2000; Simons, 2000). Instead, it focuses on how the behavioural aspects of performance management can be established and improved.

Behavioural aspect: accountability

The effectiveness of the performance management system is determined by the degree in which organisational members actually feel responsible for the results, and their willingness to use the system to obtain performance information which may help to improve the results (Euske et al., 1993). A noncommittal organisational climate is a real threat for the desired performance-orientation of an organisation. The degree in which one *feels* responsible is expressly different from the degree in which one is *made* responsible. To stimulate feelings of responsibility, an organisation has to look at two elements: *relevance of controls* and *possibility to influence*.

The degree in which organisational members feel responsible for their results is connected to the relevance of the performance indicators which measure their responsibility area (Groot, 1997). The more relevant these indicators are in the opinion of the organisational members, the stronger the stimulus will be for them to engage themselves. For example, an operational manager will generally not be stimulated to take action when the results of the overall company are lagging. However, when it is made clear to him that the lagging results of his own unit are the cause of this, he will be strongly motivated to take responsibility and work on improving the results. It shows that the defined critical success factors and key performance indicators have to be evaluated regularly on their relevancy for control purposes (i.e. do they still give an accurate picture of the performance of a manager's responsibility area and its link with overall organisational performance). After all, there may have been many internal and external changes since the indicators were originally formulated and the content of the performance information may thus no longer be representative.

Taking responsibility for results requires that organisational members are given the opportunity to influence their results favourably (Samson & Challis, 1999). This implies that people have to be authorized by their managers to take independently and swiftly action on problems without having to ask permission first. It also asks for involvement of organisational members in defining the right performance indicators for their responsibility areas (Vosselman, 1999).

Behavioural aspect: management style

A manager with an effective style is able to explicitly steer on results while simultaneously giving support to his employees to help them in obtaining the desired results. Steering entails making clear agreements, monitoring, discussing progress issues and calling upon the own responsibility of employees. Support asks for a coaching management style which is aimed at enlarging people's insight into their possibilities for influencing their own results and at stimulating their feelings of responsibility. When the management style is restricted to only steering, a directive style without much regard for the importance of individual responsibility will be the result. However, when the management style is limited to only supporting and coaching, noncommitment and disorientation will be the result. The combination of result-oriented steering and coaching equals the style of 'result-oriented coaching' (Schouten and Van Beers, 2000). To stimulate this management style, an organisation has to look at three elements: *visible commitment*, *clear steering* and *support*.

Visible commitment entails that management uses the performance management system in such a way that it is clear and visible to the other members of the organisation (Massello, 1999). Visible commitment goes far beyond pronounced commitment. It is about visible behaviour and conduct with which a manager shows to employees that he is genuinely committed. In a formal context managers show commitment by using

performance information during management team meetings and departmental meetings to discuss progress, problems and improvements. Managers show commitment in an informal context by regularly expressing real interest in the advancements of employees and the progress of their improvement actions, and by investing time in visibly obtaining good results. The exemplary role model of management is essential. Only when management continuously shows it takes performance information seriously and bases its actions on it, will organisational members be enticed to also dedicate themselves to obtaining the desired results.

To focus the attention of organisational members maximally on the desired performance, forceful steering by management is necessary. Forceful steering is characterised by setting clear goals, drafting clear improvement plans, monitoring progress in a disciplined way and swiftly formulating additional corrective actions when needed (Mastenbroek, 1997). To prevent a noncommittal attitude, the manager has to confront employees on lagging results and their accountability for this. In addition, the manager should also notice and publicly acknowledge improvements made by his employees.

While steering is primarily focussed on increasing accountability, support is aimed at stimulating the sense of individual responsibility of organisational members.

Unilaterally imposing goals and targets and point-blank confronting people with lagging results will normally not stimulate and increase their sense of own responsibility. The latter asks for a coaching style, aimed at letting organisational members think about their own opportunities for influencing results favourably (Ardon, 1999). This entails, for instance, involvement of members during the formulation of their goals and targets. It is of importance to entice members, during progress meetings, to think about which of their behaviours may have caused certain results and about how they themselves can improve these results. This requires phrasing questions in a different way than the traditional rational one ('what is the reason for these bad results') because that stimulates organisational members to look for excuses in the external environment or to shift the blame to others.

Behavioural aspect: action orientation

Action orientation is the degree in which performance information actually stimulates action-taking to improve performance (Pfeffer and Sutton, 2000). Action orientation is a good predictor of the effectiveness with which performance management is being applied. After all, if performance information does not lead to action, the added value of this information will be nil. To stimulate action orientation, an organisation has to look at three elements: *integration, corrective action management* and *preventative action management*.

Integration is the degree in which performance information is integrated in daily operational management. When there is good integration, performance information is regarded by organisational members as indispensable for their being able to do their 'regular job' effectively. This means that information is the main basis for decision-making (Gelderman, 1998). The management reporting set contains standard exception, analysis and action reports and is always discussed during management team meetings and departmental meetings (Davenport, 2000).

Corrective action management entails organisational members taking immediate action on lagging results in order to influence these results favourably. This asks for consistently and continuously making transparent how the organisation is performing, regularly monitoring progress and always analysing how performance can be improved. In addition, it has to be clear to organisational members which corrective actions have to be taken and who is responsible for these actions. Finally, a consistent evaluation has to be made of the results of the corrective actions.

Preventative action management entails organisational members taking preventive action on unfavourable prognosis in order to prevent problems from actually occurring (Rigas and Fan, 2000). An important tool in this respect is the rolling forecast which looks four to six quarters ahead at expected results. As is the case with corrective action

management, organisational members need clear insight into which preventive actions have to be taken and who is responsible for these actions. The results of the preventive actions also have to be evaluated. By having a standard analysis and action reporting set at their disposal, organisational members are abreast of progress and results of the preventive actions. Discussion of the rolling forecasts does not focus on the reasons for expected lagging results but on the quality of the prognosis and preventive actions and whether additional action-taking is needed.

Behavioural aspect: communication

Effective performance management requires optimal communication about: the direction (strategy) of the organisation, the boundaries between which organisational members are allowed to operate independently, the results to be achieved, the results which have been achieved, and the lessons learned. Communication and alignment are needed for organisational members with the same frame of reference in respect to performance information, so that everybody in the organisation interprets this information in the same way. To stimulate communication, an organisation has to look at three elements: *top-down communication*, *bottom-up communication* and *horizontal information exchange*.

Top-down communication consists of two sub-elements: feed forward and feedback. During feed forward, top management sets a clear common direction for the company by communicating the strategy, organisational priorities and results to be achieved. In this way, organisational members know which way the organisation will go into and can they experience a sense of belonging. During feedback, top management gives a clear picture to all organisational members about the overall consolidated results of the company and the results of the individual organisational units (Economist Intelligence Unit, 1994). As a result, organisational members know the status of their organisation and they can again feel committed to it.

Bottom-up communication also consists of the sub-elements feed forward and feedback. During feed forward, lower organisational levels structurally provide top management with planning information, so management can base its strategy on a strong foundation. Besides, incorporating this lower level information increases the support base for the strategy. During feedback, lower organisational levels structurally provides top management with information on the results achieved by them, so a clear picture of the company's status emerges. Both top-down and bottom-up communication requires a well-designed communication structure which is aligned with existing consultative bodies, so no inefficient overlaps occur. An important precondition for effective communication is a positive culture which is not aimed at punishing bad results but at continuous improvement. In such a culture organisational members most certainly are confronted with their results but in a positive way which is aimed at discussing how to improve these results.

Regular horizontal information exchange between organisational units of performance information leads to increased insight into the overall performance of the company and of the own role of the unit in obtaining this result. Further exchanging information about problems, solutions and lessons learned stimulates the overall quality of the company and fosters performance –driven behaviour. A culture is needed that not only stimulates information exchange but also rewards it (Senge, 1994; Choo, 2000).

The nine aspects of the performance management analysis are given in Exhibit 2. The structural aspects deal with the content of performance management and the way it is organized. The behavioural aspects deal with the way organisational members use performance management. The last column indicates where the behavioural factors from Exhibit 1 fit in.

In the performance management analysis, the nine aspects of performance management and performance-driven behaviour are valued on a scale of 1 to 10 and included in a so-called performance management radar diagram (see Exhibit 3). The more attention an organisation

pays to elements belonging to a certain aspect, the higher it will score on that aspect. The structural aspects are shown on right in the radar diagram, the behavioural aspects on the left. The radar diagram clearly indicates which side of the diagram and which aspect(s) require more attention if the organisation is to become (more) performance driven (these are the 'dents' in the diagram). It is then up to the organisation to decide how much it can and wants to improve and move up the scale in the direction of the 10.

Aspect	Type	Short description	Behavioural factors (exhibit 1)
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 critical success factors and key performance indicators.	-
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 information and communication technology systems.	-
Accountability	Behavioural	Organisational members feel responsible for the results of the key performance indicators of both their own responsibility areas and the whole organisation.	2, 4, 9, 10, 17, 18
Management style	Behavioural	Senior management is visibly involved and interested in the performance of organisational members and stimulates an improvement culture and proactive behaviour. At the same time it consistently confronts organisational members with lagging results.	8, 14, 15, 16
Action orientation	Behavioural	The 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 are taken.	1, 7, 11
Communication	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.	3, 13
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.	6, 12

Exhibit 2: The nine aspects of the performance management analysis¹

Applying the performance management analysis

Until now, managers of 135 Dutch organisations have evaluated the current and desired (future) performance-driven behaviour of their organisations, during workshops and in-company training sessions during in 2002 and 2003. They did this by filling-in a questionnaire, rating their organisations on the elements belonging to the nine aspects. This rating was done based on the own perception of the managers. For example: under the aspect 'Responsibility structure' one of the elements is 'Tasks and responsibilities'. The manager can choose between two alternatives: '*Not clear. It is unclear who in the organisation is responsible for which tasks*' (scores 1) and '*Clear. There are clear agreements on who in the organisation is responsible for which tasks*' (scores 10). The scores given by all managers for all elements belonging to one aspect are then averaged to arrive at the final valuation of that aspect.

The performance management analysis radar diagram in Exhibit 3 shows the average valuation of all the organisations in the research database. This database contains data of 98 profit organisations, 33 non-profit organisations and 4 with unknown sectors. Looking at the size of the organisations in the database, there are 15 small organisations

¹ Behavioural factor no. 5 of Exhibit 1 is not included because this factor is only relevant when it has to be decided when to commence implementing performance management.

(less than 101 employees), 44 medium-sized organisations (between 101 – 999 employees) and 76 large organisations (more than 999 employees).

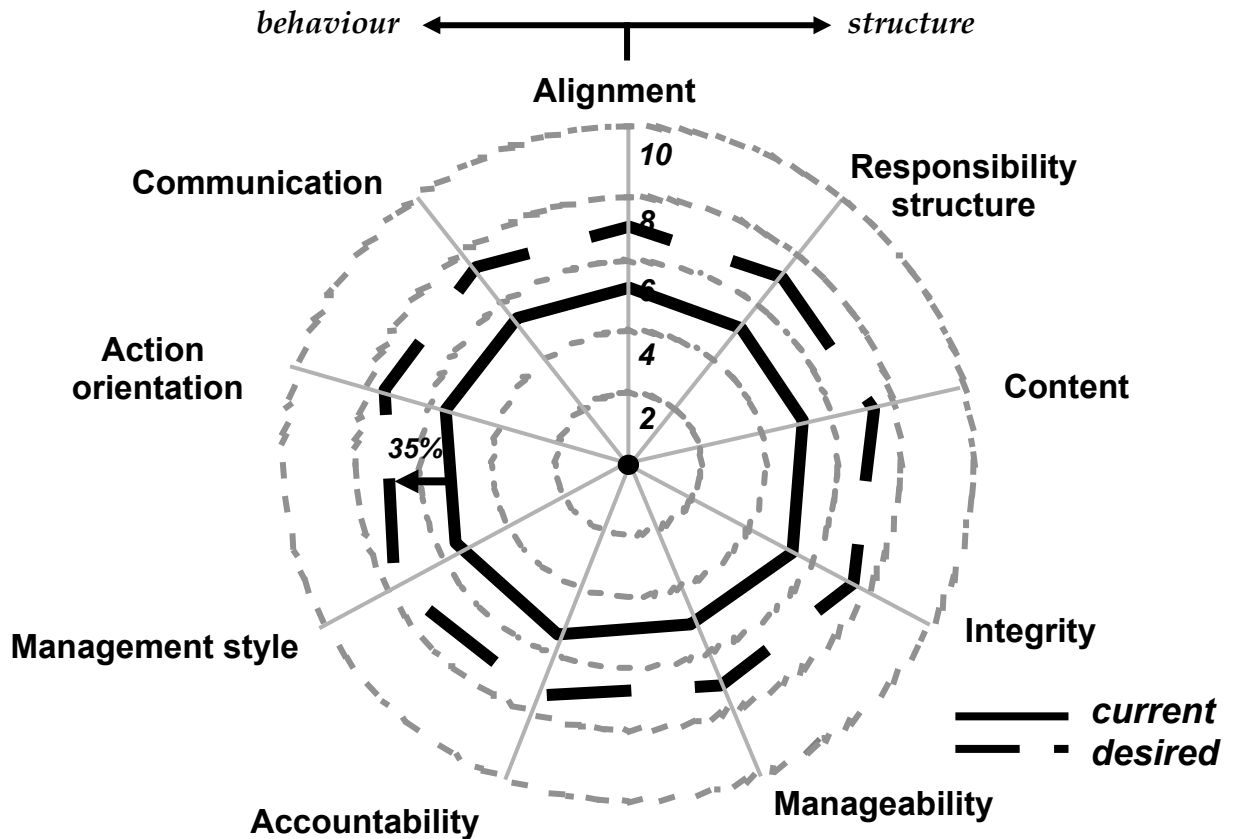


Exhibit 3: Performance management analysis radar diagram with the scores of 135 Dutch organisations

The radar diagram in Exhibit 3 shows that the examined organisations score about the same on all aspects (between 5,2 and 5,7). This seems to indicate that the organisations have paid equal attention to the structural and behavioural sides of performance management and performance-driven behaviour. Despite the equal distribution of the scores, the results can not be considered optimal as none of the scores is higher than 6. The participating organisations acknowledge that improvement is needed: the radar diagram shows that the managers wish a future average score of 7,4 on all aspects, which entails an overall improvement percentage of 35.

The average scores seem to have been equalized by the large number of organisations included in the research database. If the scores of organisations are examined individually, large differences become apparent as well as irregular patterns in the radar diagrams. The highest scores found in the database vary between 9 and 10 for the nine aspects, whereas the lowest scores vary between 1 and 2.

In Exhibit 4, the average scores are subdivided into the average score for profit organisations and non-profit organisations.

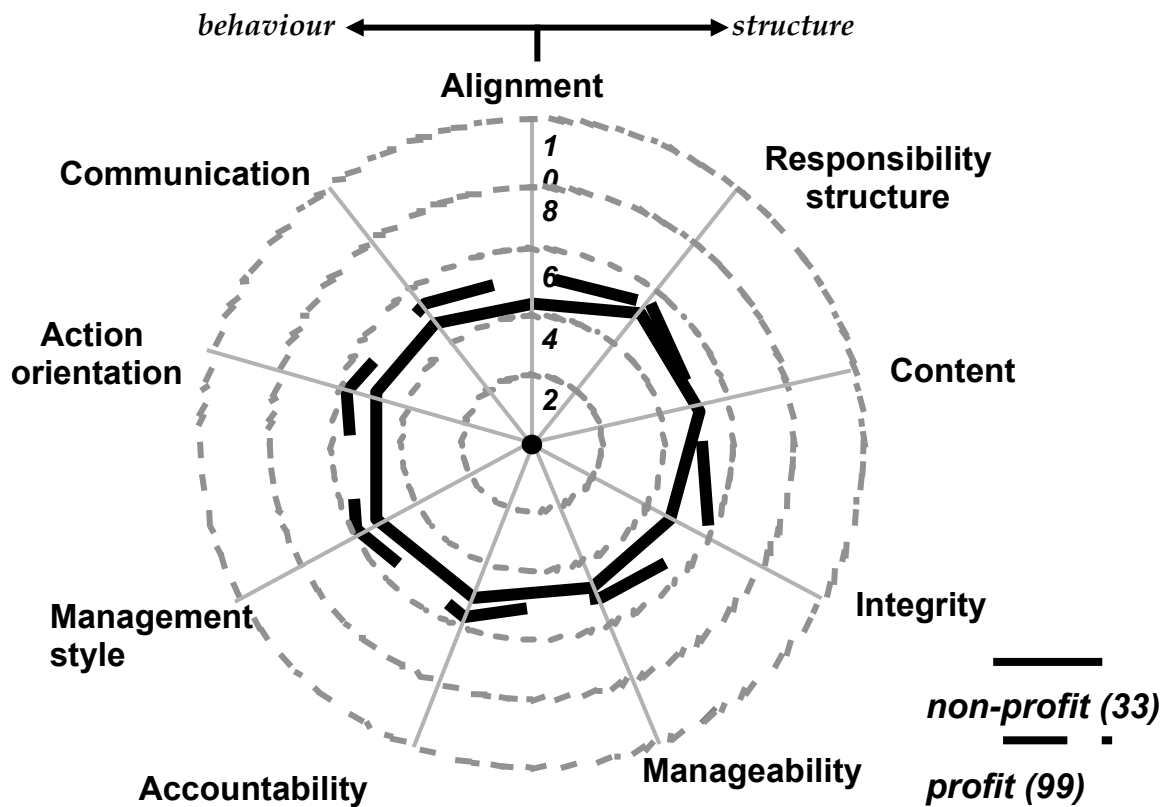


Exhibit 4: Performance management analysis radar diagram with the average scores of profit and non-profit organisations

The average scores for profit organisations is slightly higher than those for non-profit organisations, especially for the aspects 'integrity' and 'alignment'. The higher scores for profit organisations may be explained by the fact that these organisations have been involved in introducing and implementing performance management for a longer period of time than non-profit organisations. Profit organisations may thus have gained more experience in working with performance management and are likely to have had more time for improving their performance management systems. This result ties in with the observation that performance management has been gaining support at many profit companies (Frigo, 2000).

When the results in the research database are subdivided into small organisations (less than 101 employees), medium sized (between 101 – 999 employees) and large organisations (more than 999 employees), some small differences can be found (Exhibit 5).

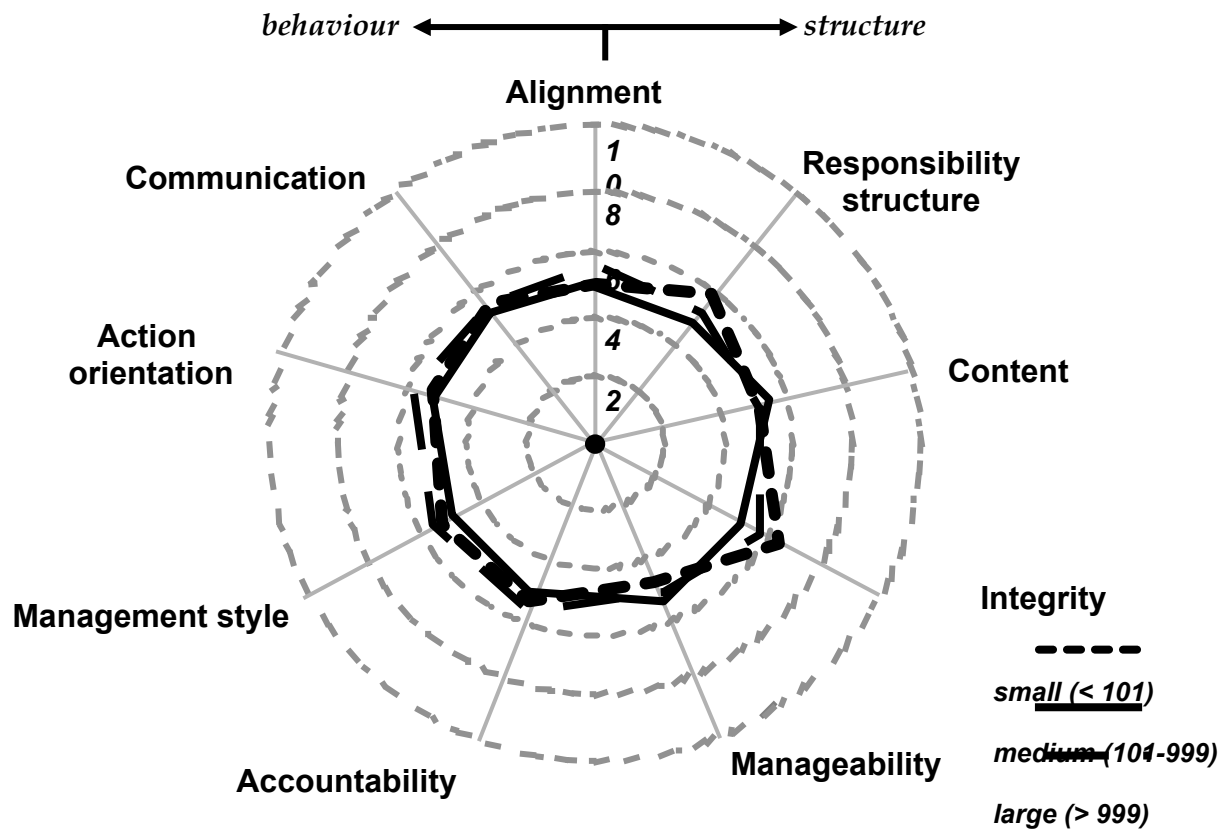


Exhibit 5: The average performance management analysis radar diagrams of small (less than 101 employees), medium sized (101-999 employees) and large (more than 999 employees) organisations

In general, large organisations seems to score higher on almost all aspects, indicating they have spend more time on developing and improving their performance management system. An interesting exception is the score of 6,1 on aspect 'integrity' for small organisations, which seems to indicate information in this size of company is generally more reliable.

Case study: performance management analysis at Tempo-Team Werknet

This case study about of the Dutch temp agency Tempo-Team Werknet will illustrate how the performance management analysis works in practice. Two years ago, the Northeast Netherlands operational unit had gone through a reorganisation during which a new structure, tasks and responsibilities was introduced and a new performance management system was implemented. Since then, new performance indicators have been used to evaluate the performance of employees. After all these changes, the unit manager asked himself the question whether the employees had indeed become more performance driven. The answer to this question is very important under the current adverse economic conditions, in which temp agencies are confronted with increased competition and the resulting downward pressure on prices. The unit manager decided to perform the performance management analysis to obtain the answer to his question.

A one-day workshop was organised during which all managers of the unit filled in the performance management analysis individually. The combined scores of all managers were averaged and included in a radar diagram which was then discussed extensively by the participants. Special attention was paid to possible improvements for the 'dents' in the diagram, how these improvements could be implemented and which barriers for implementation existed. Several concrete improvement projects originated from this

discussion. An example is the project to improve the communication aspect. Communication had, together with action orientation, a relatively lower score than the other aspects in the analysis. It turned out that the unit had a fair amount of knowledge and experience but that these were not structurally shared among unit members. The consequence was that as soon as problems arose in a certain part of the unit, people would try to solve this problem themselves without knowing that other people within the unit had already experienced and solved the same problem in the past. As a consequence, the wheel was reinvented numerous times. The unit manager, together with his people, decided that communication and knowledge sharing would be set up in a structured manner, by using a newsletter which contained stories, problems and tips & tricks submitted by unit members themselves. After the first month, no one had contributed anything to the new newsletter. The unit manager had already expected this because the score on action orientation was also low, and thus there was a big chance nobody would act on the agreement made. Nonetheless he sent out a newsletter containing only one story: a message from the unit manager himself stating his disappointment in the non-contributions and wondering whether the people took themselves and their work performance seriously. After all, they had stated they needed more information and more communication but then they did not act on this. This newsletter drove home the message across the unit with quite some force. Now, one year later, the newsletter is published (via e-mail) every two months, containing a wealth of information. This increased knowledge sharing has already resulted in quicker problem solving of and a better overall unit performance.

Improving performance-driven behaviour

There are several possibilities to improve the performance-driven behaviour of organisational members. Based on experiences at several of the organisations which used the performance management analysis, the following suggestions can be made.

- ! *Align the communication* - The communication about performance management needs to be aligned with the values, culture and experiences of organisational members in a specific industry or sector (Neely et al., 2003). For instance, in the health sector it has to be emphasized to organisational members that performance management is not a repression tool which harshens the contact between care giver (doctor, nurse) and patient, but that it leads to higher quality care. In essence, the (future) use of the performance management system is aligned with the type of organisation (characteristics: life cycle, sector, type of products and services, type of work processes et cetera) and the values of its members (Kasurinen, 2002; Franco and Bourne, 2003).
- ! *Foster performance-driven thinking* - The management team is trained in how performance information can and should be used: how to interpret the data, how to analyse the results, how to develop action plans, how to monitor and evaluate actions, how to use performance information visibly for the organisation, how to safeguard the relation with the planning and control cycle, how to create a performance management climate and etiquette within the management team. An atmosphere of 'scoring off colleagues' is not conducive to an open discussion about performance information, while a climate in which making mistakes and experimenting is allowed is beneficial for obtaining improvements. In essence, the management learns to work in a different way with performance information (Franco and Bourne, 2003).
- ! *Foster performance-driven behaviour* - Managers discuss with organisational members how a system for result-oriented coaching can be designed: how to make result-oriented agreements, how to set mutually targets for performance indicators, how to confront an employee with (lagging) results, how to coach, how to strive for continuous improvement. A new way of asking questions is also discussed: What is the problem at hand? What have you done to try to solve this problem? How can I help you with this? This way managers learn to conduct a new type of performance review with the employees (Franco and Bourne, 2003).

- ! *Review relevance of information* – To assure that the performance management system supplies the right performance information, every organisational member is individually asked the following: what is the person responsible for; what work does the person perform; what are the most important processes in the responsibility areas of the person; of whom is the person dependant in order to obtain good results; which authority does the person currently have; do the current critical success factors and key performance indicators measure the responsibility area adequately; are there differences between the person’s indicators and those of higher levels, and if not, is this a problem? In addition, it is checked whether the organisational members have adequate resources and tools to react on the performance information. The link between objectives and resources is introduced explicitly during the making of result-oriented agreements. In essence, it is evaluated whether the current set of performance information is still relevant for managing the company and whether its organisational members can actually steer on the basis of this information (DeBusk et al., 2003).
- ! *Align all systems* – It is made sure that what the organisation finds important ! which is formulated in the strategy and the accompanying critical success factors and key performance indicators ! is mirrored in the educational programs (‘Are we teaching organisational members to work on those things that are important to us and do we give them adequate support in doing this?’) and the evaluation and reward systems (‘Do we explicitly look at the results of the performance indicators and do these results determine – at least partly – the nature of the evaluation and the level of reward?’). In this way, all management systems within the company are aligned so that they support the organisation in reaching its goals optimally (Campbell et al., 2002; De Waal, 2002).
- ! *Foster performance-driven values*– Organisational members discuss which values should apply within the organisation to make performance management a success: mistakes are allowed; risks can be taken; there is complete transparency of results; there is a delegating management style which encourages self-management and taking responsibility; there is a duty for employees to report deviations to management as soon as possible; there is a focus on performance and continuous improvement; there is focus on knowledge transfer within the company. In essence, organisational members learn a new way of working and interacting with each other (Franco and Bourne, 2003).

Reflection and conclusion

The performance management analysis research among the 135 Dutch organisations has some limitations. First, the research population not necessarily fully represents the typical Dutch organisation. Second, the respondents of the questionnaire may have scored their own company more favourably than an outside and thus more objective researcher would have done. Third, it is possible that there are other aspects of importance to performance driven behaviour, which have not been included in the analysis set-up.

Despite the limitations, this research gives a first interesting picture of the performance drive of Dutch organisations. This picture shows that participating companies spread their attention fairly evenly to both the structural and behavioural aspects of performance management. At the same time, there is still room for improvement because the organisations score for none of the aspects in the performance management analysis higher than 6. This seems to indicate that organisations have not yet been able to fully benefit from their improvement efforts (like implementing a balanced scorecard). This means they have to improve further on the aspects of both sides of the radar diagram. The first practical experiences with the performance management analysis show that this tool prompts organisations to revise and improve their performance management system and process. This is because the analysis gives insight into how organisational members themselves rate the performance drive of their own company, increasing the support base for the analysis results and subsequent improvement projects. The analysis also brings the differences of opinion between members clearly to light. It turns out that in the end organisational members are not so

much concerned with the absolute scores in the radar diagram, but rather interested in the relative 'dents' and the following discussion on how to improve the organisation's weak areas.

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