

The Practice of Performance Measurement:
Enriching the institutional perspective.

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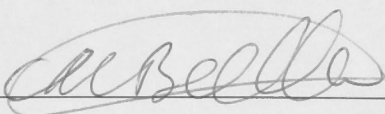
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I certify that all the ideas, case study work, analysis, results and conclusions contained in this thesis are entirely of my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award.

Signature of Candidate:



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Abstract

This thesis presents a study of performance measurement in a university context, attempting to reconcile the macro focus of organisational performance measurement with the more micro perspective of individual performance assessment. In the public sector, administrative reforms have resulted in extended performance regimes aimed at improving accountability and providing performance data for assessment exercises and funding decisions. Many accounting researchers have highlighted the role of performance measurement in securing organisational legitimacy for public sector organisations. Yet relatively little attention has been paid to how individuals practice performance measurement within institutional settings which are subject to coexisting internal and external performance regimes. The extant literature has recognised that one way organisations deal with conflicting demands for performance information is by adopting loosely coupled performance systems. In this context loose coupling has been seen as a proactive way of securing organisational legitimacy without compromising internal consistency.

Extending previous work I suggest that loose coupling should be seen as an empirical question rather than an *a priori* construct. Individuals within organisations work to reconcile macro performance measurement regimes and micro performance review systems and these reconciliations undermine the logic of loose coupling. I deploy a case study of two higher education institutions in order to explore the relationship between micro and macro performance measurement as perceived by individuals within the institutional setting. Utilising institutional theory as the theoretical framework, the research approach is informed by hermeneutic analysis to capture both the macro and the micro focus of this work. My findings provide evidence that individuals assess patterns of couplings both between and within institutional systems and recognise any internal inconsistencies. These inconsistencies are implicated in reducing individuals' feelings of accountability and they also increase uncertainty in regards to their organisational role. The study makes important theoretical contributions which extend understanding of the reciprocal nature between agency and structure. The study also provides a methodological contribution by utilising hermeneutic analysis which highlights the role of individual experience in providing meaning to institutional structures.

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Chapter 1: Introduction

Neither micro nor macro structures are self contained levels of analysis; they interact with each other at all times despite the convenience and sometimes the dubious luxury of only examining one or the other level of analysis. (Cicourel, 1981, p. 54)

Overview

There is an extensive body of work concerned with organisational performance measurement. Much of this literature has viewed performance as an institutional construct and the empirics have tended to reflect an organisational perspective. In contrast, this study is oriented around the experiences of individual actors. The study also extends the performance measurement literature by exploring the relationship between internal and external performance measurement systems. In regards to the public sector a considerable portion of the performance measurement literature has been informed by neo institutional theory. Consistent with prior accounting research I employ a neo-institutional theoretical framework to conceptualise the performance measurement structure. Thus the thesis presents a study of performance measurement in a public sector context and is concerned with understanding how individuals reconcile the macro focus of organisational performance measurement with the micro perspective of individual performance assessment. The study extends the existing approaches to institutional research by adopting an interpretive orientation suitable for explaining how individuals inform practice.

The research in this thesis focuses on the way that individuals interpret and experience both internal and external performance measurement regimes. To date few organisational studies have explored how the organisation might be treated as an institutional context for understanding *intra* organisational behaviour (Greenwood, Oliver, Suddaby, & Sahlin, 2008). Other commentators have also noted that institutional theorists “have paid less attention to factors within the organisation that shape organisational responses to pressures in the insitutional domain” (George, Chattopadhyay, Sitkin, & Barden, 2006, p. 347). Consequently the study makes important contributions which enrich our

understanding of how the practice of performance measurement is influenced by both institutional context and the agency of individual choice and experience. In doing so this research addresses the gap identified in the institutional literature that “relatively little is still known about the concrete practices employed by actors in relation to institutions” (Lawrence, Suddaby, & Leca, 2009, p. 10).

Reconceptualising Performance Measurement: The role of agency.

Despite early conceptions of institutional theory recognising that institutionalism is a process of social construction (Meyer & Rowan, 1977; Powell & Di Maggio, 1991) the institutional literature has “provided little explanation of the processes of social construction that underlie institutions” (Phillips, 2003, p. 220). Consistent with recent trends in institutional research which have emphasised the need to move away from deterministic explanations of institutional behaviour (Leca & Naccache, 2006) this study adopts a more constructivist philosophy. One consequence of common neo institutional theoretical approaches to performance measurement research is that researchers tend to treat action as deterministic and unitary. This leads to researchers failing to adequately recognise that individuals can respond in many different ways to environmental and structural conditions. Further, the predominant focus on macro level processes has meant that the role of individual actors as communicators and interpreters and the multitude of ways that meanings connects actions has been largely ignored (Schultz & Wehmeier, 2010). It is important to recognise that individuals develop complex interpretations of their institutional experiences. These interpretations reside within organisational borders and perform an instrumental role in defining and creating institutional structures.

Commonly used theoretical frameworks such as neo-institutional theory can be extended and enhanced to recognise the role of the agent. Whilst some authors have attempted to engage with the role of agency within an institutional framework (see Oliver, 1991) the lack of clarity around the identity of the agent

meant that researchers tended to continue to treat the institution as the agent¹. In general institutional work has focused primarily on the organisation rather than individual decision makers as the key actor in initiating change (George, et al., 2006). Such work then failed to adequately reflect the emergent understanding that social structures are constructed by the ongoing practices of social actors, both individual and collective (W. R. Scott, 2008). Thus accounting researchers have recently attempted to refine institutional theory in order to better reflect the insight that agency is institutionally embedded (Modell, 2009). This requires a broader conceptualisation of agency with enhanced consideration given to the elements of interpretation which provide meaning to structure (Modell, 2009). Accounting researchers are beginning to recognise that it is necessary to enhance our knowledge about the relationship between institutional environment and the rationalities of accountability as experienced by individuals within institutional fields (Ezzamel, Robson, Stapleton, & McLean, 2007).

Whilst prior accounting research has hinted at a more constructivist aspect of performance measurement recent commentary reiterates that “little is known about the micro dynamics involved in (re-) constructing these within individual organisations through their implications in everyday practices” (Modell, 2009, p. 289). In addition accounting research has been primarily concerned with how individuals proactively change or use performance measurement systems to construct what come to be seen as legitimate interests and priorities (Modell, 2009). This research approach appears to imply the existence of purposeful action or intent from individual actors. I suggest that passive enactments of individual experience and interpretation also mediate and transform institutional systems. This means that individuals’ responses to performance measurement system may not be deliberately instrumental nor calculated to bring about change. As noted by Lawrence et al (2009) is it possible that even without intentionality actions may have profound institutional effects. This understanding enriches the

¹ This tendency is also evident in Scott’s (1987) early work where the two primary types of

role of individuals throughout the whole organisation. Thus it is important to extend the research concerned with the agency of the elite and advocate that future research be oriented around different organisational groups (Rocha & Granerud, 2011). Accordingly I adopt a more relational view of agency in which it is constituted as involving “different ways of experiencing the world” (Emirbayer, 1997, p. 294). This suggests that systematic change may well be linked with the ontology of experience and reflects the insight that “action is not disembodied: it comes from actors who have positions, skills, commitments and histories” (Greenwood & Hinings, 1996, p. 1048). This shift in scope and orientation reinforces the importance of understanding more about the relatively less visible micro-processes, relationships and actions (Lawrence, et al., 2009).

Accounting research has started to “explore various avenues for reconciling institutional and rational choice perspectives on performance measurement systems” (Modell, 2009, p. 293). Such research represents an initial step towards untangling the relative roles and interactions of institution and agency. However, much remains to be done in order to enrich organisational research with the understanding that “macro-level organizational phenomena - the behaviours of the organisation - are the result of individual level phenomena - the dispositions and position takings of individual members” (Emirbayer & Johnson, 2008, p. 29). Similarly Adolfsson and Wikstrom (2007) also suggest that organisational models may be used in different ways within an institutional setting and that all actors are instrumental in this complex process. Such insights imply that it is necessary to acknowledge that agency is meaningful only in relation to something, such as people, places, meanings or events (Emirbayer, 1997). However, as yet there is little empirical understanding of the way that individual experiences of performance models are translated and embedded within specific institutional contexts. Hence this research adopts a constructivist approach which reflects the understanding that the ways that “actors understand their organisational roles and carry out their duties is crucial to institutionalisation” (Hasselbladh & Kallinikos, 2000, p. 712).

In regards to the performance measurement literature much of the focus has been on how these institutional arrangements operate at a organisational level (Bovens, Schillemans, & Hart, 2008). There has been little progress on the question of how individuals perceive and interpret these institutional constructs. Modell (2009) argues that it is necessary to expand the focus from observing the functional elements of performance measurement tools to examining “how users go about constructing meanings in their capacity as reflexive actors” (p. 289). In particular it is necessary to recognise that organisational participants’ “responses may vary according to whether [performance] reviews are internal or for external consumption” (Townley, 2005, p. 566). This possibility is also highlighted as an unresolved issue by Modell (2005) where he notes that “proliferation and ad-hoc adjustments of performance information and a lack of cohesiveness in performance management practices may constitute an alternative “solution” to the problem of managing multiple stakeholder interests” (p. 61). These researchers therefore argue that further research should be conducted in order to unravel the institutional relationships that are constructed and dismantled in the quest to satisfy and comply with diverse stakeholder interests.

The research in this study elevates the role of individuals in institutional studies and provides insights into how organisational actors process and interpret institutional systems. In particular this study is concerned with how these interpretations affect the practice of performance measurement. This research also explicitly recognises that existing theories of organisational legitimacy and accountability downplay the understanding that these are predominantly social constructs. An organisation can be seen as legitimate in different ways by different actors. This approach extends prior research in this area by adopting an individual perspective rather than analysis undertaken from a macro organisational or managerial perspective (see Modell, 2003 and Chang, 2006,). In particular this study provides empirical knowledge about how the practice of performance measurement is enacted by individuals. In addition the role of individual interpretation is explored in regards to the constructs that constitute institutional performance.

Prior accounting research conducted from an institutional theory basis has neglected the individual level of analysis and concentrated on the organisational and societal (J. Battilana, 2006). This research project is motivated by this literature gap and provides an empirical contribution to understanding how individuals inform practice. Consistent with the recent trend in institutional research to elevate the importance of agency I suggest that explanations around legitimacy for loosely coupled institutional systems neglects the ability of individuals to unwrap the implied separation of functional and ceremonial. Individuals are not restricted by their institutional sphere in interpreting and informing organisational structures. It is therefore important to explicitly recognise the interpretive abilities of individuals in resolving the contradictions of internal and external institutional systems. To date “the effects of conflicting pressures on the coupling of performance measurement rules and routines has not been sufficiently analysed in accounting studies” (Rautiainen, 2010, p. 374). Consequently the research conducted in this study contributes empirical data and robust interpretative analysis which is aimed at narrowing this literature gap.

The Practice of Performance Measurement: Unwrapping Loose Coupling.

The research conducted in this study is oriented around the ways that institutional actors perceive and interpret performance measurement structures. I explore the role of individual in reconciling internal and external performance measurement systems. In neo institutional work loose coupling has commonly been utilised to explain why organisations may resist the integration of internal and external performance measurement systems. Theoretical conceptions of loose coupling suggest that organisations protect institutional processes by maintaining separation between internal and external systems. However, there has been little work that considers how individuals within organisational contexts process and enact loose couplings. I argue that loose coupling is an empirical question and that its presence implies uncertainty which actors interpret and consequently individuals discern the discord between internal and

external systems. This process impacts on actors' experience of internal and external regimes and thus the practice of performance measurement.

In the context of organisational research loose coupling is a commonly used research metaphor which provides a theoretical explanation for the independence and indeterminacy of organisational elements (Beekun & Glick, 2001). In accounting research it has generally been linked with the institutional practice of symbolically demonstrating conformance with the stakeholder imperatives without substantively integrating the external regime with internal organisational systems. This implies that organisations make decisions that privilege certain types of performance processes over others in order to maintain their legitimacy with specific stakeholder groups. The existing literature provides limited insight into how loosely coupled systems work in practice; there has been little empirical research concerned with the agency implications of loose coupling. Paradoxically loose coupling explanations also fail to recognise that notions of organisational legitimacy are constructed in the minds of individual actors. Like other aspects of institutionalism attaining legitimacy should be understood as a highly social process (Phillips, 2003). This suggests that the mainstream structuralist approaches of the institutionally derived model are an insufficient framework for understanding the effect of loose coupling.

The study makes an important contribution towards developing a robust conceptual framework for understanding the effect of stakeholder multiplicity and environmental uncertainty on performance measurement practices. I extend prior accounting based research which has tended to focus on either internal or external accountability processes. Further, only recently have accounting researchers begun to explore the effect of multiple stakeholders and the role of uncertainty in the context of public sector performance measurement systems. As noted by Modell (2009) the interplay between institutional and economic rationalities within organisations that have been previously sheltered from market forces remains under-researched. These events create uncertainty at both the institutional and individual level within these organisations.

Goodrick and Salancik (1996) assert that it is when institutional standards are uncertain individuals have a wider range of acceptable practices to choose from and therefore there is more room to influence structure. I argue that the relatively recent requirement for certain public sector entities to be held accountable to multiple stakeholders via expansive performance measurement regimes has translated to layers of uncertainty within the institutional field. The meaning of institutional performance in this sector has yet to be unilaterally established and therefore the causal links between the practice and the institutions supporting it are ambiguous, unknown or inconsistent (Goodrick & Salancik, 1996). This creates opportunities for agency to be instrumental in the practice and evolution of the performance measurement constructs.

Accounting based performance measurement research has highlighted the role of loose coupling as an institutional tool for accommodating conflicting external stakeholder requirements without compromising internal consistency. Yet relatively little work has been done which considers the effect of the coupling between the requirement to report performance to external stakeholders and the systems associated with performance in relation to internal organisational participants. Therefore this thesis seeks to extend the existing performance measurement literature by exploring the coupling between internal and external performance measurement systems from an individual actor viewpoint.

The study highlights the ways that loosely coupled performance systems are practiced by organisational participants. This research objective requires the development of a coherent theoretical framework suitable for exploring the reciprocal interactions between institutional structures and individual actors. The predominantly macro level focus of prior accounting based performance measurement research has meant that agents' individual experiences have generally been overlooked in favour of institutional structure. In addition many existing theoretical frameworks are strongly focused on structure and therefore provide weak explanations for the effects of agency in performance measurement research. In regards to institutional theory the "structural elements such as isomorphism and decoupling dominate the research agenda and it is only

recently that the ideational elements are re-entering the conversation” (Suddaby, 2010, p. 16). Consequently Greenwood et al (2008) suggest that there is considerable promise in research that combines an institutional perspective with more micro theories in order to address this gap in the literature. Moll and Hoque (2011) also reiterate the need to “examine the dynamics inside an organisation” (p. 99) in order to fully understand the use of accounting in the achievement of legitimacy. The objective of this thesis is therefore to explore performance measurement at the intra organisational level and to utilise appropriate theoretical and methodological frameworks which support this aim.

This thesis enhances neo-institutional theory by using hermeneutical analysis to provide a stronger model of individual agency. The natural affinity of these approaches provides a coherent conceptual framework which captures both the institutional structures and the relative contribution of the agents’ experience. As a theory of interpretation with an explicit emphasis on individual experience hermeneutics provides a complementary approach for analysing the interaction between institutional systems and agency. I suggest that hermeneutic analysis provides methodological insights for exploring the effects of loose coupling because the explicit focus on individual experience offers a viable approach for understanding how agents’ interpretations inform institutional practices. The addition of hermeneutical principles to institutional accounting research provides an effective avenue for exploring the experience of individuals within specific organisational contexts. This framework contains a focus on interpretation which promotes the ability of accounting research to inform the practice of accounting by revealing the performative role of institutional agents. This approach echoes recent calls for institutional theorists to “move away from strictly positivist research and incorporate interpretivist methods that pay serious attention to the subjective ways in which actors experience institutions” (Suddaby, 2010, p. 16).

Thesis Structure

This thesis is structured in the following manner. Chapter one has provided an introduction to the study including a brief discussion of the relevant theoretical constructs. Chapter two introduces the research problem in more detail and reviews the current published findings relevant to the study. Building on the discussions in chapter two, chapter three develops the theoretical framework and outlines the contribution of a hermeneutic approach to analysis. Chapter four is concerned with explaining the methodological foundations of the study and provides details of the design and execution of the research process. Chapter five introduces the case study context and highlights the relevance of the case sites in relation to the theorised dimensions of the study. Chapters six, seven and eight provide analysis of the data collected for the study. Each chapter contains discussion of the empirical data and outlines the respective contribution to the study's overall objective. Chapter nine is the concluding chapter and contains the final statements in regards to the findings of the study. This chapter also includes a discussion of the limitations of the study and identifies future directions for ongoing research.

Chapter 2: Literature Review

“A recurrent theme in the organisational literature is that interpretation, sensemaking and social construction are most influential in settings of uncertainty” (Weick, 1995, p. 177).

This project aims to extend the management accounting literature concerned with the practice of performance measurement. To date the accounting literature has reflected a tendency to treat performance measurement as a functional organisational system with a reliance on institutional theory to conceptualise the findings. This type of research has proved fruitful in developing insights into why new institutional practices emerge over time in organisational settings and has provided a solid basis for understanding the role of the external environment and institutional factors in organisational change (Reay, Golden-Biddle, & Germann, 2006). However, organisational researchers are beginning to acknowledge that “a weakness of institutional theory is that it offers organisational level and organisational field level explanations for phenomena that implicitly involve human behaviour without providing a basis for constructing a theory of individual behaviour” (Battilana and D’Aunno 2009, p.42).

There is growing evidence of a significant concern about the “general neglect of individual action” (Reay, et al., 2006, p. 979) in institutional research. Consequently the tendency of institutional research to focus on the organisation as the level of analysis has been criticised. Recently Suddaby (2010) reiterated the need for a shift in the level of analysis: “I am surprised at how little effort has been expended by institutional researchers to understand how institutions operate through the influence and agency of individuals” (p. 17). This project contributes to this emerging trend in organisational research by orienting the empirical analysis around individuals’ experience of performance measurement. Utilising an explicit interpretive approach this study responds to recent insights that neo institutional theory should be combined with a “strong constructivist

epistemology to provide much greater sensitivity to research concerned with change, agency and power” (Phillips, 2003).

Performance Measurement: A Management Control Tool

The functionalist orientation of accounting research is evident in the general stream of literature that suggests institutions adopt both accounting based and non-accounting based control systems in order to define, communicate, measure and improve organisational outcomes. Usually premised on a rational process type model these mechanisms have been seen as influential in assisting organisations to identify and execute strategic priorities. Accounting researchers have accumulated an extensive list of the multitude of roles performed by accounting systems;

“providing information for resource allocation decisions, motivating individuals to perform certain activities, aiding the exercise of influence and control, increasing confidence in decisions made in uncertain and ambiguous situations, performing functions to legitimate organisations and furthering particular interests in an organisation” (Ansari & Euske, 1987, p. 551).

At a institutional level, these systems are considered “a major mechanism that can be used to make explicit the set of means-end relationships that the organisation has developed as the methods it will use to implement its strategic intent” (Otley, 1999, p. 365). They may also be instrumental as a basis for incentive compensation systems, providing feedback for learning processes to occur and for motivational purposes. In regards to the public sector, a key objective of accounting control systems is to “ensure that ends are achieved, and in some cases, that selected means are pursued” (Broadbent & Laughlin, 2010, p. 510). Modern accounting textbooks reinforce these views and state that these systems are designed to gather and use information to aid and coordinate the planning and control decisions throughout an organisation, and to guide and monitor the behaviour of organisational participants (Horngren, Datar, Foster, Rajan, & Ittner, 2009). In general these depictions of accounting systems tend to reflect the implicit functionalist perspective.

Performance measurement systems are a notable structural feature of management accounting control systems. At a practical level these systems consist of performance indicators that are designed to capture key aspects of organisations' objectives and they are implemented with the expectation that these systems help individuals connect their work activities with broader institutional goals. In this sense performance measurement systems constitute a primary organisational mechanism firmly oriented around both individual activity and institutional outcomes. Hence this objective presumes a compatible link between the structural elements of the institutional system and a receptive individual agent. From this link derives the tension between institution and individual agency which is highlighted in this research project.

The Rise of Performance Measurement: A New Public Management Legacy

A characteristic reform process has transformed the public sector over the last four decades. Common to these initiatives has been the reliance on accounting measures and mechanisms to enact governmental policy decisions (Lambert & Lapsley, 2006). At the institutional level public sector accountability constructs are also associated with regulative requirements imposed by external constituents. In the public sector the development of these accounting based controls is commonly accepted to be a by-product of the complex political process which both informs and constitutes the structural evolution of public sector institutions. One way in which broad programmes of accountability have been articulated in the public sector is the relative rise in externally generated performance regimes. Underlying the use of these performance measurement systems is a sectoral "belief in the efficacy of rational management systems in achieving improvements in performance" (Townley, 2005, p. 566). Thus the functionalist perspective of performance measurement has been reinforced by regulatory bodies which have tended to frame performance regimes in terms of accountability and efficiency.

In part, this transformation was instigated from the extensive adoption of managerial techniques and tools from private sector practices within a new public management (NPM) philosophy. The universality of this approach both within the sector and across borders is significant; Hood describes “the rise of new public management” as one of the “most striking international trends in public administration” (1991, p. 3). The NPM framework can be observed in government programmes worldwide and is particularly evident in New Zealand, Australian, Canadian, United Kingdom, United States and Scandinavian constituencies. Common elements of these global initiatives include changes to financial reporting systems; development of commercially minded, market oriented management systems; development of a performance measurement approach; devolvement/decentralisation or delegation of budgets; changes to internal and external public sector audits (Guthrie, Olson, & Humphrey, 1999). Specifically, the principles encompassed include enhanced transparency in organisational functions, increased performance specification and monitoring, separation of policy and management functions, and devolution of activities (Pallot, 1998). In Australia, principles from the NPM agenda are evident in the federal government’s imperative for “robust performance information” (Australian National Audit Office, 2002, p. 3). More specifically Australian legislation now stresses that evidence about performance is required to measure progress related to government outcomes and provide enhanced accountability for agency performance (Australian National Audit Office, 2002).

In a broad sense new public management reform was expected to provide a vehicle for the “transformation of the culture of the public service from a rules-bound bureaucracy to an entrepreneurial and performance based focus” (Anderson, Griffin, & Teicher, 2002, p. 14). Inherent in this process was the expectation that this economic rationalism will produce enhanced efficiency (Hood, 1998). A key attribute of the reform objective was to sanction the existence of explicit standards and performance management with a focus on output and outcome measures (Anderson, et al., 2002). In this context performance measures were considered to be an important element of the overall

strategy to embed a managerialist rationality within public sector entities (Townley, Cooper, & Oakes, 2003). Indeed, recent literature describes the emphasis on performance measurement as the centrepiece of the new public management model (Gianakis, 2004). This focus represents a “shift from fiduciary stewardship and professional judgement to performance based accountability” (Townley, 1996, p. 565). In a more general sense commentators have remarked that “the world of public management has become a world of measurement” (Noordegraaf & Abma, 2003, p. 853). Implicit in this emphasis is a focus on accountability and the determination of a mechanism to measure effectiveness.

This model of administrative reform was derived from market driven philosophies which emphasised the relevance of agency theory and public choice theory. In addition the NPM movement borrowed heavily from commercial business practices. However, commentators have begun to suggest that practical applications of NPM lack cohesive content consistent with its philosophical traditions (Stark, 2002). This lack of clarity and the ambiguous nature of such a broad based reform process means that researchers are now revisiting the contribution of NPM to public management. In particular, as an administrative reform process, NPM has been criticised for “the casual adoption of poorly grounded models, the disregard of historical evidence and a selective approach to evidence” (Hood & Peters, 2004, p. 278).

Notwithstanding the empirical evidence that NPM practices are now largely institutionalised there is recent recognition that these practices are implicated in generating “adverse by product outcomes” (Dunleavy, Margetts, Bastow, & et al., 2006, p. 468). Further, there is a growing level of concern that “we are coming to regard performance measurement as an obstacle as much as a facilitator of performance delivery” (Gray & Hood, 2007, p. 89). Such insights concede the potential for misaligned accountability processes and unsuitable performance proxies to become drivers of uncertainty rather than instruments of achievement. One context in which such undesirable outcomes may accrue is when organisations or individuals are subject to multiple accountabilities as this

requires the accountable self to “speak in several languages at the same time” (Messner, 2009, p. 919). If one of the key effects of NPM reforms has been to increase institutional complexity (Dunleavy, et al., 2006) then it is important to understand how institutional actors interpret and respond to this outcome. This micro level of analysis may offer a partial explanation for the reasons that “surprises attend apparently rationalistic reforms” (Hood & Peters, 2004, p. 279). Consequently this research focuses on the reciprocal interactions between institution and agency to provide an initial step in unravelling the source of these “surprises”.

Whilst a significant amount of literature is concerned with the design of performance-based systems (Courty & Marschke, 2003) it is also acknowledged that although there is much theory on PM systems, less is known in practice about their operation (Propper & Wilson, 2003). In relation to the public sector little research has examined whether PM systems actually help achieve the aims of these organisations and there is almost no evidence on whether they improve the efficiency of the public service (Propper & Wilson, 2003). In addition these organisations may also be subject to other regulatory and institutional pressures to adopt various diverse performance measurement tools (Modell, 2009). The existence of this complex accountability context means that there are various ways that institutions can rationalise and justify their claims to legitimacy. In these situations institutions may exercise discretion in regards to the way they intend to satisfy the external stakeholders. Consequently “institutions exist as the context within which interests operate and organisational interests will be reflected in practices most” (Goodrick & Salancik, 1996, p. 5) noticeably when there is uncertainty as to the institutional standard. Given the growing recognition that a notable outcome of NPM reform has been the escalation of complexity and uncertainty in the public sector this suggests that individuals within these organisational contexts have the opportunity to exploit this institutional uncertainty to produce variations in practice (Goodrick & Salancik, 1996).

Realising Legitimacy: Uncertainty and multiple stakeholders.

Recent accounting based research has emphasised the importance of understanding the effect of multiple stakeholders with conflicting objectives on public sector organisations (Modell, 2005b, Scott, 2008b, Chang 2006, Brignall and Modell, 2000). These relationships create complexity and uncertainty that public sector organisations are required to navigate in order to maintain their viability and sustainability. The presence of multiple logics can create ambiguity and uncertainty which leads to contestation over which practices are most appropriate (Lounsbury, 2008). Thus the existence of multiple stakeholders means that public sector organisations must, firstly make decisions about how to be accountable to disparate groups. In addition these organisations must be able to demonstrate their contribution to potentially ambiguous and diverse goals. As noted by Pache and Santos (2010) in instances where organisations address multiple and competing demands “satisfying one demand may require violating others, thus potentially jeopardising organisational legitimacy” (p. 456).

External performance measurement regimes are a key element of organisational legitimacy and accountability processes. The deployment of these systems is anticipated to provide structure and evaluative meaning to organisational activities as well as providing a consensus for comparison. In this way performance measurement systems are “the result of not only of internal intentions but also of the impact of societal regulation systems” (Broadbent & Laughlin, 2010, p. 507). In an NPM context, increased performance information is also argued to produce “improvements in accountability, both external and internal” (Moynihan, 2004b, p. 226). Accordingly, public sector reform processes are premised on the expectation that performance targets would be driven by strategic planning and would inform both policy and management decisions (Moynihan, 2004b). Some additional uses of external performance indicators in the public sector are included in van Dooren’s (2005) ‘non-exhaustive’ list of policy planning, performance based budgeting, ranking institutions including the preparation of league tables and performance audits.

Aligned with the development and implementation of these institutional systems is the escalation of environmental complexity and uncertainty across the public sector that has accompanied NPM reform processes. These factors have jeopardised traditional non-competitive funding avenues for public sector organisations and institutions have been required to respond rapidly to these events. In response to this environmental pressure organisations seek to demonstrate their institutional legitimacy by promoting their conformity with rational prescriptions and legal frameworks (W R Scott, 2008). However, complicating this imperative is the understanding that “public sector organisations often depend on the provision of performance information to a broad range of constituencies to maintain their legitimacy” (Modell, 2009, p. 277). To further confuse this issue is the research insight that paradoxically an organisation may be considered to be legitimate based on deep rooted organisational attributes and characteristics rather than achieved by its conformity to a set of normative criteria (Black, 2008).

Organisational level performance measurement systems are generally presented as a means by which “organisations indicate to external bodies that the organisation is making responsible use of resources allocated to it and is therefore acting legitimately” (Townley, 2005, p. 565). In a broader sense Black (2008) notes that “each legitimacy claim, and thus accountability relationship, will have its own logic: set of material practices, symbolic claims, and cognitive and normative structures” (p. 149). At a practical level it is difficult for public sector organisations to provide equally compelling data to multiple stakeholders with a legitimacy claim. The knowledge that legitimacy is a transient quality which “lies in the values, interests expectations and cognitive frames of those who are perceiving the regime” (Black, 2008, p. 145) means that institutions make choices about the extent to which the accountability process may be enacted at a functional level. Black (2008) argues that this translates to organisations making selective and pragmatic choices about which legitimacy claims to conform to.

Prior accounting based research has highlighted the possibility for significant variation to be observed both within and across institutions as they seek to enhance their prospects of sustainability. Black (2008) claims that it is questionable whether “organisations can construct multiple narratives in the context of multiple accountability relationships in an attempt to meet the divergent legitimacy claims of multiple communities” (p. 152). Black (2008) also suggests the constructionist nature of these narratives may have unanticipated effects on the organisation. Similarly, recently researchers have argued that “the search for external legitimacy triggers organisational processes which may change the institutionalised practices of internal actors as unintended consequences of management action” (Rocha & Granerud, 2011, p. 2). In these environments the selection of performance indicators reflects the perceived relative importance of accountabilities and the “right measures” reflect those of stakeholders with the most influence (Newcomer, 1997). Such choices constitute organisational discourses which are then interpreted and classified by organisational participants. In this way there are both indirect, and significant, implications from organisational decisions to acquiesce to certain legitimacy claims and thus the decision to cultivate selective accountability relationships (Black, 2008).

A recent study of a public sector cultural organisation also indicates that although the accountability priorities underlying the performance measurement regime were endorsed by organisational actors significant difficulties were encountered through the implementation process:

Conflict arose over different issues and among different groups of actors, at the department, division, and site levels as different actors were faced with the need to develop plans and measures, identify units, and compartmentalise activity (Townley, 2002, p. 173).

The author notes that these areas of conflict did not diminish over time and that this resistance translates to a explicit rejection of the performance measurement model (Townley, 2002). Ezzamel, Robson, Stapleton and McLean (2007) note

that “rationalised forms of accountability introduced through regulation may preserve and reproduce organisational or societal myths concerning organisational efficiencies or productions but within everyday operational activities, organisational members are offering accounts that contain their own norms of justification” (p. 157). Thus institutional authors have argued that reform processes premised on increasing organisational accountability via regulated performance measurement systems may ultimately result in a rhetorical outcome.

Recent empirical studies have suggested that from the institutional perspective the “implementation of externally mandated control systems is likely to be symbolic, with little influence on internal operations (Cavalluzzo & Ittner, 2004, p. 265). Gray and Jenkins (1993) also suggest that in some cases the need for a visible response to the system obscures the structural purpose of the implementation and that this symbolism is endemic within government institutions. Many public sector activities do not naturally fit the conceptual categorisation associated with traditional performance constructs and there is increasing concern that performance measurement tools are largely ineffectual in certain contexts and are therefore relegated to a primarily symbolic role (Cavalluzzo and Ittner, 2004, Adolffson and Wikstrom, 2007). Gray and Jenkins (1993) suggest that public management reforms have the capacity to establish an emphasis on “reporting acceptable performance rather than changing substantive activity” (p. 61). Consistent with this suggestion are the findings of an empirical study undertaken in a university setting which suggest that information provided in the annual report is heavily influenced by the expectations of the prospective users (Skaerbaek, 2005). These findings indicate that the ceremonial importance and legitimating goals may override the functional role of the system. Chang (2006) also argues that it is likely that organisations may use adherence to performance indicators to seek legitimacy from a co-ercive stakeholder rather than to deliver organisational objectives.

These depictions of performance measurement strategies emphasises their involvement in legitimising accountability processes that reflect strategic

stakeholder interests. It is also recognised that these rational performance models can act as a catalyst for change by providing accounts of behaviour and activity that result in decisions to change the way things are done (Van Dooren, 2005). In a similar vein Harris (1998) asserts that “performance models have the power to create a new factual visibility and to discipline performance” (p. 137). In this way external performance measurement systems are perceived to have significant organisational implications because the ability to define performance is integral to establishing values, to controlling actions and to centralising management (Harris, 1998). These endorsements imply that external performance constructs reflect the institutional activities that occur at all levels of the organisational structure.

At the operating level performance systems may be specified through the execution of human resource appraisal mechanisms. These internal performance systems are an important element of the management control systems that organisations may employ to monitor organisational processes and evaluate individuals’ contributions to institutional goals. A fundamental purpose associated with these systems is to ensure that “resources are used effectively and efficiently in the accomplishment of organisational objectives” (Townley, 1992, p. 186). Therefore the execution of these practices provides an important link between individual effort and organisational achievement. In this context internal performance systems provide a viable accountability device which permeates throughout the institutional setting in part because of their normative value and rational underpinnings. These internal systems gain acceptance from their presumed ability to assess and evaluate the contribution of individuals in an impartial standardised manner. In this context the requirement to be accountable “is seen as a virtue, as a positive quality” (Bovens, et al., 2008, p. 227).

The literature suggests that from an individual’s perspective accountability is both a learned behaviour and a personal choice (Lindkvist & Llewellyn, 2003; Roberts, 1991). At the personal level, accountability represents the juxtaposition of individual’s beliefs and values with the rules and boundaries that are dominant in their social environment. Prior research has noted that

individuals utilise both their personal values and their beliefs in the moral value of the organisational goals in their decisions about whether to contest or conform to the accountability processes (Black, 2008). This suggests that organisational participants make judgements about the relative desirability of accountability proxies and thus the role of the performance measurement activity. Given this understanding then it seems likely that these judgements are informed by both their institutional context and the individuals' personal beliefs. In this sense the way that individuals put the accounting structures into practice is significantly influenced by the interpretative ability of the institutional actors.

The accountability aspect of internal performance measurement structures represents the nexus of individual action overlayed with institutional expectations. At a theoretical level accountability can be defined as "the relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct" (Bovens, et al., 2008, p. 225). When organisations are subject to accountability demands from multiple stakeholders accountabilities becomes congested and contested. It is only recently that accounting researchers have realised that in order to unravel these relationships "a focus on actors is crucial to understand how these struggles play out and result in the creation of new logics or practices" (Lounsbury, 2008, p. 355).

Within an institutional context the individual agent is required to account for action in a manner deemed relevant to organisational goals. Thus internal performance measurement models contain measurement constructs which act as proxies or surrogates for institutional goals. This model of performance measurement implies that linkages between the institutional and the individual performance constructs are present (if not explicit). However, the empirical evidence suggests that that "decoupling different parts of a specific PMS is a rational managerial response to inconsistent stakeholder interests" (Brignall & Modell, 2000, p. 290). This suggests that organisations may make a conscious decision to not connect internal and external performance constructs thus severing the link between individual and institutional goals.

Practicing Performance Measurement: The Process of Loose Coupling

The discussion above suggests that neo institutionally informed performance measurement literature has a well established tradition of understanding these systems as instruments of accountability and legitimacy (Brignall & Modell, 2000). In this arena prior research has provided substantive contributions to understanding the role of performance measurement in defining institutional activities, providing data for comparison and meeting regulatory requirements. However, particularly in regards to the public sector researchers are beginning to recognise that legitimacy claims are compromised by the presence of multiple stakeholders and environmental uncertainty. This has led researchers to question the utility of performance measurement systems in these contexts. But despite the evidence that suggests public sector applications of performance measurement are functionally deficient in their traditional domains of efficacy the incidence of these tools continues to increase (Johansson & Siverbo, 2009). Accounting researchers have sought to explain this paradox by acknowledging that “management accounting models can be decoupled from the actual practice” (Johansson & Siverbo, 2009, p. 202). In the public sector context this provides a theoretical avenue which permits organisations to continue obtaining external support without sacrificing internal consistency.

Originally devised as a theory of living systems (Glassman, 1973), accounting researchers have embraced the concept of loose coupling within institutional assessments of accounting systems. In broad terms the concept of coupling can be interpreted as the degree of interaction between two systems in regards to the activity of the variables that they share (Glassman, 1973). At the practical level there are a number of connotations attached to the notion of loose coupling that have increased its applicability to organisational research. Weick’s (1976) description of these dimensions emphasises:

1. the restrained responsiveness within which activities maintain their identity and logical separateness;

2. the impermanence and potential dissolvability of these activities or structures;
3. the ability to be grafted onto or severed from an organisation with little disturbance to either the structures or the organisation.

In accounting research most localised adaptations of loose coupling have been premised on the theoretical possibility that this process provides a means to demonstrate compliance with incompatible external accountability regimes without constraining nor compromising institutional activities. In this light loose coupling has generally been viewed in positive and productive terms.

Prior research has highlighted many conditions and antecedents associated with loose coupling and institutional behaviour (Covaleski & Dirsmith, 1988; Lukka, 2007; Oliver, 1991). Predominantly such research has focused on the ability of loose coupling to empower organisational legitimacy while maintaining internal consistency. Traditionally this interpretation has reinforced the belief that loose coupling is a viable tool for increasing organisational stability (Meyer & Rowan, 1977). Building on this theme a stream of literature (Basu, Dirsmith, & Gupta, 1999; Covaleski & Dirsmith, 1983; W R Scott, 1992) has found support for the original premise that organisations respond to contradictory technical and institutional pressures by “ceremonial conformity” (Meyer & Rowan, 1977). This outcome is driven by organisational decisions which have been construed as allowing internal change to emerge organically by decoupling incompatible formal rule systems from organisational routines (Lukka, 2007). This stream of research has generally suggested that this decoupling attains two advantages;

1. the organisation’s image structure is insulated from the anomalies and unstandardised processes peculiar to its work processes, and
2. conflict between subunits and institutional pressures are minimised and the organisation can preserve autonomy whilst appearing to conform to the formal structure (Covaleski & Dirsmith, 1983).

In these situations the prevailing assumption in accounting research has been that the loose coupling has been adopted in order to “protect the operational core

from the enactment of inefficient institutionalised arrangements” (Ribeiro & Scapens, 2006, p. 104). Accordingly loose coupling has also been commonly implicated in theoretical models that predict homogeneity across institutional fields.

More recently researchers have begun to question this holistic approach to notion of loose coupling and suggested that it is important to document the possibility that “not all actors within an organisation will follow the same rules and accept and enact the same representations” (Ribeiro & Scapens, 2006, p. 100). Accounting researchers have also begun to suggest that loose coupling is actually implicated in facilitating ambiguity and that “this ambiguity encourages organisational participants to retain existing behaviours (van der Steen, 2009, p. 757). Such insights echo Weick’s (1976) original suggestion that loosely coupled systems do not appear to accommodate individuals’ need to organise and interpret their organisational settings. In this context Weick (1976) argues that it is likely that individuals will exhibit a pre-occupation with constructing for themselves a valid social reality. This reasoning permits innovative interpretations of how loose coupling is implicated in the practice of performance measurement. More broadly it also advances the research potential for individual level analysis to inform theoretical understandings of organisational couplings.

As loose coupling implies the presence of contradictions or inconsistencies then it is likely that it is present when institutional standards are neither uniform nor clearly articulated. In other words “when interests conflict performance measurement becomes more complicated and decoupled, because it is not clear what it wanted, and consequently what should be done or measured” (Rautiainen, 2010, p. 386). Thus, consistent with Greenwood and Hinings (1996) I suggest that loose coupling heightens the ability of institutional actors to alter the organisational template for the practice of performance measurement. This understanding reflects recent findings that suggest because institutional actors share the beliefs and norms of wider society they are likely to implicitly strive to reduce decoupling (Rocha & Granerud, 2011). However, this means that the

logic of loose coupling is undermined because the inherent tensions of the systems are cognitively recognised by individuals and this creates additional uncertainty about the institutional norms. The presence of this uncertainty means that individuals seek to resolve these contradictions for themselves. It is therefore the ways that individuals process the patterns of coupling that ultimately inform the way that organisational actors put institutional systems into practice.

A plethora of institutional research utilises coupling metaphors however there are few clear answers about how conceptual interpretations of decoupling and loose coupling differ. Despite the comprehensive review of loose coupling literature provided by (Orton & Weick, 1990) there is little evidence that their dialectical interpretation of loose coupling has been widely embedded in empirical accounting research. Much of the recent literature appears to still use the two terms interchangeably (Dambrin, Lambert, & Sponem, 2007; Hirsch & Bermiss, 2009; Rocha & Granerud, 2011). Where there is explicit distinction between them the grounds of that distinction still tend relate to the degree of connectivity. Hence loose coupling may be conceived of where the linkages between “things” are weak or indefinite, in contrast to decoupling where there is no evidence of linkage at all. In this way the scope of loose coupling or decoupling has evolved as an empirical question rather than a conceptual one. A detailed explanation of these forms coupling dimensions is provided by Beekun and Glick (2001).

For the purposes of this thesis loose coupling is used to depict situations in which connections between elements may be inferred but explicit linkages are weak. This approach reflects the insight that “coupling is a dynamic continuum and not only a division between “tight” or “loose” forms” (Rautiainen, 2010, p. 275). In addition in this study loose coupling is perceived from the point of view of the participants rather than as a management tool. This means that loose coupling is not considered as an institutional decision but as an indigenous construct that is engineered by individuals. In this sense loose coupling and

decoupling represent empirical questions rather than *a priori* theoretical constructs.

In summary, this study contributes to the existing theoretical knowledge around loose coupling by reconceptualising it within an agency perspective. Loose coupling has commonly been theorised as something that organisational systems have or are. This study extends this approach by recognising that patterns of coupling are constructed and enacted by individuals. The ways that these patterns are processed by individuals has rarely been discussed in the accounting literature. Therefore consistent with Orton and Weick (1990) I argue that in order to understand the nature of loose coupling it is necessary “move more deeply into the human workings which underlie organisational structure” (p. 218). This objective provides further support for the renewed interest in agency within organisational research.

Research Contribution

The theoretical potential for external performance measurement systems to constitute a viable symbolic device for demonstrating legitimacy in the context of multiple stakeholders is recognised in this study. However, I explore whether institutional participants make systematic connections between operational performance measurement practices and institutional efforts to satisfy external performance regimes. In particular the study seeks to provides further insight into the way that “conceptual ambiguities can be exploited or indeed constructed to avoid or redirect critical debate by some actors” (Modell, 2005b, p. 555). I suggest that institutional actors perceive and interpret the contradictions in internal and external performance structures. I utilise the term patterns of coupling to refer to the way that individuals make connections between these two systems. Further I argue that these individual level interpretations are instrumental in determining the practice of performance measurement. This approach resonates with recent research which suggests that the act of giving an account in these circumstances may have significant effects on individual actors and the factors involved in the construction and articulation of that account have

implications that organisations have not adequately understood (Black, 2008). The reliance on individuals to inform the research reflects the insight that in the context of multiple stakeholder demands various groups of institutional actors perform interpretative and enactment roles (Pache & Santos, 2010).

Whilst much accounting based institutional research has adopted a managerial or institutional perspective, this research is motivated by the literature gap in regards to the interpretative role of organisational participants. Theoretical discussions around loose coupling underplay the ability of individuals to fully perceive the social and regulatory environment in which they have an institutional presence. Loose coupling at the institutional level does not make individuals blind to the disconnections and contradictions implied by its presence. An operating level approach therefore enhances the potential for research to capture and explore the ways that individual actions and perceptions inform and enable institutional systems. In particular this model provides an important contribution to the loose coupling literature by focusing on individual employees as the informants for the project. In this way the study transcends the view of loose coupling as a device for signalling organisational legitimacy to external audiences and recognises that it may “mean different things to different audiences” (Carruthers, 1995). To date little accounting research has considered how patterns of coupling and decoupling are resolved by those organisational participants whom enact the institutional systems.

The role of individuals in reconciling operational and institutional performance systems has been under represented in the performance measurement literature. One reason that this has occurred is that accounting research has tended to focus on either internal or external performance structures and treated these as dichotomous systems. This means that the role of individuals in reconciling these two systems has not generally been considered. In addition researchers have argued that loose coupling insulates internal organisational systems from external performance regimes (hence institutional actors have also been considered to be sheltered from the external influences). However, recently commentators have returned to a more expansive definition of loose coupling

consistent with Meyer and Rowan's (1977) original conception of disintegration between the structural elements of different parts of the organisation (Brignall & Modell, 2000). This approach implies that loose coupling exists throughout and within organisational systems and does not apply only to linkages between external regimes and internal systems. Therefore it is the patterns of coupling and decoupling that promise most for organisational research (Orton & Weick, 1990). At the empirical level this means that that loose coupling may be considered a dynamic process rather than a structural intervention.

In the context of performance measurement, I suggest that organisational participants proactively assess the institutional commitment to the performance standard. In situations where both internal and external performance systems are present researchers should question whether actors seek institutional consistency and the implications for practice if this is not secured. For certain organisational forms in the public sector, the presence of individual agents that are "likely to have thought deeply about interactions between coupling and decouplings" (Orton & Weick, 1990) means these patterns may have significant implications for the practice of performance measurement. In order to contribute to the performance measurement literature I argue that it is necessary to understand how the process of coupling as enacted by individuals affects the practice of performance measurement.

Thus this research investigates the following research question:

How do the patterns of couplings between internal and external performance systems affect the practice of performance measurement?

Chapter 3: Theoretical Framework

*Explanation is the brain of social science; interpretation is its soul.
(Heller, 1989, p. 310)*

This study utilises neo-institutional theory as the primary theoretical framework. Neo-institutional theory contributes a number of relevant conceptual insights suited to the organisational properties of the research. In particular neo-institutional theory provides a framework which includes a strong model of structure and institution. This theory provides significant contributions to the understanding of the relationship between organisational structure and the wider social environment (Hussain & Hoque, 2002). However, institutional theory provides less explanatory ability in terms of the agency factors inherent in organisational research. To accommodate the role of agency this study applies hermeneutical principles to add depth and rigour to understanding how individuals enact practices within their institutional setting. In summary, institutional theory enables the researcher to develop the research question which defines the parameters of the study. Hermeneutics provides the rationale for informing the study's research aim and infers a specific approach to the consequent data analysis and interpretation.

This project addresses recent calls to “broaden the quest for plausible, contextually informed explanations for why performance indicators are compiled and used” (Modell, 2003, p. 335). Modell (2009) also highlights the need for more research to examine the “interplay between institutional and economic mechanisms which especially come to the fore as previously protected institutional environments are subjected to market forces” (p. 279). This means that organisations in these sectors are confronted with transposed institutional constructs from practices common in other sectors. This process creates the potential for dissonance to occur as these institutional standards seep into new

organisational contexts. Ultimately this process creates uncertainty within these organisational settings which means the agency role of individual actors is emphasised. In regards to the use of neo-institutional theory to guide this type of research it is necessary to concentrate on the individual level of analysis in order to explain the role that individuals play in shaping these institutional systems. This will make future research applications of neo-institutional theory more actionable (J. Battilana, 2006) and also opens up new paths of research which can substantially contribute to the practice of accounting.

The conceptual developments that have characterised neo-institutionalist thinking have emphasised the understanding that external regulatory pressures are interpreted, manipulated, revised and elaborated by those individuals subject to these requirements (W. R. Scott, 2008). Recently authors have suggested that it is also likely that where individuals have both the technical expertise and professional credentials to legitimise their activities (Basu, et al., 1999) their behavioural response to externally imposed measurement constructs is less institutionally informed. Consequently there is a growing realisation that institutional theory is an incomplete framework for understanding the social practice of performance measurement within institutional settings (Modell, 2009). This implies the necessity to consider alternative philosophical traditions which may complement and improve accounting based institutional research.

Ideally, neo institutional theory emphasises the role of cultural elements such as symbols, cognitive systems and normative beliefs (Edwards, Ezzamel, McLean, & Robson, 2000). Organisational activities are seen to be motivated by legitimacy demands which is in turn influenced by socially constructed norms (Dillard, Rigsby, & Goodman, 2004). These discourses may be seen as viable components that help determine organisational action and constitution. However, despite the humanistic nature of these constructs many practical applications of institutional theory can be criticised for failing to adequately account for agency. As a result the dominant focus on institutional structures effectively severs the nexus between the experience of being an individual within an institution and the theoretical explanation of that institution (Heller, 1989). To reinstate the social

dimension of institutional theory it is important to conduct research that is concerned with “reconstructing, depicting, narrating, modelling and interpreting how it really happened, how it really works, how it was really meant and how it was really understood” (Heller, 1989, p. 296). This approach constitutes the opportunity to broaden theoretical explanations of institution by understanding that the meaning of what has been done is often quite different to what was meant to have been done (Heller, 1989). Applying a hermeneutical philosophy the research adopts an evolutionary aspect which revolves from the individual to the institution in a continuous manner to reconcile the empirical data.

Despite the plethora of research concerned with the impact of legitimacy on institutional structure a relative dependence on isomorphism has meant that traditional institutional research has been largely directed at examining the similarities between the ways institutions respond to external pressures. Contemporary commentators have expanded the scope of institutional research and highlighted deficiencies in the way that agency has been represented in the literature. This research therefore contributes to this fresh interest in agency by understanding that the meaning and effect of institutional constructs “lie as much in the values, interests, expectations, and cognitive frames of those who are perceiving or accepting the regime as they do in the regime itself; as such legitimacy can differ significantly across time and space, and between actors, systems and contexts” (Black, 2008, p. 145). Further, the ways which organisational performance measurement policies are perceived and translated into practice by individuals is unclear. It is therefore important to document the organic effect of institutional policies on individual actors within the organisational field.

Contributions from Neo-Institutional Theory

Neo-institutional theory provides a suitable framework for exploring management accounting applications because it recognises that “accounting may serve as a ceremonial means for symbolically demonstrating an organisation’s commitment to a rational course of action” (Covaleski, Dirsmith, & Sajak, 1996,

p. 6). Consistent with early discussions of institutional theory (Meyer & Rowan, 1977) the existence of accounting procedures and practices within organisational settings has been seen as primarily legitimacy seeking with efficiency and decision making outcomes a secondary consideration (Carruthers, 1995). This supports the expectation that accounting practices constitute one component of a larger set of features that help legitimise organisations by virtue of the perception of rationality and efficiency rather than their practical impacts (Carruthers, 1995). In other words institutional theory encompasses the prediction that organisations may select various accounting tools because they are accepted and expected by external constituencies (Ansari & Euske, 1987) with little regard to operational considerations.

The traditional structural focus of institutional theory leads to the understanding that in some cases organisations may institutionalise structures and procedures because they are taken for granted and viewed as legitimate (Ball & Craig, 2010) in a generic and non-specific sense. In this conception of institutional theory a common theme in the literature centered around a legitimacy argument: concerns over legitimacy force organisations to adopt managerial practices or organisational forms that are widely used in their fields [and] these practices and organisational forms may or may not enable organisations to maximise the quality and/or quantity of their outputs.” (J Battilana & D'Aunno, 2009, p. 36). Thus a major tenet of institutional theory has been the assertion that “an organisation presents itself to its external constituents as acting rationally” (Ansari & Euske, 1987, p. 553) in order to maintain its legitimacy. In general this institutional perspective reinforces the understanding that “an organisation’s survival requires it to conform to social norms of acceptable behaviour as much as to achieve high levels of production efficiency” (Covaleski, et al., 1996, p. 6). Consequently the legitimacy pretext within institutional theory has led researchers to focus on explaining the isomorphic tendencies of organisation as they seek to be seen as complying with standardised norms of behaviour (J Battilana & D'Aunno, 2009).

New developments are emerging in the accounting literature as researchers begin to question the underlying predictions of organisational conformity in institutional theory. In contrast to earlier work in which legitimacy concerns were perceived as a constraint on organisational heterogeneity recent work suggests that institutional theorists have begun to recognise the role of individuals in bringing about institutional change. In this emergent literature the organisational need to be seen as acting legitimately does not preclude the possibility of institutional change. This shift in understanding has brought about a renewed interest in the role of human agency within organisational settings: “now that institutional theorists have begun to tackle the issue of change, the question of organisational and human agency has become central” (J Battilana & D'Aunno, 2009, p. 37).

New directions in institutional research have been characterised by interest in the role of actors in institutional entrepreneurship (DiMaggio, 1998). The general theme of this literature revolves around the role of individuals in bringing about organisational change. This focus has led to researchers reviving the debate about the tension between agency and structure that is inherent in institutional theory (J Battilana & D'Aunno, 2009). At the heart of this debate is the concept of embedded agency which has traditionally been considered as a constraint on individual actors. Dorado (2005) thematically describes embedded agency as “the paradox of how institutional change is possible if actors’ intentions, actions and rationality are conditioned by the institutions they wish to change” (p. 385). However, this relatively prescriptive approach to embedded agency can still be interpreted as privileging structure over agency by the implied adherence to the “idea that it is entities that come first” (Emirbayer, 1997, p. 281). Consequently the institutional entrepreneurship literature has primarily attempted to explain why some actors appear to be able to transcend their organisational context to act as change agents (Seo & Creed, 2002).

Notwithstanding the elevation of agency back to prominence in institutional research, the key contribution of this evolving research stream has generally been to identify the conditions and antecedents which allow institutional actors

to pursue change strategies. In this sense the literature has been oriented around understanding the profiles of institutional change processes (Dorado, 2005). The scope of these profiles include agency perceived as habitual or routine (Giddens, 1984) strategic (DiMaggio, 1998), or sense-making (Weick, 1995). Other commentators have extended these classifications of agency by building on various components of their unique attributes. For example Hensmans (2003) has reconceptualised strategic agency with a rhetoric surrounding incumbent-challenger relations to make sense of strategic conduct within organisations. The use of rhetoric was further explored in Suddaby and Greenwood's (2005) study of how institutional entrepreneurs use language to promote institutional change. Kondra and Hinings (1998) differentiate their study by looking at the "diversity of organisations in an organisational field, responses to such diversity, and the transformation of organisational fields" (p. 762). In a similar vein other institutional studies have provided further insight into both field level and organisational level categories of enabling conditions for agency (J Battilana & D'Aunno, 2009). However overall this stream of literature has been criticised for its institutional myopia; "any change, however slight, is now institutional, and any change agent is an institutional entrepreneur" (Suddaby, 2010, p. 15).

Whilst substantive progress has been made by this institutional research in understanding aspects of the relationship between agency and the organisational context there remains a general neglect of analysis from the point of view of the individual. Battilana and D'Aunno (2009) argue that to resolve the paradox of embedded agency meaningfully "it is necessary to account for the individual level of analysis and to tackle the issue of human agency" (p. 41). Whilst the studies listed above have reiterated the importance of studying agency in institutional research a common epistemological theme is evident throughout the studies. The majority of these studies are conducted from an external point of view resulting in the tendency to treat agency as an organisational construct. As noted by Greenwood et al (2008) "institutional theory has relinquished the opportunity to develop a richer theory of the intersubjective processes of perception, interpretation and interaction that establish the core of a micro level

understanding of institutionalisation” (p. 30). Accordingly I propose that in order to fully understand the role of agency within organisations it is necessary to adopt a more hermeneutical focus.

In this contemporary approach to organisational research the research is oriented from the viewpoint of the individual actors and the research participants provide the lens through which organisational practices may be scrutinised. It is the choices and the perceptions of the individual agents which are documented in order to provide an empirical description of how human experience moderates institutional practices. The role of interpretation is highlighted to recognise that “to act in a situation presupposes and involves an act of interpretation” (Novak, 2010, p. 494). To accommodate this constructionist perspective I argue that hermeneutics provides a relevant philosophical approach suitable for understanding the effects of these acts of interpretation.

Promoting the Role of Agency: Contributions from Hermeneutics

Following recent calls for institutional researchers to retain consistency with the social constructivist nature of neo institutional theory (Modell, 2009), the anchoring of the study within a hermeneutical framework promises an appropriate merging of theoretical perspectives. Whilst there has long been an acknowledgement in the organisational literature that “there is a strong philosophical affinity between contemporary hermeneutics and institutionalism” (Bush, 1989, p. 1164) there has been less uptake of this opportunity by mainstream accounting researchers². In order to address this gap the research method is guided by hermeneutic principles and the analytical process is informed by hermeneutic processes. I argue that this approach acknowledges the potential for neo institutionalism to offer opportunities for theory construction and explanation whilst harnessing the ability of hermeneutic analysis to capture

² For exceptions see (Boland, 1989; Lavoie, 1987; Oakes, Considine, & Gould, 1994; Willmott, 1983).

the texture and temper of social life (Alexander & Smith, 2002). Hermeneutical analysis provides the ability to move beyond the neo institutional conception of embedded agency as a legitimating constraint and promotes the understanding of it as a lived text (Alexander & Smith, 2002). In this sense the research approach is conditioned by the understanding that any analysis of social practice and actions is tied to the context in which it is embedded (Lueger, Sandner, Meyer, & Hammerschmid, 2005).

At the heart of hermeneutic epistemology is the hermeneutic circle which proposes that “the part can only be known in terms of the whole and the whole can only be known in terms of the parts” (Bush, 1989, p. 1167). Applying this concept of the hermeneutic circle to institutional research echoes DiMaggio and Powell’s (1991) understanding that “institutions are not only constraints of human agency, they are first and foremost products of human agency” (p. 28). Thus in this study hermeneutics contributes an analytical space which diverges from the institutionalist approach of separating organisational constructs of structure and agency. Therefore hermeneutic analysis provides respite from the embedded agency problem inherent in neo institutional theory by its reasoning that “whoever is an observer, whoever takes the position of mere theoretical reason is, at the same time, a participant member of certain other institutions and spheres other than the institution or the sphere of social science” (Heller, 1989, p. 298).

Hermeneutics refers to a specific interpretative approach contained within the broader understanding of qualitative research. Reflecting its concern with the understanding and interpretation of the human experience (Gadamer, 2004) hermeneutics provides an appropriate methodological scaffolding for this research. A basic descriptor of hermeneutics is provided by Llewellyn (1993) as “the theory of interpretation” (p. 235). This hermeneutic approach proceeds from the Ricoeurian belief that “the understanding of social action can be considered analogous to the reading of a text” (Llewellyn, 1993, p. 235). Llewellyn (1993) offers a practical translation of the philosophical origins that discriminate between hermeneutics and interpretive research. These are

summarised in the following four propositions and can be applied to accounting research:

1. The sense-content of action and text must be drawn out; comprehension cannot be immediate or unmediated.
2. The text of action has both personal and social significance – its social dimension implying the possibility of institutionalisation.
3. The text or the action may transcend its encompassment within its initial circumstances and develop meanings in other social contexts.
4. Textual interpretation and social understanding are both essentially open in nature. (Llewellyn, 1993, pp. 236-237)

It is important to note that contemporary hermeneutic thought “has expanded the meaning of the term *text* to include organisational practices and institutions, economic and social structures, culture and cultural artefacts, and so on” (Prasad, 2002, p. 23).

Within this realm of hermeneutic thought is the Gadamerian understanding that there is an “essential proximity between acting in a situation and trying to understand a traditional text because both involve the same task of application of something universal to a particular circumstance” (Novak, 2010, p. 494). In the process of interpreting institutional systems actors engage in a form of action that is embedded within the institutional structure. In organisational research this can be translated as the understanding that institutional practices constitute acts of reconciliation between individuals and institutions. In this way the hermeneutical process can inform neo-institutional theory by explicitly recognising that this “organisational practices take place within some institutional context and that idiosyncratic interests operate within the discretion permitted by that same institutional context” (Goodrick & Salancik, 1996, p. 3). Hermeneutics explicit analytical mediation between the whole and parts means it facilitates research that is concerned with social practices because these practices can never be purely micro or macro as the other is always present if not centre stage (Whittington, 2011). The meanings of actions within this context can be

extracted from the narratives constructed by the individuals involved (Gadamer, 2004).

The implied ability of hermeneutics to allow the researcher to legitimately offer accounts of events which differ from the actors' understandings (Llewellyn, 1993) attests to the relevance of this approach for this study. In this way the study is not limited by the understanding that "groups of organisational members might develop their own shared meaning regarding the key constructs, and that these meanings might differ from meanings developed by external researchers" (Bartunek & Seo, 2002). Indeed, this level of interpretation validates the contribution of qualitative research data by the disclosures of new understandings about the variety and depth of ways in which organisational participants experience and engage with their environment (Bartunek & Seo, 2002). A hermeneutic approach is therefore appropriate for this research project as it allows "the researcher to recognise conditions of ambiguity and complexity, to set interpretation in its context, to see events and circumstances in new ways, to offer new understandings and interpretations, and to project new future scenarios" (Parker, 2004). Further, as the use of institutional theory implies a role for organisational legitimacy this reinforces the potential for hermeneutic contributions as "processes of legitimation...are all social structures which may be opaque to the agents concerned" (Llewellyn, 1993, p. 236).

In the hermeneutic realm the researcher acknowledges the inter-subjectivity of their work; "researchers are readers who bring hermeneutic knowledge to accounting, knowledge inextricably linked to their subjectivity, to a historical dynamic which is the expression of their culture, their tradition, as well as, political, intellectual and social institutions to which they are attached" (Chabrak, 2005, p. 708). Hermeneutics provides a conceptual and methodological contribution to this study by the recognition that the research output constitutes a narrative depicting the researcher's interpretation of data which is contributed by the participants who provide the context of the study (Patton, 2002). In this way the research aspires to a "methodologically conscious understanding [that] will be concerned not merely to form anticipatory ideas, but to make them conscious,

so as to check them and thus acquire right understanding from the things themselves” (Gadamer, 2004, p. 272). The importance of context to the interpretive process is therefore highlighted in the analytical stage and also in the subsequent evaluative stage.

This research study is therefore undertaken with an enhanced awareness that the participants infuse the findings of the research with their own pre-interpreted understandings of the research topic. The existences of these understandings are recognised by the researcher and the research process is seen as the merging of these with the researcher’s own presuppositions³ to draw out the emergent research findings. The aim of this process is to provide a mediated horizon of the interpreter and the interpreted to provide a better understanding (Lavoie, 1987) of the institutional practices. This Gadamerian “fusion of horizons” provides a means to mediate between the individual and the institutional perspectives to provide a dialogue in which the understanding does not belong exclusively to either but straddles both (Novak, 2010). The research aim is therefore to bring both perspectives of agency and institution together without preconditioning the contribution of either.

A Synthetic Model of Institutional Theory and Hermeneutic Analysis

Institutional theory provides this research with a strong model of the functional elements of performance measurement. In addition institutional theory contributes the understanding that institutional decisions regarding performance systems may reflect structural concerns with accountability and control. Inherent in this terrain are the notions of decoupling and legitimacy which have commonly been used to explain why organisations may ceremonially comply with performance regimes whilst simultaneously resisting integration with other

³ The existence of researcher pre-understanding is acknowledged openly within a hermeneutical framework which recognises its enabling role by providing a starting point and a basis for interpretation. This hall mark of hermeneutical enquiry resists the imperative of an subject – object distinction and maintains that “all understanding is a product, in part, of the interpreters pre-understanding (Arnold & Fischer, 1994, p. 57).

institutional systems. Consequently performance measurement has often been regarded as something that institutions do as a result of normative or co-ercive pressures. Arguing that individuals create practice this study enriches institutional theory by providing a view of performance measurement from the perspective of the individual. The research questions the institutional assumption that performance measurement is something that institutions do and promotes the role of individual experience in enacting performance measurement. There has been limited attention given to how individuals affect performance measurement and the ongoing constructionist role of individual agency. Recent developments in the accounting literature reflect a concern that the gap between actor micro-processes and institutions (Lounsbury, 2008) means we have only a partial view of institutional processes.

The research in this study utilises a synthetic model in which individuals are seen as the architects of the processes of institutionalism and these actors undertake processes of reconciliation that determine the practice of performance measurement. Thus individuals are not seen as situationally embedded and are presumed to perform a constitutive role in the institutionalism of performance systems. I suggest that in order to reveal the actor's role in the creation of organisational systems it is necessary to adopt an explicitly interpretive approach to analysis. The research approach utilises hermeneutic analysis to explore the way that individuals interpret their environment and actions in relation to institutional constructs of performance. This approach to the analysis reflects the interpretive bracketing of the research and accommodates the aim of portraying an emic perspective in which the data represents the "informants view of reality" (Morey & Luthans, 1984). The research yield is designated in terms of an interpretative analysis of individual experience within a specific institutional context. The hermeneutically informed approach to the case study design and data analysis process reflects the key research aspiration of documenting individual experience with a high degree of authenticity and realism. In this regard I seek to contribute to the growing call for institutional research to adopt methodologies that are consistent with the need to understand

the meanings and symbols (Suddaby, 2010, p. 16) that are utilised in individuals' experience of their institutional environment. Thus this research explicitly recognises the role that subjective understandings play in influencing accounting practice (Ahrens, 2008). In summary, institutional theory provides a relevant framework for the exposing the structural elements of this research while hermeneutics provides an analytical approach suited to exploring the nuances of human experience.

Chapter 4: Methodology

How you study the world determines what you learn about the world.

(Patton, 1990, p. 67)

This research adopts a theoretically informed case study approach to investigating how individuals interpret and experience both internal and external performance measurement regimes. Inherent in the hermeneutic grounding of the research is the need for methodological decisions to be made regarding the context of the study and the level of analysis (Prasad, 2002). In contrast to other methodological traditions the level of analysis does not refer to the case study design but rather to the comprehensiveness of the interpretation. Hence the hermeneutic methodology is an iterative process in which interpretation begins with a narrowly defined context and moves to higher order definitions (Prasad, 2002).

In this study individual interpretations of specific institutional experiences inform broadly based neo institutional theory explanations of organisational structure and legitimacy. This approach elevates the role of interpretation in the research design and analysis. Consistent with the interpretive positioning of the research the methodological aim is to explicate the meanings that are grounded in the lived experiences (Lukka & Modell, 2010) of the research participants. Further, recognising that the patterns of actions and meanings ascribed to the participants are a intermediary result (Kakkuri-Knuuttila, Lukka, & Kuorikoski, 2008), hermeneutically informed analysis is adopted to move from the tentative interpretation to an overall interpretation.

Methodological Framework

Underlying this study is the premise that performance measurement forms part of the global system of accountability models derived from accounting principles. Following Townley's (1995) broad definition of accounting as "the organisation

of a calculative order through processes of standardisation and the development of yardsticks” (p. 568) the scope of the research includes both external and internal performance measurement systems. This research operates from the proposition that accounting and accounting based control systems have both natural and rational characteristics. Accounting allows evaluative decisions to be made through the application of objective measurement rules to transactions undertaken by an organisation and its actors which are then filtered through accounting categories (Boland & Pondy, 1983). Accounting is seen as an integrative device in which organisational activities can be quantified and compared to performance standards (Otley & Berry, 1980). This aspect of organisational control reflects a rational role of accounting. The natural role of accounting derives from its function in providing boundaries and structures which can be used to derive meaning and assign significance to organisational activities and processes (Boland & Pondy, 1983).

In situations where rapid environmental change is present the symbolic and ritualistic dimensions of accounting are emphasised. The performance measurement regime in tertiary institutions is considered in the light of a mandated process in which structural accounting changes articulate an agenda motivated by power differentials and political imperatives. In this setting the rational agent (performance measurement system) plays an active role in shaping the definition of the new situation and in constructing the shared understanding of the new context (Boland & Pondy, 1983). The performance measurement system is seen as both context bound and as the context from which organisational changes emerge. This approach resonates with Luft and Shields’ (2003) recognition that it is difficult to determine cause and effect relationships in management accounting studies as accounting systems are implicated in both directions. In this research environment the experience of participants informs by deconstructing the elements of performance measurement systems that are meaningful to the actors within higher education organisations. This case study design reflects contemporary institutional understandings that complicated reciprocal relationships infiltrate the institutional processes that both craft and

are crafted by organisational actions (W R Scott, 2008). The findings provide information about interactions between internal and external influenced performance management practices but directionality is not aspired to.

I focus on the application of performance measurement practices within the university sector in order to provide a contextually rich and highly relevant research setting. Effective performance measurement practice within the university sector relies on the assumption that academic actions and activities contain the attributes of measurability, objectivity, quantifiability and the ability to identify an incontestable relationship between input and outcome (Townley, 1996). This study explores the perceptions and responses of those individuals who contribute to university outputs and account for their performance in this context to ascertain whether this assumption has been validated. The reciprocal relationship between individual experience and the structural dimensions of performance measurement practices is therefore emphasised in this study. Building on this constructionist argument I suggest that novel approaches to theory selection is implicated for constructionist performance measurement research. Accordingly the contribution of experience and interpretation is highlighted throughout the research process.

In regards to the institutional context of the study, the research attempts to reflect and enrich recent understandings that “performance and efficiency are not universal triggers for decision-makers, but are institutionally contingent” (Lounsbury, 2008, p. 354). Therefore the research design is developed with a view to providing empirical evidence relating to the contribution and consequences associated with the performance measurement systems operating within the two unique case sites. In these organisations, elements incorporating internal and external accountability processes, multiple stakeholders entrusted with conflicting objectives, and the necessity to legitimise and explain activities within strongly symbolised discourses provide the research context.

This research resides within the interpretive paradigm of accounting research. Consistent with the epistemological and ontological positions of the interpretive

paradigm the object of the research is a social construct and the “role of the researcher is to understand the meanings embedded in social interaction and explain the actor’s actions in building reality” (Davila & Oyon, 2008, p. 3). Employing inductive analysis strategies the intent of the research is to generate understanding of patterns observed in specific situational contexts (Patton, 2002). In this way the research design resonates with the insight that “there is much to know about how accounting is enacted in localised, contemporary business settings” (Chua, 2007, p. 493). This approach accommodates the understanding that productive knowledge about situated accounting practice is pre-empted by discovery of how interpretive frames determine purposive and meaningful action (Chua, 2007). In this context the research objective may be defined as an attempt to articulate and understand a range of diverse perspectives that inform performance measurement practices (Baxter & Chua, 2008). Methodological fit is aspired to by a process of matching relevant research questions to suitable methods of data collection and analysis. This process is outlined in the remainder of this chapter.

Method Description

Field studies are the appropriate methodological choice when the aim of the research is to document and understand complex social phenomena (Yin, 1984). In this study the field work method is informed by hermeneutic principles which afford an integral role to the “interplay between the researcher, researched and socio-political context of the study” (Parker & Roffey, 1997, p. 219). In this application of the case study method theoretical frameworks are perceived both *a priori* and *posterior* with recognition that “the process is one of iteratively seeking to generate a plausible fit between problem, theory and data” (Ahrens & Chapman, 2006, p. 835). The aim of theory in this setting is to provide “some broad understandings of relationships” (Laughlin, 1995, p. 80) whilst permitting generalisations to be inferred by reference to their empirical context. Thus the case study method is applied in a manner designed to extract meaning and discern material responses whilst acknowledging the “accepted subjective variety in perceptual powers” (Laughlin, 1995, p. 82).

The research is informed by what is described as by Llewellyn (2003) as level three theorising. This theoretical basis derives from the appreciation that “concepts theorise through explicating practice; they create meaning and significance through linking the subjective and objective realms of experience” (Llewellyn, 2003). The research focuses on the experiences of individuals in a specific institutional setting with the intention of making sense of these interpretations in a practical way. Meaningful analysis of the emergent concepts recognises that they should be theorised with regard to the organisational setting. Further, this type of qualitative study implies the need for dynamic reflexivity in regards to both data and its theoretical significance. Choices made implicitly by the researcher shape the process of data collection and determine the empirical boundaries. In this method theoretical frameworks are loosely applied and the existence of competing multiple theories within one system is not problematic (Ahrens & Chapman, 2006). Indeed competing theories are considered common in social science research because the participants bring multiple perspectives to the process (Anfara & Mertz, 2006). It is also acknowledged that the data reflects various realities (Irvine & Gaffikin, 2006) which permit alternative interpretations and conclusions to be drawn. However, the contribution of the study reflects the importance of providing “insight into how images of specific social realities may infuse action” (Ahrens & Chapman, 2006, p. 821)

A key decision in case study research design relates to the organisational level of analysis. In this case it was decided to collect data from those individuals that are subject to the application of the performance measurement system within the organisation. Driving this choice is the desire to explore the impact of performance structures on individual behaviour at a very practical level. This research choice represents a marked contrast to much of the prior NPM literature which has investigated the impact of policy decisions at the institutional or management level. In terms of the extant performance measurement literature commentators also note that few papers adopt the perspective of lower and middle level employees in their analysis of performance measurement models (Wouters & Wilderom, 2008). The approach taken in this study resonates with

Townley's et al (2003) suggestion that this research bias "results in an emphasis on the aspirations and motivations of senior managers, politicians or experts, leaving other actors mute" (p. 1049). The merit of this level of analysis is reinforced by recent accounting research which advocates for the "utility of paying attention not just to the louder voices, champions or opponents, but also to the more silent actors" (Arnaboldi & Azzone, 2010, p. 281). Thus this approach is concordant with the emerging stream of literature which argues that it is not only the "agency of the elite" that needs attention and emphasises the importance of studying the practices of individuals from different organisational layers (Rocha & Granerud, 2011). Consequently individuals engaged in management and policy activities are excluded from the data collection parameters, therefore promoting the ability of lower level employees to inform the research findings.

The focus of the data collection is on how individuals respond to the performance system and in doing so reflects the choices made by individuals in determining the extent of compliance and disclosure. This approach renders the constitutive nature of performance appraisal visible and highlights the processes of interpretation that are implicated in the organisational order revealed. In this way the research design accommodates the understanding that "in its operation [performance] appraisal is constitutive of the individual (the industrial subject), the superior (management) and the work which is being done (the labour process)" (Townley, 1992, p. 189). Further, it is intended that this level of analysis helps address the gaps in existing public sector performance management literature which is characterised by a narrow focus on efficiency improvements. This mechanistic approach has neglected the insight that how actors understand the context in which they make decisions determines the ultimate outcomes of performance systems (Moynihan, 2004b).

Methodological Decisions

Theoretical sampling is conducted to enhance the analytical and comparative currency of the interpretive process. This type of sampling requires the

researcher to identify *a priori* the key dimensions, attributes or characteristics that are likely to influence actors' perceptions and experiences (Barbour & Barbour, 2003). Utilising research findings from prior accounting literature as well as researcher pre-suppositions, relevant constructs identified and an interview protocol is developed. However, the dynamic research process continually re-evaluates these concepts by reference to the emerging theoretical relevance (Parker & Roffey, 1997) revealed during the data collection. This process is facilitated by the use of the qualitative research software package NVIVO.

Purposeful sampling is adopted to maximise the theoretical contribution of the case sites. Consistent with the intent of the study, cases are selected when they are judged to provide information rich settings with the capability to illuminate the research questions (Patton, 2002). In order to capture the important theorised dimensions of diversity maximum variation sampling is employed. Hypothesised constructs relating to structural characteristics of institutions provide the parameters for case selection (refer to Appendix One - Table 1: Attributes of Selected Case Sites). In particular it was considered vital to select case sites which exhibit variation in regards to their ability to withstand financial and economic pressures as Modell (2009) suggests that in a public sector context the relative exposure to competitive market forces and funding uncertainty asserts a conditioning effect on institutional performance measurement practices.

Case Selection

Two universities are selected according to a predetermined set of attributes. Consistent with Marginson and Considine (2000) the researcher expects that "the impact of change might be quite different in old and new, large and small, rich and poor institutions" (p. 15). Consequently, the two sites chosen represent extreme cases of the diversity of institutions along these characteristics. University A can be classified as a "new" university, representing the group of universities characterised by their post 1986 foundations and heritage forged in vocational education. University B belongs to the upper echelon of universities

in Australia, representing universities bonded by their rich academic traditions which translate to financial and political prosperity. These two sites showcase the vertical differentiation inherent in the Australian sector along the dimensions of size, wealth, location, research intensiveness and breadth of program offerings. This approach towards site selection complements the methodological underpinnings of purposeful sampling that is employed within each case to identify individual participants.

The two case sites are selected on the basis of maximum diversity. Site A is a regional university with a history of excelling at distance education. Whilst enrolment numbers are similar to site B most students do not attend class on campus and study independently on an external basis. In certain faculties enrolment numbers are inflated by students studying from their home countries via institutional partnerships. The university has three distinct campuses in Australia although the satellite campuses are of significantly smaller size than the main campus. Interview subjects are selected from all three campuses. This university can be described as a predominantly teaching based institution. Although research is promoted at the university it has few research centres and funding for research is very limited. The Site B university epitomises the other end of the spectrum in terms of Australian universities. It is a prestigious university based in a metropolitan centre. As a member of the Group of 8 it may be perceived to be a more stable and resilient institution. The university continually ranks highly in both Australian and international evaluations of university output. This institution is considered a leader in research in many faculties. Resources for research activities are in general more generous than institution A.

Consistent with case research protocol and the commitment to ethical standards for research involving human subjects, university ethics approval was applied for

and granted⁴. Requests for access and support were sought from Faculty Deans at both universities prior to the commencement of the study. Within both institutions a sample of academic employees was selected from information contained on the university web pages. The faculties of interest were selected on the basis of prior literature which suggested that differences may be observed in Arts, Science and Business⁵. Subject to the innate limitations of the population an attempt was made to include participants from each academic employment level⁶. A detailed description of the cross sectional characteristics of participants is provided in Appendix Three.

Within each case site, individual participants are chosen to provide a reasonable spread across dimensions relating to length of service, background, age, gender and discipline⁷. The objective of this design is to provide the opportunity to contribute findings which document the role of uniqueness as well as highlighting “important shared patterns that cut across cases and derive their significance from having emerged out of heterogeneity” (Patton, 2002, p. 235). The limitation criteria for further sampling will be theoretical saturation; that is the criterion for judging when to stop sampling the different groups pertinent to a category is where no additional data is being found which can develop the properties of the category (Glaser & Strauss, 1967). In a practical sense the decision to stop interviewing is determined by the researcher’s belief that

⁴ Human Ethics Protocol 2008/257 granted on 08/08/2008 by the Office of Research Integrity at The Australian National University.

⁵ One institution had a separate Education faculty but for the purposes of this study these participants have been included in the broader Arts category.

⁶ In Australia academic appointment levels range from Level A to Level E. A level A appointee is considered an Associate Lecture with minimal course leadership responsibilities. Level E constitutes a full professorial appointment.

⁷ (Marginson & Considine, 2000) note that there are important variations between disciplinary cultures and that this diversity may prove to be more significant than factors such as age and gender.

repeated themes are clearly evident in the data and that further interviews are likely to reiterate these key topics.

Developing the Interview Protocol

Interviews are conducted utilising an interview protocol in which initial standardised semi-structured questions are specified and followed by questions drawn from an interview guide. This approach effectively combines the use of standardised open-ending interviewing with the interview guide approach. The use of an interview guide is designed to ensure that “the same basic lines of inquiry are pursued with each person interviewed” (Patton, 2002, p. 343) without limiting the scope of topics discussed. The interview guide is constructed by outlining the general topics and issues to be covered but the sequence and wording of questions is not specified in advance (Patton, 2002). This method of interviewing is designed to maximise the use of constrained timeframes while efficiently adopting a systematic approach which allows individuals’ perspectives and understandings to emerge (Patton, 2002). This approach therefore accommodates the possibility of participants introducing themes that are of significance to their experience but have not been anticipated by the researcher. This flexibility is considered important given the hermeneutic nature of the study in which the aim of the research is to provide an interpretation of organisational actors’ understanding.

The specific standardised interview questions are carefully constructed and posed in the initial stages of the interview to introduce the participant to the study setting and to establish rapport with the interviewee. The rationale for completing this series of questions first is to allow the participant time to settle into the interview whilst answering questions that require little reflection. The focus of these questions is on descriptive phenomena that the participant can easily recollect. This process also places the subsequent “perception” questions in a context for the participant which then allows the interviewee to provide more grounded and reflective understandings once they have verbally “relived” the experience (Patton, 2002).

The preliminary standardised questions focus on the interviewees' background in academia and ask them to reflect on their daily activities in the context of their current role. The questions are designed to be primarily descriptive in nature and provide the initial scene setting in which to draw out the participant's experience in relation to the structural elements of measuring academic performance. The participants are then asked to describe the performance measurement system that operates in their organisation. The intent of this question is to encourage the interviewee to describe the mechanistic features of performance measurement within their institution. These questions presuppose that the interviewee has participated in some type of performance review while employed at the case site. The introductory questions are followed by a number of open ended questions to obtain a complete and detailed picture of the participants' experience and perception of the performance measurement system. Details of the preliminary questions are provided in Appendix Two. The topical questions that constitute the remainder of the interview are composed of a mixture of neutral questions, simulation questions, role playing and presupposition questions. It is important to note that the actual wording and sequence of the questions differs considerably across interviews. The interview and topic coverage is guided by the dynamics of the interview and is specifically designed to be as flexible as possible so that participants have the opportunity to introduce and discuss new themes at will.

Conduct of Interviews

Once agreement had been reached to participate in the study, interviewees were asked to nominate a suitable time and date for the interview. Most interviews were conducted face to face although a small number were recorded telephone interviews. For face to face interviews the interviewer travelled to the participants' employment location. The majority of participants were interviewed in their offices, with a small number requesting the interview to take place at cafes or outdoor settings at their campus. The majority of interviews were digitally recorded in their entirety with the consent of the participant. In one case the participant requested that the interview not be taped. This

participant's responses were manually recorded by the researcher, however, direct quotes are not included in the thesis due to the potential for inaccurate attribution. Instead the participant's thoughts are paraphrased and carefully compared against the researcher's notes to ensure accuracy⁸. In one other situation the participant requested the recorder be turned off at certain points during the interview and these comments were neither recorded nor noted by the researcher. Thus they are not included in the subsequent coding and analytical stages. To supplement the recording of the interviews, the researcher also took notes during the interview. These notes consisted of points that the interviewer wanted to follow up with the participant during the interview, verbatim statements of particular interest, reflections of the interviewees tone and attitude and short references to highlight previously theorised connections. In addition, short memos were completed following each interview. In some instances these were done as audio recordings but primarily this was completed as a memo in NVIVO and attached to the coding of each interview transcript.

The interviews were conducted according to the interview protocol outlined in Appendix Two. In most instances the participants were enthusiastic and positive contributors to the interview process. One participant appeared slightly hostile at the beginning of the interview but gradually warmed to the experience and provided answers which appeared to be open and honest. Two other participants were quite obviously keen to finish the interview as expediently as possible but patiently answered all the posed questions. In these cases the researcher did omit or abbreviate some questions. However, in the majority of interviews participants appeared relaxed and open to the experience. With few exceptions the interviewees expressed articulate and thoughtful answers to the interview questions. Most interviews consisted of approximately 60 minutes of recording time however, a number of interviews exceeded this and in one case the interview lasted for over two hours. The researcher responded promptly to

⁸ The interview was transcribed immediately following the interview to maximise the researchers' recall of the participant's statements.

visual or aural cues that suggested the participant was ready to conclude the interview. In most cases this occurred during the final questions and the interviewer would acknowledge these cues by letting the participant know that only a few questions remained. In all cases the researcher attempted to stay attuned to the natural ebbs and flows of the interview and to be responsive to participants' willingness to engage in the process.

The ability of the interview method to provide data which accurately reflects individuals' experiences and perceptions is determined by the willingness of the participant to respond frankly and openly to the researcher's probes. The relational aspect of the interview process is critical to this outcome. It is important to recognise the inherent power and trust issues that infuse the research interview methodology. In this research project the interviewer employed the use of empathetic conversation to build rapport and enhance feelings of trust. This approach reflects the hermeneutic knowledge that understanding is enhanced in conversations where both persons communicate on equal terms and the ultimate goal is the fusion of horizons (Heller, 1989). In some interviews this approach felt inevitable due to the fact that an academic researcher was interviewing academics about a topic in which there are substantial elements of shared experiences. However, it is important to acknowledge that "empathy cannot be seen simply as a benign activity with positive effects" (Mallozzi, 2009, p. 1045). That the researcher in this study shares the same professional field as the participants means that intersubjectivity exists which may be less decisive in a research field in which a researcher conducts interviews with participants from a different professional context⁹. However, in this study the existence of this relationship provided significant benefits in enabling opportunities to extract perceptions and feelings

⁹ There are other significant elements of relational energy that existed in this study's interviews; factors such as gender, relative academic rank, disciplinary background and employment status may also contribute to the type of relationship formed within the interview.

that the participant may be less able to explain to a researcher estranged from the organisational and professional context.

The collection of qualitative data is guided by principles of research protocol that are designed to enhance the veracity of the data collected. However, it is impossible to measure or judge precisely the extent to which empathy and other interview strategies determine the authenticity of the participants' expression of their experiences and perceptions. Thus it is the researcher's responsibility to analyse the data with an honest recognition of the role that they have played in extracting that data. In this study this objectivity was facilitated by the use of verbatim transcripts, reflection of the interview process and repeated analysis of the audio recording whilst reviewing the transcripts and subsequent coding. Further, a hermeneutical approach to interpreting the interview as textual constructs reinforced the notion of the interview representing a "negotiation of meaning between the interviewee and the interviewer" (Mallozzi, 2009, p. 1052). It is therefore acknowledged that the conclusions drawn from this study reflect not solely the participants' recollections and interpretations. A secondary interpretative level is derived by the very process of recording the data and constructing the research narrative.

Hermeneutic Analysis: Practical Considerations

Hermeneutic analysis offers an interpretative merging of participant experience with the conditional reflections of the researcher's perspectives. In this study referents from neo-institutional theory provide the conceptual framework and the institutional actors contribute the experience in action that constitutes the research field. The goal of the empirical analysis is to capture both subjective sense and structural descriptions (Lueger, et al., 2005) of the research phenomena. Superimposed on these elements are the pre-understandings and pre-suppositions of the researcher. The data analysis represents a convergence of these research artefacts in order to compose an authentic account of the research experience. Underlying the research findings are the hermeneutic processes of reflexivity and constant reproductions of the interpretative field.

Thus the research objective is concerned with the confirmatory analysis of a theoretical model for understanding the contribution of individual actors to an institutional field. In this context it is important for the researcher to both explore and discard the expectations and fore-meanings inherent in the research process. Accordingly, the data analysis stage of the research is structured systematically utilising these constructed prejudices and the themes identified for organising data collection are re-used as codes for analysis (Cole & Avison, 2007). This approach reflects the key hermeneutical task of questioning things in conjunction with the “foregrounding and appropriation of one’s own fore-meanings and prejudices” (Gadamer, 2004, p. 271). Interpretative rigour is therefore enhanced by the researcher’s willingness to accept the role of misunderstanding in constructing a valid and truthful research account.

This study adopts an intra-organisational perspective and the source for data collection is the information embedded within individuals working within the university sector. Extensive fieldwork to interview organisational actors involved in the performance measurement regime provides the main focus of data collection. In line with the methodological traditions of hermeneutics the case is conducted with the understanding that “social actors do all the acting in social life” (Emirbayer, 1997, p. 307). Accordingly the aim of the data collection is to document “the narrative of their responses (together with the situations within which these occur) [to] help explain how causes actually produce effects in history” (Emirbayer, 1997, p. 307). A hermeneutic analysis also recognises that “every representation is an interpretation: there is no way to settle that any interpretation is right or wrong” (Weick, 1995, p. 44). In this context an objective assessment of the validity of the study is not possible. Thus the relevant measurement criteria for the external validity of this study is generated by the readers’ conviction that the researcher has adequately and appropriately described the situation being investigated (Davila & Oyon, 2008). In hermeneutically informed research the unit of analysis is the transaction between the subject and the situation (Koch, 1995). The research outcome is an interpretative summary of this field.

The methodological framework renders aspirations to statistical significance and replicability extraneous. The essence of hermeneutic inquiry means that the research results are always contextual (Dahlberg, Drew, & Nystrom, 2001). Rather than applying the criterion of generalisability the results in this study should be assessed by their applicability to other contexts. It is this idea of application which reflects the hermeneutic research objective as an endless process of understanding (Dahlberg, et al., 2001). The decisive condition for validity in this research philosophy rests upon the capacity to formulate an authentic and plausible account of experience and situation. At the practical level this means that the research study must not contain internal contradictions and that a thoroughness in reasoning is evident throughout the study (Dahlberg, et al., 2001). In accordance with the hermeneutic tradition the research conclusions represent the merging of both researcher and participant perspectives. This reflects the ultimate goal of hermeneutically informed research to formulate “a dialogue in which the meaning of a text emerges through a conversation between the interpreter and text” (Prasad, 2002, p. 19). In practical terms this aim requires repetitive and sequential passes over the data. The aim of this process is to observe the similarities and differences in meanings to build a pattern of understanding (Dahlberg, et al., 2001). The researcher attempts to understand the meaning of the data within the context of its collection.

Characteristic of hermeneutic analysis is the need to interpret the part within the context of the whole. This means that preliminary interpretations are constantly compared with subsequent interpretations to determine a valid overall interpretation. This approach can be contrasted with the abductive reasoning also characteristic of interpretative research. Whereas abductive reasoning can be seen as a process of reduction in which researchers “rule out explanations deemed less plausible as they move back and forth between theory and empirical data” (Lukka & Modell, 2010, p. 468) hermeneutic analysis continually returns to the preliminary interpretations. Thus the process is not one of reduction and elimination but is more cyclical in nature. Preliminary interpretations remain

part of the interpretive summary in order to build the overall research findings. The validity of the overall interpretation is monitored by how well it explains the tentative interpretations. Also implied is the need to avoid making incontestable *a priori* definitions of the research constructs as hermeneutics recognises that these meanings are socially constructed. This means that the field work is undertaken with the expectation that predefined classifications of the research terms may ultimately be deemed superficial.

Consistent with *a priori* theoretical case study research a number of presumptive notions underlie this research project. In principle it is possible to adequately assume that university participants occupy comparable domains in relation to performance definitions and that their perceptions of performance measurement are logically constructed by their actual experience. Nonetheless, it is also important to reflect on the experiential and perceptual dissonance that may infuse participants' and researcher pre-understandings. As an university employee the researcher has personal experience of the performance appraisal processes within an Australian university context. It is likely that this pre-knowledge is also recognised by study participants who are aware of this academic employment status. However, this is not seen as problematic in hermeneutically informed research as the embedded nature of the researcher's frame is understood to be the "beginning point in the process of coming to understand and interpret the phenomena under study" (Cole & Avison, 2007, p. 821). Indeed it is this hermeneutic circle in which the movement of understanding always runs from the whole to the part and back to whole (Gadamer, 2004) which distinguishes hermeneutic analysis from other modes of interpretative inquiry.

In addition to recognising the tacit symmetry of the researcher and researched in this project, consideration is also given to the double hermeneutic connected with the concept of performance. Adopting a Gadamerian perspective it is possible to conceive of performance as an interpretation which seeks to be correct and is therefore in this sense also an understanding (Gadamer, 2004). Concerned with the metaphor of art and theatre Gadamer suggests that

“understanding must be conceived as a part of the event in which meaning occurs” (2004, p. 157). This implies that while the participants’ experiences and perceptions of performance measurement systems provides the temporal and contextual boundaries of the research question, the primary outcome is an epistemological convergence of questions and answers. Thus the research findings in this study constitutes the fusion of horizons in which meaning is understood as an answer to a question (Gadamer, 2004). In this sense the hermeneutic spirit of the research is realised by the recognition that the emergent understandings denote a reciprocal relationship of participation (Gadamer, 2004). It is these elements of social discourse and the dialectic of shared understanding that provide the key to increasing our knowledge of institutional structures.

Chapter 5: Case Study Context

Structures formerly rooted in autonomous Weberian professionalism, such as hospitals, schools and universities, become organisations and take on the managerialist trappings of purposive actorhood.
(Meyer, 2010, p. 10)

The purpose of this section of the thesis is to introduce the case study context and demonstrate the relevance and contribution of the case setting. The objective of this research is to enhance the empirical knowledge in regards to the ways that individuals practice performance measurement. Perceptions of the reasons why and the ways in which performance is enacted both within and by performance measurement systems constitute the primary data source. In addition processes of coupling are identified and the role of individuals in transforming institutional structures considered. The study is designed as a comparative analysis in which the aim is to identify any opportunities for institutional attributes to constitute a moderating influence on the performance arrangements and the ways they are interpreted and applied by organisational actors. Institutional participants are encouraged to provide insight as to the way that they perceive their organisation relative to others in the same field particularly in regards to its success in managing the environmental uncertainty and complexity.

A university setting is adopted as the context for this study. Universities constitute a relevant data source because they are increasingly subject to both internal and external performance regimes¹⁰. This means that these institutions provide a context in which patterns of coupling are likely to be evident. Traditionally universities have been labelled as loosely coupled systems (Bartell, 2003; Orton & Weick, 1990; Weick, 1976) due to the diffused decision making

¹⁰ The internal performance systems relate to performance appraisal of individuals and have been introduced as a by-product of industrial relations activities. The external regimes derive from government decisions including increased regulatory scrutiny and competition within the sector.

and goal ambiguity (Boyce, 2003) observed in these institutions¹¹. This setting therefore provides texture to this study as recent commentators suggest that it is the patterns of coupling and decoupling (Orton & Weick, 1990) that are of interest in these organisations. In addition the consequence of multiple internal and external stakeholders means that universities face problematic legitimacy contexts.

The Role of Performance Measurement in Universities: An Institutional Theory Approach

The parameters of the study incorporate the internal performance measurement practices as applied to individuals working within the selected sites and the external performance measurement requirements that flow from government policy and funding arrangements. Of particular interest are the participants' perceptions of the ways that these systems have been embedded within organisational control structures. The study adopts an interpretive hermeneutic framework which provides opportunities to ground the research findings from the view point of individual lived experience in order to improve empirical understandings of what people do within institutional settings (Berk & Galvan, 2009). This approach means that the descriptive analysis¹² documents the ways that participants' understand and enact the performance systems. Thus the performance systems are decoded from the inside rather than from an objectified external perspective.

In this study the two organisations selected belong to the same organisational field but exhibit substantial difference in regards to their institutional characteristics. Despite these differences both organisations occupy similar conceptual space in regards to the design of their internal performance appraisal

¹¹ Other characteristics have been identified as complexity, high degree of differentiation, multiplicity of units and standards, autonomy of academic staff, control and management philosophies and mechanisms (Bartell, 2003).

¹² Provided in chapter seven and eight.

systems. They are also subject to the external demands for performance information. The presence of significant environmental complexity and uncertainty increases the need for organisations in this sector to uniquely and distinctly demonstrate their legitimacy. This raises the possibility that unique strategic challenges may be present in different types of organisations and these may be relatively more critical for certain institutions. This may influence organisational actors' perceptions of the institutions' responses to accountability arrangements and performance regimes. Consequently I also consider whether participants discern institutional tendencies to conformity relative to the differential need to broadcast their legitimacy.

The neo institutional theoretical background for this research project provides a relevant framework because environmental complexity and uncertainty performs a significant role in driving public sector organisations' performance measurement processes and practices. In regards to the public sector the relevance of institutional theory constructs is demonstrated by Oliver's description of its ability to accentuate institutional processes:

“it draws attention to the causal impact of state, societal, and cultural pressures, as opposed to market forces, and resource scarcity, on organisational behaviour, and to the effects of history, rules, and consensual understandings on organisational conformity to environmental constraints” (1991, p. 151).

The ongoing impact of public sector reform policies which are characterised by a growing demand for improved organisational accountability and an emphasis on performance based funding regimes directly increase the incentive for institutions to demonstrate organisational legitimacy. Public sector organisations are increasingly required to provide performance information at an institutional level via specific accountability mechanisms to meet these legitimacy demands. Therefore the relevance of an expansive theoretical framework is corroborated by recent understandings that “broader frameworks are often necessary to understand choices and changes related to performance measurement systems in practice” (Hansen, 2010, p. 37).

Contained within institutional theory is an appreciation that certain organisational sectors are subject to significant regulatory pressures which impose structural forms and practices on subordinate organisations (Hussain & Hoque, 2002). For these types of public sector organisations it is possible to perceive internal change as motivated from outside sources and structure as determined by external influences. In this sense institutional theorists note that this process is actually a “cultural and political one that concerns legitimacy and power much more than efficiency alone” (Carruthers, 1995, p. 315). Ansari et al (1987) also assert that in the public sector it is likely that the “rational uses of accounting data may not play a leading role [as they] are overshadowed by the rationalising and reifying uses of accounting” (p. 564). In general this translates to the conclusion that performance models are adopted mainly for legitimating reasons rather than for their efficiency enhancing potential (Johansson & Siverbo, 2009, p. 203).

In the highly politicised and dynamic public sector environment institutional theory provides a coherent framework for exploring organisational processes and behaviour. Institutional theorists have recognised that it is when organisational outputs are difficult to measure, when productive technologies are ill defined and when criteria of success is ambiguous that the symbolic abilities of rational structures matter more than their technical efficiency (Carruthers, 1995). In the context of increased environmental uncertainty the ability to demonstrate legitimacy to funding and regulatory bodies becomes a decisive factor that is instrumental in determining organisational viability. In situations where funding sources are becoming increasingly fragmented and contingent the pressure on organisations to invest in legitimacy seeking practices is substantial. Pragmatically it is accepted that “individual organisations exhibiting culturally approved forms and activities,...receiving support from normative bodies, and having approval from legal bodies are more likely to survive” (W R Scott, 2008, p. 157). However, while it is recognised that organisations do not necessarily experience or respond to institutional processes in the same way (W R Scott,

2008) there is less clarity about the effect of individuals' judgements and interpretations of these organisational legitimating strategies.

Institutional theory provides a predictive framework in which valid research constructs may be developed for this study. Following the institutional interpretation, in this study legitimacy constitutes a "condition reflecting perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive frameworks" (W R Scott, 2008, pp. 59-60). In this model it is possible to discern the individual performance system as primarily a normative response to the industrial relation activities occurring within the sector. Individual performance reviews were formally introduced to Australian universities in 1988 under an Industrial Award of the Australian Industrial Relations Commission. The review system is currently mandated by University Enterprise Bargaining Agreements but there is sufficient flexibility in the requirements that university implementations of these systems can vary considerably (Morris, Stanton, & Young, 2007). Thus universities have extensive ability to customise institutional applications of performance systems. This flexibility in scope and application of these internal performance systems leads to the preliminary classification as these as a primarily normative system. In contrast, universities are required to conform with the external performance systems via legislative controls and so these structures can be seen as constituting a co-ercive accountability concept.

Utilising neo institutional insights normative accountability are seen as processes which gain their salience from a collective perceived value in the "rightness" and "appropriateness" of these structures. In contrast, co-ercive accountability processes are imposed by external bodies and whilst shared belief in their normative value and mutual endorsement is not necessary for their operation, compliance is inferred. The study explores whether the existence of the simple normative accountability relationship implied by internal performance systems promotes the likelihood for these structures to be tightly coupled at operational levels. Internal performance appraisal systems are applied at the individual level and which represent a relatively short chain of accountability between the

subject and the supervisor who is entrusted with the responsibility of evaluating the individuals' contribution to organisational objectives. In contrast, institutional applications of external performance measurement processes are characterised by complex accountability arrangements involving multiple stakeholders and ambiguous links between inputs and outcomes. Thus the study evaluates the expectation that that external performance measurement processes are more likely to be loosely coupled to organisational systems as they represent a symbolic organisational response because they are associated with highly uncertain and conflicting stakeholder expectations.

Within the public sector there are a number of organisational fields that have been transformed by new public management initiatives in recent years. The ubiquitous scope of this programme is predicated on the basis that in the context of public sector service delivery, performance measures are designed to act as substitutes for market forces (Townley, 2005). This depiction of performance indicators emphasises the elevation of the political and economic perspectives for evaluating public sector outcomes (Townley, 2005). The context of this study is the higher education field which has been transformed by the introduction of performance tools and ranking mechanisms. The sector has become increasingly performance driven and it is necessary for institutions to compete for students, government funding and other external funding sources. In doing so institutions are increasingly required to effectively demonstrate their contribution to the goals of multiple internal and external constituents.

Despite the superficially homogenous structure of tertiary institutions, the externalities associated with environmental complexity generate differential legitimacy and viability imperatives. The traditional constitution of universities means that control mechanisms and performance assessments have historically largely occurred via basic applications of mutuality, contrived randomness, competition and oversight (C. Scott & Hood, 2005). In most instances these practices were internally generated and universities were allowed to operate primarily as autonomous public bodies with a high degree of self governance (C. Scott & Hood, 2005). Egginton (2010) also points to the traditional academic

ideology in which university staff were led to expect high levels of autonomy (alongside the absence of any commercial responsibility and accountability) and asserts that these factors present significant barriers to the effective implementation of performance assessment tools. Similarly, prior accounting based research in comparable organisational fields has demonstrated that there are inherent factors present in these types of institutions which mean that individual participants may be resistant to sector wide policy initiatives (Townley, 2005).

There is little doubt that “performance measurement is an increasingly pervasive aspect of organisational life” (Townley, et al., 2003, p. 1045) in most public sector spheres and that this phenomenon is equally evident in tertiary education. However, despite occupying a distinctive public sector organisational field universities present “rather special issues for control” (C. Scott & Hood, 2005, p. 75). This means reform practices that work in other institutional settings may be less compatible with university activities. In the context of new public management regimes the higher education sector has been the subject of expansive reform processes.

The Research Setting: Australian Universities

In the congested tertiary education sector in Australia institutions face both specific and generic threats to their viability. Utilising neo-institutional theoretical understandings that it is necessary to “ascertain what elements are at play in a given context and the extent to which they work to reinforce or undercut one another” (W. R. Scott, 2008, p. 429) internal and external applications of performance measurement are explored. Specific consideration is given to the role of performance measurement within a legitimacy framework and the structural dimensions of Australian universities with reference to contingent performance mechanisms. The role of performance based funding regimes in Australian universities has become increasingly important as this sector has seen public funding fall from 90% in 1981 to the current level of 43% (Universities Australia, 2011). Whilst institutions now receive funding directly

from student fee income via the Higher Education Contribution Scheme there remains a significant shortfall for which “various competitive, conditional and performance based funding mechanisms have been introduced as a substitute” (Bradley, Noonan, Nugent, & Scales, 2008, p. 141). These performance based funding mechanisms encompass teaching and learning through the Learning and Teaching Performance Fund and have also increased the contestability of research funding by allocating a greater share of resources based on performance (Bradley, et al., 2008).

In Australia, the impetus for the introduction of the performance based funding regimes originated within a political process played out by the Federal government and agencies entrusted with the oversight of tertiary institutions. In line with the overall objective of improved accountability, new directions in the area of resource allocation have characterised tertiary reform. In this context the recent move to funding regimes structured around performance-based formulas is significant. The regulatory legacy of the performance regimes means that it is possible to consider these structural interventions as representing a coercive mechanism. For Australian universities it is mandatory to provide performance data across a range of research performance dimensions to receive competitive grants.

The introduction of performance contingent funding programmes within Australian tertiary education institutions may be considered in terms of the continuation of an agenda grounded within NPM principles. These reforms can be interpreted in light of the adoption of a performance management model motivated by the goal of identifying appropriate linkages between accountability and outcomes. In Australia, this motivation is evident in the introduction of the Excellence in Research for Australia which replicates similar initiatives in New Zealand (Performance Based Research Funding) and the United Kingdom (Research Assessment Exercise). Consistent with new public management philosophy these schemes introduce new elements of competition into tertiary sector funding arrangements. The construction of these performance based regimes convey the expectation that university performance is to be interpreted

as an ordinal concept. Further Australian universities are required to provide performance data across a range of teaching and research dimensions in order to continue receiving public funding.

Fundamentally, universities are public sector organisms that are mandated to achieve particular outcomes in relation to politically determined higher education objectives. The relevance of universities as the organisational field for this study stems from the understanding that the objectives that these organisations are entrusted with are both complex and contested (Broadbent & Laughlin, 2010, p. 512). In addition universities aspire to meet the demands of their consumers, their staff, relevant industrial groups and the broader community. The dual existence of multiple stakeholders with ambiguous and imprecise goals coupled to explicit financial consequences means that universities face complicated accountability arrangements. This constantly changing environment and increasing funding pressures mean that universities must demonstrate their legitimacy and viability in a multi dimensional context. Additionally, the boundaries of these organisations are uncertain and changing; and this dynamism encompasses both the audiences and the decision makers (Cohen, March, & Olsen, 1972). In this setting, insights from institutional theory accommodate the potential for loose coupling to be one means by which universities manage the expectations of multiple stakeholders within highly uncertain environments.

New public management reforms have increased the burden of control in the tertiary sector and institutions have been required to respond to these objectives by conformity with the functional and administrative demands of the policy revisions. Whilst the implementation process has taken place within a political framework characterised by consultation and debate the instrumental result is one of compliance. At the institutional level these factors have significant organisational implications in terms of sustainability and longevity. Commentators have suggested that such reforms have negated traditional assumptions that “higher education and research establishments were of equal quality” (C. Scott & Hood, 2005, p. 79). Therefore the rational ambition of

governments to obtain optimal value from those public funds that are directed towards higher education means that formerly sheltered universities must advocate for their continued existence. In addition, they must simultaneously appeal to their much enlarged consumer base as “sharp increases in university participation rates have not been matched by increases in public funding” (C. Scott & Hood, 2005). Predictably these factors represent a significant expansion in the number and relative power of the external stakeholders that universities attempt to conciliate.

Australian universities contend with rapid environmental change which has intensified in last decade. In particular substantive change to government funding policies has seen universities engage in ongoing positioning strategies to manage their economic survival. Whilst 20 years ago the majority of funding was drawn from Federal Government accounts, changes in public policy see today’s universities competing for funds sourced from economic activities (Guthrie & Neumann, 2007). Two thirds of base funding is generated from institutional activities and the environment has become increasingly competitive and performance driven (Guthrie & Neumann, 2007). As the provision of financial support has become more cooperative stakeholders conceive new accountability arrangements to monitor institutional outcomes. Accordingly contemporary tertiary institutions are characterised by the increase in multiple stakeholder groups which have overlapping and potentially conflicting interests (Modell, 2005b). In this setting it should be acknowledged that “the power relationships between various constituents...may have a significant impact on the aspect of performance measurement applied” (Chang, 2006, p. 79).

The existence of multiple objectives championed by various stakeholders complicates actors’ responses to performance measurement programs. A recent study by Hansen (2010) also found that despite studying two very similar organisations “the same measures had different effects in each of the organisations” (p. 38). It is therefore important to document the perspective of actors in different organisational settings to explore the ways in which institutional constructs influence individual responses to accountability tensions.

This approach incorporates the understanding that “models mean different things to different actors...and actors interpretations in various ways are dependent on the local context” (Adolfsson & Wikstrom, 2007, p. 86).

The relative diversity of organisational structure within the higher education sector provides an additional impetus for this case based research. In the Australian context institutional arrangements vary from private tertiary educators to publicly funded universities. The operational variation implied by these different settings provides a persuasive argument for comparative analyses of the micro interpersonal consequences stemming from policy initiatives within the sector. The financial disparity in Australian institutions is also evident with recent figures showing that in 2007 one Australian university received only 34% of its total revenue from Australian Government sources whilst at the other end of the spectrum an institution received 72% from these sources (Bradley, et al., 2008). Of further note is the data that shows the financial constraints some universities are operating under. The annual government monitoring of financial performance shows that 20% of Australian public universities recorded operating margins of less than 4% in 2007, a further 15% were operating in deficit. Such findings have led that Australian government to commence new reforms which have the aim of “creating a system in which each institution’s funding is determined dynamically by the quality of its performance rather than by an historically based system of centrally planned student load allocations” (Bradley, et al., 2008, p. 156). Also foreseen is the ongoing requirement for institutions to demonstrate performance and accountability (Bradley, et al., 2008) in order to access public funds.

This study will contribute to the general understanding of behavioural and structural effects of performance measurement systems with both normative and co-ercive legacies¹³. The study focuses on the emergent practices which can be

¹³ Clearly the funding reforms for Australian universities reflect a significant co-ercive element; universities “will be funded to achieve its preferred mission and strategy only if it was successful in attracting publicly funded undergraduate and postgraduate students, full-fee paying domestic

observed both at institutional level and individual level within the tertiary education context. This approach represents an opportunity to chart the emerging model of the Australian tertiary sector as “the very impetus for quantification...has changed the roles of key actors in university management in fundamental ways” (Lapsley & Miller, 2004, p. 104). In particular this study responds to the findings of Marginson and Considine (2000) which emphasise the precarious state of Australian universities in which “the tension between academic and managerial perspectives is endemic” (p. 238). As refinement of the accountability and funding framework continues an opportunistic research window provides the possibility of a contextually important and information rich case study.

In relation to the university sector there are extensive indicators that the unique make up of these institutions is a viable research construct. A recent empirical study undertaken in the United Kingdom suggests that organisational history and structure is a significant factor in determining the response to performance measurement (Broad, Goddard, & Von Alberti, 2007). The authors note that “perceived academic reality was a strong influence and academic freedom did prove an obstacle to performance management in some divisions, resulting in differences between academic and service divisions” (Broad, et al., 2007, p. 124). In a similar vein Townley (1997) proposes that the “structures and identity gained when the organisation was founded...may be an important factor influencing responses to isomorphic changes” (p. 279). In regards to other forms of accounting controls in the university sector McChlery, McKendrick and Rolfe (2007) suggest that such data may be accepted from those from the business and science based faculties and resisted by those in arts and humanities. This trend may be particularly evident in individuals’ construction of perception to performance measurement tools as these mechanisms “rely on a specialised

and international students, and publicly funded research and commercial opportunities, based on the quality of its teaching and learning and its research effort” (Bradley, et al., 2008, p. 175).

vocabulary, translating the variety of everyday experience into a standardised managerial language” (Townley, et al., 2003, p. 1058).

C. Scott and Hood (2005) also suggest that the effects of changes in regulatory practices may depend on the culture of the institutions involved, and that in the tertiary sector these cultures tend to be varied and variable. It is likely that the language associated with performance indicators is more familiar to organisational participants employed within business faculties and these academics may therefore be more receptive to the performance measurement system. The organisational setting may be viewed as an explanatory variable influential in determining the makeup of the system in which university performance measurement might depend on the power relationship between its constituents and itself (Chang, 2006). Further, Broadbent argues that the internal organisational tensions inherent in the university sector are mediated by some extent by the PMS that is adopted (Broadbent, 2007). The innate funding arrangements and financial constraints faced by institutions in this sector mean that the “ultimate goal of survival will rest particularly with satisfying more powerful parties” (Broadbent, 2007, p. 197). For Australian universities the competitive structure of the funding regimes sends a clear message that the government considers “the management, staff and governing body of a university fully accountable for the performance of an institution” (Bradley, et al., 2008, p. 176).

The Role of Performance Measurement in The Australian Context

The evolution of NPM based reforms in various public sector contexts have been observed in prior accounting research (Guthrie, et al., 1999; Modell, 2004; Watkins & Arrington, 2007). This stream of research recognises the importance of the local context and suggests that the “distinctiveness of nations matters to making sense of NPM” (Watkins & Arrington, 2007, p. 49). Despite the extensive literature concerned with new public management developments a geographical bias has been evident in the choice of research settings with “clear dominance by empirical studies in Scandinavian countries” (Modell, 2009, p.

281). A recent literature review of public sector management accounting research estimates that approximately 70% of published papers in this field have been written by British authors (van Helden, 2005). This knowledge and a number of distinguishing features of the local environment generate impetus for this Australian based study.

In recent years Australian universities have been struggling to balance financial and institutional pressures. Coupled with the increased emphasis on new public management techniques these factors have contributed to Australia's elected prime minister, Kevin Rudd¹⁴, describing the current status of universities as "an unfolding state of crisis" (Gratten & Tomazin, 2008). Concern about the future viability of Australia's higher education market is evident within the sector with leading academics voicing their concern; the vice-chancellor of Australian National University recently called on the new government to "understand just how far we have fallen behind, and how precarious is our future" (Rout, 2008). A recent international ranking of universities failed to place any Australian universities in the top 20 across any subject offering (Institute of Higher Education, 2008). Despite a political agenda preoccupied with increasing 'value for money' research capability Australia's rank on the relative citation index exhibits a declining trend (Harzing, 2005). In part, this level of performance can be explained by reference to unique features of the Australian tertiary environment.

The funding arrangements for Australian universities differ markedly from their overseas counterparts. Most significant is the reliance on income from tuition fees and the relative inability of institutions to collect income from sources other than government sources or tuition proceeds (for example donations or bequests). This impacts on universities' ability to perform at comparable international levels as it promotes an focus on attracting fee paying students which inevitably detracts from other areas of performance (Harzing, 2005). It also results in high

¹⁴ Kevin Rudd has recently been replaced as Australia's prime minister by Julia Gillard.

staff student ratios across most faculties which negatively influences the ability of academics to engage in activities other than teaching (Harzing, 2005). In regards to research performance, continual delays and confusion concerning the introduction of an initial research performance measurement system (the Research Quality Framework) distracted academics and institutions. The announcement that the implementation of Research Quality Framework was to be abandoned and replaced by Excellence in Research for Australia (ERA) has further demonstrated the extent of uncertainty evident in this sector.

The high level of uncertainty faced by institutional actors acts as an important contextual feature of the sectors' response to performance measurement. The lack of a common and articulate vision is in marked contrast to other OECD countries where governments are "moving to greater public investment in education and research while Australia is still pre-occupied with marketisation policies" (Guthrie & Neumann, 2007, p. 246). Further, the structural history of the sector reflects the mergers of the 1980s when technical colleges and institutes became 'new' universities may also constitute a significant factor in the relative performance of Australian universities. Evidence from overseas acts of research performance measurement suggest that it results in research funding highly skewed in its distribution (Sharp & Coleman, 2005) towards 'old' universities. The sectoral shift to managerialism evident in university policy and practice can be perceived as representing a differential threat to types of institutions. Poole and Roberston (2003) suggest that this general threat "may be more pronounced...among the newer universities" (p. 9). Also relevant is the understanding that in the university sector performance ranking exercises "constitute crucial events for the careers of scholars and for the funding of institutions" (Carmona, 2006, p. 241).

Of particular relevance to the external performance measurement regime in Australia is the extent to which the performance indicators may be seen as information carriers. Anecdotal evidence suggests that in the early days after the publication of the first round of PBRF results in New Zealand institutions and commentators perceived these to carry value relevant information. This activity

provides support for Johnsen's (2005) assertion that performance indicators may effectively function as prices in political markets and that different stakeholders consistently screen performance data for information that can be used strategically. This indicates the need for research to examine "why and when performance information is developed and promoted and alternatively why and when performance information is resisted and/or distorted" (Johnsen, 2005, p. 15). This approach will help determine the impact of performance measures when they are mandated in non-traditional settings such as tertiary education. It is important to respond appropriately to recent understandings that when assessing the impact and contribution of traditional performance measurement practices in educational settings there is a need for research that focuses on experiences from action in context (Adolfsson & Wikstrom, 2007). Such findings advocate for case based research which has the potential to draw out individual experience and perception. Studies of this nature will complement data from quantitative studies on the use of performance information and will allow accounting researchers to build a complete picture of the effects and effectiveness of such management control systems.

The purpose of this project is not to assess the effectiveness of new public management programmes. The relevance of NPM is merely as a frame in which to understand the reasons and background leading to the recent development of multiple performance structures within public sector organisations. In many cases this was a new and relatively novel concept to these institutions and their participants. However, performance measurement is only one component of NPM and it is beyond the scope of this thesis to comment on the broader consequences associated with this regime. However it is useful to consider this type of research as a way forward to improving the science of administrative reform because "despite the great efforts put into NPM we cannot assume that the desired effects are achieved (Broadbent, 1999, p. 56).

Chapter 6: Data Analysis Part I

Wherever a purpose is to be fulfilled, one has to find the means for attaining this purpose satisfactorily. Accounting systems are meaningless without such purpose-orientation.
(Mattessich, 1995, p. 259)

The remainder of the thesis is structured in the following manner. Chapter Six contains descriptive analysis of the structural features of the internal performance appraisal system as ascertained from university documentation and participants' interviews. The purpose of this section is to explicate the participants' interpretations of the structural elements of performance system. In addition, the institutional settings with specific regard to the level of integration between the structural attributes and organisational systems are discussed. Participant responses are collated in order to formulate an overall assessment of the design and structural system in its operational format. The second part of data analysis phase is presented in chapter seven and reports participants' interpretations of the external performance constructs that permeate their institutional setting. The institutional actors reflect on the ways that these systems affect their institutional role at the practical level. Chapter eight is the final chapter in the analysis section and is concerned with merging the empirical insights with the study's theoretical explanations. In particular, resolution of the research questions is provided and the empirical contribution of the study is highlighted.

The recent emphasis on NPM within the public sector has precipitated the widespread adoption of performance management techniques across Australian tertiary institutions. Situated within the umbrella of institutional performance management structures are the appraisal systems which provide a mechanism for universities to evaluate the contribution of individual members of the organisation. Such structures replicate the attempts of private sector organisations to incorporate multiple measures of performance which contribute to the overall goals of the organisation. Lacking traditional financial measures

which are meaningful and relevant to academic staff universities have adapted traditional performance measures to fit their environment with the aim of advancing their strategic goals. Inherent within these employee appraisal systems is the common goal of personnel performance measurement – to categorise and measure individual behaviour and interactions in order to enhance organisational governance (Townley, 1995). This chapter of the thesis reviews the stated objectives of the performance appraisal systems as described at the institutional level. It then documents the experiences of individual academics and their description of how performance measurement is undertaken in their work environment. Analysis is undertaken of the links between these empirical findings and the institutional objectives of the performance measurement structures. This analysis highlights the way that individuals' perceive and interpret the performance appraisal systems and connects these findings with the institutional context. In addition an assessment of the interactions between individuals and the structural attributes of the performance system is undertaken.

The Structural Dimensions of Internal Performance Measurement: The Organisational Viewpoint

Both universities in the study operate comprehensive performance appraisal systems for academic staff. The performance review process is constructed around three major elements of academic endeavour; teaching/scholarship, research and service/administration. For the purposes of this study the level of analysis is the performance measurement system as applied to individual academic staff. General (administrative) staff are excluded from the case data as are senior management and individuals currently engaged in either faculty or school (department) management positions¹⁵. Detailed information outlining both the procedural aspects and the goals of the performance appraisal system are available from the human resources sections of the university websites. That

¹⁵ Some participants had previously been engaged in management positions such as Head of School.

this information is openly available demonstrates the intent of each institution to present a transparent and visible approach to performance management. Both universities emphasise the human resource aspect of performance appraisal systems and define the application of performance management as a key staff development tool.

University A describes its performance appraisal system as a “performance management system aimed at developing and supporting the individual to work effectively and in alignment with University objectives”. Information is available on the university website that outlines the informational requirements, details the procedural elements of the program and provides assistance and tips to help staff comply with the process. University B also emphasises the developmental aspects of performance managements and outlines its guiding principle in terms of valuing “the contribution of staff to the achievement of University goals and aims to provide an environment that enables them to optimise their contribution to the University”. In both universities there is no visible statement of any penalties or consequences for failing to complete the performance appraisal documentation. In general the institutional procedures surrounding the performance appraisal system emphasise its role as a human resource tool. There are few indications that this process performs anything beyond a normative internal measurement purpose. The only notable exception to this occurred at University B which explained in a footnote that the performance management framework has been updated in line with the current enterprise bargaining agreement (EBA).

One way of classifying performance systems is by utilising Oliver’s (1991) categorisation of accountability devices. This framework distinguishes between normative mechanisms and coercive mechanisms. For the purposes of this study the performance appraisal system is considered to be a normative device because the application lacked a significant coercive element. This suggests that the utility of its functional role is determined by its social validity and normative legitimacy rather than a responsibility in complying with prescribed measurement rules. However, it is possible that enterprise bargaining

arrangements (EBA) have played some role in the establishment of structured appraisal systems at these universities. The fact that this issue is relegated to a footnote in Uni B's documentation and the omission of this factor at Uni A indicates that conformance with the EBA is a marginal factor in the implementation of the performance system. Similarly it does not appear to be a particularly potent influence at the individual level as only one research participant referred to this aspect of institutional setting in their response. Thus there is evidence that this contextual arrangement is disregarded by the majority of organisational participants when they reflect on their experience of performance appraisals. These observations validate the study's conceptual classification of performance appraisal system as a normative process rather than a co-ercive device. Whilst there may be incidental organisational attempts to emphasise the co-ercive traditions of the performance appraisal process it appears that these actions are relatively trivial and are opaque to most organisational members.

From an organisational viewpoint the linkage to enterprise bargaining arrangements may represent a conscious strategy to promote their cooperation with union groups¹⁶. In this context it can be seen that this organisational response reflects a measured acquiescent act where the potential benefits of compliance outweigh possible negative effects. The performance appraisal process may be considered to discharge a figurative accountability obligation without the institution incurring significant economic or strategic costs. At the same time the mechanistic system provides a theoretical avenue for providing productive efficiency and performance improvement. However, at the institutional level in these case sites there is little obvious framing of the

¹⁶ It is likely that the union groups influence via the enterprise bargaining process is adequately represented as belonging to marginal player category identified by (W R Scott, 2008). This suggests that there is some influence emanating from this group but they should not be considered a dominant player in terms of constructing institutional accountability mechanisms. Future concentrated research programmes may be more definitive in terms of uncovering and evaluating the contribution associated with these more marginal players in unlocking these institutional innovations.

performance system as either an accountability tool or as a tool for performance enhancement.

The relevant policy documentation available at both institutions emphasises the role of the appraisal process in staff development and career enhancement. Uni B states that the main priority of the performance review is the dialogue that occurs when the [performance] expectations are developed and reviewed. Likewise, Uni A emphasises the benefits that accrue from the process such as enabling closer communication and providing employee with a greater say in their job duties and responsibilities. These descriptions of the performance system at both universities are indicative of an appraisal system allied to a developmental process in which individual career enhancement is considered the primary goal. This accords with Townley's (1997) description of a developmental system in which the process is designed to "identify individual strengths and weaknesses and develop skills and abilities" (p. 267). Consistent with this categorisation are the components of both institutions' performance systems which promise confidentiality of information as well as advocating the role of supervisor as confidant and mentor.

Recognising that performance systems may be designed along a spectrum moving from highly developmental schemes to structured hierarchical manifestations, Uni B's execution of the process incorporates a number of elements that resonate with a more judgemental type process. These features include explicit links to promotion, the possibility of accelerated increment progression and potential merit (salary) loadings. Of these, only accelerated increment progression was present in Uni A's performance review policy¹⁷. A further empirical difference was that Uni A required the review to be done on an annual basis while Uni B adopted a two year cycle. Overall, both institutions

¹⁷ No participants made any reference to this element of the review process at Uni A. It was identified through a review of the instructional guidelines for the appraisal process.

present the performance measurement system as a humanistic activity with a focus on the interactions and discussions that are facilitated through the process.

In both institutions the technical aspects of the control system were applied systematically across the organisation. At the intra-organisational level the performance structures were fundamentally identical. The extent of this conformity is interesting given the significant differences between many features of the two institutional environments. The case sites investigated in this study were specifically selected to portray the differences in Australian institutions on key dimensions such as location, size, traditional markets and relative status within the higher education system. Underlying this research decision is the literature which suggests that a number of conditional intermediary factors may influence public sector organisations in regard to institutional decisions about the way they adopt and implement performance measurement control systems (Modell, 2001; Oliver, 1991; van Helden & Tillema, 2005). Thus one aim of the choice of case sites was to provide sufficient diversity to explore the institutionally contingent factors that perform constitutive roles in performance measurement programs. However, the homogeneity of the performance structures in this study provides some preliminary conjecture that for these organisations the practices are not “ultimately conditioned by the templates in which these practices are embedded” (Modell, 2009, p. 284).

The finding that there are significant parallels between the structural dimensions of the performance model in each institution is of significance. Institutional descriptions of the structural attributes of the performance appraisal system are indicative of a generic model and there is no evidence of a bespoke approach to setting performance objectives. Although there were minor differences (in relation to frequency of review etc) of the process within and across the organisations substantial elements and structures appeared equivalent. Given that the performance appraisal systems appear to be primarily a normative accountability device in which the execution is not externally prescribed this suggests that there has been little systemic attempt to adapt the model to institutional contingencies. It is also apparent that the performance model has

not been embedded within other organisational control systems and there is little evidence of coordinated attempts to link the institutional context with the instrumental function. In summary, the characteristics of the structural descriptions of the performance system do not provide a clear sense of the purpose of the performance tool. Apart from motherhood statements about the human resource component of the performance measurement there is little substantive evidence that the system is linked to other organisational systems.

Whilst performance systems constitute a potential avenue for efficiency improvements, there is little direct evidence from the case sites that promotes the relevance of these theoretical opportunities. The institutions primarily define the performance instrument in terms of staff development and communication. There is no explicit expectation that the systems performs an accountability function nor is there any indication that the system is used for performance enhancement. This suggests that the ceremonial importance of the system may be considered sufficient to justify its inclusion as an institutional control system. This type of institutional behaviour resonates with Oliver's (1991) argument that "when an organisation anticipates that conformity will enhance social and economic fitness, acquiescence will be the most probably response to institutional pressures" (p. 161). However, this understanding does not refute the possibility that in this institutional context there is the opportunity for instrumental outcomes to accrue despite the fact the symbolic benefits are the trigger for the implementation of the performance mechanism Moynihan's (2004b).

At the practical level this insight suggests that the purpose of adoption is not necessarily commensurate with the outcome of adoption. In institutional theory terms this translates to the observation that in modern systems "actor identities, structures, policies, plans and constitutions are statements about what should happen but will probably not happen" (Meyer, 2010, p. 14). This raises the question of whether institutional actors perceive the purpose of the performance tool within an institutional context or do they view it as an abstract concept relatively divorced from their day to day activities. More specifically how do

organisational participants interpret the performance structure and how do these interpretations affect the utility of the organisational systems?

Structural Dimensions: Individuals' interpretations and practices.

Participants were asked to describe their experience of performance measurement as connected to their role as an academic university staff member. The majority of participants had recent experience (within one to two years) and were able to recount their understanding of what the performance appraisal system involved, what they were expected to do and to describe the logistical features of the system. Participants at both universities uniformly described the dimensions that were measured as fulfilling three main categories; research, teaching and service (administration or other). There was little controversy or disagreement as to these technical elements of the performance appraisal system and these descriptions align with the institutional documentation. In both universities a self ranking system was employed which was followed up with individual meetings with supervisors¹⁸. It was advised that during this meeting an opportunity would be provided to discuss the rankings of previous performance and set targets for future goals.

The procedural structures that governed both institutions' appraisal process are similar with academics at the case sites reporting that they are required to fill out the forms (including self ranking of performance) prior to meeting with their supervisor in the interview in which this documentation is reviewed and future performance goals identified. Neither institution placed a high reliance on empirical evidence to support the information contained in the review forms. Individuals suggested that the inclusion of quantitative data such as student evaluations, copies of grant applications and paper/conference acceptances was done on an ad hoc basis and generally volunteered by the employee rather than

¹⁸ Supervisors were generally Head of School although sometimes may just be an academic staff member at a higher level in the organisation. Without exception supervisors were members of the same school as the participants.

required by the supervisor. This introduced an element of subjectivity to the process which some participants felt diluted the extent to which performance measurement was applied consistently.

It is just a total waste of time, because you are asked what have you done and...nobody checks up whether you have done it or not or asks anyone...it is just taken as fact.

B3 – Business (B)

It's more about rhetoric and whatever I can spin is accepted and then it gets signed off and away it goes. But there's nothing that comes back to say whether or not I've met what I said I was going to meet.

A10 – Arts (B)

In some cases participants suggested that supervisors actively discouraged employees from providing detailed information relating to their performance to minimise the effort required to read the appraisal documentation.

I think it's much more a case of... don't put that many down cause we'll have to read all that crap, and we're too busy, too much pressure on us. Cut them back to the bare bones. Cause we can't be expected to read all that.

B12 – Arts (B)

The perceived apathy from supervisors and the lack of uniformity in regards to empirical veracity of performance statements contributed to participants' impressions that the process was unimportant and impartial. This knowledge undermined their belief in the potential benefits that were associated with the performance system and manifested with participants being reluctant to engage with the objectives of the process. Aligned with this theme was the belief that in situations where there were "real" issues related to performance these were generally either resolved outside the framework of the performance review process on an ad hoc basis or not addressed at all. Participants at both institutions also expressed concern about the ways in which the performance measurement parameters were interpreted and applied.

The procedural dimensions of the performance appraisal process were consistently described by participants at both sites. This corresponds with the researcher observation that in regards to the logistical features of the appraisal system there appeared to be little structural deviation between the two institutions. Individuals reported that their academic roles were adequately captured by the three categories of research, teaching and service. However, despite the appraisal system in both institutions explicitly recording data across the three categories of performances, interviewees' responses revealed a distinct consensus that only the first category mattered in terms of the formal execution of the process. Although academics accepted that the system notionally encompassed the main components of their role and the associated activities, the relative weighting applied to each of these elements was considered to be more problematic.

So, me personally I would say I do 70% teaching, 20% [research] and 10% [service] and so mostly my assessment will be on teaching, in theory. But it never is. It is always, what about your research

B3 – Business (B)

My performance is measured on research output. If we're talking formally, I've got a performance review that contains a bunch of information in there but what they care about is research output. And research output means publication in an A or an A star journal. That's what you're measured on. Sum total.

B14 - Business. (C)

The goals are quite explicit...they want you to spend your time doing your research. And all sins can be forgiven for research and the biggest problem around this place in particular is that all of the incentives are structured around that when it's such a small component of what we do.

A3 – Business (B)

The contradiction between the constructs formally measured and the role of research in their academic lives was identified by many interviewees. Participants expressed serious concerns in relation to the ability of the

performance appraisal system to capture the effort and time allocations which culminate in the academics' ability to meet performance targets. In this regard a commonly repeated concern was there was little match between the rhetorical features of the performance system and the reality of what the academics actually spent their time doing. The high relative weighting of the research dimension was considered to be incongruous and disconnected from the fact the majority of the academics' times was consumed by teaching and service related activities. Many Uni A academics described research as something that was done once everything else had been taken care of:

*Oh I should put a bit of research in there. But I do that at home.
Yeah, research, I don't have time to do that here.*

A10 – Arts (B)

Whilst Uni B academics also commented on the constraints in terms of creating time for research there was an acceptance that their workload specifically allowed time for research in most cases but it did require efficient shuffling of their personal resources. There was also a general acknowledgement that in terms of research time they were in a privileged position due to the lighter teaching load that many academics in this institution reported.

You know, I've had colleagues from other universities say to me "How do you do it? How do you churn out all this research stuff?" and I say "Well, it's because that's my job. You've got another job which is called teaching undergraduates and you turn around and do a little bit of research in your spare time one day a week and then your mid-semester break. I do it [research] all day. I do it all the time."

B20 – Arts (C)

Unsurprisingly senior academics in roles above level D at both universities reported less difficulty in freeing up time for research. However, it is likely that two factors are responsible for this outcome. Firstly, academics at this level generally have more ability to influence their workload and teaching commitments and therefore are able to build in research allowance. They are practiced at undertaking and publishing research so are likely to be more

efficient at achieving research outputs which then feed positively into future workload allocation. Second, both universities in this study adopt a promotion policy which heavily weights research outputs as the main criteria for advancement. Therefore, academics that have been successful in gaining senior positions have generally already been prolific researchers. They have demonstrated their ability to juggle their commitments while maintaining their research active status. In this sense the continuation of this performance becomes a self fulfilling prophecy.

Whilst overall participants generally reported a negative or more rarely a neutral attitude to the performance appraisal system there were notable exceptions where academics revealed a disparate view. For these individuals the performance appraisal represented a positive and affirming opportunity for institutional engagement. The analysis suggests that there are two main factors which influence the extent to which academics are likely to experience the performance appraisal system in this optimistic and constructive fashion. First, these individuals were invariably at a higher level of employment within the academic range. This may indicate that they are more likely to command both the process and their career goals in a more authoritative manner than more junior academics. They also have less residual expectations of the performance appraisal system as a supportive direction setting process because their targets are largely independently determined and they do not look for feedback and direction at an institutional level. These factors may be highly relevant in terms of combating the negative effects of environmental and institutional uncertainty for these individuals. They are able to effectively isolate themselves from institutional sources of uncertainty and appear unmoved by organisational expectations of accountability. For these academics it may be less important for the performance system to be perceived as a coherent and instrumental organisational system that enables organisational consistency and promotes individual achievement. The operation of the performance appraisal seems to be largely irrelevant to these institutional actors and it is likely that for them the

system is sedimental in nature; continuing to exist although is no longer paid much attention (Nils Brunsson, 1997).

The other group of individuals who recounted a predominantly positive experience in regards to the performance appraisal system had previously worked outside academic. Participants with professional experience reported a different perception of the performance appraisal system. In these cases they viewed the process as a way to assign institutional responsibilities in regards to formalising approved performance targets. Their approach to this task was undertaken from the understanding that performance is defined from a nexus of organisational commitment and individual responsibility.

It gives people the opportunity to actually identify what the barriers are for achieving those goals. Theoretically, it puts the person in a position to say, "well the University needs to do something to help me to achieve those goals", if there are barriers that are University based, rather than individual based.

A18 – Arts (E)

In effect, these academics emphasise the role of the performance appraisal system as a reciprocal accountability process rather than a developmental practice. This may reflect their practical experience from environments where the tradition of performance agreements is established and linked more closely with the organisational reward and punishment mechanisms. Such responses were also generally associated with participants who had experienced the review process in a context in which the supervisor had been pro-active in terms of facilitating the appraisal and had provided opportunities for negotiation and discussion.

The role of the supervisor in the performance system was emphasised by many participants who indicated that engagement from the supervisor was influential in shaping their opinions of the process. There was an obvious feeling that the potential for positive outcomes was diluted in instances where supervisors were not committed to the process. Within this theme participants also commented on

the effect of not only the supervisor's level of commitment to the process but also to their personality and relationship with the individual being evaluated.

I found that a constructive process because of the person in the role of supervisor. Previously I haven't filled it in, partly because of a different person in that role.

A17 – Arts (D)

I've been very fortunate in that the people that I've had as supervisors have been fair. Not only fair, but also true to the process.

A8 – Arts (B)

And some feel like they've got this onerous duty that they don't want, and so they're very perfunctory about it. And there is a real collegial kind of 'come on, how are we going to get this dumb thing done, get it out of the way and get back to our real lives'. And others take it a bit more seriously.

B12 – Arts (B)

There was a general sense that the diversity that existed between supervisors in the way they approached the review process resulted in some individuals withholding information from their supervisors. Even individuals which reported a positive relationship with their supervisor expressed reservations about the way the information generated was used. In some cases participants felt that it had been used by the supervisor to promote their own interests or to re-allocate resources in a detrimental manner. Invariably the lack of robust guidelines for conducting the review process meant that individuals perceived the expectations and goals generated within their appraisal to be ambiguous and they were concerned about a perceived lack of parity within their university.

Participants in the study were also very conscious of the apparent contradiction between the performance review documentation which required reporting on the three elements of work and the “unofficial” expectation that research performance is more compelling than achievement on the other dimensions. Their responses suggest that the informal unwritten elements of performance

measurement act in much more authoritative ways on the academic participants than the formal mode of appraisal. Further it is likely that the covert judgements aligned with the performance model are instrumental despite the possibility that they conflict with the performance measurement policy documents. Neither institution provided any formal indication in the appraisal information that the performance categories were unevenly weighted. The elevation of research output to the main “unofficial” performance criteria disregards the reality that many academics spend their time in teaching and administration related tasks. In a practical sense, participants reported that research is often relegated to a lower priority level because the immediacy associated with teaching responsibilities is persuasive. Academics therefore make pragmatic judgements as to the best use of their time with regard to satisfying the informal performance criteria.

And so my focus has changed a bit in that respect and I've learned from some fairly aggressive people. I suppose I'm not as naïve as I used to be. Whereas now [with] everything, I'm always looking at how can I turn this into a journal article or how can I link this to my research or PhD or something like that.

A9 – Arts (B)

That's why I have to make a conscious effort in this half of the year now to be writing up projects, results, research results, and actually putting more of my time into the research side of things. But I find that quite hard because my interest is in the teaching and the administration.

B11 – Science (D)

I'm putting a lot of focus on my study for that research component. More so than the focus on teaching at the moment. Because it's important for me to get that research qualification.

A1 – Business (A)

Participants were acutely aware of the competing demands on their time and were concerned with the perceived necessity to make decisions that privileged research tasks in order to meet the unofficial performance criteria.

Both institutions employ performance appraisal systems that focus on the individual academic as the unit of measurement. Academics are required to report on components of performance as though these are discrete and quantifiable activities taking place in an organisational vacuum. However, participants assert that little accord is given to the elements of university structure, faculty resourcing and workload planning that underlie academic activities. The adoption of this standardised approach to performance evaluation corresponds with Townley's (1996) description of the examination form of appraisal in which partitioning is used to define the production unit as the individual rather than the department or discipline (p. 572). However, in this study participants resist the implications of this separation and constantly reinforce the role of their discipline, faculty and university in determining the way they approach their academic role. The importance of the local environment is discussed in the following paragraphs section which draws out the differences in the way that individuals at different institutions perceive and interpret the performance system.

University A: Overview

In general Uni A participants had a more compassionate response and positive interpretation of the performance review process. They tended to identify with the potential of such systems to provide opportunities for personal career development and mentoring support. They felt that it also functioned in a useful manner in terms of resource allocation and helped supervisors make appropriate decisions in regards to staff deployment. Participants who were willing to engage with the process reported that it helped them on a personal level to set goals, assess past progress, embrace organisational targets and most importantly secure one on one time with their supervisor. However, even within the cohort of academics who supported the review process there was an underlying discontent with the institutional governance of the system. This theme intensified within the group of Uni A participants who were frustrated with the execution of the process and the lack of opportunity for positive rewards to accrue from the performance system. A common issue related to the failure of

the system to provide genuine opportunities for the assessment of past performance and informative feedback.

An intrinsic purpose of performance management is to provide employees with information about prior performance in regards to achieving agreed goals that contribute to institutional imperatives. One of the main concerns expressed by Uni A participants was that despite the rhetoric surrounding this element of the review process there was very little attention devoted to prior performance and achievements. In most cases academics stated that the focus of the review was on future activities rather than assessing what had been done in the past and recognising individual's contributions. In those instances where there was a review of prior performance it was perceived to be done in a punitive and negative fashion with the emphasis on those areas in which performance was deemed marginal. There was no obvious acknowledgement of the goals and targets that had been achieved or exceeded.

You can be given a task to do and you can do it very well and it can go unacknowledged. Let's just deal with your shortcomings and plan for next year. That's the [review] process.

A3 – Business (B)

Well actually now that I think of it, I haven't even had a token pat on the back to sort of say well done, good work. So no, it seems to be a fairly cold process in that regard. It's just a checks and balances.

A6 – Arts (B)

You certainly don't hear about anyone winning prizes for the best [performance] review.

A2 – Business (B)

Consistent with Jackson (1988) the absence of this linkage undermines the credibility of the system because “the notion of performance and whether it is satisfactory only has meaning if actual behaviour (outcomes) is compared with some predetermined target” (p. 12). The lack of both negative and positive consequences flowing from the performance appraisal system resulted in

academics dis-engaging from the process. The fact that in this institution the performance review system was disconnected (formally) from the promotion process further exacerbated this outcome.

The fact that the review process has no relationship whatsoever to any kind of remuneration or promotion process is just beyond any kind of belief. In any kind of organisation where you're following any kind of sensible human resource management principles you can't separate reviews from remuneration but this university certainly does.

A11 – Business (B)

A number of participants observed that applicants were often successful in the promotion rounds despite their impressions that that person's performance was patently inadequate¹⁹. These situations resulted in individuals emphasising the role of self-promotion and "spin" as the main avenues for advancement. Therefore it was perceived as more important to devote time to activities that could be useful in this regard rather than engage in the type of behaviours implied by the formal measurement constructs in the review process. Participants who did not generate intrinsic benefits from the "stocktake" elements of the formal PMS insisted that there was no incentive to genuinely contribute to the process. These types of outcomes further undermined many of the goals of the performance review process and reinforce the view that the unofficial performance "rules" were instrumental in guiding academic behaviour. In addition, academics expressed concern about the ability of the review process to generate improved performance given the lack of consequences that flowed from the system. Participants identified that the lack of built in incentives and reward mechanisms coupled with the knowledge that punitive outcomes were rare meant that academics felt less accountable for their performance. These elements combined to make the overall perception of the

¹⁹ In these interviews participants stated that this impression of their colleagues' performance was based on comments from students, knowledge of their research outputs and significantly the fact these individuals had often failed to participate in the performance review process yet still been promoted.

system to be that there was the potential for the appraisal system to be a useful and positive feature of academics' working lives. However, the way the system was currently executed weakens the motivation for academics to engage in the process in a pro-active manner.

The role of the supervisor in the process was also indicated as a problematic issue as academics felt that supervisors were also divorced from the process and therefore treated it as a checklist type of approach. This resulted in academics being denied opportunities for discussion and negotiation which may have enriched their career development and increased their contribution to organisational goals. Overall, the characteristics of the way the performance appraisal system had been established in Uni A are highly suggestive of a loosely coupled system with ill-defined and insubstantial links to organisational control systems. In some cases formal links to personnel management systems such as promotion policy and reward mechanisms were expressly excluded from the appraisal system. The theoretical expectation that internal performance appraisal systems are likely to be tightly coupled to institutional processes is therefore refuted in University A.

University B: Overview

In contrast to Uni A participants' more sympathetic outlook, responses from academics at Uni B were generally negative and critical of the performance review process. In this institution there was also evidence that some of the issues noted in Uni A did not exist. In particular the reported lack of consequences identified in Uni A was in sharp contrast to the experiences recounted at University B. Participants at this organisation reported two polarities in terms of this element of the review process. Firstly, the potential for severe negative consequences resonated with a number of respondents:

You may be denied an increment, a promotion, denied travel funds, any funds at all, you may have your teaching increased, you may be put on some sort of warning process, or counselling process, you may be dismissed for a period of time.

B4 – Business (B)

People who don't achieve them aren't here any longer.

B20 – Arts (C)

They're either to secure your position or set you up to be terminated.

B14 – Business (C)

It seems to me as far as the [university] is concerned that the reason for changing the performance review in recent years was a move by the Vice Chancellor to try and remove some of the dead wood within the University. In other words it is a punishing process rather than a supporting process.

B19 – Arts (C)

These participants were much more articulate and decisive in regards to the punitive elements of the scheme than the proposed benefits that may accrue through the process. There was little affirmation of the promoted career development and target setting components of the appraisal system. Academics reporting these types of experiences at Uni B were concerned with fulfilling the formal requirements of the system but resisted the suggestion that this process contributed to their actual performance. They also emphasised a disconnect between the goals set in the review process and the individuals' capacity to achieve those targets. They identified common features such as workload adjustments not being reflected in the performance review, resourcing issues and stretch targets as being barriers to their performance which were not captured in the appraisal process. In this sense these participants also believed that the performance measurement system was implemented in a manner in which it was skewed towards highlighting poor performance rather than celebrating achievement. However, a number of academics at this university also reported a more moderate impression of the PMS.

I set things that [I was] planning on doing next year anyway. And I don't look at it again until the next one comes around two years later. And you go where the hell did I put the last one? And you

dust it off and you go oh I said I was going to that, well that's fine I've done that.

B5 – Business (A)

It's definitely a planning type of process and in terms of, say, if you want to go for promotion the following year you've really got to sit down and plan...what am I going to put in my promotion case.

B11 – Science (D)

However, academics reporting this more favourable opinion of the performance system also tended to downplay the role of the review process in terms of performance management. These participants expressed views that suggested the appraisal process lacked robust performance management mechanisms and also inferred that the process was sometimes applied impartially. Some of these academics admitted to failing to complete performance reviews over a number of years and reported that no consequences transpired. It was perceived that these characteristics of the system permitted some individuals to consistently demonstrate low levels of achievement without penalty. In summary, it was clear that participants at Uni B reported two extremes of personal experience with the performance review process. One group felt that the whole process primarily functioned as a punishment mechanism, however it was also apparent that some participants felt the system was a legitimate component of general human resource management and development. In general, there was less unity and homogeneity in Uni B participants' perceptions of their experiences in relation to performance measurement. However, there were also substantial elements of resolute shared views and this was particularly evident in discussions relating to the incentive components of the performance system.

The structural elements and execution of the performance appraisal process was somewhat different at Uni B compared to Uni A. In particular the fact that the process was directly tied to the promotion policy appeared to encourage academics to strive for positive performance reviews to enhance their future promotion prospects. Incentives also accrued from the linkage between the

performance measurement system and annual salary increments. In most cases academics explicitly noted that poor performance reviews could result in an adverse financial consequence. In some faculties there was also a link between the review process and salary loadings which reinforced the incentivised nature of the performance contract. However, despite these explicit financial rewards being associated with the performance measurement process in Uni B, participants tended to oppose the principle of incentive and reward structures being built into academic contracts and the potential for conflict between performance review and reward structures was a contentious topic at University B. Although participants acknowledged the incentive elements of the current performance measurement system they discredit the implied deduction that an incentive system can motivate or inspire academic performance. This line of discussion invariably evoked the most passionate responses within the interviews.

Incentives do not work. If we employ the right people, then the work takes care of itself. If you provide incentives to people, then you'll attract the wrong sort of people.

B3 – Business (B)

Financial incentives tend to be divisive and difficult to implement. Certainly not motivational.

B4 – Business (B)

In academia, you don't get paid more for nothing. So you are going to have your blood, sweat and tears extracted for every single extra penny you are going to be reimbursed with.

B13 – Science (C)

Upon reflection it became clear that the intensity of these responses was related to a common theme. The academics consistently referred to the nature of academic work and emphasised its creative and analytical antecedents. In this regard the participants believe that their work must be instigated by the sense of exploration and discovery and that this compulsion is antithetical to market driven concepts of reward and achievement. However, this view was often

paired with a stated desire for rewards built around the opportunity for recognition and acknowledgement of their work. This theme was heavily laden with the palpable frustration that characterised responses from academics in regards to workload.

Individuals repeatedly declared that they were operating at full capacity and this constraint stimulated participants' pursuit for recognition and undermined their belief in the relevance of financial incentives. In this context participants related a sense of impotence and admitted being stressed by the stretch targets that inevitably emerged from the performance review. This sense of powerlessness was linked to a number of elements that participants' identified as present within their work environments; erratic and vacillating workloads, goals being upgraded by the supervisor without discussion, the disconnect between inputs and outcomes that characterises academic work. It is possible to classify all these elements as being highly significant factors in the escalation of uncertainty experienced by individuals.

Participants' responses indicate that the performance appraisal system was definitively implicated in increasing individual's exposure to uncertainty. Further, common to many responses was the feeling that individuals were doing the best they could and to this extent their performance was pre-determined and there was little capacity for positive variance. In this sense the performance review process was peripheral to their academic lives and it was irrelevant what outcomes were implied by the performance measurement process because they had little ability to achieve them given the constraints they were under. Thus despite evidence that the performance appraisal system was more formally coupled to organisational processes in University B, there is little indication that this results in the system being functionally effective.

Discussion

Overall, participants in both institutions perceived the performance appraisal system as a mechanistic, pragmatic and procedural system. The system was

commonly described in terms of its cosmetic reporting elements with little scrutiny of the developmental benefits or organisational outcomes that it is intended to achieve. At the institutional level the appraisal process was promoted as a way to review individual progress and set goals for future periods. However, individual actors reject this claim and state that a prominent weakness in the performance systems related to the absence of a bona fide evaluative stage where prior goals and targets were revisited and progress recorded. Although the developmental aspect of the process was emphasised by both organisations this performance assessment was rarely completed. There was a consensus that at an academic level the purpose of the system was ambiguous and that this meant participants were likely to partake in the performance appraisal in a perfunctory and cynical manner. Uncertainty surrounded both the motivation of the performance appraisal system and the conflict between the formal and “informal” priorities of the system was certainly perceived by individuals. Only a few participants described the performance management system in a positive way and endorsed the relevance of the system in helping them set targets for their own career development in a context which supported and encouraged their efforts towards broader organisational goals. In both case sites the system is loosely coupled from organisational systems and this knowledge along with concern about the governance of the system is implicated in relation to increasing uncertainty for some institutional members.

Participants identified a number of structural attributes that diminish their commitment to the developmental goals of the performance system. According to Hartmann and Slapnicar (2009), in jobs where contractibility²⁰ is low the performance system requires extra effort to administer and measure performance appropriately. Academic work is characterised by a number of elements that mean it is difficult to attribute effort and performance to results. Universities (alongside other public sector entities) are subject to conflicting and ambiguous

²⁰ Defined by the authors as “the ability to measure outputs” (Hartmann & Slapnicar, 2009, p. 727).

goals in a context where the ability to transform inputs into desired outputs is unclear (Moynihan, 2004b; Townley, et al., 2003). As an industry in which knowledge production is the primary output universities are characterised by the need to cope with dilemmas and paradoxes and the ability to manage varying states of uncertainty and unknowability (Townley & Beech, 2010). Factors such as resource allocations, disciplinary norms, publication practices, geographic barriers and academic traditions all play a role in the magnifying the disjoint between inputs and outcomes in an academic environment. This disconnect was identified by many of the participants in this study who articulated their concern that the execution of the performance appraisal system failed to accommodate the elements of uncontrollability that pervade their work environment. In this way academics concur with Townley (1992) and reject the implicit assumption of control over activity and endorse the relevance of the social and collective elements of academic endeavour.

But, of course, research is a bizarre thing in the sense that you don't always get the outcomes that you try to get, whereas with admin and particularly with teaching you can easily...in research, you know, you can sit for days just looking at stuff and nothing's going into your brain. It just doesn't work.

B16 – Business (C)

You know, its relentless, the expectation on you is relentless and the ability to control the outcomes is out of your hands really, no matter how good you are, it is out of your hands a bit.

B1 – Science (E)

Also significant is the identified variability in regards to dimensions of uncertainty and complexity across different disciplines which were evident in this study. Participants in science described their ability to publish research as a co-dependent activity where input from others was critical to the eventual output. In some cases science faculty publications were identified as being contributed by up to 12 authors despite the fact the research was primarily conducted by one doctoral student. In the other faculties it was noted that “we have some team effort here, not a lot..[mainly] its sort of individual stuff” (B16). Typically the

frequency and timeliness of publications was significantly different across faculties ranging from less than a year in Science to multiple years in Arts and Business. Again it was noted that this conflicts with a performance measurement system in which the temporal blueprints are uniform across the university²¹ and it appears that there are few adjustments to account for the fact that short term measures of performance may be incompatible with some academic norms.

I think for Music and the Humanities there's various issues about judging outcomes which are different from Sciences...so some people can fall between the cracks and it's very difficult for them to be judged against other performance criteria.

B19 – Arts (C)

These disciplinary factors also reflect resource requirements and distributions. It was noted that science generally commands more financial support to generate sufficient income for running labs and attracting post-doctoral students. Accordingly the performance requirement to apply for and receive grant funding was emphasised by science faculty participants. Generally the participants within this faculty were highly attuned to the amount of money required to continue their research activities and the expectations on them to secure the necessary funding. This was reflected in the science faculties' execution of the performance measurement system with both universities applying explicit stringent financial targets for employees in this faculty. Whilst this was accepted as a necessary part of conducting scientific research participants once again expressed the view that external factors impact on their ability to meet these targets yet there was little scope in the performance appraisal system to account for these elements.

But the grants success rate goes up and down. The process is so random and it's also become so very topical in that they fund climate change or the "green" topics and you might be doing

²¹ Reviews were undertaken on an annual basis at University A and bi-annually at University B.

really earth shattering research in some [other] area but you just won't get those funds and if the university values you they don't show it. They are pretty much linked to what the government wants, so they set up a centre for climatology, or for green whatever.

B1 – Science (E)

This preoccupation with financial target setting was absent in the Business and Arts faculties. In Business this emphasis was to some degree replaced by the pre-occupation demonstrated by many participants with student numbers and in particular international student numbers. Again participants emphasised that their performance evaluation fails to recognise the impact that external factors have on their ability to meet their targets and achieve appropriate outcomes across these measures.

There is a reality that comes back to level of funding that for mostly regional unis and even some of the second tier capital city unis that you need to attract a large amount of funds from somewhere else. Typically that is international students so people's workloads are loaded up with teaching. It's not a level playing field in terms of the research wannabees because essentially they need to run very fast for quite a substantial period of time producing both lots of teaching to their students and their international students, at the same time as producing a high amount of research outputs to get themselves up to the stage where they are attracting enough research grants and enough research funding to be able to start to drop off on some of the other, on the international student per se or whatever the case might be. And I see the international student money situation falling quite heavily upon certain disciplines.

A3 – Business (B)

Participants' from the Arts faculties tended to also express a concern with the ability to win grants at the same time as juggling heavy teaching commitments.

You get an ARC grant and you produce more, because you can buy yourself out of teaching. You produce more publications; you're in a position to get the next ARC grant. The people who have been stuck in teaching haven't got a chance of getting an ARC grant, because nowhere in the ARC does it take account of teaching responsibilities, or factor that in even as a positive. It

allows you to put in obstacles to your... kind of career obstacles – but teaching doesn't count.

B12 – Arts (B)

For Arts academics this disquiet was generally accompanied with a palpable anxiety about the permanency of their employment. Academics in these faculties were often employed on short term contracts where renewal was conditional upon receiving sufficient grant funding for their contract to be reinstated. There was also an awareness of the fact that there is a significant pool of competitive applicants for positions in disciplines such as Anthropology and History so participants were constantly conscious of the necessity to outperform their colleagues and/or students to secure their position. Some participants described how their ability to win grants was negatively influenced by the university structure which privileged researchers working exclusively in research centres over academics doing the same type of research but working in academic departments. In a related theme a number of participants stated that they perceived their university operated financial silos for “special interest groups” which the academics felt represented those disciplines which were to be favoured based on current management preference. These privileged areas were seen to have a personal connection to the senior management or reflected an institutional attempt to pre-empt government policy by building capacity in certain areas. In this regard the lack of a coherent universal framework to recognising and capturing disciplinary attributes further eroded commitment to the performance measurement system as academics considered the process was potentially susceptible to institutional bias.

Participants tend to see the appraisal system in theoretical terms rather than as a practice that they engage in. In this way they accept the concept as a viable mechanism for assessing performance but do not accept the attributes of it that isolate individuals from the inter-personal relationships and systemic environmental factors that characterise their academic positions. Individuals point to the essential traits of academic life and the personalities that pervade academic institutions and propose that the existing appraisal systems do not

adequately assess the creative and analytical discoveries that represent academic output. They continually evaluate their tasks and outputs in a manner they consider more appropriate for their institutional grounding. They seek affirmation from their students, their colleagues and their intellectual community and do not accept that an authentic experience of performance evaluation is delivered through the review process.

University B respondents recognise the potential for the performance measurement process to fulfil organisational objectives by creating a mechanism to calculate standards and impose norms. This calculative order and standardised meanings are seen to infiltrate the organisation and provide a basis for comparison and to award resource allocations. In this institution the appraisal system is coupled with financial and progression incentives which enhance the ways in which “resources and responsibilities are accounted for” (Townley, 1995, p. 579). However Uni B participants do not embrace the career development rhetoric of the review process and emphasise its disciplinary role in advocating specific behaviours. There is minimal confusion as to the organisational imperatives that drive the goal setting and evaluative components of the appraisal system. The desired behaviours are conveyed robustly through the formal and informal components of the performance measurement system and participants are attentive to the possibilities suggested by compliance. Individuals accommodate the appraisal priorities but reject the structural elements of the system which promise reward across a range of dimensions. There is agreement amongst Uni B participants that research performance is valued exclusively and that there are overt consequences for insufficiency on this dimension. University B academics used the language of cleansing and exclusion to describe the effect of this systemic bias on individuals. However, despite these negative connotations participants in Uni B respond predictably to the performance targets and strive to maximise their personal utility.

Elements of Townley’s (1996) confessional approach to performance review are evident in the appraisal systems through the self ranking mechanism employed by both universities. At an institutional level this feature is included in the

review documentation primarily to facilitate assessment of progress towards previously assigned targets. However, Uni A participants in the study commonly disregarded this element of this system because they believed the true intent of the system was to set future goals rather than assess performance appraisal system performance. Where the participants did discuss these performance appraisal system achievement metrics they noted that supervisors commonly downgraded their rankings “to give them somewhere to move” (A2). They also perceived that the lack of requirement to provide evidence to support their self-evaluations indicated that little weight was placed on this aspect of the review. Whilst the potential exists for this element of the review to communicate the institutional knowledge that “social and psychological factors are important factors in work” (Townley, 1996, p.574), this message does not resonate with individuals because many supervisors do not privilege this aspect of the process. Respondents also appeared disinclined to confide in their supervisors due to uncertainty about how their statements would be interpreted and used.

In University A where these institutional overview processes are less established participants report confusion about their organisational role and are less clear about the potential for academic advancement. The lack of clearly articulated links between performance and career enhancement combined with a sense of impartiality results in individuals being reluctant to provide full disclosure. These individuals report a guarded view of institutional motives surrounding the execution of the appraisal process. In contrast to Uni B interviewees, employees at Uni A also appear less likely to embellish their achievements in order to demonstrate their ability to meet organisational targets. In part this reflects the institutional knowledge that consequences rarely flow from the appraisal system. In this regard academics experience little incentive to participate in a manner beyond symbolic compliance. However, participants at this university tend to be more receptive to the development elements of the performance appraisal process and tend to see it through an educational lens. They do not appear associate it with an institutional process of elimination or justification.

In general, the Uni A interviewees report perceptions that appear to classify the performance review process as a spurious and barren institutional practice detached from organisational systems. In this institution the “unofficial” performance mechanisms were more authoritative in a practical context. Individuals, therefore, anticipated expending effort in order to accommodate these institutionalised norms rather than managing the priorities suggested through the formal review system. It is also notable that despite Uni B’s explicit links to financial and promotional incentives there was little evidence of a stronger commitment to the appraisal system in this institution. The additional “judgemental” elements incorporated in Uni B’s evaluative process appear to invoke a strong negative response in academic participants. Whereas under a mainly developmental review system Uni A participants were generally more willing to advocate for the positive career outcomes associated with performance reviews.

Summary

Chapter Six provided an in depth summary of the structural features of the internal performance appraisal systems at both the institutional and individual level. At the institutional level both universities provided documentation about the performance regime that described it in terms of a human resource development process. The terminology used related it in terms of a communication tool and described it as an opportunity to initiate dialogue with individuals. In general these objectives were wrapped in broad and generic human resource terms. There was little evidence of any co-ercive or regulatory requirements about the existence or structure of the system. Consequently it seems likely that the systems are present due to the perceived normative benefits of performance appraisal. This may also partly explain the lack of a co-ordinated strong vision and purpose for these systems at the organisational level.

Individuals at both universities also described the mechanistic features of the appraisal system consistently. The elements and categories of the review system were uniform with the only significant difference relating to the timeframe of

review. However despite both the uniformity of the performance tool and the similarity in regards to the institutional purpose individuals at the two institutions reported diverse interpretations of the role of the system. At Uni A participants were generally receptive to the idea of performance review and advocated for the potential for professional development to accrue as a result. However they also perceived that the system was primarily disconnected from other more instrumental institutional procedures and that this meant there was little reason to engage productively with the appraisal process. In contrast Uni B participants had strong negative reactions to performance appraisal and primarily described it in terms of a punitive and punishment system. One interpretation for these disparate findings is that the difference is due to the fact that Uni B has more strongly linked the appraisal process with other human resource mechanisms such as salary progressions, promotions and financial incentives. It is possible that the loose coupling in Uni A has diluted the negative consequences that can be attached to a performance appraisal and therefore the system is seen in more positive terms. However, despite the more favourable outcomes theoretically possible for Uni A participants there was still evidence of distrust and unwillingness to engage with the system. Thus despite the empirical difference in terms of structural couplings individuals at both institutions display the same signs of disengagement from organisational systems.

Further analysis suggests explanations for the above finding. Whilst the extent of integration with other institutional systems is one dimension of coupling noted by individuals the internal consistency of the performance appraisal is also perceived. In both institutions participant responses identified disconnections that made them reluctant to utilise the performance appraisal system. Firstly, individuals felt that there was a disconnection between the reality of their job and the measurement constructs embedded in the system. Second there was a disconnect between the outcomes measured in the review process and the evidence required to support these claims. Finally there was evidence that unofficial performance measures were more telling at the structural level so there was a disconnect between the formal and informal measurement categories.

These perceptions seem to outweigh the institutional level couplings and it seems that these internal inconsistencies account for the primarily negative perceptions of the performance systems. This means that individuals discern not only patterns of coupling between systems but also within systems. Chapter seven provides further insight into this finding by exploring the ways that individuals infuse the practice of performance measurement with their experience of organisational and environmental contexts.

Chapter 7: Data Analysis Part II

As a survival strategy the reflection of inconsistencies is better than the creation of effective action. According to studies of organisational lifespans, the longest lasting organisations are universities, churches and states. (Nils Brunsson, 1994, p. 332)

Organisation and Individual: Connections through accountability.

Performance measurement systems are generally considered to constitute a means by which organisations can communicate institutional level priorities and goals to individual members. This suggests that external performance systems which have significant implications for the organisational should be reflected in internal performance systems. In this way institutional legitimacy becomes an individual goal as well as an organisational objective. In theory, a high level of congruence between institutional and individual goals is considered optimal to the achievement of organisational aims. Hence the use of performance systems to accomplish these aims reflects institutional expectations that “performance indicators are designed to motivated individuals, to cause them to modify behaviour and meet targets” (Townley, 1992, p. 196). Indeed, prior research has observed that in situations where linkages between individual and organisational goals are absent the utility of the performance tool is severely compromised and individuals may feel that the performance measures are irrelevant and detrimental to their personal commitment to the organisation (Townley, 1995). The evidence in this study suggests that it does not appear necessary that there a structural linkages between organisational and individual goals because participants interpretative abilities allow them to create and experience surrogate connections which are equally valid to the institutional actors. This finding powerfully illustrates the reciprocal and complex relationship between dimensions of agency and of structure.

In situations where the organisation has implemented accountability mechanisms that reflect key institutional goals, individuals may be motivated by mechanistic

systems to allocate their personal resources towards meeting these expectations. Despite the absence of these structural connections participants in this study were overtly cognisant of the institutional imperatives in relation to external stakeholders. However, there is little confirmatory evidence that this knowledge is employed productively because this outcome is also contingent on these objectives not conflicting with their personal priorities. As with research in other public sector arenas (such as health care) which has shown that individuals may resist performance measurement practices where they perceive the system to be alien to individual realities (Modell, 2001), participants in this study refute the implicit priorities. This result is not only generated by the structural dimensions of the performance systems but also accrues from conflict between actors' interpretations of their institutional role and the way that they perceive organisational legitimacy is attained.

The interviewees in this study were asked; who do you feel accountable to? This question was followed up with open ended questions designed to encourage individuals to elaborate on why they felt accountable and what they did to be accountable. They were also asked if the way their performance was assessed affected their feelings of accountability. At the individual level there was a high level of consistency between participants' description of their key accountability relationships and a striking feature of the field work was the uniformity and lucidity of the responses in regards to this line of questioning. Almost all participants responded confidently to the first accountability question with a decisive statement that above all else they felt accountable to themselves.

In terms of actually performing, getting papers, getting students, getting grants, it's all for me.

B9 – Science (C)

I think an academic has the freedom to feel mainly responsible to themselves.

B11 – Science (D)

Many academics emphasised that their perception of an academic's role was defined by this sense of self and that it was an innate part of being an academic. This aspect of their professional lives was often linked closely to the understanding that their research was a self driven activity that was instigated by curiosity and innovation. In this sense there was a strong emphasis on individualised perceptions of accountability rather than a collective or institutional accountability framework. Further, participants observed that institutional accountability was undermined by the lack of clear organisational objectives and the filtering of information at the institutional level. However, a number of participants acknowledged the role of the performance system in discharging an accountability relationship to organisational stakeholders.

I think that the university needs to have a robust process that helps it be able to demonstrate to its funding bodies that it has a process of accountability for staff.

A8 – Arts (B)

These reflections reveal an explicit understanding of the accountability origins of performance measurement systems and also hint at the co-ercive legacy attached to public sector organisations. But in regards to broader expressions of individualised accountability it was notable that there was an explicit rejection of a public accountability relationship in connection to funding bodies and government agencies. This perspective appeared to be highly influenced by participants' impressions of funding constraints and reflected the view that government funding agencies provided insufficient resourcing to the higher education sector. However, other external funding sources were favourably viewed by participants in the Arts and Science disciplines and it is likely that this reflects the mutual agency nature of research relationships in these areas which largely relies on external investment.

On the whole individuals described their accountability relationships primarily in terms of responsibilities that were linked to their personal view of the roles and values that sustain academic endeavour. There was little evidence of an attachment to the institution as an independent entity and the academics were

often indifferent about their responsibilities in terms of reporting and compliance requirements. At a practical level most participants rejected the possibility of being motivated to achieve organisational goals due to a lack of clarity about what their role within the organisation actually meant. A recurring theme was that the mis-specification of job related expectations was endemic within the institutions and that this precluded the possibility of academics to feel engaged with organisational objectives. Participants articulated accountability as an intrinsic emotional understanding that was self generating rather than evolving at an institutional level. The perceived absence of meaningful structural accountability relationships meant that people felt divorced from the university's expectations of their role.

Even the definitions of these categories of research, teaching and administration, I mean, it's so loose that I don't, there's no real emotional feeling responsible for them to the university because they haven't really told me clearly what they wanted.

B11 – Science (D)

The lack of clear precise job specifications was also connected with the perceived lack for parity for individuals across the organisation and the participants often suspected that other individuals were able to “get away with a lot less” than what they did themselves. They expressed concern that what expectations they were clear about seemed to be interpreted on a fluid basis by other staff and that this knowledge marginalised their efforts. Where there was a clear statement of expectation it was generally associated with a sensation of being unattainable or unreasonable. However, it was notable that the more senior academics felt that the lack of clearly specified goals could be perceived in a positive manner.

There are lots of grey areas where it's not clear cut. But I live with that reasonably well. I figure, well if they're not clear cut, then I can interpret them the way I need to.

A18 – Arts (E)

In this sense it could be seen that the lack of specificity was employed by some individuals in a holistic manner which promoted the opportunity for these academics to be creative and responsive to shifting agendas. Another possibility is that this lack of standardisation is a conscious institutional strategy intended to reflect the understanding that this uncertainty allows for the “assessment of results tends to be more ambiguous, and hence less obviously negative” (Nils Brunsson, 1997, p. 318). However, for the majority of respondents in this study it was clear that they interpreted this quite differently and felt it acted upon them in a limiting and punitive manner.

It was quite clear that for most participants the uncertainty at both institutional and wider environmental levels was a significant impediment to feeling connected to the institution and antithetical to being receptive to institutionally derived accountability mechanisms. Participants in this study felt disconnected from organisational systems of accountability because they perceived the control and monitoring mechanisms to be poorly defined and applied inconsistently. Individuals felt there was little formal communication provided at a practical level about institutional priorities and therefore any ambition of organisational coherence was futile. There was a strong sense that what information was divulged in regards to strategic imperatives was heavily filtered and academics were not generally privy to the institutional process of delineating this data. However, academics still expressed a high degree of motivation and satisfaction in their job. These positive reflections were closely linked to their belief in the academic traditions of imparting knowledge and generating discoveries.

If I've done an experiment and I've just discovered something, I'm the first person in the world that knows about it and until I tell someone I'm the only person in the world that knows that thing. So that is the most amazing thing that drives me basically.

B9 – Science (C)

I think there is a closer linkage between the social values of wanting to be a good teacher than there ever will be about being a good teacher and being evaluated.

B2 – Business (B)

Most people in Universities are doing what they do because it's a vocation.

B19 – Arts (C)

At this stage it becomes clear that the structural accountability relationships recognised by the participants are secondary to the academics' desire to preserve the intrinsic motivations which they bring to academia rather than develop within the institutional setting. Academics identified strong inter-personal relationships with their students and colleagues and their sense of accountability is inextricably linked to their feelings of contributing to society through their teaching and research. This aspect of academic motivation operates outside the mechanical control systems employed by institutions. On the basis of the views expressed in this research project it seems reasonable to suggest that these intrinsic unmeasurable elements of motivation are likely to continue to govern academic expressions of their key accountability. Participants in this study favour those elements of accountability relationships which infuse their activities on a day to day basis through their teaching responsibilities.

Individuals in this study endorsed a strong feeling of a general accountability in a professional sense to their students. While this type of accountability was generally expressed in a secondary manner it was accepted that academics and students were implicated in a complex transaction for which it is reasonable to expect an accountability process. The portrayal of this relationship appeared to be premised on a consumer type of contract model.

The students are paying us and so I invest a lot of my time on ensuring that they're happy and hopefully that reflects in their student evaluation. To me, it's very important, the popularity and the acknowledgment of me as an educator by my students

A9 – Arts (B)

I see the teaching and the quality of the course materials as being our bread and butter as an institution. I do pay a fairly high price for the level of commitment that I show to that.

A3 – Business (B)

I would say I am accountable to the students I teach each semester. Because most of them are paying an absolute filthy bucket load of money to be educated. So I feel if I am not accountable to them for their education, and the way in which they learn and the understanding that they build when they walk out of this place...what they walk out of this place with...then I am just not doing my job.

B2 – Business (B)

It is notable that this commercial type accountability model was referenced across all three faculties and indicates the extent to which academics have assimilated to the language and goals implied by the business model of universities. This reinforces Parker and Guthrie's (2010) recent assertion that "universities have actively encouraged business schools to meet the increasing demand for students and revenue without regard to whether the schools stay within the mission of the university" (p. 7). However, it also suggests that this trend may be found across university faculties not traditionally linked with a revenue generating role. In this study this aspect of university activity was observed by participants in all three faculties and was of particular concern to academics within the Arts faculties.

I got pressure from the Office of Research to make a quick decision as to whether I would take this [doctoral] student on because it quote "meant \$40,000 to the university". One way or another. If I did or didn't. I would not normally have taken that student on and regret that I did.

A7 – Arts (C)

It worries me greatly that there's a mania, I call it, that goes through the place about retention. That you keep them in at all costs, get another semester's worth of money out of them, seems to be the underlying message.

A6 – Arts (B)

Participants interpreted these signals as the institution privileging financial goals over traditional academic standards. For many individuals in this study the

increased focus on financial pressures that flowed through the university was incompatible with their personal sense of the university's mission. In this sense academics relegate the financial imperatives of the organisation to an administrative realm while emphasising the role of education and scholarship in sustaining the university.

Overall, there was a general feeling that academics were concerned with discharging the accountability obligation to their students via the provision of a professional educational experience. Participants constantly referred to the importance of being satisfied within themselves that they had been diligent and competent in regards to their teaching responsibilities. This sense of accountability was pervasive in the interviews and typically presented as a code of honour. Constituted within this was a belief that individuals were intrinsically driven to this objective by an inherent desire rather than a response to an expectation imposed in a structural way by the university. At the institutional level this emphasis on teaching quality was not seen to be reciprocated and was subsumed by a focus on retention and progression measures. However, the sense of demonstrating professional competence remained a vital component of the academics' sense of accountability and was a fundamental force in their daily activities. There was little suggestion that the structural hierarchical accountabilities generated within the organisation were influential in determining individual behaviour.

In regards to the performance appraisal system, there was evidence that participants reject the prioritisation of accountability relationships inherent in the system. It appears that academics view both their accountability obligations and the organisations' accountability obligations in different ways to those constructed in the performance system. Consequently there is significant potential for this dissonance to generate dysfunctional outcomes and compromise the role of the performance appraisal system as an accountability tool. This was evident at Uni B where participants reported a creative approach to filling out performance appraisal system documentation in order to mislead or to conceal information. In situations where organisational accountability

obligations do not reflect the participant's value system the individual must decide whether "to suffer criticism for not meeting the demand for accountability or to make up a story to provide an acceptable account" (Messner, 2009, p. 927).

These observations suggest that individuals' experiences of performance measurement are strongly coloured by multiple and complex sources. Moreover, where participants believe that the measurement process is mis-specified they focus on the fallibility of the system. Actors may use these negative assessments to validate their diminishing commitment to organisational goals. Consistent with earlier research that suggests in this setting "agents may disassociate themselves from the accountability context" (Mero, Guidice, & Brownlee, 2007, p. 228), participants in the study demonstrate that ultimately this action erodes the accountability relationship and provides a justification for the individual to pursue their own interests. However, despite the negative connotations associated with institutional participants disputing the performance appraisal system priorities individuals' appear highly receptive to multiple accountability relationships.

The Role of External Performance Indicators: Communicating and Constructing Legitimacy.

Australian universities contend with a competitive tertiary education sector in which funding constraints are becoming more definitive and institutions are constantly required to navigate dramatic changes to the regulatory environment. In this context organisations face contrasting challenges according to their relative financial and operational resilience. The characteristics of the two case sites mean that there is considerable diversity between many elements of the organisational structure. Uni A is a regional university with a high dependence on student fee income and a specialisation in distance education. Uni B is a Go8 institution with a history of research exclusivity and the addition of extensive teaching programmes can be considered to be a relatively recent development. These attributes derive from the unique position that Uni B holds within the Australian higher education landscape and extend to the institution's funding

arrangements and structural configuration. Accordingly it can be seen that both institutions exhibit innate differences that present diverse strategic challenges.

Within the higher education context one of the most instrumental source of institutional stress is the relative reliance on student numbers and consequent funding²². On this dimension alone Uni A and Uni B represent dichotomous cases and this discord permeates many of the organisational variations. Linked with this element of the institutional context is the growing emphasis on performance based funding within the Australian university sector. Initiatives such as the learning and teaching performance fund herald the determination of the Australian government to impose competitive funding pools across a wider range of dimensions in contrast to traditional EFTSU based funding mechanisms²³. In this context Australian universities are engaged in a dynamic process of organisational transformation in order to secure institutional viability. Recent announcements from the Australian federal government reinforce their intent to promote performance funding regimes which embrace the understanding that demand-driven systems influence how universities behave (Harrison, 2010). Combined with calls for greater institutional accountability in the sector tertiary institutions are increasingly aware of the need to be proactive in searching for ways to demonstrate their sustainability in a crowded sector.

Recently a number of government initiatives have been proposed which promise a reinvention of the sector and implicate universities in competing for financial support within increasingly performance based funding regimes²⁴. In addition to

²² Commentators have noted that financial bias is present within the sector and have expressed concern that the “wealthyGo8” institutions possess considerable advantages over the smaller regional campuses (Drakeford, 2010).

²³ Already in process is the new voucher system which “from 2012 ...will remove caps on the number of government-funded places universities can offer, creating a more competitive market for students” (Trounson, 2010).

²⁴ Policy innovations include the Excellence in Research Australia program, the Learning and Teaching Performance Fund and the recent Bradley Review recommendations which are all expected to have a non-trivial impact on Australian institutions.

government reform processes Australian universities are also vulnerable to predictors of student demand and the vacillating research priorities of external grant agencies. The ability to demonstrate strong performance on a number of relevant dimensions is therefore critical to institutional viability. There are a number of avenues that university management may utilise in order to influence external constituents' impressions of the university. This study does not aim to comprehensively review all of these potential strategies but focuses on the institutional decisions in regards to linking individual performance with external performance criterion. Also considered is the way that individuals within the two case sites interpret and use independent university rankings of performance.

Consistent with the focus of this research project, this analysis is undertaken from the perspective of how individual actors within the organisation perceive their university's progress and decisions in this regard. This approach therefore provides a preliminary explorative response to Modell's (2005a) assertion that "we know little about how citizen oriented or consumer oriented rankings are implicated in the performance management practices of public sector organisations" (p. 63). Participants are asked to reflect on what they consider to represent the constituents of university performance and to discuss the elements that they consider contribute to institutional sustainability. Additional data is collected that relates to the way that individuals distinguish their own contribution to organisational performance.

Initially participants are asked to recount their understanding of funding arrangements for Australian universities with specific regard to their own university. Surprisingly few academics could provide accurate accounts of the primary sources of financial support for their institution. Most responses comprised a brief description citing student fee income and federal government sources. Asked to nominate which of these sources would be most lucrative to their institution, most individuals admitted to having no clear sense of relative importance. However, participants expressed an understanding that the funding from student fee income was volume based (more students equating to more money) while other sources of government support related mainly to research

outputs and this money was distributed on a competitive basis. Uni A participants emphasised the importance of international student fee revenue as they perceived this money propped up the university which struggled to receive funding through performance based mechanisms. This preoccupation with international students was not evident at Uni B and academics at this university generally had a more sophisticated understanding of the components related to research funding. These perceptual differences appear consistent with the institutional characteristics and are generally unremarkable²⁵.

Of more interest was the collective opinion that Australian universities are significantly underfunded and the impression that this belief offers individuals the right to marginalise their contribution to institutional goals. This response corresponds with recent findings that in the public sector environment institutional actors view the disconnect between goals and resources as a basis for denying rather than accepting responsibility for strategic outcomes (Moynihan, 2004b). In this context academics within these institutions asserted that their achievements in regards to teaching and research were enacted by personal sacrifice and commitment to their own value system. The perceived lack of financial support from both the institution and the Australian government was highly criticised in both institutions.

There is too many shortcomings from that [funding] perspective so I'm not feeling particularly poorly that I'm maybe not executing their grand plans. Because the level of funding is so appalling that I'm struggling to do what has to be done.

A3 – Business (B)

Academics also commented on the public perception of universities and suggested that the way academic research is reported by media outlets

²⁵ Other interesting differences emergent from the participants' perceptions relate to philanthropic sources of money, institutionally specific grants and investment income. The further exploration of the financial diversity and implications for individuals and university organisations represents a fertile area for future research.

undermines community confidence that money directed to university research is well directed and propitious. A number of individuals felt that in some cases the institution may use these negative perceptions to justify organisational decisions about budget allocations.

And every meeting we have is about money. Every meeting we have is about money! Morale has been pitiful. Because there's a real sense of when you're under-valued... watching your share of budget just diminishing and diminishing. Absolutely not getting any kind of public respect... in fact, getting denounced publicly most of the time. You know, academics were sort of wastrels, and fringe.

B12 – Arts (B)

Some participants articulated their belief that harnessing research endeavour to economic rewards was fundamentally misguided and has the potential to marginalise entire disciplinary areas. For these academics the coupling of research with financial imperatives was philosophically wrong and symbolic of the problems inherent in applying commercial models of accountability to the university sector.

I also think that when it comes to research, it should be independent. It should be less politically driven. Basic research needs to be done, for the sake of doing the research, for improving the discipline, the knowledge in the discipline. I think we're losing originality in knowledge production. And this is really worrying.

B18 – Arts (B)

There was also evidence of disciplinary tension as participants suggested that certain areas of the university were financially privileged by both government and organisational policies. This was perceived to create budgetary hierarchies which enhanced the operational capacity of some disciplinary areas at the expense of other university programmes. Similarly, academics at Uni B expressed concern and irritation that some universities continued to receive funding to enable their survival despite exhibiting consistently poor performance on a number of key indicators.

Some very poor performing universities get ridiculous amounts of money to continue surviving. I think [Named University] is paid for consistent under performance for example.....in terms of this whole performance issue, I think there is a lot of money given to universities, lesser universities, for no good reason to be frank.

B2 – Business (B)

In contrast, Uni A participants emphasised the importance of government funding to organisational viability and argued that their institution had a greater entitlement to extra financial support.

This is a small University, and it's not as flexible, and it's not as robust in terms of funding, so the big Universities, they probably...if they miss out from one source, they are probably getting it from another three sources. But sources here are limited.

A15 – Science (D)

In summary, a number of interesting themes emerge from the case data in relation to the effect of monetary considerations on organisational legitimacy and individual commitment. Firstly, at both the philosophical and practical level academics feel aggrieved at the level of institutional support that is available to them for underwriting their professional activities and consequently some individuals feel that this budgetary dissonance justifies them disengaging from the pursuit of organisational goals. In addition, they also believe that government funding regimes have been damaging to academic credibility and have produced financial silos which favour certain areas and are subject to esoteric research fads.

Participants appeared to be judgemental about the way their institution (and the government) deploys operating funds and are quick to point out inconsistencies and disparity in regards to other universities financial characteristics. In the context of government policies emphasising competitively based funding regimes it is likely that some historical funding sources will become increasingly unattainable for some tertiary institutions. This suggests that as institutional management attempt to position their organisation within this market driven

environment, further attention will need to be assigned to the nexus between internal and external performance measurement strategies. Linkages between internal and external performance constructs theoretically provides an avenue for aligning individual goals with institutional imperatives. In addition this integration may be an effective means of moderating the impacts of environmental uncertainty and have currency for increasing organisational legitimacy.

Defining Institutional Legitimacy: A matter of interpretation.

The prospect for the successful integration of external performance measures within internal processes is partially determined by the extent to which organisational participants accept the implied performance definitions. Prior research has shown that where organisational actors refute the underlying assumptions of the performance model they strongly resist its practical application (Townley, 2002). I am therefore interested in documenting individuals' descriptions of university performance in order to assess whether these insights are consistent with the external performance model. This provides the starting point from which to investigate the degree of coupling between the external performance system and internal systems of performance review. Individuals were asked to comment on how their concept of university performance connects to their role as an academic employee. They were also asked whether they had any experience of any externally generated performance criteria being included in their performance review. The intent of this line of questioning was to discern the role (if any) of external performance mechanisms that derive from external funding regimes in determining organisational performance review constructs. It also provides insight into whether individuals appreciate and endorse the performance rationales prevalent in the university sector. The value of this predicted relationship stems from the understanding generated in other public sector contexts which suggests "that engagement with both institutional performance mechanisms and organisational imperatives is strengthened where there clear connections understood by institutional actors (Moynihan, 2004a).

Initially, participants' comments about university performance were superficial with broad generalisations around teaching evaluations, graduate outcomes and quality research outputs. Follow up questioning prompted each participant to elaborate on what they considered these to actually mean on a practical level. Most participants became much more animated when prompted to expand on these performance dimensions in relation to their own institution. Notably almost all Uni A participants prioritised on teaching outcomes and measures connected with graduate satisfaction and employability. Other important elements of performance for this university were identified as community involvement, collegiality and supporting the local environment.

I think it is the impact that it has on the community, the quality of its graduates, the morale of its staff and its ability to attract and retain good staff and the other thing is the ability to attract research funding, grants etc.

A5 – Business (D)

Preparing people for professional roles so that they are effective and competent in those roles. And being seen by its multiple communities as a source of knowledge, and of engagement. It's being responsive to its multiple communities, which of course is the local community, but it's also international community, national community. It's being productive and not wasting resources, but contributing new knowledge.

A17 – Arts (D)

I think universities have a major responsibility to the students that they teaching. The teaching function of universities I think is absolutely important. So in that sense, from this particular university, the university's performance should be based on a value-adding kind of a scale.

A7 – Arts (C)

For Uni A staff, although research activities and associated outcomes were mentioned but this was often as an afterthought or secondary function which was necessary but not completely entrenched in the organisational fabric. In general, responses from Uni A seemed highly externally focused, almost as if they sought community recognition and acceptance as an endorsement that they were valued

in their university role. Again this seems reminiscent of an entity in which a strong institutional sense of self confidence and belief in its mandate and mission has yet to be established and embedded.

Participants at Uni B had a different view in regards to the primary components of university performance. Almost exclusively the first indicator discussed was research and research quality. Explicit comment was made that measures of research quantity are insufficient and create perverse behavioural incentives. There was a clear contrast from Uni A in terms of the way that Uni B academics think about research indicators and descriptions of what this meant were generally more detailed and refined. The focus on research in this institution also filtered down to individual's perceptions in regards to teaching and administrative activities which were primarily seen as service functions which facilitate research outcomes.

It's about research attitude and ability of the place, and it's the ability to train very good students and from my point of view, that those really good students have a scientific enquiry.

B1 – Science (E)

Being in the forefront of... first of all, of finding out – in other words, research – furthering understanding of, in my case, the natural world. In other people's cases, of how people operate society and so on. And secondly, in stimulating people to follow in my footsteps. Stimulating students to do that as well.

B10 – Arts (E)

It was obvious that for Uni B academics the organisational ethos of being attached to one of Australia's premier research institutions was well instilled throughout the institution. To this end many of the other performance constructs that were discussed tended to reflect back to this strong research culture. There was an apparent endorsement of more quantifiable measures such as grant success, citation indices, number of PhD students and the number of external prize winners (specifically Nobel prizes). In the science faculties an economic rationale was highly evident with these academics referring to measures such as

project completion statistics and return on investment type criteria in regards to lab expenditure and usage. While there was some discussion of teaching related indicators of performance these were generally restricted to the relevance of student evaluations and teaching awards. Further, there was a high degree of concord that these measures were open to manipulation and bias. Whilst this did not appear to reduce individuals' commitment to their teaching responsibilities academics were reluctant to nominate these as a reliable indicator of institutional performance. For many academics in this university the most germane expression of university performance is simply the belief of a university as an autonomous productive entity.

Universities are about ideas, and how do you measure the worth of an idea, once it's out there? Maybe in a larger sense societies should just say, look, we need Universities because they're essential to human society. We need this process of learning.

B12 – Arts (B)

Universities are research pools, places of light and learning. As places for thought, for development, for conceptual work, for groundbreaking, for sitting around the place contemplating a rock for three years and at the end of it describing the properties of a rock. The world needs that.

B14 – Business (C)

This fundamentally philosophical belief and commitment to the historical and intellectual traditions of university activities is a powerful theme for these institutional actors. For these academics some of the key tenets of externally generated performance measurement regimes have no place in a university setting. Rather than perceiving a need for university administration to accommodate the instrumental aspects of performance control, individuals in this organisation look to external parties to modify their expectations.

I think a lot has to be taken on faith. I think you just have to see Universities a bit like you maybe see the Arts. Because you can't be a University without a Philosophy Department. You've always had Philosophy – it goes right back to the divisions of Western liberal trajectory, back to the classical Greeks, Greek civilisation.

There is an erroneous premise there somehow. That [economic] way of thinking has some inceptions that are problematic at the outset. And that's why we end up at a sort of a dead end, because we're working with some assumptions that aren't... that don't fit.

B12 – Arts (B)

In this sense, Uni B academics advocate for a performance regime which accommodates the intrinsic value of universities and resists the imposition of rational and economic programs of efficiency. They argue that university endeavour is too important to be abstracted and engineered for performance measurement purposes. However, in some ways the perspective of institutional participants in Uni B are inconsistent and contradictory. These academics were happy to endorse measures of research efficiency at the local level but remained resistant to externally imposed assessment programmes. Despite their stated resistance the academics reported compliance with the administrative requirements of the external measurement processes. But they deny that these performance indicators have been embedded in the institutional performance appraisal processes and do not perceive a role for externally derived performance parameters at the individual level. These findings suggest that for Uni B participants the strategic importance of meeting performance indicators is recognised at the institutional level but this knowledge does not flow through in an instrumental way to individual behaviours. In this sense, the role of the external performance measurement indicators and the way they are viewed by organisational participants is consistent with the expectation that these systems are loosely coupled to organisational practice and primarily constitute an exercise in legitimacy.

Prior research has suggested that in some cases the symbolic intention of implemented performance measurement strategies can obscure the practical applications associated with their operation. Commonly this effect is associated primarily with organisations' attempt to demonstrate legitimacy to external stakeholders. However, at the micro level it can also be observed within institutions as organisational participants generate their own understandings about the role of performance control systems. These reflections condition

individuals' commitment to engaging with the performance measurement processes and informational demands. In Uni B academics were conscientious in response to data requests to fulfil organisational compliance obligations but this did not generate a behavioural modification as a consequence of the performance metrics. Although the external requirement to provide certain data appears to instigate a compliance reaction this does not preclude a dynamic instrumental response. Yet, there is little belief from organisational actors that substantive and systemic change is a potential ally of these mechanisms. It also clear that the robust organisational identity is important to participants in enabling them to meet the relevant benchmarks without disruption to their functional responsibilities.

Every now and again you get different external pressures on both the uni and the college to do more research. And obviously everyone within the college has [that as] part of their culture and to get on here you learn to take that sort of focus.

B4 – Business (B)

For academics employed at Uni B the institutional environment effectively insulates them from the punitive and negative consequences of competitive funding regimes. In contrast the potential for negative outcomes from external performance measurement were openly displayed at Uni A.

We're constantly being sort of like put under the spotlight in terms of performance in that area and it's a stress. I think the university's in a really hard place with that because even though there's a lot of rhetoric around increasing research outputs, it just seems to me that there's not the resources available to actually do it. It's almost like we're really strung out, just stretched out so far that we can't really do it. Therefore it's a bit of a vicious cycle I think because you can't then attract the people with the profiles in research.

A8 – Arts (B)

We always seem to be trying too hard to do well. We seem to be second-guessing ourselves before we've even actually tried to do things and I've always marvelled at that here at [Uni A]. That we just don't have that confidence here. We seem to see ourselves as

a second-rate regional university and the stuff we do is as good as anywhere else but we just don't take it as seriously.

A6 – Arts (B)

There was a clear feeling that academics at Uni A were concerned about their institutional profile and felt that as an organisation it was struggling to secure a permanent valued position in the higher education landscape. Participants were acutely aware of other institutions' profiles and reputational effects were considered to significantly influence organisational sustainability.

The Role of Performance Rankings

There are a number of performance indicators that may proxy for reputation in Australia's highly congested tertiary education sector. In the public sector context of universities organisations have little ability to respond to market forces by withdrawing from the industry and diversifying into other areas. They operate in a regulated environment in which they are mandated to provide opportunities for higher education to the Australian population. In general the product range offered by Australian universities is largely comparable and improved opportunities for individual participation are actively encouraged by government policy. Despite the relative illusion of the competitive market there are significant limitations in regards to the array of strategic responses available to these institutions to ensure their place in the sector. Connected with this is the understanding that consumers make decisions about which institution to attend based on a range of factors that may be both unpredictable and uncontrollable. However, one indicator commonly considered to be valued by potential consumers are external independent rankings of universities.

Whilst much attention has been directed at evaluating the information content of external rankings from a quantitative statistical perspective there has been less research conducted that examines the perceptual response of individual actors within the institutions being assessed by these indicators. Of interest in this study is the way in which academics perceive these rankings to be established and the measure of credibility that they attach to them. Further, an attempt is

made to explore how these external institutional comparisons are reconciled and interpreted by organisational participants. In addition, consideration is given to the ways that participants process the relative hierarchies created by these rankings and the potential for operational effects to accrue. In this way data is gathered that is informative in terms of enhancing theoretical predictions that recognise the reciprocal field between the symbolic functions and instrumental purposes of performance measurement control technologies. Specifically, the research explores whether linkages between the performance indicators that propagate external rankings of performance and internal performance appraisal systems are constructive in reducing uncertainty and enhancing organisational legitimacy.

Superficially, interview participants were explicitly dismissive of the value of external rankings of university performance. Most comments reflected generic concerns about the structural validity of the measures used and the variability of models adopted. Despite participants emphasising the fallibilities of the ranking mechanisms it was clear that many academics did seek this information out and these tables played an important role in individuals' emotional connection to their institution. For Uni B participants this cerebral diagnosis was essentially reassuring and affirmative. The positive endorsement of Uni B in a public medium appeared to be an important component of individuals' belief in the viability of the institution.

There's a lot of negatives. And I think there's also that little bit of pride, oh I work there. Knowing that this is a completely flawed index but, oh I work there.

B11 – Science (B)

Any time it comes out, there is also a debate among [my] academic colleagues, of course, that we shouldn't look at this, this is just rubbish, it's done after a certain model that doesn't count this, that, this, that. At the same time it's like [Uni B] is always up there on the top, and so they do count.

B18 – Arts (B)

It was also very evident that at Uni B, management placed a high regard on the publication of these rankings with many individuals commenting that they were continually appraised of the institution's ranking via organisational emails.

This place keeps pumping out the fact that we are number 16...we are number 20 we're no 2, we're no 1, we're 5 in this area.....You can't miss it...it is not something that you can avoid. There are emails that come around every day about it.

B2 – Business (B)

There was little evidence that beyond the comforting elements associated with these performance rankings there was any utilitarian or functional effect perceived by academics. Uni B participants considered that it was likely that the rankings partially reflected the resourcing patterns in the Australian sector and this, rather than the ranking itself, was instrumental in determining relative performance outcomes.

If the university's ranked highly, chances are that it's going to have good facilities, which means that you should be able to perform better because you've got more resources available to you.

B9 – Science (B)

This view was also reinforced by Uni A academics and individuals in this institution were highly critical of the perceived reliance on ranking models which did not adequately control for financial discrepancies.

I think they reflect much more the cultural and financial capital... of the Group of Eight.

A17 – Arts (D)

Generally the ones at the top of the list are better funded and have better resources.

A2 – Business (B)

However, it is notable that Uni A participants also admitted to having a distinct emotional response whenever their institution was ranked in a poor position on these tables.

And when you see us ranked 23 out of 25 in most things and you see some universities around the place that you think, no way in the world I'd like to work at that place but why are they outranking us, then you start to realise that we might be the hick university. It is a concern, it really is a concern.

A6 – Arts (B)

It is apparent that academics in both universities have a distinctive visceral reaction to external rankings of tertiary institutions. Despite their ability to rationalise the assumptions and methodologies underlying the ranking mechanisms participants tend to be sentimentally attached to the relative outcomes. It was evident that at both case sites academics did assign meaning and value to these measures and did aspire to obtaining positive institutional recognition for outcomes stemming from their activities. Uni B participants enjoy the institutional esteem that the high ranking offers and suggest that this has a positive effect on individual performance.

So teaching here certainly has some physic income, there is some value in working at Aust's best research uni that is a nice feeling, it has some kudos, has a bit of clout in the marketplace, it's one of the Go8 so it is always perceived as being one of the good ones.

B4 – Business (B)

Yes, it's got lots of research facilities. It's got money. So the opportunities are limitless really. There is no excuse really for not achieving what you want to achieve here.

B3 – Business (B)

Despite the fact that there is no explicit empirical link between institutional ranking and performance capacity, Uni A academics suggest that their individual efforts are marginalised by the implicit connotations of poor rankings and that this is compounded by being a smaller regional university.

I suppose my only answer to that is you're only as strong as your weakest link. So it needs to be multiple, it needs to be critical mass. I could be trying and publishing and winning awards but, you know, if the majority of staff are letting students down, where maybe our funding is coming from, then no amount of what I'm going to do is going to change that. And that's what's happening quite a lot.

A9 – Arts (B)

It's much more difficult I believe to get big research grants, ARC and NHMRC grants in particular, when you come from a regional University, for a range of reasons. I don't know that it's necessarily true that they look at your Application and say, "Oh they're from [Uni A], they're no good". I'd be surprised if that was true. But there might be reviewers who have that sense that a regional university doesn't have the resources or the capacity to do research as well as in the larger big 8. And to some extent that is actually true. We have fewer resources than [Named University] has.

A18 – Science (E)

These findings suggest that external ranking mechanisms such as league tables should not be viewed as a benign and expedient device for translating relative university performance to external parties. From an individual perspective academics describe an affective response to the ranking lists despite their ability to decipher the underlying flaws associated with the measurement process. Whilst there is no evidence of a direct link with organisational review processes the findings are highly suggestive that individuals' performance efforts are both directly and indirectly influenced by the denotative residue from these rankings. In this sense the data collected strongly suggests that both negative and positive ramifications extend from external rankings of universities.

Summary

In regards to the internal performance system participants at both institutions were critical of measurement constructs which did not reflect the strategic goals of the institution. This type of disconnection increases individuals uncertainty about their organisational role and they retract their efforts to more localised

domains. At the practical level participants were more concerned about their performance in relation to their students and about meeting their own expectations of being an academic. Whilst the participants were informed about the regulatory and financial constraints that the institutions were subject to, they were adamant that this knowledge was not provided through organisational channels. This meant that they felt little sense of accountability to the institution because they hadn't been asked to perform to specific institutional standards. This lack of clear institutional standard that correlated to individuals own knowledge of the environmental issues meant participants felt justified in pleasing themselves rather than the institution.

Loose coupling has commonly been perceived as a legitimacy tool which allows institutions to achieve external legitimacy without damaging internal consistency. This implies that institutional efforts to maintain legitimacy do not affect institutional participants. In contrast this study found that individuals were keenly aware of the processes that the organisation engaged in to meet external stakeholder expectations. One element of these legitimacy seeking activities relates to external performance rankings. Participants at both case sites had a highly affective response to these rankings and there was evidence that both institutions used these rankings internally to motivate staff. However, the use of the rankings in this way once again reinforces the contradictions implied by loose couplings. These performance tools are primarily a mechanism for external stakeholders and there is little evidence of coupling to internal systems yet institutions expect the publication of results to inspire individual actors. This raises the question of why institutions persist in decoupling these performance regimes from internal systems when integration offers a more direct method of motivating individuals.

Chapter 8: Analysis and Reflections

And in becoming organisations, older structures indeed acquire the properties of actorhood: clear purposes and missions, plans and strategies, sovereign decision structures, internal coordination and control systems and so on. These structures derive their contemporary authority from the commitments of the now professionalised and highly participatory persons who comprise them. (Meyer, 2010, p. 10)

In hermeneutical research, preconditioned research questions provide initial parameters for exploration. The potential for participants to transform and extend these boundaries is accommodated by the researcher. Recognising that analysis is always constrained by researcher prejudice and presuppositions a hermeneutical research approach allows new dimensions of understanding to emerge organically from the research process. This section of the thesis explores the ways that the participants have collectively enhanced the research findings. Their contribution lies not merely in the narrative reproduction but also in the way the way the conversational dialect reveals new ways of understanding. In this chapter the first section deals with the findings from the study in regards to the presupposed research question. The second part outlines the themes that emerged from the research experience. These represent the diversions that are introduced by participants to the research journey. As such they reveal the elements of experience that provide ontological structure to the interpretative analysis.

Patterns of coupling: What do individuals see?

The intent of this research project was to explore the way that institutional participants interpret and experience both internal and external performance systems. In addition participants were questioned about their understanding of the ways that accountability and organisational legitimacy are implicated in performance measurement systems. The purpose of this approach was to

understand whether individuals interpret the performance tool in an institutional vacuum or utilise broad understandings of the social and institutional environment. In addition the study explored the ways that the performance systems interact and the participants' interpretations of synergies between the two.

At the theoretical level, the performance measurement purpose and the accountability arrangements comprise a connective link between individual and organisation. In this study a performance review process was internally generated and was promoted by both institutions as a human development tool. Performance constructs were also externally derived from accountability relationships with stakeholder groups and funding arrangements. Thus the organisations in this study operated performance systems that have both normative and coercive origins. From an institutional viewpoint the purpose of performance measurement is twofold. Firstly these systems provide a cohesive mechanism by which to attend to the normative expectations surrounding efficient use of public resources and therefore signal organisational legitimacy. They also provide a valid assessment tool for planning resource allocations and offer a plausible tool for increased clarity about accountability arrangements.

At the individual level participants respond to and interact with both the internally generated and the externally derived performance measurement systems. These relationships take place within the individuals' wider social environment and their experience is determined by multiple factors both within and outside the institutional sphere. One of these factors is the extent to which the internal performance tool was connected to other institutional structures. In these case sites the lack of coherent system integration or inappropriate linkages with other systems effectively diminished the utility of the system. The loosely coupled nature of the system was perceived by individuals and provided an avenue for actors to self-justify them disengaging from organisational objectives. This attribute was implicated in increasing uncertainty for institutional actors because the system was not applied in a systematic and uniform manner. However, paradoxically there was also evidence that participants do respond

strategically to the normative elements that were associated with the decoupled measurement constructs.

Both universities had adopted a highly formalised performance mechanism with detailed documentation and support available in terms of enabling individuals to complete the procedural requirements of the system. This resonates with the theoretical prediction that performance appraisal processes are more likely to be tightly coupled to organisational systems because they represent simple internal accountability relationships. However, at the practical level empirical enquiry revealed that performance appraisal system links to other organisational control systems were largely superficial. The formalised nature of the review process was undermined by the lack of coherence with organisational systems. Institutional actors perceived these inconsistencies and assessed the value of the performance system accordingly. This suggests that individuals' infuse the structural dimensions with their own interpretations of the intent of the system and that this process helps them to make sense of their institutional environment. As such it is likely that it is not the structural features of the performance model that has a relevant effect on the functionality of the system. There are significant effects caused by the way that individuals' build meaning into the control system.

When the institutions are compared on a cross sectional basis it was evident that there were some differences in regards the institutional integration for the system. Uni A's performance appraisal system was substantially decoupled from other control systems relating to personnel management and there was little evidence of interaction between the review process and institutional structures. The absence of links to promotion, performance management and human resource objectives suggests that the performance appraisal system operates independently of core institutional activities and goals. At this institution it was difficult to discern a coherent sense of purpose for the existence of the control system. Despite this structural decoupling participant's at Uni A co-operated with the requirements of the performance appraisal system and endorsed the theoretical potential for a positive outcome to accrue. However, in terms of the ability of the performance appraisal system to discharge accountability and

increase individual or organisational performance there is little corroborating evidence. The performance appraisal system was implicated as increasing ambiguity in regards to task specification and also appeared to induce high levels of suspicion in regards to what constituted acceptable performance. This translated to participants' expressing a significant amount of ambivalence about organisational goals and rejecting the possibility of contributing to these objectives. Overall, the performance appraisal system at uni A does not support the theoretical prediction of tight coupling and participants' interpretative analysis of the effects of the systems suggest that the system is not effective in achieving its goals.

In relation to Uni B, the performance appraisal system was relatively more tightly coupled to other institutional systems and processes than in Uni A. However, despite the increased cohesiveness of the control system with other organisational structures there was again evidence that the performance appraisal system was instrumental in increasing uncertainty for institutional actors. In both organisations it was evident that the primary elements associated with this uncertainty derived from suspicion about the purpose of the performance appraisal system, variability in its application, dispute over the applicability of standardised evaluations of academic performance and the inability of the system to incorporate the high incidence of externalities in determining academic performance outputs.

These findings suggest that in these institutions performance improvement is neither an objective nor an outcome of the performance model. At the institutional level there is no evidence of an expectation of improved efficiency from the application of the review process. The organisational objectives are solely expressed in terms of human resource activities and there is little attempt to quantify the results of the performance process. The level of coupling with organisational systems at both universities is weak but the significance of this is largely immaterial since the relatively higher level of coupling at Uni B does not manifest in improved functionality. However, it is clear that institutional actors perceive and interpret the level of organisational coupling and that this feeds into

their experience of the control system. A key impediment to embedding the performance system within the institutional context related to the lack of a coherent and mutually supported function for the performance tool.

The study provides evidence that individuals explore and interpret multiple sources of data to make judgements about complex accountability relationships. In these case sites the performance system is a poor conduit for communicating to individuals the organisations' exposure to external regulatory pressures. However, participant perceptions of these wider institutional imperatives are not constrained by the structural elements of the performance system. Individuals accommodated the structural hierarchies of the system because they inferred the institutional context and this knowledge was substantiated through their experience of both the institution and the wider regulative environment. It is this collective understanding of the external competitive pressures that is most strongly reflected in individuals' experience of performance measurement.

Participants communicated the understanding that individual performance was actually assessed via an informal and unofficial performance system. At both institutions there was collective agreement that individual performance is solely a function of research output. As long as results were adequate on the research dimension poor performance on the other constructs was tolerated. However, there is no evidence that this priority is formally derived from organisational decisions relating to the structural implementations. Rather this imperative permeates the institution through the individual actions of both the executors and the subjects of the performance system. This suggests that these individuals may be mindful of the institutional requirement to account for research to external stakeholders and the associated funding consequences. Consequently, in the absence of tight organisational links individuals infuse the control system with their own beliefs of the role of the performance tool.

The participants' experience of internal systems reflected not only the structural attributes of the system but also their interpretations of external environmental factors. This suggests that even when there are no structural intersections

between institutional systems organisational participants are making their own validity judgements about the source of the performance constructs and the way that accountability is discharged. It is therefore likely that the boundaries of the structure / agency debate are considerably less segregated than previously suggested. The responses from the individuals in this study suggest that the structural features of institutional systems are entwined within the effects of agency in regards to the organisational setting. In these institutional environments a picture emerged in which covert rankings of performance constructs that are detached from the official performance appraisal system played an important role in determining individual responses. This suggests that individuals use these decoupled constructs as a lens through which to assess the integrity of their institutional setting. Hence individuals seek to understand the broader institutional context and do not interpret the performance model in isolation. What does seem to affect individual's experience of the performance system is its consistency with other organisational imperatives and a viable connection with institutional context.

Evidence from this study suggests that individuals monitor their institutional environment and that performance systems provide an avenue for targeting their efforts. In this way performance systems are proactive in bringing about behavioural change and it does affect the way that academics conduct their tasks. However, it is notable that this affective capacity derives from the individuals' personal knowledge of the institutional priorities rather than functional measurement constructs. This suggests that it is not the structural make up of the performance systems that is effective in redistributing effort allocations towards institutional goals. Rather it is the existence of that system within an institutional context which is known and interpreted by the individual actors. Also it does not appear critical that the formal measurement system explicitly endorses the organisational priorities within the measurement constructs as individual actors accumulate this information via multiple connective sources. Hence it is the role that the performance process is perceived to fulfil rather than

structural measurement parameters that determines the behavioural responses from organisational actors.

The study also provides evidence that despite the performance systems being decoupled from organisational systems, this does not exclude these tools from providing an effective means of influencing individual behaviour²⁶. Of significance is the empirical evidence that suggests that this decoupling is not overlooked by individuals and they are strongly influenced by the covert assumptions of multiple accountability relationships. Somewhat counter-intuitively this indicates that decoupling of organisational accountability constructs does not automatically nor necessarily reduce their instrumental effect. Individuals make judgements based on wider institutional artefacts and utilise multiple variable data sources in terms of crafting their individual responses to accountability mechanisms. This suggests that theoretical predictions of decoupled systems being largely a ceremonial and symbolic device underestimate the communicative and constructive dimensions of these devices. Institutional participants utilise both the formal and the clandestine enactments of accountability relationships to make decisions about their response to decoupled performance measurement systems. In this way the performance system was implicated in broader accountability contexts than expected and this outcome was generated by the participants' ability to discern and decipher multiple accountability constructs.

The results from this study indicate that loosely coupled performance systems may be implicated in individuals disengaging from organisational goals. Participants comply with the prescriptive requirements and appear to recognise the normative elements of the systems. They perceive that conformity is viewed positively by the organisation and are careful to represent themselves in a favourable light. This is not generally hindered by aspirations of veracity and

²⁶ However, it is of concern that in this study the loose coupling tended to produce negative effects on individual behaviour.

self reflection. However, despite this outward compliance there is evidence that organisational actors also consider the performance model as a disruptive influence to their institutional participation. The lack of integration with key organisational systems and the generic design of the instrument alienates individuals.

And am I aware of the university's current strategic direction and the broad goals and those things, yes, I've been following that. Am I aware of how they're proposed to measure those? No, I don't. Do I believe any of that was done in a truly consultative process? No. So I think that's why me personally I'm more disengaged from that.

A13 – Arts (C)

Usually when you start categorising there's many, many important things that aren't left in that category. What about this, what about this? Sorry, it's not in the box so I can't tick it.

A10 – Arts (B)

Overall, participants reported that the imprecision of the instrument meant they were faced with more uncertainty about their role in the organisation and were less clear about their responsibilities in regard to organisational goals. This meant they felt less accountable to the institutional audience and less committed to institutional roles. In this way the performance model is complicit in reducing participants' feelings of an institutional accountability. Rather than representing a tool for discharging accountability these findings suggest that loosely coupled and imprecise performance models may produce the opposite effect.

The potential for these negative outcomes to accrue is significant in highly unstable institutional environments and in this setting enhanced consideration should be given to the design and execution of performance systems. Otherwise it is likely that the results from this study will be replicated unless organisations proactively act on the understanding that for performance measurement systems to be successful they must “represent a methodology that the participants can relate to and that also stimulates them to reflect critically on their own ways of working in their unit” (Adolfsson & Wikstrom, 2007, p. 84). In order for

relevant and meaningful purposive action to result from performance measurement programmes it is not sufficient for the performance system to approximate a quantified description of operations for managements use (Adolfsson & Wikstrom, 2007). This approach to performance measurement is likely to result in decreased levels of organisational coherence and impaired avenues of accountability.

The participants in this study reacted pre-emptively to external performance indicators despite the fact that there was no formally connected accountability obligation transposed to their individual performance evaluation. In the context of externally generated performance systems there is a greater likelihood of decoupling due to the fact that these represent multiple and uncertain accountability relationships. They are also likely to be less directly connected with individual tasks and specifications. However, they may have disproportionately greater effects on organisational outcomes due to the regulatory and funding impacts.

In this study participants were significantly more critical of the externally generated performance measurement regimes. In regards to performance based funding programmes academics resisted the implied association that university performance had been inadequate when funded via volume and activity measures.

Where's the evidence to suggest that we weren't performing well? Where's the evidence to suggest that they weren't getting money, value for their money. Why not put up that evidence and then we can, once you put up that evidence, then we can address it?

B12 – Arts (B)

Unfortunately, I think we, as academics, are often placed in the position of almost feeling that we have to robustly advocate for our own existence and it seems to be coming down to, because we keep having the dollar, the almighty dollar, as your reason for being. I think that's an atrocious way to have to run universities in countries like Australia where we've been able to demonstrate that we can do very, very well as a small country in a big world, financially we can do very well, and yet we've probably allowed our universities to become reflections of an economic rationalist

way of running things that's been prevalent over the last couple of decades.

A8 – Arts (B)

For these individuals it is evident that they are uncomfortable with legislated broad accountability arrangements. In this context the requirement to “account in a particular way in order to be considered a legitimate member of a community” (Messner, 2009, p. 930) is resisted by participants who argue for the intrinsic good of universities. Their belief in the inherent rightness of their organisational sphere means they reject the need for complex quantitative measures of performance. Participants were critical of the funding model for universities and assert that funds should flow more freely to universities simply because society needs the higher education to function effectively.

I think if the government were serious about it they would fund them to do particular kinds of things that they see as being important and useful. With a significant degree of autonomy to do some other special things as well. Because teaching people Greek history might turn out to be useful after all. No employer perhaps currently sees that as useful but it still may be a useful thing for society to do those sorts of things. How do you measure those things? The trouble with not being able to measure them is that the funding is not going to flow if you can't measure something to match the funding to, whether it be just raw student numbers or whether it be some kind of performance measure. So at the end of the day you've got to say, well we're going to fund you to do this, we can't really measure the output, but we think it's a good thing to do anyway. And, hell, you know, we're meant to be academics. We're meant to be trustworthy.

A11 – Business (B)

This theme was repeated throughout the study as participants reported that external measures of performance linked to funding policies did not increase their personal sense of being accountable. Despite recognising the institutional imperatives of compliance the interviewees reported that these policies made them feel less connected to their organisation. Although there were signs that the institutions had attempted to unofficially link the external performance measures to individuals' performance appraisal this did not appear to improve

the accountability function of the system. In this sense the loose coupling of the performance system from other organisational systems meant that these system adjustments were ineffectual in terms of increasing accountability. Further, this process resulted in increased levels of uncertainty because participants felt that it magnified the disconnect between their job and their role in the organisation.

It always seems that they're pushing you beyond what, in a sense, your pay is supposed to be for. Your Job Description. I mean, do we have a Job Description or not? Is this the job I'm supposed to do, or not?

B12 – Arts (B)

The response from these organisational actors suggest that institutions should formally recognise the role of external performance systems in determining both individual performance and institutional avenues of legitimacy. The existing deficiencies in terms of internal linkages between institutional performance mechanisms and external performance targets currently increases uncertainty and provides opportunities for individual actors to disengage from organisational goals. This results in accountability erosion which negatively impacts organisational legitimacy as individuals do not privilege institutional goals and act according to their own self-interest.

Emerging Insights: Recognising the participants' contributions.

The Meaning of Performance

Anticipating potential confusion over what elements constituted performance measurement, the researcher pre-emptively defined the research boundaries as the individual performance appraisal and external regimes of funding connected with institutional research performance. At the empirical level these type of systems represent an abstraction of the multiple facets of both individual and organisational activities. It is notable that no participant questioned or refined this concept of performance. When asked to describe the performance measurement system in their institution participants immediately referred to the human resource appraisal system. There was no questioning around the

parameters of performance nor refutation that individual performance was a measureable construct. Despite the participants strongly reporting their disquiet about the logistical and mechanical features of the appraisal review there was little evidence of a philosophical concern with the theory of performance measurement. Only two informants explicitly commented or questioned the theoretical space that advocates the relevance of performance measurement strategies.

I'd be asking the question, do we need a performance management system where we manage the performance of every individual and the metric of every individual? Is that necessary?

A10 – Arts (B)

So I think that's another trap in that there are so many disciplines covered in a university that it's sort of like looking at a society and saying who contributes most to society. Well we need everybody doing all these little bits and there's many, many that society would fall apart if they didn't do their bit so how can you look for someone who contributes the most.

B11 – Science (D)

There was also little substantive evidence that participants actively resisted the instrumental elements of recording their performance achievements and detailing their future goals. Conceptually it seems that performance appraisal does offer organisations the ability to categorise and compare individuals based on predetermined dimensions of desirable activities. It is also likely that such promise may be institutionally beneficial in terms of conforming to external expectations of performance monitoring. This reinforces the view that institutionally at least, performance measurement systems perform a useful legitimacy function.

From an individual perspective there is little empirical evidence of systematic resistance to the normative underpinnings of performance appraisal. Participants questioned neither the performative role of performance appraisal nor the reality construction invoked by the reporting. In this sense the symbolic convenience of performance measurement for organisational legitimacy is not resisted by

individual actors. Adopting a metaphorical orientation this finding can be considered in light of a theatrical performance in which the illusion of compliance satisfies the institutional audience. It is not necessary that individuals conform to the institutional objective of performance achievement merely that the actors account for their actions within the constructs of the system. In this way the significance of the performance appraisal system lies in the self-representation that it facilitates. What appears to be important is therefore the involvement in this self representation rather than the ratification of the purposive intent.

The [performance] review is a make work thing. Something to do to use up time. Like getting little kids to make pictures out of macaroni. Just to use up some time without adding any value. They have no impact, they have no implications for what we do or what we should be doing or anything.

A2 – Business (B)

The act of offering the account of performance transpires to be a symbolic act which satisfies the prescriptive requirements. However, individuals appear to understand that in regard to this symbolic compliance “through their mere existence and manifesting of themselves, symbols function as substitutes; but of themselves they say nothing about what they symbolise” (Gadamer, 2004, p. 147). This offers individuals the prospect of ceremonially demonstrating their commitment to organisational goals whilst at the same time understanding that “the meaning of these goals does not in fact depend on them being achieved” (Gadamer, 2004, p. 109). This figurative acquiescence also reflects emergent understandings that “organisational actions are related to the logic of appropriateness, not necessarily to their consequentiality” (Adolfsson & Wikstrom, 2007, p. 76). In this study there is a strong sense that while the applications of performance models are not collectively resisted by participants they are considered to be vacuous in terms of effective agency.

Politics and Power

A strong theme that emerged organically from the case study was participant's concern with organisational politics and differential power relationships. There is minimal dispute that Australian universities operate within a highly political and competitive environment and participants indicate that this flows through to the operating level of the organisation. Performance measurement systems have been implicated in the array of tools that may be used to leverage power relationships and reinforce political prerogatives. It is important to reiterate that this part of the research study is also conducted from the perspective of the subjects of the performance review process rather than from a supervisor or management level. Thus it presents a partial and one directional view of these relationship which may be supplemented with alternative perspectives in future research.

Issues regarding power relationships emerged through unexpected ways during the interviews. There was little doubt in participant's minds that the performance review process did reflect the intrinsic power relationships that are generally associated with university activities. Academics reported that they had experienced the wielding of these power relationships in a number of tasks related to the performance system. Generally this related to feeling pressured to set targets that they personally considered to be unattainable and hierarchical manifestations of power where senior staff conducted the reviews in an authoritarian manner which emphasised the obvious power differentials.

It's fairly one sided and power driven, you are always in a weaker position so you tend to accept goals that you may not set for yourself.

B4 – Business (B)

There's no regular conversation, non-threatening conversation about performance. There's no regular feedback on your performance. You have no idea, really, whether your manager is satisfied or dissatisfied with your performance really.

A13 – Arts (C)

Of particular note were the ways in which participants perceived these power differentials couple with the logistical execution of the performance measurement systems as being complicit in increasing role uncertainty. In this sense there was some indication that contrary to the espoused claims of reducing organisational uncertainty in some cases management control systems may be executed in ways that reinforce it and that this result is magnified in the presence of significant power differentials. In the two case sites academics reported that the very act of performance measurement and the partial visibility attached to certain components of their activities coupled with the lack of genuine feedback meant they had less understanding of their supervisor's expectations after the appraisal process.

It's a highly political environment and so consequently if you run with the status quo and you conform to the individuals who have the power, you conform to their perceptions, your workload would be interpreted differently too. Because individuals who like to wield power, part of their power is keeping things unclear. Keeping things hidden, if you like. That's part of the power in itself.

A10 – Arts (B)

This accorded with the view that the review process was concerned with demonstrating a normative legitimacy rather than representing a genuine attempt to develop and enrich organisational performance. Some supervisors were perceived as power players who exercised restrictive information feedback strategies in order to emasculate individuals and set up a chain of reliance in which the supervisor was the primary link. This represents a constitutive act within a reciprocal framework in which the power dynamics infuse both the composition and the execution of the performance measurement system. In this context the intervention of the supervisor is not perceived as a value adding act but as a performative technology which empowers the performance measurement system. This suggests that performance measurement should not be seen merely as a reflective mirror of power relationships but also as partially conceived through these interactions. At a practical level individuals appear to react pragmatically to this understanding. Some academics indicated that they

were less likely to negotiate performance targets with their supervisor due to their knowledge of these entrenched power dynamics. This also meant that they were reluctant to adopt innovative practices that could be perceived as challenging the status quo.

And so change from the bottom up doesn't occur because individuals go, well what's the point.

A10 – Arts (B)

A number of participants also stated that they made conscious decisions to conceal some of their achievements as this meant that they would have to disclose information in a forum which they perceived may devalue the currency of the activity. Participants were also active in ensuring that they presented appropriately doctored portfolio consistent with the agenda of the person reviewing the information.

I try and just position it so that it meets the larger agenda of whoever is most important at the time.

B19 – Arts (C)

The better you are at understanding how to communicate with the different stakeholders and the genre that's required for each of those, that's important. I suppose nearly on par with that, it would be negotiating the politics. I think that's my biggest weakness. I'm a pretty good communicator but I just don't play the games. And in this place, sometimes you need to.

A9 – Arts (A)

This response to the power interplays captured in the performance review process illustrates that the organisational actors in this study recognise the power differentials inherent in the nature of their relationships with other stakeholders within the organisation. The participants' relatively dispassionate reaction to these relationships suggests that there is little effort to contest these positions and they are simply viewed as an institutional artefact. In this context, individuals appear to aim for compliance with whatever norm they perceive to represent the current proprietary standard. Whilst not discounting the institutional knowledge

that is reflected in the performance control system individuals do not admit to proactive strategies designed to inhibit these power dimensions. There was little evidence of a collective attempt to subvert the political self-interests that underpin these hierarchies and despite the reluctance of some participants to provide full disclosure in regards to performance review constructs, most participants did not attempt to mediate and negotiate the institutional effects. It is possible that this activity is not observed due to the level of analysis conducted and there may be more explicit attempts to establish and reinvent power differentials by actors at different levels in the organisation.

Participants at both universities were equally expressive of the power dynamics that constitute and reinforce the performance measurement systems. In the context of the overall research project this was perhaps the area with the highest level of equivalence between the two universities. In part this is surprising as it can be expected that more blatant power differentials would reside within the elite university. However this was not borne out by the participants' descriptions of power relationships in the interviews. Both institutions appeared similarly bound by dimensions of power that individuals have little difficulty interpreting and neutralising. In this sense the agendas underlying the relative power struggles were transparent to individuals and it was apparent that these did flow through the performance review process. This suggests that it is not the existence of this reciprocal constitutive relationship that is important to academic participants but rather the institutional logic²⁷ that it maintains. Individuals simply accommodate the relevant agendas and continue to pursue their own interests with little attempt to diffuse the power differentials.

In this study participants appear to consider that these power relationships as part of the organisational infrastructure that are essentially irreversible and integrant. These do not appear to be a source of confusion or frustration for individuals and

²⁷ Defined as those material and symbolic templates which condition actors' interpretations of organisational realities (Modell, 2009).

there is a high level of acceptance that such relationships are inevitable within their institutional setting. In this sense participants adapt to the relative power differentials and these constructs are viewed as an ecological system that sustains the organisation. In contrast to Modell's (2009) suggestion that some "local performance measurement practices may be seen as a step in the tacit renegotiation of power relationships within organisations" (p.291), the findings in this study suggest that performance measurement practices have little impact in terms of changing power dimensions. It is more likely that academics passively accept these institutional relational artefacts due to the relative lack of power of advocates of alternative practices (Modell, 2009). It may be worthwhile to further explore the reasons why this is not a more problematic issue for university participants with particular regard to investigating whether other groups of university employees (such as general staff) generate a more collective and constructive response.

Performance Measurement: Its Role in Reflecting Institutional Artefacts

Another emergent theme from this study was the articulation of the critical differences between disciplinary practices that were unacknowledged within the performance measurement system. Consistent with Townley's (1997) assertion that academics "view their academic discipline as being at least, if not more, important than membership of a university" (p. 275), participants in this study reject the appropriateness of a performance process which they perceived did not accommodate the uniqueness of their disciplinary code. Three diverse faculties were represented in this study; arts, business and science. Within these faculty alignments participants are drawn from a number of different disciplinary fields including such as accounting, management, medical science, anthropology, music, education, nursing, maths and environmental science²⁸. In general participants related most closely with the faculty identity rather than a wider

²⁸ Non-exhaustive list.

university perspective. This was particularly evident at Uni B where resolute university allegiances were mainly resisted by individual academics. The strong views in this institution appeared connected with the number of organisational restructures that had taken place over the last few years at this university. Many participants reported that their discipline had been marginalised in these restructures and that organisational coherence had been damaged through the process.

There's certainly lots of areas in the general reform process which seem to be inspired by the natural Sciences, or at least don't fit so well with the [other faculties]... So we're facing silos now that we didn't used to have... it's kind of erected barriers that weren't there.

B12 – Arts (B)

Well, we have these unreasonable re-organisations, and unreasonable expectations as a result. And I think that because of all the reorganisation that's taken place, we have had quite a few support services that have either just been overloaded, or not supported in that process, for academics.

B13 – Science (C)

Uni B participants tended to talk about the “university” as a separate entity that was implicated mainly in limiting their access to the funds they required to generate quality outcomes in research and teaching. There was a distinct feeling that these academics had been disenfranchised at the institutional level and had therefore developed closer emotional ties with their immediate schools and disciplines. The funding issue was a particularly divisive factor in the science faculty within this institution. These academics stated that this resulted in them undertaking research projects with the specific goal of enhancing their personal professional profile in order to increase their chances of winning grant money.

What we try and do to have good CVs so that we can get the next grant basically, which is not for the good of the university, it's for the good of the lab.

B9 – Science (C)

There was a strong sense of dissatisfaction around the funding mechanisms within their school and this exacerbated their disengagement from the central university.

Academics from University A expressed responses that reflected a stronger institutional identity with less emphasis on disciplinary sub-parts. Uni A participants were generally supportive of the university and reflected positively on their role within the organisation.

This is going to sound funny, I suppose, but I must say Uni A's been good to me. So whether I've just been at the right place at the right time, whether the stars have just lined up..Look, there is an advantage, I think, of it being a little bit smaller, and the competition's not as great...I know for other staff who've come from other universities and some of the comments they make about...and they say how much more willing, you know, we are to help one another.

A16 – Science (D)

I have found my colleagues very supportive, which is probably a positive in terms of the environment that I was used to. I guess because it was a strong research culture and a very competitive culture that I've come from, the culture at Uni A is far more inclusive and supportive.

A5 – Business (D)

These contrasting findings are in some ways surprising. Prior to the study it was expected that Uni B with its strong academic history and status in the Australian educational landscape would invoke a stronger sense of commitment from its academic members. Conversely as a new university with a background of vocational education it was expected that Uni A participants would express less commitment to the academic ideals of the organisation. There are a number of interesting factors that appear to contribute to these findings:

1. Competitive Environment

Both universities have executed the performance measurement system in a manner which is proactive in elevating the role of research output to the primary

criterion. Despite disagreeing with the fundamental principles and logistical aspects of this systematic bias participants in the study generally reported being overtly conscious of their achievement on this dimension. At Uni B this reaction translated into a highly competitive environment where academics were highly attuned and reactive to opportunistic research outcomes. In addition the strong research traditions of the institution appear to weigh heavily on academics' in this organisation. Rather than this rich heritage being a constructive and inspirational force many participants admit to feeling intimidated and subjugated in this environment. This contributed to participants' feeling divorced from the institutional outcomes as they believed that they were unlikely to be able to make a meaningful contribution when the competition was so intense. In this sense they became more attached and involved with their disciplinary areas because success seemed more attainable in this restricted context.

See, a University like this with its really strong research agenda, with its bloody Nobel Prize winners in the Research Science Schools, obviously those people are very highly regarded and it makes work like mine look extremely unimportant in the bigger scheme of things.

B19 – Arts (C)

If you're going to be working there, the other Nobel Prize winners might rub off on you. But then again, who wants to be competing with two Nobel Prize winners in economics?

B15 – Business (B)

The difficulty you have is that you have these stars around you sort of clambering for the same piece of air time or star space. So the reality is that you can probably ...you want to perform better... you want to perform at that high level but whether you can relative to all the other superstars around you, I don't think is that easy.

B2 – Business (B)

This contraction of individuals' focus to their immediate work group can be seen as contrary and divisive to the ideal of organisational congruence. As a result individuals were inclined to resist any change processes that they perceived to be

institutionally based rather than discipline based. It also contributes to the negative opinions of the performance appraisal system which was seen very much in terms of an institutional construct that demanded compliance but did not facilitate achievement.

As a teaching focused institution with a relatively limited research profile, the composition of the academic workforce is significantly different at Uni A. Many academics in this institution have been employed by the organisation throughout its transformation from a technical college to a degree conferring university. They have strong links to the local community and have often completed their own study at the institution. It is rare for this university to attract internationally recognised scholars to its permanent work force. These factors provide significant explanatory currency in terms of the more positive responses to the institutional performance constructs. Academics in this institution are also cognisant of the vulnerability of the organisation to external factors and the associated impact on their own employment. They tend to express a sense of wanting to improve the institution in order to ensure future sustainability.

I believe each of us has a very high responsibility for that, for the sustainability of the University. As we know, there are debates about the number of Universities in Australia and about forming, amalgamating, or even disestablishing. So it's a very risky territory. We all have that responsibility, very much so.

A17 – Arts (D)

It is notable that this feeling was evident across participants at all three campuses despite the geographic separation which may potentially diminish organisational coherence. However, at this university the positive outcomes of collegial co-operation were highly relevant to academics and appeared unrelated to position, rank or location. Participants here also seemed more confident of their ability to stand out in this organisation and the absence of super star performers was perceived as a strong advantage at a personal level.

If you're doing a good job and if you've got a few ideas and can generate those, then you'll go places and people will notice and recognise that.

A6 – Arts (B)

It may be reasonably easy to move into a role [here] which then can be a nice link into a higher position at another institution. So there are opportunities in that sense.

A7 – Arts (C)

Conversely, the staff profile was considered a negative for some Uni A participants who considered that it contributed to the constraints on the potential for research supervision and collaboration.

2. Financial Disparity

The financial status of University A exacerbated the negative aspect of a less academically privileged staff profile as individuals believed that there was insufficient monetary support for their research activities. These factors acted as limiting forces on the career aspirations of these participants.

It's more of a barrier, when I look at my ability to be able to connect with the individuals who know more about my research area and who could act as mentors, I don't have that ability [here] because of the fact that it's a regional university. Another factor is because the faculty doesn't have the money to support me if I want to go to [conferences etc].

A10 – Arts (B)

Financial disparity is a central theme for Uni A academics in their comments about institutional attributes. Some participants stated that financial constraints constituted a major barrier to their engagement with the university. They also question the financial priorities of the institution suggesting that allocations are made which privilege some areas and devalue others. Some participants made the point that the financial instability of the organisation diminished their professional confidence and they contrasted this with their experience of other institutions where academics appeared more intrinsically self assured. This type

of emotional response resonated with a number of participants at Uni A and there was a general consensus that they were required to provide excessive layers of justification for relatively minimal research support. These academics indicated that they felt that these financial constraints sapped their self-belief and that their research activities had suffered as a result.

I think, again, that goes with that epistemological response that individual's have [at other institutions]. " You know, this is a nice place to work. We have money, we're comfortable, I'm not going to lose my job, I can get on and do some interesting things." And while there might be a constraint of a larger place where there's some competition there, I still think there's that confidence that goes with it. I don't know what it is but it's certainly different here to other places, and talking to colleagues at other places it's just the confidence they have to go and do things seems to be there, whereas people here seem to be, sort of cap in hand, asking if they can take on a project or something.

A6 – Arts (B)

It's very difficult to sustain a research agenda when you're not going to be able to provide the academic human resources to actually sustain these things and to provide people with the incentives to be able to engage in those things.

A8 – Arts (B)

In this sense the lack of financial prosperity was a decisive factor in terms of undermining organisational congruence at Uni A. Despite accepting that the university had placed a priority on research outputs and that this was important to the institution's viability individuals consider that resourcing constraints continue to negatively impact their ability to achieve the desired outcomes. Connected with this was the perception that teaching workloads were high compared to other institutions where other sources of funding were more prevalent.

By contrast Uni B can be considered a wealthy institution with a pedigree that is generally perceived as safeguarding its future sustainability within the Australian market. Academics in this institution report little concern with levels of funding and reiterate the view that money is readily available for research activities.

However, they also discern the disparity in the sector within different institutions and recognise the benefits that this affords them.

I think when you're at a better University you generally do have also better mentors and better advisors. So you perform better because you're getting good advice. And in terms of resources, obviously, like we're in a fortunate position if we want to go to conferences and conference our research, our papers, or whatever the case may be, we can do that. Which again gives you great feedback which can lead to a better publication or research output.

B17 – Business (B)

I still think of it as basically probably funded to twice the level of other universities.

B20 – Arts (C)

The School of Music has been bailed out by the University three times when it got into deficit. I don't think that would have happened if it hadn't been [Uni B]. Firstly because the [university] feels that having a Music School is important, but also because it has the discretionary funding to do that. I don't think every university would have.

B19 – Arts (C)

In this context the relative prosperity of the university was seen as a valuable asset which imparted both tangible and intangible benefits to academic staff. Not only did it provide for proportionately generous allowances for research funds, it also allowed academics to pursue diverse research interests and facilitated research collaboration both within the organisation and with external parties. The explicit institutional prioritisation of research over teaching reinforced this organisational knowledge and provided avenues for academics to become absorbed in their research activities. However, it was evident that in some cases financial prosperity may not necessarily translate to enhanced organisational alliance.

There is sense of people here thinking that they're working on important topics of national and international interest and that

that counts more or as much as scrabbling for fee paying students.

B20 – Arts (C)

Coupled with the internally competitive environment for some individuals these factors may actually dilute their commitment to organisational congruence as they assume rational presumptive strategies to maximise their personal utility. A number of respondents at Uni B admitted to manipulating their research activities to leverage possible reductions in teaching and other duties.

I've already passed my performance review, the indicators of what I was supposed to do and achieve I've already done all of them. I'm three or four months into my performance review and I'm done. Must have two publications come out. Now the timelines in our publications are such that I already knew I had two publications coming out this year when I signed a two publication deal.

B14 – Business (B)

The disposition to pre-empt performance measures weakens the innate goal congruence that is present within Uni B due to the fact that academics in this institution are likely to have a strong intrinsic research motivation which concords with the institution's strategic priorities. Despite participating in these elements of gamesmanship some Uni B employees recognise that this tarnishes their academic achievements.

I've taken part in very large grants. In part it's a bit annoying first to have to get grants, and secondly, to have to then work on them. Because they're not necessarily...what I have the passion for, is not necessarily what ARC has a passion for.

B10 – Arts (E)

Overall, it can be seen that institutional financial stability promotes the perception that research is a legitimate and desirable academic activity. In situations where there are perceived impediments to accessing financial support individuals may consider that this constraint validates neglect on research performance indicators. Conversely where financial support is perceived to be

both generous and accessible this appears constructive to some individuals whilst simultaneously presenting opportunities for speculative behaviour which may ultimately be detrimental to goal congruence aspirations. This suggests that it cannot be assumed that financial prosperity delivers consistent outcomes in relation to organisational objectives. In these case sites there is insufficient empirical evidence to verify the possibility that financial stability translates in a practical way to enhance organisational allegiance.

3. Senior Management Profile

The role of management in providing direction and support for institutional activities was commented on by participants at both university sites. The Vice Chancellor at Uni B was overwhelmingly seen as a driving force in the university's prosperity. Participant's comments were highly favourable about the accomplishments of senior staff and were enthusiastic about the way that the management team advocated for the university.

And that sort of confident arrogance to front the government...there's brinkmanship with that but that's the sort of faith in the market that everyone has in us.

B14 – Business (C)

The strong leadership at Uni B was considered to be one way in which organisational coherence was promoted and academics were generally confident in the ability of the management team to secure strategic advantages for the university. This was seen very much as a personality driven outcome and many participants noted that most universities do not demonstrate such strong leadership. This level of belief in management ability resulted in academics feeling secure and did appear to reinforce their commitment to organisational goals. To some degree this aspect of organisational coherence revived Uni B participants' engagement with the university and enhanced their institutional loyalty. The functional elements of this strong management team were evident in interviewees being very clear that when changes were made that affected the university there was a strong institutional expectation that academics would act

accordingly. In this sense, communication between management and personnel was emphasised as being critical to sustaining organisational coherence.

In contrast, participants at Uni A were less satisfied with the management of the university and expressed concern about its strategic direction. Once again this reflected the pre-occupation with funding sources that academics felt diluted the professional and organisational bonds in this institution.

But then I think they're scared shitless about funding and, you know, the Vice Chancellor in the newspaper going, I don't know why we haven't got all the students. It makes us look like a bit of a dick.

A9 – Arts (B)

I think we've responded after the fact when my personal opinion is those people who are charged with this responsibility, they should have known this was coming.

A6 – Arts (B)

There was a sense that in this institution management were passive in their dealings with external stakeholders and consequently the university was being overly reactive to policy changes and this impacted its ability to gain a competitive foothold in the market. Individuals did not believe that they were informed about the key strategic imperatives facing the university and this undermined their commitment to organisational goals. Communication lines in this institution were perceived as heavily filtered and participants felt that critical information was often disclosed after the fact. Academics were united in their view that there were clear organisational directives that originated in response to external pressures. However, they were equally concerned about the transmission of this information to the individuals who were ultimately held accountable for their contribution to these organisational goals. The absence of transparent timely information flows appears to stifle individuals' enthusiasm towards positive response. Despite being strongly connected to the institution in a holistic sense academics were concerned by the strategic pressures that the university was under. They felt divorced from a systematic and co-ordinated

response to these environmental factors and this was exacerbated by the fact that the performance review process did not reinforce the linkages between individual and collective effort. This created tension because they felt that were required to act according to university imperatives but were not adequately informed of the reasons why this was necessary and there was little explanation as to how their contribution fitted within the broader organisational context. Many academics felt that this reflected an organisation in which a strong institutional purpose and vision had yet to be established.

I sometimes feel like when these things change that the university leadership, maybe they don't have a choice, but my perception is they just sort of say, [if] that's what you want, we'll do that now, without any sort of strategic vision around where it's going.

A11 – Arts (B)

I honestly don't think a lot of staff know what's going on in terms of the imperatives that universities face at the moment. I think they're driven mainly by their day-to-day activities and so forth. If we were more conscious of these imperatives and if they were communicated in a way that staff understood them and appreciated them then there might be more commitment to them. And I think if you've got more and more people committing to them then the university is likely to be more successful in what it goes about. If the [performance review] process can contribute to communicating what the university is all about and what we're trying to achieve, and this is your role in it and how can we now get you to contribute to this, then that's a good thing.... We're doing things for a purpose aren't we and the university has a purpose so we should all be contributing to that I guess. [But] I don't think it's right up in your face up front, not the [review] conversations I've had. It's more, how's your teaching going, what are you going to do next year, and by the way how many publications are you aiming for next year. That's a real microcosm isn't it?

A7 – Arts (C)

Participants at this university felt management had failed to communicate a coherent institutional mission and policy decisions were made on an ad hoc basis with little communication across the organisation.

I don't know that we've really got an articulated vision that everyone is committed to because sometimes I think our visions are just handed to us rather than actually come from us.

A8 – Arts (B)

Academics appeared to be generally receptive to the prospect for input into organisational goal setting but there was a strong sense that this opportunity was largely absent in this university. This meant it was difficult for academics to feel engaged with the university direction and they were less likely to feel they were actively contributing to the organisational goals. These results concord with prior empirical data that suggest that “the success of organisations in communicating the goal of the agency and the employee’s role in fulfilling this goal has significant effect on performance” (Moynihan, 2004a, p. 433). Despite the self evident nature of this theoretical proposition it is evident from the current study that at practical level public sector organisations may still struggle to find ways to operationalise this conceptual understanding.

In summary, there is evidence of some competing influences on the level of commitment to organisational goals experienced by academic participants. The institutional setting of the university is a key contributor to this outcome. Interviewees at Uni B demonstrate less personal alignment with the institution’s strategic mission and assert that the highly competitive nature of the university coupled with the speculative behaviour in regards to securing research funding dilute organisational coherence. However, this is moderated by the existence of the strong leadership displayed by the Vice Chancellor which is instrumental in providing academics with a sense of belonging to a vibrant and successful organisation. Despite this positive effect accruing from the leadership embedded at Uni B, overall Uni A participants reported a stronger sense of organisational commitment. This appears to be generated by the institutional profile in terms of its community links and origins as a vocational education provider. However, Uni A faces significant challenges to its viability which diminish individual commitment to the university. In particular the perception that financial support is limited and difficult to access results in academics disengaging from research

activities. Further, participants were unconvinced about the university's strategic direction and this insecurity was magnified by academics feeling marginalised due to the lack of communication lines. It is clear that organisational coherence may not be presumed in a university setting where there are competing sources for individuals' commitment.

Institutional structure is important factor which should be considered in design and implementation of performance measurement schemes that are applied to enhance organisational goal congruence. Given that one of the key aims associated with new public management reforms was to "introduce a strategic clarity of task and purpose to public organisations" (Moynihan, 2004a) it is important to resolve any structural obstacles that negate this possibility. Significant sources of these potential barriers originate from institutional attributes in relation to competitive ability, financial profile and strategic leadership. In addition the absolute lack of unambiguous and embedded links between external performance indicators and internal performance mechanisms means that individual responses to institutional imperatives are on an ad hoc and idiosyncratic basis. These individualistic interpretations may not necessarily translate to improved organisational outcomes.

Chapter 9: Conclusion

Progress is measured not by increasing convergence but by increasing diversity and complexity and by a shared sense of what is part of history. The cannon changes by expansion and inclusion, by elaborating and adding perspectives...There is change but there is also continuity. (Augier, March, & Sullivan, 2003, p. 21)

Key Research Findings

This research provides new empirical insights about the way that organisational actors' practice performance measurement. In contrast to much prior institutional research the informants for this project were operating level employees exposed to internal and external performance regimes. The research provides insights about how individuals practice performance measurement in a context where the institutional purpose of the systems was framed in ambiguous and generic terms. There was also a lack of institutional linkages between the internal and external performance structures. The empirical results provide evidence that patterns of coupling did affect the practice of performance measurement in these case organisations. Individuals practice performance measurement based on their understanding of the purpose of the system, evidence of organisational commitment to the systems and the internal consistency of the system. The agency of individuals means that institutional research needs to continue to question the role of loose coupling as a valid research construct. My findings suggest that individuals see through the institutional structural couplings and the ways that they practice performance measurement is more broadly informed by institutional, environmental and social factors.

A major contribution from the study is the finding that participants' interpret the organisational integration of the structures in order to gauge the institutional commitment to the performance standard. Individuals in this study were disengaged from the organisational objectives and adopted a micro perspective of their contribution to the organisational field because there were

inconsistencies both between and within the performance measurement systems. Consequently the performance systems did not achieve their theoretical and practical objectives of improving individual performance and delivering organisational goals. In addition there was evidence of a strong disconnect between the institutional purpose of the system and the ways that individuals perceived this purpose. The ways that individuals interpreted the purpose of the performance mechanisms did affect the practice of performance measurement.

The study focused on both internal and external systems of performance. Two case sites were chosen to illustrate contrasting types of organisations within the institutional field. Despite the performance systems being framed within similar institutional purposes there were notable differences between the way that participants at each institution interpreted the systems. This means that there are strong institutional and environmental influences that play a role in determining the practice of performance measurement in these organisations. This finding endorses the role of broad methodological approaches for analysing case data. In this instance the use of hermeneutics assisted by its focus on understanding the parts in terms of the whole and vice versa. The relative contribution of institution and environment became an important part of research story. This iterative process also allowed unplanned research themes to emerge organically from the interviews and narrative data. In this study these constructs related to the political leveraging within the institution, difference in disciplinary practices which are disregarded in the performance structures, institutional histories and traditions, financial status and management profile. Such insights provide direction for future research to explore performance measurement with a broader understanding of the way it is embedded within organisational fields.

Summary of Secondary Research Findings

The theoretical underpinnings of this research stem from new public management, rational economic theories and neo-institutional theory. Together they comprise a framework in which performance appraisal systems constitute a rational and relevant organisational construct. Overlaying a hermeneutical

analysis on this framework provides a unique perspective which incorporates the understanding from broader organisational theory that organisations are actively and continually involved in interpretation (Daft & Weick, 1984). Recently organisational researchers have reflected on the insight that at the foundation of organisational activity is the need to represent; “these representations appear in the world ready labelled, signified, the carriers of meaning and interpretation” (Townley & Beech, 2010, p. 13). This understanding acknowledges the role of accounting in presenting a picture of the organisation and in this way is viewed as a compositional process (Townley & Beech, 2010). At a practical level this can be translated by the following definition: “interpretation is the process through which information is given meaning and actions are chosen” (Daft & Weick, 1984, p. 294). For the purposes of this case driven research the production of performance information can be viewed as an interpretative process which assigns meaning to individual behaviour within a co-ordinated institutional construct. The research approach (which was guided by hermeneutical principles) proceeded from the understanding that texts formed under accounting technologies are “representations that present a way or interpreting or seeing the world, and a way of being in the world” (Townley & Beech, 2010, p. 13).

The Influence of Institutional Attributes

Prior research suggests that in the context of the public sector, performance measurement systems can be effectively used to achieve “immediate instrumental uses and also as a symbol of organisational purpose that becomes a self-fulfilling prophecy towards the instrumental goal of a mission driven culture” (Moynihan, 2004b, p. 235). The findings in this study concur with the possibility for instrumental outcomes to accrue from symbolic manifestations of performance measurement tools. However, the data suggests that this relationship is less symmetrical than implied in prior accounting research. Individuals in the case sites enacted the performance systems through a mediated horizon in which institutional characteristics and philosophical beliefs about their academic role perform consummate roles. The empirics suggest that

organisations should not view organisational actors as passive receptacles constituting the performance metric input. Rather, individuals continually evolve their understanding of both internal logics and the external normative and co-ercive pressures. Their subsequent actions and practices reflect not only the priorities of the performance system but also their interpretation of the wider institutional field.

In the two university case sites the execution (although not the existence) of performance measurement systems appeared to undermine organisational coherence and commitment to strategic goals. However, moderating the negative connotations of this outcome is the related finding that even when individuals discern the institutional contradictions they infuse their experience with broad environmental contexts. These individual experiences feed into the performance system to make it more meaningful to institutional actors. Thus it becomes a more productive element of the multitude of factors that constitute the institutional organism. However, in this case the positive potential was undermined by the existing inconsistencies within the organisational systems at both case sites.

Despite growing evidence that “institutional constraints, originating from inconsistent norms and rationalities, effectively contribute to the lack of integration and coherence in performance measurement” (Modell, 2001, p. 460) there is little sign that this knowledge has been embedded within the case sites in a practical way. It is unlikely that the performance mechanisms can transcend pre-existing organisational tensions without addressing the sources of this conflict. This study has also shown the agents’ actions and responses vary based on individual interpretations of the institutional and environmental settings. This implies a role for customised elements to be adopted within different institutional settings and may also require differential models that accommodate divisional diversity. An enhanced focus on the unique factors that comprise the institutional setting of Australian universities may provide future opportunities for improved links between operational performance review processes and key strategic goals. Also implied is the merit of encouraging operational level

employees to be involved in the design of the performance control mechanisms in order to achieve a workable model of co-operation.

Australian universities experience environmental constraints and regulatory pressures that are filtered through the organisation by system innovation and organisational policies. It is important to understand how these institutional events are perceived and responded to by those individuals within the organisation which are the ultimate subject of these changes. The presence of material diversity within the structural and symbolic characteristics of institutions within the Australian tertiary sector means that it is possible for isomorphic pressures to result in variable outcomes. In particular the ability of strong institutions to withstand environmental complexity appears to have important moderating effects on the relationship between individual beliefs and organisational legitimacy. Thus the research provides a contribution by its comparative analysis which suggests that the institutional attributes of contrasting organisations do determine whether these differences are relevant factors in reducing environmental uncertainty and reinforcing of organisational legitimacy. Further, the study suggests that this institutional element is also strongly utilised by individuals and plays an important role in determining their allegiance.

The Significance of Purpose

The study provides evidence that the organisational actors perceive the performance systems to be primarily an act of acquiescence by the university to conform to normative expectations about performance measurement. Within an institutional framework this is consistent with the expectation that organisations attempt to legitimise their activities via as a display of ceremonial conformity. Such systems may be characterised by loose coupling to organisational processes. However, the study results also suggest that whilst at the institutional level the performance appraisal systems have initially been adopted as an acquiescent act this motivation may evolve. In case site B it is apparent that over time the review process has been insinuated in tactile evaluative actions by the

linkages to promotion decisions, salary review and performance management policies. This is consistent with prior research that demonstrates that “when organisations adopt changes in their formal rules and structures in response to institutional pressures, changes that might seem superficial at first become more significant over time” (W. R. Scott, 2008, p. 432). However, despite the increased level of integration with other institutional systems at this site there is no evidence of a superior level of organisational commitment from participants at Uni B relative to Uni A. It seems likely that changes in the degree of coupling are less likely to influence individuals assessment of the system relative to their initial judgement. This may be due to the internal inconsistencies that remain within the performance measurement structures.

Institutional theory provided an appropriate framework in which to explore the structural dimensions of the two institutional executions of the performance appraisal systems. This theoretical background also provided a basis for framing participants’ experiences and perceptions associated with the performance system within a specific institutional context. This study extends prior research by the adoption of an individual level analysis. By focusing on the recipients of the institutional performance measurement constructs the study recognises the potential for “institutional processes [to] operate not only in a top-down, but also a bottom-up direction” (W. R. Scott, 2008, p. 431). In this way the research design reflects the cognition that individual actors play a performative role in determining the instrumental outcome of performance structures. The study also expands the parameters of public sector research by highlighting the interactions between accountability and legitimacy in the context of environmental uncertainty and multiple stakeholders. The research compass is the way that these processes are enacted and interpreted by individuals working within the institutional context. To this end the choice of research setting reflects an organisational field prone to the ambiguous goals and susceptible to the conflicting demands of multiple stakeholders.

It seems likely that the organisations in this study have continued to “reproduce actions and practices of the institutional environment that have become

historically repeated, customary, conventional or taken for granted” (Oliver, 1991, p. 152). Studies such as this provide evidence that this tendency should be stifled. In addition, the research addresses the lack of accounting based research directed at the impact of individual performance appraisal systems in settings characterised by poor linkages between work inputs and organisationally significant outcomes. The findings contribute to both the extant public sector performance measurement literature as well as the stream of institutionally informed research concerned with accountability constructs and meanings. In particular the research can be seen as an initial response to the proposition that “further research must take seriously the nature of the work and examine the everyday interactions wherein which accountability processes are enacted” (Ezzamel, et al., 2007, p. 169). At a practical level results from this study may provide the organisational architects of performance appraisal systems with viable tools for improving the utility and functionality of performance measurement and management processes.

Limitations

This project suffers from the constraints pertinent to case study research. These include restricted data points, cross sectional design and limited replicability. In addition the fact that data analysis is completed by one individual means that the findings are subject to the interpretative abilities of the researcher. It is also acknowledged that the depth of the study is limited by the fact that data was collected over a relatively short time frame and is restricted to two case sites. In addition a research choice was made to focus the data collection at the individual level and participants were selected based on them being subjected to the appraisal process rather than delivering it. Naturally this results in a partial view of perceptions to the performance appraisal system. However, this is judged to be appropriate given the aim of the study was to explore the perception at the operational level. Future research will provide a valuable contribution by utilising a broader pool of subjects within the institutional field. In particular comparative analysis involving representation from professional staff, executives and adjunct staff may provide informative results. Other limitations exist in

regards to the generalisability and replicability of the study. Consistent with the interpretative nature of the research there is no attempt to extrapolate the findings from the study to other institutional settings or organisational levels.

Future Directions

One avenue for future research is the conduct of longitudinal studies which explore participants' perspectives and responses to performance measurement practices over an extended period. This type of research agenda would enable more precise identification of the transformations that may occur in regards to individual's acceptance and endorsement of performance logics. It would also facilitate theoretical development of how institutions adapt to resistance from within in regards to organisational change. Such work would provide a basis for developing Modell's (2009) empirical claim that institutional isomorphism may over time fuel learning processes and enable the evolution of performance measurement practices via experimentation and adaptation. An extended longitudinal study may also provide an avenue for addressing the reasons why Uni B performance review process appeared to have become more tightly coupled over time whereas Uni A's appeared to be relatively static and remains decoupled from instrumental organisational practices.

At a practical level the study provides motivation for further refinement and improvement of the performance control mechanisms in tertiary institutions. There is some evidence that performance appraisal systems for academic work show sufficient promise to be considered relevant and practical indications of individual performance. However the relative lack of co-ordinated organisational attempts to develop the necessary customised elements and implement contextually sympathetic models continues to inhibit the operational sustainability of the extant systems. Future research could adopt a normative developmental approach with a focus on the corrective technology which could be used to enhance the functional outcomes and facilitate performance improvement. This approach also addresses recent criticism that academic management accounting research informed by neo-institutional theory persists in

a relatively narrow focus on the ceremonial character of organisational processes and this bias results in the dislocation of research from practice (van Helden, 2005).

Interest is also accorded by the findings which indicate isomorphism was evident in the institutions' design of the performance measurement system and only marginal differences characterise the execution of the performance appraisal system. This provides a contrasting finding to Townley's (1997) suggestion that technical and old universities may exhibit an increasing heteromorphism in relation to their adoption of performance appraisal systems. Discussion of the implications of this anomalous result is provided below as well as indications for areas of future research.

Townley (1997) found that institutions with a vocational teaching background and little research tradition were more likely to adopt a judgemental performance appraisal system. The author suggests that this inclination stems from these institutions' willingness to accept the applicability of private sector systems of accountability to university activity (Townley, 1997). This suggests these institutions are more likely to be sympathetic to the market driven philosophies that underlie new public management systems (Townley, 1997). However, in the current study a more judgemental performance review system was found to be applied at the older traditional university. Uni A which accords with Townley's (1997) definition of a "technical" university had adopted a primarily developmental system. At a superficial level this appears to contrast with the assumption that the newer and less traditional institutions are predisposed to being more receptive to the imposition of public management techniques. However, there are a number of differences between the current study and the earlier study which may contribute to the contrasting findings. Firstly, Townley (1997) conducted her research at management level at the time when these performance systems were being introduced as a result of a government directive. Her research was conducted in Britain and therefore the demographical features of the universities are significantly different. In contrast the current study adopts

an individual level analysis and in both institutions the performance appraisal systems are well established and indoctrinated.

The perspective reflected in this research project represents the subjects of the appraisal system as opposed to the views expressed by the architects of these systems. It is therefore possible that the intent of university management responsible for the implementation of the system does not concord with the way that individuals experience the system. Rather than exploring the ways in which the performance appraisal systems represent a legitimating response to coercive external power, the intent of this research is to explore the perceptions of individuals in regards to the way the organisation operationalises the performance appraisal system. However, despite these explanatory factors the current study provides an alternative perspective to Townley's (1997) earlier results by the suggestion that institutional level differences do not necessarily translate to dissimilar performance systems. In these case sites the empirics appear to endorse the expectation of isomorphism. Most notable is perhaps the indication that individuals within the university perceive and experience similar performance systems differentially based on their institutional setting, disciplinary codes and personal background

These findings provide an interesting foil to Townley's (1997) paper which compares the performance appraisal systems in UK institutions based on differentiating old and new universities. Her analysis concludes that new universities were likely to impose more stringent judgemental performance appraisal systems and were more receptive to "adopting private sector schemes to suit the university environment" (Townley, 1997, p. 278). In contrast individuals in the current study working within comparable "new universities" were more likely to emphasise the developmental components of the review process and the system did not appear to function in a particularly judgemental manner. In fact, this more negative articulation of the review process was more evident at the "old" university. However, the current findings reflect the view of individual actors within the two institutions in contrast to Townley's study which reviewed the appraisal system at the institutional level and used management

documentation and interviews as the key sources of data. This suggests that there may be significant differences between the intent of management in their application of these control systems and the way that individuals at an operational level respond to the execution of the system. Further research which explores the antecedents that facilitate convergence of institutional perspectives may provide further insight into the potential for intent and experience to coincide.

The lack of clear purpose for the performance system that is identified in this research suggests that further work is required to inform the basis for establishing the performance processes in these types of institutional fields. Adopting the perspective of the institutional proponents and external instigators of the schemes will provide a fuller picture of why and how organisations use these systems and how this understanding affects the individuals' perceptions of such schemes. In addition further elaboration of the effects of reform programmes such as the widely adopted NPM regime need to be evaluated in terms of its future orientation. Brunsson (2006) argues that such reforms "cannot be expected to produce immediate results...it promises future benefits, sometimes when implementation has been completed and sometimes much further off in the future" (p. 244).

The study also highlights the necessity to formulate a clear definition of performance at the institutional level. Performance control systems imply that a suitable criterion of performance has been established and communicated. However, the empirical evidence in this study suggests that individuals who are subject to the application of the performance criteria either fail to recognise this arrangement or dispute the logic underlying it. This erodes both organisational loyalty as well as commitment to the practical dimensions of the performance measurement system. It is therefore necessary to conduct further research that adopts a less prescriptive stance on the classification of institutional performance and explicitly recognises that how we evaluate management control systems should reflect a deeper understanding on how we define performance (Moynihan, 2004a). In this way we may achieve a richer understanding of the

properties that contribute meaning and utility to the formal and informal structures of performance within specific institutional fields. This approach also provides a vehicle in which we can more appropriately translate the ability of management control systems to instigate action because the defining of meaning is instrumental in determining the attitudes and decisions of organisational actors (Moynihan, 2006). Without such insight it is likely that the structural deficiencies of performance measurement systems obscure the potential contribution of such schemes in regards to motivating action and improving individual and organisational alliances. If we intend to measure performance then we must reflect more on the understanding that performance is more than behaviour, it is behaviour imbued with significance and value by an organisation because of what it leads to (Campbell, Dunnette, & Weick, 1970). In public sector contexts where goal ambiguity and conflicting stakeholder agendas are conspicuous it is apparent that extensive work remains to be done.

Conclusion

Unravelling the Myth of Loose Coupling

This research provides a number of relevant insights for the practice of performance measurement. Attempts to improve institutional legitimacy via loosely coupled performance measurement systems may ultimately magnify the uncertainty and complexity experienced by institutional participants. This promotes the necessity for institutions to carefully evaluate the mechanisms deployed to maintain legitimacy in order to avoid the unanticipated outcome of increasing organisational vulnerability. In addition, the research provides a contrary finding around the belief that loose coupling is a latent and benign tool associated with organisational legitimating. The empirics provide some evidence that loose coupling may be complicit in increasing levels of uncertainty and ambiguity. Rather than being seen as a rational but innocuous solution to maintaining “ceremonial conformity” (Meyer & Rowan, 1977, p. 341) this study provides evidence that loose coupling of institutional structures intensifies organisational participants’ uncertainty about institutional standards.

The findings suggests that for organisations dealing with high levels of uncertainty and multiple stakeholder groups, institutional attempts to resolve stakeholder conflicts by loosely coupled performance measurement practices can be counterproductive. Individual actors perceive the tensions between the structural elements of the performance system and the institutional intent to preserve organisational legitimacy. Loosely coupled structures are unravelled by individuals within the organisation and internal inconsistencies are negatively interpreted. As illustrated in the data analysis section the likely outcome in this situation is that the individual has diminished feelings of accountability towards any particular constituency (Mero, et al., 2007) and are less connected to both institutional and environmental objectives.

This research finds that the mis-alignment of organisational processes coupled with superficial, and hence, spurious links between internal and external performance measurement systems results in individuals disengaging from organisational activities and objectives. Consequently individuals express confusion about their institutional role and resist formulating performance targets. They tend to reject practical applications of performance measurement in relation to both the internal and external contexts. There is evidence that loosely coupled performance measurement regimes reduces individual commitment to organisational goals as participants interpret this dissonance negatively and are less likely to be motivated to share and support organisational imperatives. The results corroborate prior research that suggests that performance measurement strategies which are loosely coupled to institutional activities have little productive impact.

In organisations where uncertainty and multiple stakeholders constitute the environmental context there is significant potential for dysfunctional outcomes to be realised from loosely coupled accountability processes. The lack of integration between performance systems is implicated in increasing uncertainty and disengagement at the individual level. Instead of responding to the organisational imperatives individuals contract their efforts to either personal or localised goals. This means that institutional attempts to maintain legitimacy are

actually damaged by loosely coupled performance structures. Rather than contributing to organisational legitimacy via their collectively endorsed normative attributes, loosely coupled performance constructs may be instrumental in promoting opportunities for institutions to receive negative performance assessments (due to individuals abandoning organisational objectives).

In public sector arenas characterised by growing competition and limited resources institutions face pronounced threats from changes in funding regimes. For these institutions securing an affirmative link between the performance regime and the funding priorities is synonymous with existence. If the performance metrics are undermined by organisational participants it is possible that negative funding outcomes may accrue. In highly competitive public sector contexts the ability to receive government funding is an essential component of the organisation's financial stability. In addition there is a high level of complexity and ambiguity associated with the potential funding outcomes that accompany the evaluative devices and performance weightings as the use of these tools is highly dependent on the uncertainties of politics (C. Scott & Hood, 2005). For organisations in the public sector demonstrating legitimacy is critical survival factor as these institutions are reliant on multiple influences which collectively determine their funding and operating activities.

The key finding in this research project is that processes of coupling are keenly perceived and analysed by institutional actors and that these individuals assess the patterns of coupling and decoupling in dynamic ways. Moreover rather than being seen in terms of connections between institutional structures patterns of coupling should be considered within systems as well. Individuals look for consistency and connections both between and within institutional contexts. These judgements are informed by their institutional setting, environmental conditions and personal beliefs. Institutions cannot circumvent the multiplicity of human experience by structural interventions. The study provides empirical insights of the ways that institutional actors process and understand organisational efforts to secure legitimacy via symbolic applications of

accounting tools. These judgements reduce the effectiveness of performance measurement regimes at the operational level and ultimately undermine the legitimacy objective. The results suggest that while loose coupling may be a viable means of signalling organisational legitimacy to external stakeholders at the institutional level it comes at the cost of decreasing internal coherence.

Overall, the research provides strong indications that the loose coupling of institutional systems should not be viewed as a pragmatic and benign approach to reconciling organisational imperatives with incompatible accountability regimes. The findings suggest that the patterns associated with coupling performance measurement regimes within public sector organisations may be antithetical to the successful achievement of institutional objectives in certain environmental and organisational contexts. The results also indicate the need to continue developing theoretical frameworks that rely less on structural and macro level explanations of institutional activities. The contribution of individual experience in evolving the organisational field is yet to be fully understood. It is necessary to bring back into institutional research the understanding that “social practices such as accounting are the negotiated products of agency” (Whittington, 2011, p. 185) and that individual experience takes place throughout the organisation not merely at management or decision maker levels. It is possible that innovative analytical processes may prove a better tool for unearthing insights that capture the role of individual experience and allow interpretations to emerge organically from research settings.

Institutional theory continues to provide a sound framework for interpreting organisational systems. The empirical evidence from this case study reveals new insights about the forensic effects of loose coupling in specific institutional settings. This research represents a contrasting approach to prior literature that portray loose coupling as a neutral strategy which provides a means of reconciling organisational activities with incompatible external regimes. Throughout the course of the project interviewees reported that poor linkages between internal and external performance systems reduced their commitment to organisational goals. However, the study also provides insight into the

institutional understanding of coupling. Concepts of coupling applied not only to the structural accounting systems but were also used by individuals to describe the role of hidden or implied elements of the accounting systems. Participants spoke of how well the formal system accommodated and linked to these unofficial yet influential elements of performance measurement. In this sense coupling may be less a structural permeation than an interpretive vision and in this sense may be very much in the eye of the beholder. It may be timely to explore the concept of coupling as a process of sense-making and resolution.

Enriching Neo Institutional Theory

Drawing from well established constructionist research traditions this study provides an avenue for enriching and extending the theoretical frameworks utilised in the performance measurement literature. In particular this study has provided insight into how to redress the failure of institutional theory to come to terms with agency and interest (Di Maggio, 1988). The lack of a strong model for individual agency in institutional theory has meant that “relatively little is still known about the concrete practices employed by actors in relation to institutions” (Lawrence, et al., 2009, p. 10). There should be little disagreement that to fill this gap these individual actors need to have a voice in the institutional literature. As noted by (Bleiklie & Kogan, 2007) it is necessary to observe actual structures and behaviours at various levels within organisations. These every day activities constitute the seeds of new practices (Lounsbury, 2008) that can provide understanding about the process of institutionalisation.

This study has applied hermeneutic analysis to exploring the role of individual experience in processing and moderating organisational performance measurement systems. Hermeneutics is one approach that provides a methodological corollary to the reconceptualisation of agency within institutional theory. As a philosophy of understanding hermeneutics emphasises the role of interpretation in understanding experience. It also forces recognition of the fact that we always experience the world as something or in relation to something (Dahlberg, et al., 2001). Accordingly this study has sought to provide

empirical insight into how performance measurement is experienced by individuals in order to tell us about more about what these experiences mean to institutions and institutional research.

Appendix One

Case Site Data

Table 1: Attributes of Selected Case Sites

Attributes	University A	University B
<i>Geographic Location</i>	Regional	Metropolitan
<u><i>Size:</i></u>		
<i>Academic Staff</i>	614	1471
<i>General Staff</i>	864	2075
<i>FTE Students</i>	12129	13882
<u><i>Financial Structure:</i></u>	'000	'000
<i>Operating Revenue</i>	\$171 568	\$784 969
<i>External Research Income</i>	\$5 035	\$185 348
<i>Campus Structure</i>	Multiple Campuses	Single Campus
<i>Profile</i>	Ex - Vocational Institute	G08
<i>Reputation</i>	Distance Education	Research Intensive

Appendix Two

Interview Protocol

The interviewer begins each interview with a short introductory statement making specific reference to the interviewees' ability to terminate the recording of the interview at any point. The signed consent form is also referenced before the interview commences. The interview then starts with the following initial standardised questions:

- Q1 I am interested in finding out about your choice to become an academic. Can you tell me about the reasons that helped you decide to work in this role?**
- Q2 What are the main tasks that you perform on a day to day basis as an academic?**
- Q3 In your time as an academic have the activities that you are required to do changed significantly?**
- Q4 Can you briefly describe your understanding of the way Australian universities are funded?**

This completes the initial stage of the interview and the interviewer makes a brief transition statement to summarise what has been said to date and to prepare the participant for the focus of the next questions which will be on their experience and perceptions relating to research performance measurement in universities. The questions are drawn from the following interview guide. The exact structure and sequence of questions is determined by the progress of the interview and responses provided by the interviewee.

Appendix Three

Participant Matrix

Table 2: Details of Participants

Participant Code	Case Site	Academic Level	Gender	Service Length	Prior Academic Appointment	Professional Experience
A1	Uni A	Level A	Female	0-5 Years	No	1-5 years
A2	Uni A	Level B	Male	0-5 Years	Yes	5-10 years
A3	Uni A	Level B	Male	15-20 Years	No	1-5 years
A4	Uni A	Level D	Male	5-10 Years	Yes	Unknown
A5	Uni A	Level D	Female	0-5 Years	Yes	5-10 years
A6	Uni A	Level B	Male	5-10 Years	No	1-5 years
A7	Uni A	Level C	Male	20 Years Plus	No	5-10 years
A8	Uni A	Level B	Male	0-5 Years	No	10-20 years
A9	Uni A	Level B	Female	5-10 Years	Yes	10-20 years
A10	Uni A	Level B	Male	0-5 Years	Yes	5-10 years
A11	Uni A	Level B	Male	5-10 Years	Yes	20 years +
A12	Uni A	Level B	Male	10-15 Years	No	10-20 years
A13	Uni A	Level C	Female	15-20 Years	No	5-10 years
A14	Uni A	Level B	Male	0-5 Years	Yes	None
A15	Uni A	Level D	Male	15-20 Years	Yes	None
A16	Uni A	Level D	Female	20 Years Plus	No	10-20 years
A17	Uni A	Level D	Male	0-5 Years	Yes	5-10 years
A18	Uni A	Level E	Male	10-15 Years	No	20 years +
B1	Uni B	Level E	Female	20 Years Plus	Yes	None
B2	Uni B	Level B	Male	0-5 Years	Yes	10-20 years
B3	Uni B	Level B	Female	5-10 Years	Yes	1-5 years
B4	Uni B	Level B	Male	5-10 Years	Yes	20 years +
B5	Uni B	Level A	Female	0-5 Years	No	1-5 years
B6	Uni B	Level A	Female	10-15 Years	Yes	Unknown
B7	Uni B	Level D	Male	5-10 Years	Yes	1-5 years
B8	Uni B	Level C	Female	5-10 Years	Yes	None
B9	Uni B	Level C	Male	10-15 Years	Yes	Unknown
B10	Uni B	Level E	Male	20 Years Plus	Yes	None
B11	Uni B	Level D	Female	20 Years Plus	Yes	None
B12	Uni B	Level B	Male	0-5 Years	No	1-5 years
B13	Uni B	Level C	Female	5-10 Years	Yes	5-10 years
B14	Uni B	Level C	Male	0-5 Years	Yes	1-5 years
B15	Uni B	Level B	Female	0-5 Years	No	1-5 years
B16	Uni B	Level C	Male	15-20 Years	Yes	1-5 years
B17	Uni B	Level B	Female	0-5 Years	No	None
B18	Uni B	Level B	Female	0-5 Years	Yes	20 years +
B19	Uni B	Level C	Female	20 Years Plus	No	5-10 years
B20	Uni B	Level C	Male	20 Years Plus	No	1-5 years

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Figure 1: Information Sheet



Name of Research Project:

Performance Measurement in Australian Universities: An Exploratory Study.

Researcher Details:

This research is being undertaken by Claire Beattie towards her Doctorate (PhD) degree at the School of Accounting and Business Information Systems, College of Business and Economics, Australian National University. The doctoral study is supervised by Professor Kerry Jacobs (Australian National University) and Professor Julie Cotter (University of Southern Queensland).

Purpose of Research:

The purpose of the study is to investigate the impact of performance measurement on individuals working within Australian universities. Of particular interest is the way that academics working in the sector perceive and respond to performance measurement systems.

It is hoped that this research will provide useful information that contributes to understanding how Australian universities adapt to changes in performance measurement. This knowledge is also relevant to broader understandings of the purposes and consequences of performance measurement systems.

Research Activities:

The research process involves the selection of two University case sites. Interviews will be conducted with various individuals within each site. The aim of the process is to conduct interviews with participants working in different discipline areas across a range of levels and positions. The fieldwork phase of the project is expected to be conducted over a period not exceeding 9 months.

Participation:

If you agree to participate in this project, I will ask you to take part in an interview which I do not expect to take longer than one hour. The interview can be at your office or any other convenient location and will be arranged for a mutually agreeable time. In some instances a follow up interview may be requested to clarify any issues or comments. I will request permission to record the interview to consolidate my written notes. The interview will involve signing a consent form, and answering questions about university performance measurement systems and your experience and perceptions of these.

You can withdraw from the project or decline to answer any questions at any time. Participation in the research is entirely voluntary and there are no disadvantages, penalties or adverse consequences for not participating or withdrawing prematurely from the research.

You may request a copy of the completed findings. If you would be interested in receiving a report of the findings please let me know at the interview.

Use of Information:

The results of this project may be published. To ensure anonymity and confidentiality neither individuals nor institutions will be identified in the results. Copies of audio transcripts will be kept in secure locked locations until results are collated. Interview data will be de-identified at this time and all computer files containing interview results will be password protected. Audio recordings will be disposed of after transcription. Transcription will be done by the main researcher and will not be outsourced.

I do not intend to collect any information in interviews which is of a sensitive or confidential nature. Further, only generic attributes will be discussed in relation to the findings reported in subsequent research publications and documents.

Figure 2: Interview Consent Form



Interview Consent Form

Performance Measurement in Australian Universities: An Exploratory Study.

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I have the right to ask further questions at any time.

I understand that I have the right to withdraw from the study at any time and to decline to answer particular questions.

I agree to provide information to the researcher on the understanding that neither my name nor the name of my institution will be used in reported findings.

I understand that the information that I provide during the interview will be used only for this research and publications arising from the research project.

I agree / do not agree to the interview being recorded. [Please circle.]

I also understand that I have the right to ask for the digital voice recorder to be turned off at any time during the interview.

Signed:

Name:

Date: