

# Performance Management of Higher Education

CONTEXT

CULTURE

CONTROL SYSTEMS

EXPLICIT OR IMPLICIT FINANCIAL TRANSFERS AND ACCOUNTABILITY EXPECTATIONS

Figure 3

Quality, Performance & Delivery



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# **Background**

Simple Performance Management Systems (PMS) have been shown to be effective in some situations, particularly in organisations that have

clear, easily recognizable objectives. But much less is known about how PMS work in complex organisations, such as universities, which produce multiple goods and operate in a world of multiple stakeholders, complex funding flows and often contradictory demands.

Figures 1 and 2 illustrate this for England; Figure 1

maps the flows of government funding, which, as Figure 2 demonstrates, constituted more than 60% of total income for Higher Education Institutions, HEIs.

So how do performance management systems play out in such conditions and with what consequences, intended or otherwise?

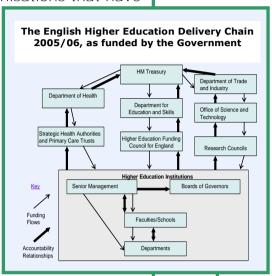


Figure 1

# **What We Did**

 Instead of a hypothesis-testing approach, we took a critical-discursive approach to

investigating the operations of PMS, combining analysis of documents and unstructured interviews with 50 individuals spanning the entire 'delivery

chain' (Figure 1), and across six different higher education institutions (HEIs)

In the process we developed a distinction between two basic forms of

in England in 2005-6.

PMS, transactional and relational

(summarised in Figure 4), and identified the underlying rationalities and context associated with these different types of PMS (summarised in Figure 3). We believe this distinction is applicable to other public service domains.

### Aims

We aimed to:

- map out PMS in the provision of higher education in England and trace their development;
- evaluate the design, implementation and effectiveness of PMS in higher education in England;
- provide insights for developing a

more general framework for the analysis of PMS design, implementation and evaluation that can inform further studies in other areas of public service delivery.

Income and Expenditure of UK HEIS, 2003/04
Income, £16.9bn

Endowment and investment income

1%

Other income
(Including Department of Health)
20%

Funding Council
Grants (Department of Education and skills)
39%

Other fees and support
grants
2%\* Oversees
(non-EU) fees Part-time HE Full-time UK and
7%\* course fees
3%\* EU HE fees
3%\*

Source: Higher Education Statistics Agency (HESA) (2005):
Resources of Higher Education Institutions 2003/04, Tables 1, 2b, 2c

Figure 2

We identified a tension between the

**Findings** 

transactional approach
to PMS reflected in the
way Treasury public
service agreement
targets diffused
throughout the
delivery chain, and
the relational
approach to PMS
taken by the Higher
Education Funding
Council for England
(HEFCE) and

operating within HEIs.

We identified various ways of

resolving this tension, including the possibility of HEFCE being obliged to shift from a relational to a transactional approach to PMS if HEIs fail to deliver government priorities.

# NATURE OF THE PMS TYPES

The TRANSACTIONAL has a high level of specification of ends to achieve (e.g. through performance measures and targets etc.) and means to achieve these ends. It is project-based for a particular periodic activity.

The RELATIONAL has a clear specification of ends to achieve (e.g. through mission and vision statements, key success factors etc.) but is less directional in relation to the means to achieve these ends. It is more organisationally based and is ongoing.

Figure 4

# Find out more...





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