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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?

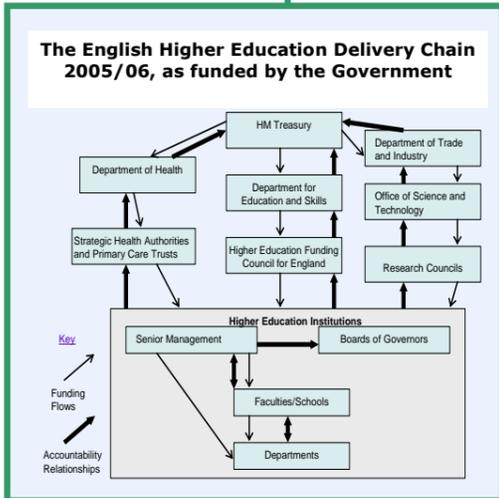


Figure 1

## 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 England in 2005-6.

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

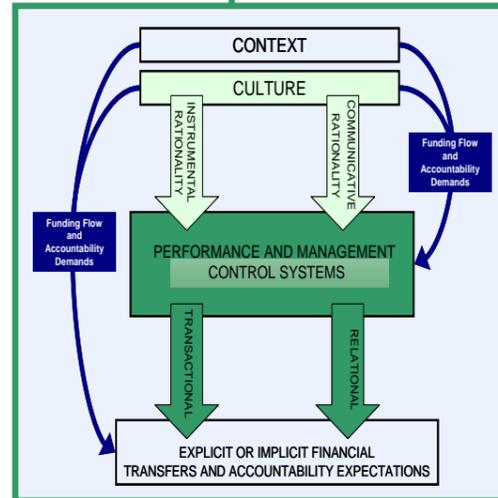


Figure 3

## 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.

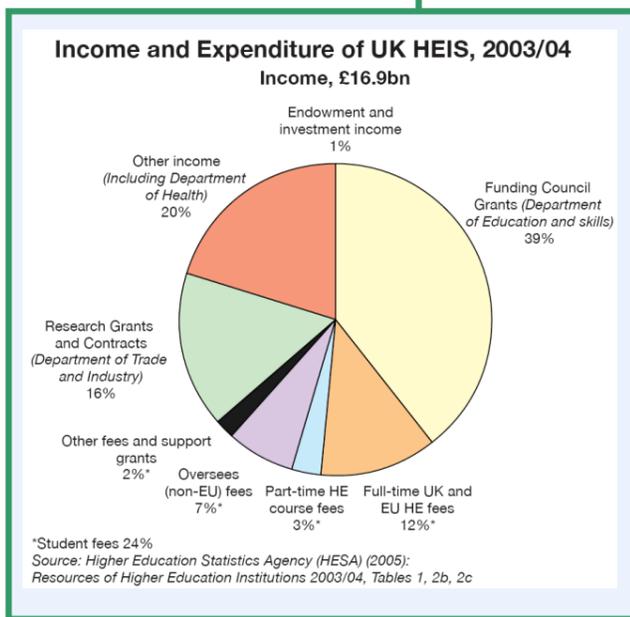


Figure 2

## Findings

❖ We identified a tension between the 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.

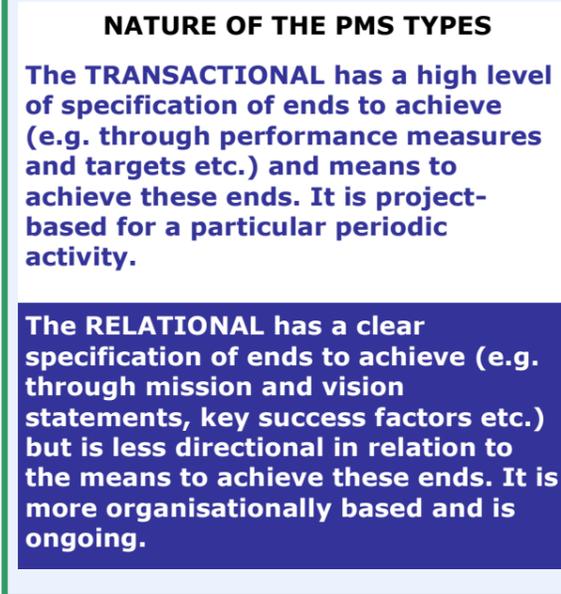


Figure 4

Find out more...