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## **WORKING PAPER**

### **Implementation Dynamics of Performance Management in Higher Education**

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## ABSTRACT

**Purpose:** This article discusses the issue of performance management in a higher education context, with particular attention to the extent to which employee performance management systems have been implemented, the antecedents that explain the approach taken; and the consequences of the emergent approach.

**Approach:** Most studies about Human Resource Management choices have been conducted under the resource based view approach. It is argued that present resource based view for analyzing implementation of HR practices, systems and policies in organizations is useful but inadequate. More recently, alternative theories like neo institutionalism in organizational theory have also been used by researchers. This article therefore combines both theoretical viewpoints and supports this position with a case analysis of implementation of an employee performance management system in a Flemish higher education institution.

**Findings:** This study finds that the nature of the PM system is created and formed by the internal as well as the external environment and that non-rational behaviour sometimes occurs because of the institutional environment. Among other findings, the paper illustrates the lack of integration between the performance management practices. The article concludes that multiple implementation rationales of performance management *practices* affect the building of a performance management *system*.

**Practical Implications:** This study represents an exploratory case study that is intended to explore reasons for implementing performance management *practices*. Such an endeavor can open a new path of research, which may improve our understanding of the factors that influence the implementation of performance management *systems* in higher education institutions.

**Paper type:** Research paper

**Key words:** implementation, Belgium, Higher Education, Human Resource Management, rationales, employee performance management

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## 1. Introduction and Research Question

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### *The Performance Movement*

In the past, higher education institutions enjoyed exceptional autonomy, but are nowadays confronted with an explosion of control measures, steering mechanisms and increasing accountability pressures. These multiple pressures for measurable performance output and outcome have been inspired by the doctrines of the '*New Public Management (NPM)*'-paradigm. NPM advocates the adoption of private management instruments within public sector organizations in order to increase efficiency, effectiveness and quality (Osborne and Gaebler, 1993; Pollitt, 1993; Hood, 1991, 1995; Bach, 2000; Pollitt and Bouckaert, 2000, 2004; Ferlie *et al.*, 1996, 2002). Until now, NPM has received a lot of attention in public administration reform but *Human Resource Management (HRM)* has rarely been the leading edge of the reform agenda. Nevertheless, there is lately a growing awareness that HRM has to be viewed as a key lever of effective change (Teo, 2000; Seldon *et al.*, 2001; Brown, 2004; OECD, 2004; Talbot, 2005; Harris, 2005; Ingraham, 2005).

### *Performance Management: organizational and individual*

The development of a performance management system at the individual level supports performance management at the organizational level. Performance management at the *organizational* level means the implementation of managerial systems such as strategic planning, quality management, balanced scorecards etc... Several multi-dimensional frameworks have been introduced, attempting to incorporate outcome and result-oriented process measures for delivering long-term organizational objectives. Besides these systems for managing organizational performance, we have models for managing *employee* performance, or for integrating the management of organizational and employee performance. DeNisi (2000) explains such performance management systems as a range of activities implemented in an organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness. Here, we see the introduction of Human Resource Management systems by which individual performances are planned, monitored and evaluated. This leads to the so-called *employee performance management system (PM system)*, which can be defined as a *strategic* and *integrated* approach to delivering sustained success to

organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Armstrong and Baron, 1998).

During the last decades, empirical evidence in literature on performance management in the public sector has been growing rapidly (De Lancer Julnes and Holzer, 2001; Pollit and Bouckaert, 2004; OECD, 2002), but the focus has been on performance management as an *organizational* performance management system and evidence on *employee* performance management systems remain very unclear. Nevertheless, elements of employee performance management have been adopted by public sector organizations (OECD, 2004) and provide a model for the modernization and revitalization of HRM in public sector organizations (Bach, 2000).

### ***Employee Performance Management System: the importance of strategy and integration***

The purpose of the study is to focus on *employee performance management systems* (hereafter called *PM systems*); which can be defined as integrated processes in which managers work with their employees to set expectations, develop goals, plan the competency development, monitor, measure and review results, and reward performance (Armstrong and Baron, 1998, 2004). This cycle of integrated practices ensures that a systematic link is established between the contribution of each employee and the overall performance of the organization (Bach, 2005). Armstrong and Baron (1998, 2004) underline the importance of the *strategic* and *integrated* nature of performance management, which is a necessary feature for an effective performance management system. Indeed; the performance management system integrates all of the individual elements (i.e. the performance management practices) of the performance management system within the context of the strategic aims and direction of the organization as a whole. Advocates of performance management claim that its value resides in the cycle of integrated activities. For the purposes of this study, the emphasis that Armstrong and Baron (2004) put upon the aspect of integration is highly appropriate. *Hence, this article tries firstly to understand and explore the implementation of an integrated and strategic PM system in a higher education context.*

### ***Higher Education institutions: “the last bastions of tradition” (Ulrich, 2006)?***

The higher education sector is one area of the public sector where the introduction of the NPM

poses dilemmas. Even though human resources are the most valuable asset of higher education institutions, many universities and colleges have established procedures and rules for the administration of personnel, however not for ‘managing’ their human resources (Shelley, 1999). There are various reasons for the restricted presence of HRM in higher education institutions. Higher education institutions are being described as loosely coupled systems (Weick, 1976) or organized anarchies (Cohen and March, 1974) with weak regulation and control mechanisms: indicators which predict low NPM impact. On the other hand, the last decade we have seen a growing institutional autonomy and so higher education institutions are given more and more responsibility for managing their employees. Moreover, NPM principles in higher education institutions encounter important implications for the management of these organizations and have certainly changed the internal management of the higher education institutions and the role and everyday existence of the academic manager in far-reaching ways (Deem, 2004).

Apparently, higher education institutions introduce various performance management practices in their organization for *various motivations*. To be able to cope with (societal) developments and demands, higher education institutions are (re-) evaluating their management practices; make them more result-oriented, in an attempt to improve organizational performance. This means that the organization ‘autonomously’ has chosen for the implementation of (a number of) PM practices through which they seek to assess employees, develop their competences, enhance performance and eventually, distribute rewards. But then again, it is possible that higher education institutions implement PM practices in an attempt to conform to “obligations” and (explicit or implicit) “forces” from others. Public bodies, HR departments, students, businesses, industry and “the public” want to see evidence of the efficiency and effectiveness of higher education and are forcing the organization to think and act in this performance movement. So, the latter implicates that higher education institution are ‘forced’ to implement PM practices. *Continuing with this line of thought, this study identifies, analyzes and tries to underline the drivers of implementation (i.e. the rationales for implementation) of performance management practices in higher education institutions.*

### ***Implementation Rationales***

Conventionally, economic and management theory assert a rational model of the firm, under which managerial decisions are calculated to maximize a given organizational goal (Godard,

1999). The Resource-based View (RBV) of the firm is one of the dominant theories in the field of HRM and performance management (Delery and Shaw, 2001; Paauwe and Boselie, 2003; Colbert, 2004). In this RBV on HRM, employees in higher education institutions are a major determinant of the faculty's unique organizational performance and lead to sustainable competitive advantage. Yet, management researchers (DiMaggio and Powell, 1983, 1991; Scott, 1995) have emphasized that organizations tend to implement management practices due to institutional factors. Legislation, institutions and stakeholders -like trade unions and employer organizations- all play an important role in shaping HRM policies and practices in general and performance management in particular. Thereby, the neo-institutional theory could provide an alternative understanding to explain the implementation of PM systems at higher education institutions.

### ***Implementation rationales and the existence of an “integrated” PM system***

We focus on the implementation of PM systems through two theoretic lenses: neo institutional theory and resource based view. In doing so, we meet the urge of Paauwe and Boselie (2003) to combine typical theories in the field of Strategic human resource management – such as the resource-based theory of the firm (Barney and Wright, 1998) – with an alternative theory like DiMaggio and Powell's (1983, 1991) neo institutionalism. Both approaches also make different assumptions about organizations' behavior: institutional theory assumes that organizations and individuals are motivated to comply with external social pressures, whereas the resource based view assumes that organizations and individuals are motivated to optimize available economic choices. Hence, different implementation drivers are argued to have consequences for the building of an integrated PM system in higher education institutions. Indeed, do performance management practices - implemented through the mixture of institutional and economic rationales - result in an integrated PM system? Moreover, the lack of consistency between the between the performance management practices in the PM system could be affected by the implementation drivers. The central point of interest is the interaction between the economic rational and institutional motivations for implementing performance management practices with the effect on the strategic and integrated nature of the performance management system.

Summarizing, this article tries to explore the implementation of an integrated PM system in a higher education context.

In order to do this, we first discuss some relevant literature and the main assumptions and arguments of our theoretical lenses. In the second part, we elaborate the measurement of concepts and the methodology we use. In the empirical part we draw on case study data from a Flemish higher education institution. Finally, we discuss the relevance and implications of the research results for theory and for future research.

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## 2. Theoretical background

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There is no univocal definition of PM practices and systems. For that reason, we discuss hereafter the chosen terms in the context of this research. Next, we turn to the theory that explains why organizations implement performance management.

### *Conceptualizing Employee Performance Management*

#### *1. HR and Performance Management*

There is a clear link between HRM and performance management. Taking a performance management approach involves aligning HRM practices in such a way that they maximize current as well as future employee performance, which in turn is expected to affect organizational performance (den Hartog *et al.*, 2004). The last decade, a concern of HR scholars has been to establish the relationship between HRM and organizational performance (Bach, 2005). According to the causal model commonly accepted in the literature, PM practices are thought to lead to the development of a skilled workforce which engages in the functional behavior for the firm. This results in increased operating performance, which ultimately results, or should result in higher output (Boselie *et al.*, 2001).

#### *2. Employee performance management: practices and systems*

Employee performance management is generally a smaller part of a broader ‘plan’ that encompasses strategic goals and objectives for the division/department or organization. In HRM, key practices for the so called employee (or individual) performance management systems (PM system) include several *performance management practices*: a clear job description; linking employee to organizational goals through clear performance expectations, formulated in observable and measurable terms; the planning of employee training and competency development; coaching practices; regular performance evaluation and appraisal (Murphy and Cleveland, 1996; Arvey and Murphy, 1998; DeNisi, 2000; Graham, 2004; Armstrong and Baron, 2004). The monitoring and evaluation of employee performances takes place on a regular basis, and fits in a general approach of regular communication with the employees.

Integrated and consistently applied performance processes continue to be identified as the key means of achieving the alignment of individual contribution with organizational priorities

(Armstrong and Baron, 1998; Harris, 2005). A PM system is therefore integrated in two senses: strategic (or vertical) and horizontal integration. Indeed, performance management practices are integrated vertical with the strategic goals of the organization and horizontally with the other aspects of HRM. The vertical integration is the existence of a seamless link between wider organizational objectives and employee performance (Bach, 2000). Horizontal integration focuses on the integration of different HR practices. In this study, we focus on the strategic integration and the consistency of the different performance management practices.

### ***Theoretical lenses: push versus pull drivers***

The decision to implement an HR practice can be an outcome of both rational and/or non-rational forces working in the organization (Gooderham *et al.*, 1999). According to the literature, it can be a ‘pushed implementation’ when the implementation of practices is driven through institutional pressures. These institutional pressures are often normative and applied by customers, suppliers or (public) regulators. Pull-drivers, in contrast, are rather internal factors which force the organization and managers to change and to implement practices.

This article combines the resource based view (as an important example of a pull-perspective) and the neo-institutional perspective (seen as the push-perspective). In doing so, we will build on two key divergent assumptions that are, respectively, an internal economic versus an external sociologic explanation of the implementation of a PM system.

- Insert Figure 1 -

#### ***1. Resource Based View (RBV)***

According to Delery and Shaw (2001) and Paauwe and Boselie (2003), the RBV (Barney, 1991) is one of the dominant theories in the field of human resource management (HRM) and performance. Human resources contribute to sustainable competitive advantage since they meet the four basic assumptions of the RBV (Barney, 1991): value, rareness, inimitability, and non-substitutability. Delery and Shaw (2001) further state that there is general agreement that HRM practices directly affect human resources. Therefore, to profit optimally from the human resources as a source of competitive advantage, HRM practices are used to bring about HRM outcomes, such as organisational commitment and quality of job performances (Guest, 1997). These HRM outcomes may in turn contribute to competitive advantage. Hence, in order to realise competitive advantage in terms of effective and efficient quality improvement and,

consequently, to solve or reduce a managerialism contradiction in universities, it seems necessary to deploy HRM practices. Differences in organizational culture and institutional settings are not seriously taken into account, or are not expected to be barriers for the implementation and implementation of these so called 'best practices' (Boselie *et al.*, 2001). An organization develops competitive advantage not only by acquiring but indeed also by developing, combining, and effectively deploying its physical, human and organizational resources in ways that add unique value and are difficult for competitors to imitate (Barney, 1991).

## *2. Neo-Institutional Theory*

Organizations adapt the norms of the environment in creating a formal structure to gain legitimacy (Meyer and Rowan; 1977; DiMaggio and Powell; 1991). Institutional isomorphism is described as the process in which organizations become homogenous as they conform to the same normative demands and expectations of their institutional environment. According to DiMaggio and Powell (1983, 1991), organizations operate in an environment dominated by roles, requirements, understandings, and taken-for-granted assumptions, beliefs and scripts about what constitutes appropriate or acceptable organizational forms and behaviour, and organizations tend to become isomorphic with them (Meyer and Rowan, 1977; Scott, 1995; DiMaggio and Powell, 1983, 1991). The institutional perspective provides theoretical concepts that explain the institutionalization of PM in higher education institutions. Institutional theory provides insights that may explain why PM becomes a managerial system in higher education institutions. Institutional theory predicts that successful implementation of an innovation proceeds from emergence through diffusion to stabilization in isomorphic (similar or equivalent) form across the organizational field. There are three mechanisms by which institutional isomorphism occur: coercive (conformity to political institutions), normative (through formal educational and professional networks), and mimetic (common responses to uncertainty based on modelling) (DiMaggio and Powell, 1983). DiMaggio and Powell (1991) defined isomorphism as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions". The institutional argument is that organizations are susceptible to various pressures whose presence encourages isomorphism. Coercive pressure, for example, is often brought about by the actions of governmental, regulatory, and other organizational bodies that have power or control over an organization or its critical resources. As a result of these mechanisms, organizations modify themselves to conform to the institutional norms and expectations of an organizational field. Structural homogeneity of organizational form results and related institutions become

isomorphic. From the neo institutionalism point of view, PM systems – like other formal organizational structures – are shaped by institutionalized rules of the social environment (Brignall and Modell, 2000; Modell, 2004). In addition, Meyer and Rowan (1977) proposed the decoupling thesis from their work on educational institutions, which suggested that formally adopted standards and procedures, were decoupled from the on-going routines of teaching and administration.

### *3. A diversity of influences shape a PM system*

In real-life situations of higher education institutions, both push- and pull mechanisms are at work. There does not appear to have any attempt to establish how implementation rationales are associated with the effectiveness of a PM system, but in literature, we find endorsements of the multiplicity of management implementation rationales. A validation can be found in the contributions about “promising practices” and their implementation in organizations (Zeitz *et al.*, 1999; Ravichandran, 2000; Leseure *et al.*, 2004). Promising practices are defined for the purposes of this report as management practices that are new to the organization (e.g. Total Quality Management, Supply-Chain Partnering, and Human Resource Management). Much of this research has focussed on the process how these practices are adopted and effectively used in organizations. Leseure *et al.* (2004) classified these finding in a bipolar model. A second validation is formulated by Subramony (2006) who used four theoretical approaches to explain why organizations adopt HR practices. According to the economic approach, organizations adopt HR practices that are economically beneficial to them. Similarly, the alignment approach views organizations as implementing HR practices if these practices are aligned with strategic objectives. In contrast, the decision-making approach invokes a constrained-rationality model of managerial judgment, and the diffusion approach attributes the implementation/rejection decision to institutional pressures that encourage imitation. Gooderham *et al.* (1999) tested predictions from institutional and rational perspectives about the adoption of organizational practices through a comparative study of human resource management in firms located in six European countries.

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### 3. Methodological approach

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A methodological choice that we explicitly have made was the choice for an in-depth case study approach. This resolute attempt will give us not only more information on the use of performance management practices and systems at a faculty of a higher education institution. Also, it uncovers the mechanisms employed in the faculty to implement the PM system. Indeed, we sought to uncover the dynamics of how and why PM is enacted in a higher education institution. Only intensive case studies can yield such data. Moreover, HR researchers (Paauwe, 2004; Hesketh and Fleetwood, 2006) argue that there is a need for more in-depth interviews and case studies in order to find the causal and interrelated mechanisms in the social practices underlying the HR practices. This contextually based research approach of human resources also serves to focus explicit attention on the factors that help to shape systems of HR practices in organizations (Paauwe, 2004). Subsequently, we have chosen for an explanatory case study approach (Miles and Huberman, 1994; Yin, 2004) which covers the dynamic aspects of change and are - apart from the possibility to include historical as well as present time information in the study - suitable to capture the context surrounding the organization. As described below, multiple methods of data collection procedures were used to address the research question.

In-depth research methods involve detailed research which is required to develop an understanding of the extent and the rationales for implementation. Documentary analysis and a semi-structured interviewing approach were adopted in order to understand the extent of PM implementation.

Due to the exploratory character of this paper, we decided to conduct the study in two phases. The first phase aimed at getting a better insight into the existence of the PM practices imposed by the faculty and by the central administration level of the University College. We started our study by seeking interviews with respondents involved in the design and/or evaluation of past reforms and changes in PM practices to understand the PM system formally adopted in the faculty. For that reason, we interviewed firstly the senior managers (dean) and employees in HR departments of the University College; the so called privileged witnesses. Most of these informants were able to provide detailed information about PM practices, systems and the rationales for implementing PM in the faculty. This is the intended PM system. In this phase, 3

interviews were held. The interviews lasted from about one and a half hour to almost two hours.

In light of existing evidence of between intended and implemented HR practices (Keenoy, 1999; Khilji and Wang; 2006), we questioned also respondent outside the HR department and outside the management-level to understand implemented PM practices and to capture consistencies and gaps. Indeed, the second phase was to identify interviewees representing the management of the several departments to find information on the implementation of these performance management practices at the level of the departments. Public sector studies offer evidence of the critical role that public managers play in bringing about organizational change (Borins, 2000). The tendency in HR research is to explore HRM at the top management levels or within HR departments, which at best captures only the intended human resource (HR) policies and ignores the real implementation of the HR practices in the organization (Khilji and Wang, 2006). As a result, those interviewed included all the head of the departments and the head of the research groups.

During the last phase, we checked archival data and documentary analysis to find implemented PM systems: quality reports, individual sheets of performance appraisal, goal setting etc. The integrated nature of the implemented PM system was partly tracked during this phase: the integration of all performance management practices was for example tracked by examining the content of the performance agreements, monitor and evaluation sheets and by looking if they were geared to one another. The triangulation between documentary data and interview data took place in two ways. First, in assessing the validity of the interview data, we used complementary archival data to delve into the details of the PM system. This documentary data were on the one hand documents concerning general and organizational performance management systems of the organization such as the strategic plan, the quality management, the self-evaluation report and the visitation reports. On the other hand, we looked at the performance management documents in detail such as examples of job-description for each category of employees, documents with performance agreements, monitor and evaluation sheets. Second, archival data were typically used as a starting point, which respondents were then asked to elaborate on (Anderson, 2004). We also adopted a systematic approach of “testing” our interpretations of key events by presenting these to interviewees. A more complete written narrative was presented to a smaller number of key informants, who largely corroborated our final interpretation.

This means that the implementation of PM within this organization is mainly examined at the level of the dean and the heads of department who have a primary responsibility for managing the performance of their unit of organization, and hence the performance of individual faculty and department members. One of the most important groups of academic managers is those charged with the stewardship of the basic academic units: faculties and departments. Most PM practices are facilitated and implemented by direct supervisors or frontline managers (den Hartog *et al.*, 2004). The PM system increases the line manager's role. They are responsible for the performances of their workforce, and for creating a culture focused on executing an organization's strategy (Huselid *et al.*, 2005). Moreover, bringing Human Resource Management responsibilities to the line manager is central in Human Resource Management thinking (Teo, 2000; OECD, 2004). It moves more and more Human Resource Management accountability for individual performances to line managers.

- Insert Table 1 -

One author visited the organization between April and November 2007 and interviewed respondents using a standardised interview schedule. In total, 17 interviews were undertaken. The anonymity of all interviewees and organization was assured. Interviews were tape recorded with permission (as long as the interviewed person agreed to be recorded), augmented by additional observational field notes. This was later complemented with a smaller number of follow-up interviews to corroborate our emerging interpretations.

It is necessary to describe PM practices in their totality in order to understand the interconnections between the elements (forms of role definition, goal setting, developmental goal setting, monitoring, evaluation and/or appraisal in order to manage individual performance). For that reason, the intensity of the PM system implementation was firstly operationalized as the proportion of these practices that have been implemented. We asked if there is a formal mechanism of "PM element" for the employee. Secondly, we focus on the two integration issues of the different performance management practices. The integration issues are tracked by studying the archival data (cfr. *infra*) and asking respondents to formulate links between the performance management practices. For example: if there was a formal PM practice, we asked if this element is based upon behaviour, tasks, key-result areas with written objectives and evaluation criteria and/or competencies. Finally, the interviews ended by asking

to describe the rationales for implementation of PM practices in specific areas of teaching, research and management development. We are fully aware of the fact that the rationale for implementing the PM system at the level of the head of the department is because the system is 'obligatory', but we expected that there will be some implementation variance among the departments, so in this phase we also inquired after the implementation rationales.

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#### 4. Data and Findings

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In order to better understand the significance of the outcomes presented, it is useful to provide background knowledge about the Flemish academic system, particularly about its main structure and goals. Next, in accordance with the objectives of the study, the presentation of the results is divided into three sections. Firstly, the case study organization revealed the following information which reflects the existing formal employee performance management practices in the faculty and their level of integration in a system, secondly we discuss the motivation for implementation and finally, we explore the relationship between the level of integration of the PM system and the implementation rationales.

##### *The case organization and the context: higher education in Flanders, Belgium*

We visited a faculty of a College University in Flanders which has to remodel his academic bachelors and masters degrees within the framework of the Bologna Declaration. Indeed, in accordance with the ideas of the Bologna Declaration (1999) about the restructuring of higher education institution in Europe, the Flemish Minister of Education decided that from the academic year 2002-2003 on the Bachelor's and Master's degrees will be proclaimed. Above the introduction of the bachelor/master system, this faculty has to remodel and work within the framework of an association with a university for improving its academic research and education. An essential criterion of his academic study program is that education has to be embedded in research. Although the faculty already had a research tradition in particular areas, the Bologna Declaration and the "academisation"<sup>4</sup> process has increased the need for education embedded in a research environment. The numbers of employees in charge of research are increasing within the faculty and the link with the association partner in terms of research is strengthened through the Association movement.

The faculty has 1500 students. The dean of the faculty is in charge for HRM in his faculty. He follows the rules of the *executive board* of the higher education institution. The faculty has 9 departments; 9 heads of department have to manage the 120 FTE – staff.

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<sup>4</sup> University colleges that, in an association with a university, offer programs with academic orientation are currently undergoing a process aimed at strengthening the link to research, i.e. embedding educational programs in research.

### ***The existing employee performance management practices***

The formal document for job-description in the faculty summarizes important dimensions of the job, but includes mainly the overall purposes and has no indication of result-area. The job-description sometimes includes the notion of competences required for the employee; these are general competences that the employee has to demonstrate in carrying out his or her job. There is no formal document with guidelines; every department in the faculty has autonomy to fill in this job-description. This document is mostly used as a tool for the selection of new employees. The role definition is not specifically asked but mostly included in the selection procedures. Key result areas are sometimes included, but this is not an obligation. Competence requirements are not agreed and not formally included.

Many efforts have been made by the dean of the faculty in terms of adopting performance management practices for setting goals and to monitor employees before the final evaluation.

What the employee has to achieve in the form of objectives is described through a fixed standard document that covers the performance agreement. These objectives are mostly expressed in terms of tasks, sometimes in terms of results to be attained for research, which can be measured in terms of research production (authored books, edited books, short works, conferences, editorships, papers in academic/profession/popular journals, reviews,...) and in terms of gathering extra funds for research and development from governmental research councils and all other sources lumped together as “third-stream income”. It covers the assignments for teaching, research and management tasks. This happens twice a year (2 terms) and the employees themselves can set goals for their performance in dialogue with the head of the department. The competencies needed to deliver the required results are not formulated (no obligation for formulation). Objectives or goals define what the employee is expected to achieve over a period of time. The personal development plan is not formally captured by the PM system. The personal development planning is the less developed in the faculty. Even more, there is no existing overall competency management to develop capabilities, in line with the strategy of the faculty. There is no policy about training and development, the needs are not determined in correspondence with current and future required competences. Particularly the elements of managing performance throughout the year and the performance review are organized by the PM system. The employee has to provide feedback on performance, has to conduct informal progress reviews, update his objectives and deal with performance problems in dialogue with his head of department. This happens through a planning discussion (once a year). The goals are conceptualized and formulated in the goal-setting as *task* goals. The next

phase involves coaching and support provided by the supervisor, here the head of the department. The cycle is completed by the performance appraisal. The performance review happens through a formal evaluation stage when a review of performance over a period takes place. The appraisal system in the faculty is based on a combination of ratings of goal attainments (qualitative remark in the document) and –mainly- behavioural traits. This tool is a quantitative tool to rate employees and is oriented to numerical ratings. In the formal system of employee appraisal, you cannot formally rate the goal accomplishments. Evaluation leads not to performance ratings. Performance appraisals are stand alone elements of the PM system and are not linked to the rest of the PM processes. We elicit the tendency for more evaluation on results but this is not the formal routine in the management approach of the faculty. There is a non-formal tendency to monitor and evaluate researchers on specific performance research results. The dean has given a great autonomy to his head of departments to execute his PM system.

### ***The motivation for using PM***

We clearly point out if the reported rationales are formulated by respondents of phase 1 (dean and/or HR department), phase 2 (head of departments, research units) or both phases.

The faculty - without a clear performance management policy – implements various performance management practices based on economic and institutional pressures.

This faculty has chosen to move towards a greater emphasis on management of staff performance. The dean has set up a PM system and was responsible for the building of the performance management system, while the heads of the departments are in charge for the implementation process. The HR department supports the faculty with personnel administration.

The environment of the faculty has been challenging. According to the dean, this PM system should help the organization develop change management capabilities to face the ongoing following external pressures and triggers that will continue to be a part of the educational environment.

Political pressure and legal requirements are pressures mentioned by all respondents. The legislator ordered that all personnel in higher education had to be evaluated, but gave great

autonomy to the higher education institutions. So, the central administration of the University College disposes coercive pressures at the level of the faculty: they translated the legal obligation for evaluation in a performance evaluation format for all employees in the University College. The Flemish education reforms forced higher education institutions and their management to focus on performance and performance targets. The Bologna Declaration has been a great pressure to start with PM practices and systems in preparation for obtaining accreditation. Secondly, (Total) Quality (Management) is recognized and rewarded and has been raised as a driver for a more performance oriented culture, according to all respondents. Quality assurance is not – strictly speaking - an PM ‘tool’ but a common and possibly essential complement of performance management that provides a bridge between the focus on staff and the equally important focus on stakeholders. The accountability measures introduced by government to monitor higher education institutions (such as the quality reviews and the teaching evaluations ...) were mentioned as rationales by the dean and by the head of the departments. Public pressure, enabled by adequate legislation and formal complaints procedures have increased the focus on quality, benchmarking and performance management in the faculty, according the dean.

Against an increasingly competitive context, the faculty has been under pressures from government to restructure or reinvent the way that they are managed in order to adapt to the changing socio-economic and sociopolitical environment, according to the dean. All respondents mention budget constraints and cutbacks in their faculty. Entrepreneurial behavioral has being a response to deal with these issues. Competition has become one of the central driving forces in higher education, according to many head of the departments. Higher education institutions are more than ever under the pressure of competition: for the best students, for research funds, for the best researchers, for the highest rankings... Organizations - under pressure of competition - are looking for anything that would help them to increase the effectiveness of their staff (Huczynski, 1993). Finally, a last and important driver can be found in the rationale of “promising practices” and their implementation in faculty. The dean has set up a PM system and followed the advice of a consultant in the private sector to set it up. PM enters the faculty because the dean has copied these practices through institutional contacts (other college universities) and consultants. The faculty decided to formulate a strategic plan to improve organizational performance and to accomplish these new targets. Every department within the faculty has the obligation to set up an operational plan to formulate objectives for teaching and research and means for the own department.

### *Variance between departments*

The interview findings concerning implementation within the departments generally confirmed that performance management practices have become increasingly pronounced in recent years, partly due to the efforts of the dean.

In principle, the head of the departments welcomed the PM practices since, as one of them put it:

“What is positive about the performance management practices is that we are obliged to think about goals and about strategic choices. This way, we can avoid excuses of bad-performers afterwards and we have tools to manage our personnel”.

The habit and obligation to work with external funded research partners is a driver for working with performance practices within the departments. External partners ask more performance indicators about results and accountability; they have to give more accountability which more or less is translated in more PM practices. The departments, which have a solid relationship with a university partner, show more signs of implementation of PM than the others.

The nature of the work affects the extent of using PM. In contrast to the teaching part of an academic, research is easier to manage, according to the respondents.

A majority of head of departments claim to employ the PM system imposed. Yet, considerable problems with effective implementation within the departments remain.

Several departments attempted to comply with the imposed PM system but failed to use, because of lack of knowledge and training, according to the respondents. A head of the department stated that:

“We need more training. I am convinced that there are many others (head of departments) who would like to use performance management practices in a good way, but don’t quite know how to do that.”

A minority of head of the departments did efforts to comply sufficiently to maintain legitimacy but did not believe in the system imposed by the dean. These departments had little or almost none research activities.

A comprehensive form of a PM system is more than the mere use of some autonomous PM-practices. The set of practices through which work is defined and reviewed, capabilities are developed, and rewards are distributed in organizations, have to be aligned with the strategy of the organization and with each other. In our case study, the use of these tools is detached from the overall strategic management of the faculty. The link with the organizational goals and strategy (vertical alignment) is partly present, but not systematically used or tackled in all PM practices. The introduction of quality management systems affected the way the faculty thinks about managing their staff in relation to the (strategic) goals of the faculty, according to the lion's share of respondents.

Most of the departments mention the poorly explored relationship between team and individual performance, one head of the department stated that:

“We don't have the habit (or the tools) to think about how the individual performance is related to department/team performance. Greater emphasis should be placed on the link between individual and departments performance.”

Horizontal alignment (the integration part of the different elements of PM) is partly present in the use of PM in this faculty. There is a mismatch between the performance evaluation criteria and the whole cycle before the performance evaluation. The University College has made the use of performance evaluation compulsory through the use of a standardized - and not linked to the other performance management practices – format. For that reason, respondents reported that the PM system becomes less credible: employees are judged on their results which have never been defined in advance, reviewed and developed.

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## **5. Analysis and discussion**

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Assessment of the PM system in our case study revealed that PM in the organization is currently developing from a largely organically growing activity into a more structured and systematic process. The occurrence of a strategic plan reflects elements of performance management at the organizational level. We found that the process of implementation strongly was guided by the need to identify existing reports and metrics at different levels, in or outside the organization.

Great changes have taken place regarding monitoring and evaluation of the employee in higher education institutions. Although the management of competencies of the Human Resources in a higher education context are crucial tasks, the competency approach is formally absent in the PM approach of the faculty. Competence management initiatives have mainly been followed as decisions of the individual employee and are not a part of a systematic competency management system of the department.

Because of the legal pressure to evaluate the staff and subsequent the longer tradition of the evaluation, the evaluation part in the PM cycle stands alone and is not linked to the rest of the PM cycle. Performance evaluation is not used as way of dealing with personnel development. Performance elements tell employees what they have to do but they don't know how and standards are not included to tell them how well they have done it. Our study revealed questions about the appropriateness of PM in professional organizations such as higher education institutions, based on the reactions of the respondents. They claim the professional autonomy and academic freedom perspective and declare that PM does not fit with the workforce characteristics of this aspect of the professional organization.

Without the dean's support and cooperation, it is unlikely that a PM can be successfully implemented. The faculty may gain a great deal by providing good examples of PM and by providing more HRM support and communication in constructing all elements of the PM circle for the line managers. Earlier research by Armstrong and Baron (2004) reported a shift in perceived ownership of PM to line managers. In our case study, we discover a strong sense of empowerment to the heads of department; they are in charge for the use and integration of the

five elements in the PM circle. The dean is steering at a distance, but remains the owner of the performance management of the whole organization.

Regarding the implementation rationales of the PM system, we find evidence of both legitimacy seeking and efficiency-enhancing rationales. It is evident that the faculty did not implemented PM in a vacuum; they very clearly were influenced by the private sector and other higher education institutions. Monitor and measure mechanisms are mostly used in research and are copies of the monitor systems at the university. In the creation of his PM system, the dean has been under pressure of the institutional environment. All three isomorphic mechanisms are evident in the implementation process. We clearly see the imitation of seemingly successful models and practices from the environment, due to uncertainty regarding how to pursue the strategy of the organization. We tracked the influence of professionals and other experts (consultants) in the implementation process; which represent the so-called mimetic and normative isomorphism. The personnel function in our case study is not established as a 'strategic partner' (Ulrich, 1997). The human resource function should work with line managers to make sure that the PM practices are horizontally integrated with each other and with the other management systems and practices of the faculty.

The employee's performance has to be evaluated against the goals set and the feedback given to him or her. This is the purpose of the performance evaluation in performance management and that's where the shoe pinches: the formal procedure of performance evaluation is not adapted to the new performance movement handling in the earlier stages of the performance management system.

We are confronted with an incremental building of HRM practices, and a failure of integrating all HRM practices in a full integrated HRM system. Consistently with Harris (2005), we found that there a frequent lack of synergy between organizational goals, departmental plans and the performance objectives of individuals. Notwithstanding the fact that professionals and other experts (consultants) had an influence during the building; the introduction of the PM system suffers from weak professional support at the departmental level. This is an endorsement of earlier studies (Ferlie and Geraghty, 2005) of public sector reform and implications for public service professionals.

The data are also consistent with earlier studies which found that many of the identified changes in the management of the faculty reflect a move from a public sector to a private sector

approach (Teo and Crawford, 2005). This is reflected in the aspirations of the dean to take a strategic management focus and move away from an emphasis on operational issues. The dean is interested in devolving responsibility to line managers (head of the departments). The recent initiatives to alter the management of the faculty and the ways in which academic staff are managed together with the rapid increase in institutional size and new environmental pressures have changed the way that people are evaluated and managed.

A higher level of uncertainty because of changing institutional requirements has lead to an engagement in mimetic isomorphism. The faculty model themselves after other organizations within their sector that appear to be most successful in conforming to prevailing norms and expectations. Most successful is seen as most successful in research. We can reinforce the decoupling thesis of Meyer and Rowan (1977): externally imposed structures are decoupled from routine activities so as to avoid interfering with those routine organizational processes. Evaluation procedures are decoupled from the appraisal element in the performance management system.

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## **6. Conclusion**

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Higher education institutions have come under substantial pressure in recent decades, but neither theory nor practice has fully adjusted to the new circumstances. The article describes the changing conditions in relation to one aspect of HRM, namely the implementation of a PM system in a college university in Flanders, Belgium. While the experiences of one case study organization in this study, does not paint a complete picture of implementation of a PM system, the example does illustrate some interesting patterns. The attempts to increase the efficiency and effectiveness of higher education institutions compromise several factors and affected the way higher education institutions manage their employees and have build their policy about HR and PM. The mixture of neo-institutional and resource based view leads to a complete picture to understand the mechanism of introducing and entrenching PM practices and systems. Both push and pull mechanisms are at work, but they sometimes conflict with each other. Data show that institutional determinants, as indicated by the embedding in a University Association, have a strong effect on the implementation of certain performance management practices. Legitimacy-seeking (push) and efficiency-enhancing (pull) rationales are very close entangled, as reflected by, for example, the pro-active behaviour of the dean to implement PM practices as a response on faculty's future challenges.

Nevertheless, we show that the different nature of the implementation rationales of performance management practices will influence the extent to which the performance management system in the faculty will be integrated and strategic. Higher education institutions should focus on more vertical and horizontal alignment in their PM system. Moving towards a more efficient and effective management of competencies is possible if there is an integration of a HR function into the mainstream corporate goals of the organization, as well as making the different PM elements more consistent.

It would be interesting that carrying out performance management activities on subordinates becomes part of the assessment of the head of the departments. They should be appraised on the basis of their proactive and meaningful ongoing management of the staff in the department which have been put at their disposal. Performance management should be used both as a way of dealing with development and with underperformance and rewarding good performance. This cannot be traced by the existing system in the faculty. We recommend a further delegation of authority to head of the departments.

The context of higher education institutions is different from other public sector organizations and private sector organizations. To create a PM system in higher education, it is critical that job performance be clearly understood as performance measures, individual employees being given rewards and development opportunities through fair and accurate performance evaluation, and they also be provided acceptable feedback. In other words, the performance management system must be completed and redefined so that the PM system will be able to effectively function in the organization.

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## **7. Limitations**

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This study has some limitations which future research can build on: limitations concerning the implementation issues of, concerning the measurement issues of PM and concerning the issue of generalization. Future research could focus on other aspects of integration of PM in higher education institutions. The integration of PM was researched from the point of view of the management of the higher education institution. Perceived PM practices and even employee reactions and attitudes towards PM could also be explored to examine the implementation of the PM system in higher education institutions. Next, optimal procedures and measurement issues for assessing performance in higher education institutions remain unclear. An important opportunity for future researchers and consultants would be to explore such PM systems that defines and monitors the work of the employees in higher education institutions. Finally, there is much scope for further PM research within higher education institutions, to determine whether this is a general finding.

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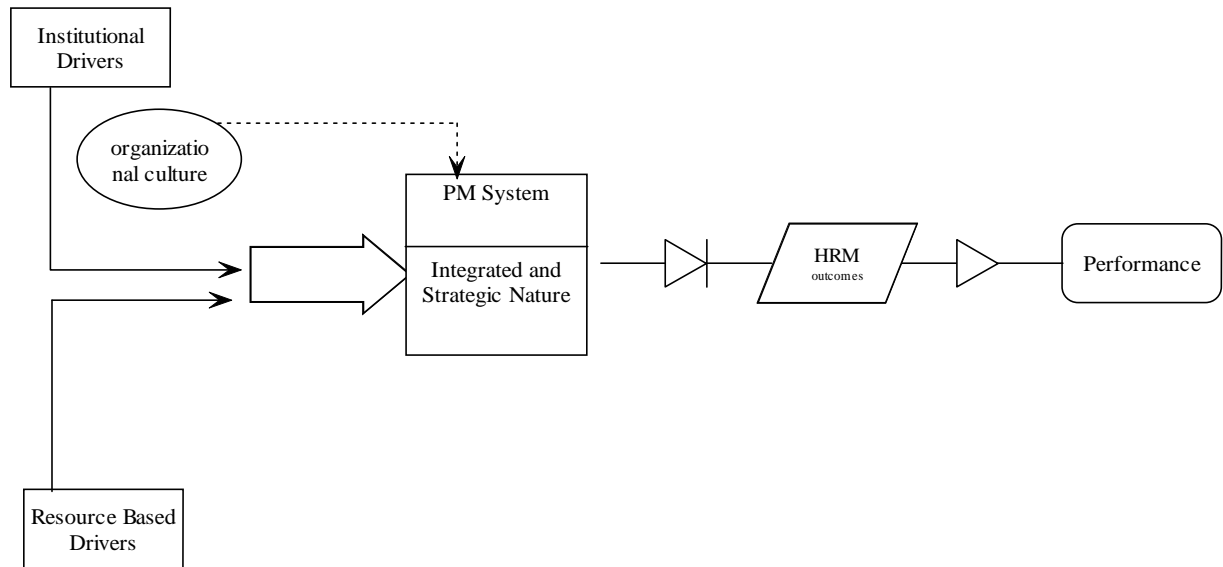
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**Figure 1: A diversity of influences shape a PM system**



(Adapted from Paauwe 2004)

**Table 1: Research Design**

	Procedure	Purpose
<b>Phase 1</b>	Interviews with dean, HR managers and Quality Manager	To explore intended Performance Management Practices/System and implementation rationales
<b>Phase 2</b>	Interviews with head of the departments and research groups	To explore implemented Performance Management Practices and implementation rationales
<b>Phase 3</b>	Document analysis	To explore implemented Performance Management Practices