

Exploring the Involvement of All Managers and Employees in
Developing and Implementing Performance Management Systems in
Canadian Public Sector Organizations

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Abstract

This thesis investigated the extent of involvement of Front-line Employees and Senior- Mid- and Operational-level Managers in the conception, design, development and implementation of their Performance Management System (PMS) and outcomes from their involvement in four public sector organizations.

Performance Measurement (PMe) and Performance Management (PM) have a lengthy history in the measurement and management of organizational and employee performance. Measuring performance in organizations began in the early 1800s when municipal performance data were collected and analyzed with the goal of increasing employee and organizational performance.

PMe and Performance Management Systems (PMSs) originated following a general dissatisfaction with the traditional financial performance measures. A review of the literature revealed that even though many PMe systems and PMSs such as the BSC were originally developed for use in private sector organizations, recent pressures have resulted in the adoption of similar systems in public sector organizations. New and growing challenges, driven by changing demographics, deregulation, technological advances, free-trade, global economic change, changing public attitudes, emphasis on customer satisfaction and competition for qualified employees have led to greater demand for accountability and transparency in public sector organizations. These changes require public sector organizations to adopt private sector PMS initiatives such as Kaplan and Norton's (1992) Balanced Scorecard (BSC).

In addition to the above, the application of business management concepts such as employee empowerment has pushed decision making down the organizational chart to the shop floor. Front-line employees are called upon to make decisions that were the sole domain of upper management. To do this, front-line employees need ready access to information that is actionable and relevant to their tasks, a requirement not met by traditional financial measures. For example, many organizations now subscribe to a bottom-up management style in contrast to the top-down approach that permeated organizations until the early 21st century. Today more than ever, employees are demanding a greater voice in management decisions and operation of their organizations. When it comes to managing their performance, employee expectations have shifted from passive recipients to active agents. They expect to actively participate in the

performance data creation, collection and monitoring processes. In response, managers are expected to guide and coach, provide constructive feedback, and inspire rather than enforce performance. PMSs are seen as filling this gap.

Despite the popularity and prevalence of PMSs most organizations have not realized its anticipated benefits. Some have argued that PMSs have become organizational wallpapers in that they exist in the background with little or no impact. Yet despite its poor rate of success, the concepts of measuring and managing performance at both the individual and organizational level are recognized as critical to the success of the organization.

It was against this backdrop that my study was motivated. The literature review revealed a gap in Kaplan and Norton's dominant and prevalent BSC. While the literature clearly highlights the importance of involving managers at all levels and front-line employees in each stage of the BSC process, Kaplan and Norton's BSC model makes a trivial reference to employee involvement which appears to be an afterthought at the final stages of the process. This finding was significant given the prevalence of the BSC. Not involving employees in the PMS process is inconsistent with managing modern organizations where employees at all levels expect, and want, to be actively involved in the entire PMS process.

My review and analysis of the literature revealed that despite emphasis on the importance of involving all levels of management and front-line employees in the design, development and implementation of the PMS, the extent to which this actually occurs in practice has not been investigated. As a result of these gaps my study focused on examining the extent to which all levels of managers and front-line employees are involved in the design, development and implementation of the PMS in four Canadian public sector organizations.

I used a qualitative research approach including elements of Grounded Theory (GT) and case study research types involving interviews with individuals and groups and document analysis. The interpretivist/constructivist qualitative research approach enabled me to understand how participants make sense of their experiences with respect to the use of BSC in their organizations.

As a whole the results provided support for the active involvement of all employees throughout the entire PMS process, as suggested in my Participative PMS model which I developed from a review of the literature on PMS. The data collected also clearly illustrated that the majority of the Crown's PMS design, development and implementation stages did not follow a well-defined and logically ordered set of steps as prescribed in the PMS literature. For the most part, the level and role of employee involvement in the PMS process were limited, randomly applied and often irrational. The findings showed that all employees want to actively participate in the PMS process and do care about their organizations. The results also revealed that the concept of employee involvement is multi-dimensional and must be considered from the perspectives of both providers and the recipients in the PMS process.

The study provided a number of likely policy and practical implications, for public sector organizations, regarding what needs to be done to ensure that employees at all levels are actively involved throughout the PMS process. At a macro-level, performance measurement must evolve from simply being a tool used to measure past performance and discussed at monthly performance review meetings, to an overarching philosophy that permeates the organizational culture and philosophy and used to manage and lead. Actively involving all employees in the PMS process also requires public sector organizations to adopt a radically different mindset. Many public sector organizations are accustomed to only passively involving their employees, whereas actively involving them in the PMS process requires a serious and significant commitment of time and resources. Active employee involvement in the PMS process requires that organizations begin by providing an impetus or reason for implementing a scorecard system, which in addition to the benefits must be communicated to the entire organization. A further consequence for the organization is to involve the key stakeholders, including Senior- and Operational-level Managers and Front-line Employees, and to identify their respective wants, needs and contributions to the design, development and implementation stages of their departmental and organizational PMS. Involving employees in the PMS process requires that organizations and their leaders consider both the timing and level of employee involvement, as well the composition, types and amount of employee PMS training and education that should be provided. The organization must ensure that the PMS training and education is meaningful, tangible and long-term. The unit-level and individual scorecard maps must use standardized

terminology and must be integrated into a single scorecard or map for the entire organization. It is also important that the organization generate and foster a high level of motivation for using the PMS system in order to energize and empower the entire organization. Lastly, the organization must initiate a process that will subject the PMS to ongoing assessment and evaluation.

Certification

I certify that the substance of this thesis has not already been submitted for any degree and is not being currently submitted for any other degree.

I certify that any help received in preparing this thesis, all the sources used, have been acknowledged in this thesis.



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