

PERFORMANCE MEASUREMENT AND THE SEARCH FOR MEANING

"The first step is to measure whatever can be easily measured. This is OK as far as it goes. The second step is to disregard that which can't be easily measured or to give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can't be measured easily really isn't important. This is blindness. The fourth step is to say that what can't be easily measured really doesn't exist. This is suicide."

The Age of Paradox, Charles Handy

Evaluation and performance measurement

The tense and sometimes traumatic relationship between evaluation and performance measurement sometimes seems like one of those pieces of sticky tape that sometimes become attached to the sole of your shoe. No matter how much you try and get rid of it, somehow it always manages to reattach itself.

As a relief to my evaluation diet, I am active in an organisation called Workplace New Zealand. It is an organisation that focuses on developing new forms of working environments and workplace relationships. Late last year Workplace NZ began to hear from its membership frustrations with the current fad for measuring performance through things such as "Balanced Scorecards", "Key Performance Indicators" and the like. There were suggestions that despite all the data being collected, there were problems using that data to improve organisational performance.

To those who follow evaluation debates this will hardly come as a surprise.

Workplace New Zealand decided to take a closer look and we conducted a small series of interviews, mostly with middle and senior managers in a variety of organisations. These were medium and large business, covering the public and private sectors, as well as the service, manufacturing and primary production areas.

Where is management in all this ?

What surprised me was how closely our conversations with managers reflected the evaluation debates. There is more common ground between evaluators and business managers than I expected. This is what we found :-

- Time and money are currently scarce resources - time being more scarce than money. People are aware that you cannot run businesses long term like this, but currently feel faced with no alternative. The quick fix of a few numbers in this kind of environment is particularly tempting.
- There *is* a general dissatisfaction with simple, single "key" performance indicators, but very strong organisational pressure to develop them. When reflecting on their own area of work, many of those interviewed felt that attempts to sum up what they do in those simple terms was difficult if not impossible.
- There is a strong desire for measures of "outcome", especially in the public sector. However, people want relatively simple ways of disaggregating all the influences,

so that they can trace a simple line between cause and effect. They also know that they may be asking the impossible, but feel obliged to try.

- No-one distinguished between “management” measures and “evaluation” measures. A “management” measure would be something like “number of leaflets distributed” - important to ensure that the business does not run out of leaflets. An evaluation measure might be the “number of customers who responded to the contents of the leaflet” - something that may indicate whether the leaflets were worthwhile. However, most recognised the distinction when made, although it often became blurred as the conversation developed.
- “What gets measure gets done” is really true - and many feel genuinely concerned about the inappropriateness of many measures. People may not call it goal displacement, but it is widely acknowledged as a real problem.
- There is a strong desire for tools and techniques which assist :-
 1. Selecting valid data
 2. Collecting accurate data
 3. Robust and rigorous data analysis
 4. Insuring the appropriate use of the analysis
- Knowledge of evaluation methodologies, methods and techniques is very low, even in public sector organisations. People know they don't know much, but are unclear what to do about it.
- Many people are struggling to understand and integrate the social aspects of an organisational system (eg its rules, style, stories, and values) and the technical aspects of an organisational system (eg its processes, structures, roles, and skills). They understand that performance measures that focus on the technical aspects tell them little about what is going on in an organisation, and how to improve performance.

So what's going on ?

What this small sample suggests is that whereas organisations may seem to be hurtling down the performance measurement motorway, many managers are nowhere near as happy or confident about the journey as their organisations' behaviours would suggest. There is definitely a dissonance between what senior managers say their organisation has to do, and their own comfort with doing it.

So what *is* going on ?

Lots of things, and I seriously wonder whether yet more analysis is helpful. The whole situation is so complex itself, that any attempt to assess the situation will inevitably be an oversimplification.

However, the two following perspectives may help us out of the maze.

There is a worldwide crisis in management. Most established management models draw inspiration from a time when the workforce was less well educated and less able to communicate. Organisational environments were, generally, stable and predictable. Over the past ten or fifteen years, these models have been unable to

respond effectively to an educated and communicative workforce in unstable and unpredictable environments. Good managers know this in their hearts if not their heads or their hands. Their response in many cases has been to retreat even deeper into those established management models. This at first glance may seem bizarre, but is entirely consistent with the models of organisational behaviour developed by Chris Argyris and Don Schön in the early 70's.¹ Essentially what they observed was that despite the often radical behaviours people in organisations espouse, their actual behaviours revert to very traditional organisational behaviours once they felt discomfited or uncertain.

This reinforcement of traditional management models has been particularly noticeable in the Australasian public sectors. New Public Sector Management may have crinkly new wrappings, but essentially still draws from Taylorist and Weberian traditions. It seeks to manage complex non-linear multiple goal seeking socio-political services as if they were simple, linear, stable single goal seeking input/output/outcome industrial production processes.²

Jerome Winston describes these defensive behaviours as managers flapping their hands harder to fly across the abyss rather than *actively* consider new equipment.

The field of evaluation has not been neutral a player. How many of us, whilst privately bemoaning the simplistic organisational models being used in the design of evaluations, have ultimately complied with them in our work? How many of us have actually used these models as a basis for making our judgements of value or worth? I have. Maybe we have at times confused "utility" with "usefulness"; feeding back our judgements in ways that do not challenge the mental models of our clients in the hope that the results will be used rather than ignored. I have. Perhaps we have been poorly served by popular evaluation methodologies that underneath it all share those same Taylorist and Weberian assumptions.

So who is going from here

The combined might of evaluation methodological shortfall and organisational defensiveness presents a significant gap to bridge. Nevertheless stepping stones are beginning to appear.

- As the survey showed, people's arms *are* getting tired. The cognitive dissonance is there, people are beginning to cast around for realistic answers, creating leverage for those of us who wish to exploit the opportunity. Our survey suggests that "time" will be major stumbling block. However, further developments in the use of large group processes or adapting action research approaches could well remove some time problems without decreasing rigour. Having said that, many consultants are seeking ways of slowing down organisational change, whilst allowing those organisations to respond intelligently, rapidly and appropriately to environmental and other factors. Evaluators could learn by keeping an eye on those developments.
- Alternatives are beginning to develop to the dreaded Business Plans' dot points and their emphasis on "measurable" outputs. For instance, the multinational 3M have used storytelling methods for a number of years now as an alternative³. Jessica Dart in Australia is also looking at the use of stories to explore

performance and evaluation issues in the agricultural sector, and parts of the Canadian public sector are reportedly also working in this area.

- Frameworks for managing non-linear, multiple goal seeking organisations in volatile environments *are* being developed and slowly entering into management practice. Much of the current focus is on organisations as “complex adaptive systems”, and frameworks developed from Chaos and Complexity theories. These frameworks suggest different approaches to performance measurement, that may begin to resolve the tension between “management” measures and “evaluation” measures. The evaluation field seems to be lagging behind these developments. However, Keith Linard at the Australian Defence Force Academy has been exploring the use of systems dynamics in evaluation for a number of years⁴. The US management consultant, Glenda Eoyang, is exploring the wider implications of complex adaptive systems approaches for evaluation methods and methodologies.⁵
- New organisational forms are developing which seek to design different parts of the organisation according to different principles and then integrate them. Such front-end/back-end approaches allow the linear production parts of the organisation to be monitored and evaluated along “traditional” lines, leaving the more complex non-linear parts of the organisation to be monitored and evaluated using more sophisticated methods.

... and who is going to blink first ?

In most cases, evaluation has tended to comply with dominant models of organisational assessment. It has rarely been in the vanguard⁶. However, the current crisis of confidence with performance measurement offers the evaluation field a golden opportunity to step from the sidelines and help at the front of the march.

As Elliott Stern stressed in his 1998 AES address stated evaluators have great knowledge about what works and doesn't work in organisations (even if we are less sure why these things do or don't work). We have many excellent data collection and analytical techniques, and there are people working on the difficult bits only too happy to talk and share. Judging by discussions on the Internet, those in the evaluation field know more about organisational development than the other way around (although both have much to learn from each other). As a field, evaluation *can* contribute and the opportunity to do so is increasing.

Perhaps it is time to find ways of developing that potential. The trick it seems to me is to behave strategically. Many of the organisational development consultants working in this area have given up their evangelical zeal and are no longer trying to change the whole world. They are focussing their efforts on those few organisations willing and able to experiment. Maybe closer alliances with those consultants and those organisations is the way forward, rather than evaluators seeking to go it alone.

¹ See “Organizational Learning II; Theory, Method & Practice” Chris Argyris & Don Schön, Addison Wesley, 1996, or “Good Communication that blocks learning”, Chris Argyris, Harvard Business Review, 1994, Vol 72 No 4

² For a disturbing analysis of this, see Robert Gregory's chapter “Accountability, Responsibility and Corruption: Managing the public production process”, in “The State Under Contract” edited by Jonathan Boston, Bridget Williams Books, 1995.

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- ³ Strategic Stories: How 3M Is Rewriting Business Planning; Gordon Shaw, Robert Brown, and Philip Bromiley. Harvard Business Review, May/June 1998
- ⁴ See "Dancing Towards Disaster; the dangers of using intuitive indicators of performance" International Conference of the Australasian Evaluation Society 1995
- ⁵ Her paper "Evaluation in a complex adaptive system" with Thomas Berkas was presented at the "Managing the Complex - A Semi-Annual Colloquium on Complex Systems and the Management of Organizations, Toronto, Canada, March 1998. It will form a chapter of a forthcoming book, as yet untitled. However, her book "Coping with Chaos; Seven Simple Tools"; Lagumo Corp, 1997 is a splendid example of how to make the complex simple without oversimplifying. It provides many guides to appropriate evaluation.
- ⁶ Exceptions are those evaluators using systems dynamics tools, certain large group processes, action learning methodologies, and variations of hermeneutic styles of enquiry.