

# Performance Appraisals in Knowledge-Based Organisations: implications for Management Education

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## Abstract

'Intellectual capital' is the principal asset of knowledge-based organisations and their performance management systems seek to maintain and enhance the value of this human asset base. The management of professionals in such organisations is especially challenging in view of the level of autonomy and discretion in their work roles, and their loyalty may be primarily to personal development or a particular code of conduct. Academic staff in higher education constitute a particular group of knowledge-based workers whose commitment is central to the effective operation of their institutions. Managers in higher education, therefore, have responsibility for designing and operating performance management systems that both motivate academic staff and align their efforts to institution objectives. This article examines performance appraisal systems for academic staff in universities and colleges and identifies the complex issues facing those in management education involved in the design and operation of such systems. Its hypothesis is that key factors in the acceptability and effectiveness of performance appraisal systems in HE and FE are the degree to which those appraised believe the performance criteria are under their control and whether the outcomes of performance review are used in a developmental way. The research study described utilises stakeholder analysis to assess the operation of performance appraisal systems at institution, departmental and individual levels. The stakeholder perspective taken views appraisal systems in HE and FE as the 'negotiated outcome' of various interest groups, and within this gives particular emphasis to staff perspectives and expectations. Academic staff working in management education from two university and college Business Schools together with a national sample of those teaching performance appraisal within Chartered Institute of Personnel and Development (CIPD) professional programmes were, therefore, constituted as an 'expert witness' group and their views sought on performance appraisal practices in their institutions. This data - together with an analysis of appraisal documentation from these universities and colleges - enables conclusions to be drawn on an appropriate philosophy of performance appraisal for academic institutions, the acceptability of particular performance criteria and the importance of academic staff involvement in appraisal system design or modification. The article also identifies particular implications for management education and for further research into performance appraisal in this context.

Key words: performance appraisal, performance management, stakeholder, intellectual capital.

## Introduction

A recent HEFCE consultation document (HEFCE 2000) specifies that the future funding of universities will be, in significant part, contingent on how effectively each institution's human resource strategy addresses six priority areas. Performance review is one of these areas and this places appraisal of academic staff in a pivotal position in relation to their performance and morale. The initiative raises a number of important issues regarding the management of professionals in higher education. What philosophy and practice of performance appraisal is appropriate within these knowledge-based organisations? Can their performance appraisal systems channel the contribution of knowledge-based workers in an organisationally relevant way while also recognising staff concerns for continuing

professional development and academic freedom? How can the views of academic staff regarding performance review and development be incorporated in the people management strategies that individual universities put forward in response to the proposal? This paper seeks to answer these questions and sets out a philosophy of performance appraisal that recognises the complex issues facing management education through an empirical study of performance appraisal practices in universities and colleges.

'An acceptable system' raises the question of acceptable to whom, so the paper utilises a stakeholder perspective of performance appraisal, viewing it as the negotiated outcome of a number of key interest groups. The paper confirms the centrality of intellectual capital to

the effectiveness of knowledge-based organisations, and provides a brief history of performance appraisal in the higher education and further education sectors. It relates these perspectives to a recent research study that analysed performance appraisal systems for academic staff in universities and colleges and which gave particular emphasis to staff experience and expectations within this. A method of achieving stakeholder consensus on measures of academic staff performance is presented and the implications for management education are considered.

### **Performance Appraisal - A Stakeholder Perspective**

The stakeholder perspective (Burgoyne 1995) acknowledges a number of interested parties in the performance appraisal process and views performance appraisal systems as the negotiated outcome of the potentially conflicting interests of these parties. In the university context, management education stakeholder groups include: Department of Education and Employment, HEFCE, Government agencies that assess the quality of university research and teaching, University Boards of Governors, those in managerial roles within universities, academic staff, recognised trade unions and students. The position taken in this paper is that academic staff - as key stakeholders whose performance will be appraised - are an interest group whose opinion is seldom canvassed when appraisal systems are designed or modified (Watson 2000). The views of another stakeholder group who can 'make or break' an appraisal system - line managers in academic institutions who carry out appraisals - are also seen as particularly significant as these may reveal differences in perception of the appraisal process between appraisers and appraisees (Taylor 1997).

#### *The Development of Performance Appraisal in Universities and Colleges*

Mackay (1995) provides an informative account of the development of performance management practice in universities within her analysis of that sector's personnel function. She describes the differences between and the convergence within, the situations of 'old' and 'new' universities. Up until the 1970s old

universities adopted a laissez-faire approach to performance management. They operated on a 'high trust' basis within an ethos that emphasised independence of thought and scholarship, academic freedom and collegiality. The 'high trust' mode of operation meant academic staff were not closely monitored or assessed. Instead those in senior positions in the old universities operated on a collegial rather than a managerial basis, and worked with junior colleagues within a *primus inter pares* relationship. However, in the 1980s these universities were increasingly expected to acknowledge economic realities and, like the secondary education sector (Bartlett 2000), become more market-led, consumer-responsive and to provide 'value for money' (Jarrett Report 1985); changes that Mackay identifies as having specific implications for academic staff and their relationship with universities.

In the new universities, Mackay viewed the management and personnel practices followed since their incorporation as strongly influenced by the legacy of local authority control. The ex-polytechnics continued with strong central direction through a more overtly managerial structure (Holmes 1993), and old universities moved into closer alignment with them. Mackay's analysis of appraisal practice in the new universities has similarities to that in further education. Indeed, many FE colleges have been subject to significantly greater pressures to achieve corporate and further education sector targets, and have used more results-orientated performance appraisal systems as ways of achieving these.

### **Performance Appraisal: Aspiration versus Practice**

The HEFCE document acknowledges the central importance of people management practices in knowledge-based organisations in the effective utilisation of their intellectual capital. As such, it aligns with a range of sources (Gratton *et al* 2000; Michie and Sheehan 2000; Patterson *et al* 1997) - some explicitly, some implicitly - which regard a robust, performance enhancing and equitable performance appraisal system which gains the commitment of professionals as a key element. Moreover, they and others (e.g. Iles

*et al* 2000; Mayo 2000; Petty and Guthrie 2000) suggest that the added value accruing from motivated knowledge workers with 'hard to imitate' skills is the only sustainable source of long term competitive advantage. These holistic approaches to managing people also emphasise the importance of aligning performance appraisal with organisation strategy ('vertical integration' in HR parlance), as well as ensuring its congruence with complementary HR practices ('horizontal integration'). However, in spite of these claims regarding performance appraisal's potential contribution to organisation effectiveness, the situation 'on the ground' in many organisations is far less positive.

Critical comments about performance appraisal are not new. Perspectives on appraisal have described it as unnecessary (Deming 1986), as counter-productive (Scholtes 1999), as failing to deliver what it promises (Grint 1993), as embodying the individualism at the heart of 'hard' HRM (Guest 1987), or as an all seeing 'surveillance technique' for reasserting management control over those working in the flatter and more flexible structures of contemporary organisations (Townley 1990, 1992). Nevertheless, an individual reading these critiques might assume that organisations best able to avoid such scenarios would be academic institutions running programmes in business strategy and human resource management who can draw on the specialist expertise of lecturers and researchers in these subject areas. Additionally, as the proportion of core staff in such institutions - professionals whose attributes are these organisations' key resource strengths - is much higher than in most other organisations, this identifies the motivation and development of these knowledge workers as particularly important.

However, anecdotal evidence from many universities and colleges; the literature on performance appraisal practice in knowledge-based organisations (e.g. Fletcher 1997) and especially that within universities and colleges (Adams 1994; Townley 1990, 1992); together with the continuing controversy about the form performance appraisal should take in secondary education (Healy 1997; Cooper 2000) all suggest that such confidence may be

misplaced. Studies from the United States, Australia and New Zealand (e.g. Middlewood and Cardno 2001; Cardno 1999; Blum 1990) confirm the issue is an international one. It is this apparent disparity between what is taught and what is practised in HE and FE, together with some 'physician heal thyself' sentiments, that stimulated a research study to obtain 'expert witness perspectives' on performance appraisal in higher and further education institutions in the UK from those most centrally involved in the activity (Simmons 2000). The study also provides empirical data on the views of a particular group of public sector appraisees - an area identified as a major gap in the research on performance appraisal (Redman *et al* 2000; Newton and Findlay 1996).

### **Issues and Challenges in Designing Performance Management Systems for Knowledge-based Workers**

The two issues summarised below have the greatest significance for the study undertaken, and for those involved in appraisal system design and operation within knowledge-based organisations.

#### ***'Best practice' versus a 'Contingency approach'?***

Human resource management is not short of strongly held beliefs and claims on this first issue. On a similar basis to the 'excellence debate' in general management, various writers have put forward personal models of human resource management that they regard as 'best practice', and which they claim will have a beneficial impact on organisations regardless of context (Pfeffer 1998; Arthur 1992). Additionally there is a developing body of research based evidence which seeks to demonstrate the extent to which particular 'bundles' of 'best practice human resource management' explain variation in companies' profitability and performance levels (Patterson *et al* 1997; Huselid 1995).

However, others are equally adamant that these universal and rigid prescriptions fail to acknowledge organisational differences in size, competitive strategy and structure, each of which imply different and 'tailor-made' approaches to appraisal design and system

operation. The 'one size fits all' approach has been taken too far: it is seen as a useful tool for guidance (Marchington 1996) or as providing the broad principles or 'system architecture' of HRM (Purcell 1999) but the view that all organisations should adopt 'best practice' personnel and development approaches is strongly questioned.

Nevertheless, a number of influential researchers have refined the 'contingency approach' and claim that a particular form of performance appraisal is appropriate to knowledge-based organisations. Indeed, one source specifically relates this contingency perspective to the inappropriateness of traditional forms of appraisal for organisations that are knowledge-based, that have flatter hierarchies and which need to maximise employee flexibility in order to compete effectively (Fletcher 1997). Fletcher asserts that traditional performance appraisal sits uneasily with the ethos that characterises the job roles and attitudes of many professionals. These knowledge-based workers typically have high levels of autonomy and independence of judgement, self-discipline and adherence to professional standards, power and status based on specialist knowledge and skills, and conduct guided by a code of ethics. All of which imply a major imbalance between traditional performance appraisal systems based on hierarchical authority and direction and the form of appraisal that should operate in knowledge-based organisations, in particular those within higher and further education.

### *'Managerial and Individualistic' or 'Developmental and Collegial'?*

A closely related issue is the age-old appraisal dilemma of achieving an appropriate balance between the aims of control and commitment (e.g. Cutler and Waine 2000; Bratton and Gold 1999). The 'performance improvement cycle' often contained within appraisal schemes requires employees to 'justify' their development needs by demonstrating the relevance of these to the attainment of organisation objectives (McAfee and Champagne 1993) and reward decisions are influenced strongly by an evaluation of employees' success in achieving them. It is this type of appraisal scheme that most clearly

demonstrates the potential for 'vertically integrating' performance appraisal with corporate strategy (Egan 1995). However, a number of commentators regard this managerialist approach to performance appraisal as unwarranted, unworkable and unacceptable in knowledge-based organisations such as universities and colleges. They variously describe it as: antithetical to a self governing community of professionals; an infringement of academic freedom; based on a top down approach to research and teaching which severely restricts creativity and self development; or a covert means of introducing greater governmental control of the HE and FE sectors and the remuneration of those who work in them (Barry 2001; Holley and Oliver 2000; Henson 1994; Townley 1990). A developmental approach to performance appraisal giving professionals themselves the primary responsibility to identify aspects of their roles in which development is possible and desirable may be more appropriate and deliberately separate from the processes of reward and promotion.

### **Research Methodology**

The methodology adopted in the research on appraisal (Simmons 2000) was influenced by the nature of the phenomena being studied, the research questions posed, concern to incorporate complementary sources of evidence and by pragmatic issues, such as access to and the acceptability of particular research methods to those responding.

At the 'macro' level, appraisal is influenced by national higher education policy as well as by the corporate strategy of the institution. At 'departmental' level, the focus is on how performance appraisal operates within the Business School of a particular institution; and how it relates to people management practices at that level. At the 'micro' level, there is the influence of the performance appraisal system on the behaviour of individual appraisers and appraisees within particular institutions and the implications of this for employee performance, for managerial control, and for staff motivation and professional development. It is the worth of a performance appraisal system to those individuals and groups most significantly involved in it that gives it value as an

organisational activity. In the light of this, a stakeholder approach that is predominantly qualitative, interpretative, and capable of refinement as the research process progresses was chosen. A related issue is the need to verify the information obtained from the various methods of enquiry. Therefore, the three data sources of interviews, questionnaires, and documentation enabled a degree of triangulation within the research design. Finally, pragmatic issues of access to respondents and the acceptability of the interview or questionnaire approach to them are important. The co-operation of respondents was facilitated through the first author's personal links with them as current or ex-teaching colleagues, or through his role within the relevant professional body (CIPD). Acceptability of the instruments was confirmed through the use of pilot questionnaires and interviews, with modification to the format and wording of these on the basis of feedback received at that stage.

The research approach is distinctive in that conclusions are based on the perspectives of 'expert witnesses' working in management education. One group of 'expert witnesses' comprised the teaching staff of two Business Schools within University and FE sectors, together with those managing and providing HR services to them. The other was made up of academic staff from universities and colleges across the UK whose research interests, professional expertise and teaching responsibilities are in performance appraisal, but whose opinions are seldom canvassed.

### *The Views of the 'Expert Witnesses'*

An in-depth study of the two institutions' performance appraisal systems and staff attitudes towards these was carried out. The 'triangulation method of enquiry' adopted obtained data on each appraisal system in three distinct but related ways. First, from semi-structured interviews with parallel stakeholders from the performance appraisal systems at the two institutions; second, by issuing a questionnaire to all members of academic staff in the two Schools; and third, by obtaining documentation relating to performance appraisal policy and practice within these two contexts.

The in-depth interviews were conducted over a three month period with parallel stakeholders - heads of school, appraisers, appraisees, personnel managers, and trade union representatives - at the two locations. In all 20 members of staff were interviewed and participants' involvement in and perspectives of performance appraisal were explored. Procedures for analysing this qualitative data included transcription, coding and identifying specific themes. Over the same period an 'expert witness' questionnaire was issued to all academic staff in the two Business Schools to obtain a broader base of staff opinion there. This structured questionnaire focused on respondents' experience of appraising and being appraised, as well as their general attitudes to performance appraisal. In all 117 questionnaires were issued to academic staff within the two organisations: 90 to staff at the University Business School and 27 to staff in the College School of Management. Overall, 48 (41%) completed questionnaires were returned: 38 (42%) from the University Business School and 10 from the College (37%). Appraisal system documentation, including general guidelines and briefing documents, pre and post appraisal forms completed by appraisers and appraisees, related personnel policies etc. from each establishment was also analysed.

This approach is entirely consistent with a 'rich and deep' mode of inquiry, but it was recognised that appraisal practice in these two locations may not be representative of the wider operation of performance appraisal in other institutions of higher and further education. Therefore, a slightly modified version of the questionnaire was sent by post to a selected group of 'expert witnesses'. This group was obtained from the first author's personal contacts with HR specialists who teach on CIPD courses at UK universities and colleges and who are assumed to have an 'expert witness perspective' on appraisal policy and practice in their respective institutions. In all, 23 questionnaires were sent out, 12 to Universities and 13 to Colleges. Of these, 20 were returned (87%), 10 from Universities (83%) and 10 from Colleges (77%). These respondents were also asked to provide a copy of the appraisal policy and documentation in operation at their

establishments. The same analysis methods were used for this data.

The second 'expert witness' group does not represent a statistically significant sample, but it provides an adequate comparison group that enables conclusions to be drawn as to whether appraisal practice and academic staff members' views of performance appraisal at the two academic institutions studied in depth are consistent with, or different from, wider UK practice in universities and colleges.

### *Key Research Questions*

The research study was based on the hypothesis that a key factor in the acceptability and effectiveness of performance appraisal systems is the degree to which those appraised regard performance criteria used as under their control, view the appraisal interview as a motivational experience, and believe that the outcomes of performance review are used in a developmental way. The survey, therefore, sought information on a number of key questions: the extent to which 'in-house' academic expertise is utilised in the design and development of performance appraisal systems in higher and further education; the criteria used to assess lecturer performance and the acceptability of these criteria to academic appraisees; the views of appraisers and appraisees regarding the motivational impact of performance appraisal in their institutions; and respondents' views of the appropriateness of performance related pay in the higher and further education context. The study also enabled differences between university and college sector appraisal practice and 'expert witness' opinion in these institutions to be identified.

Identification of performance measures that academic staff regard as relevant and legitimate was a key part of the study and, therefore, this was given particular emphasis within the questionnaire. A review of appraisal literature and appraisal documentation obtained from universities and colleges in the study, identified nine main measures of performance used to appraise academic staff in different institutions. Respondents were, therefore, asked to evaluate these in terms of their usage and acceptability within their own organisation's performance appraisal system.

Performance measures they were asked to assess in this way were: curriculum development, classroom observation, number of students recruited, contribution to administration, examination results of courses taught, student evaluation of courses taught, number of research publications produced, research funding generated and liaison with external bodies. In order to distinguish between organisation practice and expert witness opinion, respondents were first asked which of these aspects of performance *they believe their appraisers use* when evaluating academic staff contribution or performance. They were then asked which of these aspects of performance *they believe should be used* in the appraisal process. While not demonstrating statistical significance in the 'pure' sense, it was decided that if at least half of HE or FE respondents indicated a particular measure of lecturer performance was in operation, or was seen as valid by academic staff, then this would be regarded as significant confirmation of use by, or acceptability to, this stakeholder group. Key findings from the study are summarised in the following pages, with some also shown in tabular form, see Appendix 1.

### *Findings*

#### **1. Use of 'in house' expertise**

The situation in universities is more encouraging than in the college sector in this regard. Whereas a majority of university based HR tutors have been involved in some way, with a broadly equal spread of these across the design, training, and system monitoring areas, only a minority of college based personnel lecturers had acted as 'internal consultants' on performance appraisal in their organisations.

#### **2. HE and FE Sectors: Appraisal Criteria in use**

The appraisal criteria most commonly used across both HE and FE sectors are (in order of prevalence) 'contribution to administration', 'curriculum development', 'liaison with external bodies', 'classroom observation' and 'student evaluation of courses taught', with 50% or more of

questionnaire respondents in universities and colleges believing that their institutions apply these when assessing lecturer performance. When responses from HE and FE sectors are separated, some interesting differences emerge. In a majority of HE establishments 'number of research publications produced' and 'research funding generated' are additional performance criteria used; while 'number of students recruited', and 'examination results of courses taught' are additional measures of performance in a majority of FE colleges. Interview data from the study and the literature review undertaken point to the different histories, ethos and stakeholder groups of the two sectors as reasons for this.

### **3. HE and FE Sectors: Views of 'legitimate' Appraisal Criteria**

There is significant commonality across university and college sectors regarding appraisal criteria for academic staff performance that 'expert witnesses' see as legitimate. 'Curriculum development', 'contribution to administration' and 'liaison with external bodies' are regarded as valid and acceptable performance measures by at least half of respondents in both sectors. However, as before, when responses of those in university and college sectors are separated, significant differences are apparent. A majority of those in HE also see 'number of research publications produced' and 'research funding obtained' as acceptable measures. However, 'numbers of students recruited', 'students' examination results' and 'classroom observation' are criteria that academic staff in colleges additionally regard as acceptable.

Thus, the data indicates some commonality between lecturing staff in HE and FE on what they regard as legitimate appraisal criteria but also a number of important differences. This suggests that, although a common philosophy and 'system architecture' is highly desirable for performance appraisal in universities and colleges, the specific performance criteria that a particular establishment uses need to be agreed with its major

stakeholders, especially those stakeholders whose performance will be assessed by the measures in question. Analysis of lecturer opinion from interview data also indicates that many 'expert witnesses' from each sector would welcome a more focused and criteria based approach to performance appraisal, with the proviso that the dimensions assessed are within lecturers' control, and that the primary purpose of the review is performance improvement.

### **4. Motivational Impact of Performance Appraisal: Appraiser's Views**

The questionnaire also contained a section specifically for those with formal responsibility for appraising the performance of academic staff. These respondents were asked how recently they had conducted an appraisal interview, and whether they believed this appraisal interview had improved the performance of the staff concerned. The vast majority had carried out an appraisal interview in the last six months with no difference between HE and FE groups. Over half of appraisers believed that their appraisal interviews had either a major influence or some influence in improving staff performance. However, there is also a significant 'tail' where appraisers believe the activity has no noticeable effect on staff performance and motivation!

### **5. Motivational Impact of Performance Appraisal: Appraisee's Views**

The whole sample was asked about their experience as appraisees. Specifically, whether their most recent appraisal interview had given them a clearer understanding of their job responsibilities, a clearer understanding of their organisation's objectives, had made it more likely that their development needs would be actioned, had motivated them to improve their job performance, or had influenced their salary progression.

'Increased clarity of job objectives' was the outcome for only a third of those in universities compared with a clear majority of those in colleges. Interview

data suggests that the greater focus on quantifiable and organisationally linked objectives for lecturers in FE may account for this. In contrast, a more 'self-contained' approach to appraisal focusing on personal development is more likely in HE. An identical difference was found in respect of the success of appraisal in 'identifying strengths and development areas in lecturers' job performance'.

The extent of the difference between the two groups was less marked in relation to both 'a better understanding of the organisation's objectives' and a belief in an increased likelihood 'that development needs will be actioned' as appraisal outcomes, as around half of both university and college respondents indicated this. Very few respondents from either sector believe that 'the outcome of the appraisal interview influences my salary progression' and, perhaps most importantly, only around a fifth of each group agree that 'I feel motivated to improve my job performance as a result of the appraisal discussion'!

This latter point is significant as it is indicative of a wider pattern within the research. Both questionnaire and interview data indicate that appraisers believe the appraisal interviews they conduct have a far greater motivational impact than do their appraisees. Nor is this appraisee view of the appraisal process a recent one, as a significant majority of appraisees in both universities and colleges confirmed that their overall experience of appraisal in their current institution has not altered their view of the practice. It suggests that many in the FE sector have accepted the greater onus on themselves to 'produce results' in line with management expectations, especially in relation to quantitative measures such as number of students recruited and examination results achieved, but do not see the appraisal process as providing much help in achieving these. The motivational value of performance appraisal is, therefore, an issue for all in management education with responsibility for academic staff.

## **6. Performance Appraisal and Performance Related Pay**

While the major focus of the study was the nature and acceptability of criteria used to assess academic staff contribution in universities and colleges, the potential linkage of a composite assessment of these to decisions on an individual's salary progression could not be ignored. Therefore, a separate question asked whether, as a general principle, the pay of academic staff in universities and colleges should be linked directly to the assessment of their performance. Predictably, an overwhelming majority of the whole respondent group was opposed to this with no significant difference between HE and FE sectors. Data from the interview programme explains the basis of this opposition and, in many respects, aligns with other research and comment on this aspect (e.g. Storey 2000; Armstrong 2000; Henson 1994). Reasons respondents gave included the belief that performance-related pay would be based on inappropriate and divisive criteria; that it would be detrimental to team roles and to team operation; that there would be insufficient funds to provide adequate differentiation in reward between high and low performers; and that it is incompatible with a staff development focus or with gaining trade union support for the appraisal activity.

### **Effective Performance Appraisal Systems in Knowledge-Based Organisations**

The way in which people management strategies are formulated and implemented may be more important in achieving competitive advantage than the nature of the strategy itself. Indeed a recent review of the evolution of the performance appraisal process concluded that researchers have largely neglected the political aspect of the appraisal process (Wiese and Buckley 1998). This view of effective performance management systems as 'negotiated outcomes' raises the vital issue of how to achieve stakeholder consensus on performance measures acceptable to the

various interest groups involved. One method of developing an effective and ethical performance management system is found in a recent study by Winstanley and Stewart-Smith. Their method achieves 'stakeholder synthesis' by involving key stakeholders in the development of performance objectives and measures (Winstanley and Stewart-Smith 1996).

Winstanley and Stewart-Smith identified appropriate performance measures via a 'consensus seeking process' and embedded these within an organisation's aims and culture in a way that sought to engage the commitment and motivation of all stakeholders. If, after this process, genuinely different interests remain, these are transformed into 'competing claims' so that each group's requirements are viewed collectively and openly in relation to available resources and to rival claims. The approach aligns with that of Fisher (1994, 1995) who emphasises the need to design appraisal schemes that are acceptable to the parties involved. His model identifies similarities and differences in management and staff perspectives on appraisal as a precursor to a negotiated and iterative scheme development phase.

The stakeholder synthesis method may seem to be unduly time-consuming to some, or to abrogate management control. However, properly conducted, it can produce an effective, equitable and robust performance appraisal system which recognises the interests of all stakeholders, while giving particular importance to the concerns of those knowledge workers whose commitment is central to organisation success. In this way universities and colleges that 'practice what they preach' can use performance criteria that are relevant, valid and developmental, but above all are seen as within lecturers' control by those who will be assessed by them.

### **Suggestions for Further Research**

Research on performance appraisal in academic institutions is especially challenging in view of the time scales involved in introducing or modifying appraisal schemes, measuring appraisal outcomes, deciding what 'success' is to the various stakeholder groups,

etc. Nevertheless, a comparative review of schemes in operation at different universities and colleges on a longitudinal basis could help determine whether it is possible to meet the various stakeholder expectations.

Specifically, to accommodate the institutional requirement for appraisal systems to make a significant contribution to organisation objectives, while simultaneously accommodating staff concerns that appraisal system design respects the collegial, developmental and 'autonomous professional' ethos that knowledge workers value so highly. Data from this first research enquiry could then be used to determine if there are common principles of performance appraisal that provide an operational framework for performance appraisal systems in all knowledge-based organisations, as well as to delineate the 'discretionary' design features of this type of appraisal system that vary on a contingency basis from institution to institution.

### **Implications for Management Education**

What are the implications of the research study described and related discussion for those in management education?

First, notwithstanding the significant body of opinion critical of performance appraisal, the practice is not going to disappear. HR textbooks, the syllabi of institutions and professional bodies regard performance appraisal as axiomatic so universities and colleges will be expected to 'practice what they preach'. Moreover, government agencies that allocate funding (e.g. HEFCE) and assess quality (e.g. QAA) seek evidence of performance management in their institutional reviews. This broad-based expectation of powerful stakeholder groups that appraisal will be carried out means the real question is what form it should take.

Second, there is significant evidence that traditional forms of performance appraisal are inappropriate for flatter organisations that need to maximise the flexibility and innovation of professionals to compete effectively. The HEFCE funding initiative, therefore, presents those in management education with the opportunity to recognise the procedural justice and staff commitment benefits of involving staff in the design and modification of appraisal

systems. Performance measures the research study identified as likely to be valid and acceptable to academic staff could be considered. The development of appraisal policy and practice within particular institutions will involve discussion with various stakeholder groups. This paper proposes the 'stakeholder synthesis' approach as the most effective way of developing equitable and robust performance appraisal systems that recognise the interests of all stakeholders, while giving particular importance to the concerns of those knowledge-based workers whose commitment is central to organisational success. Additionally, those within particular institutions in HR-related teaching or research roles may represent an under utilised source of expertise in this process.

Third, if another key stakeholder group, those managing academic staff, are centrally involved in the development of performance appraisal systems, these individuals are more likely to see appraisal as complementing and enhancing on-going working relationships with subordinates. These managers also need to develop appraisal skills that enable them to engage staff in a process of continuous professional development in an organisationally relevant way (Hendry *et al* 2000).

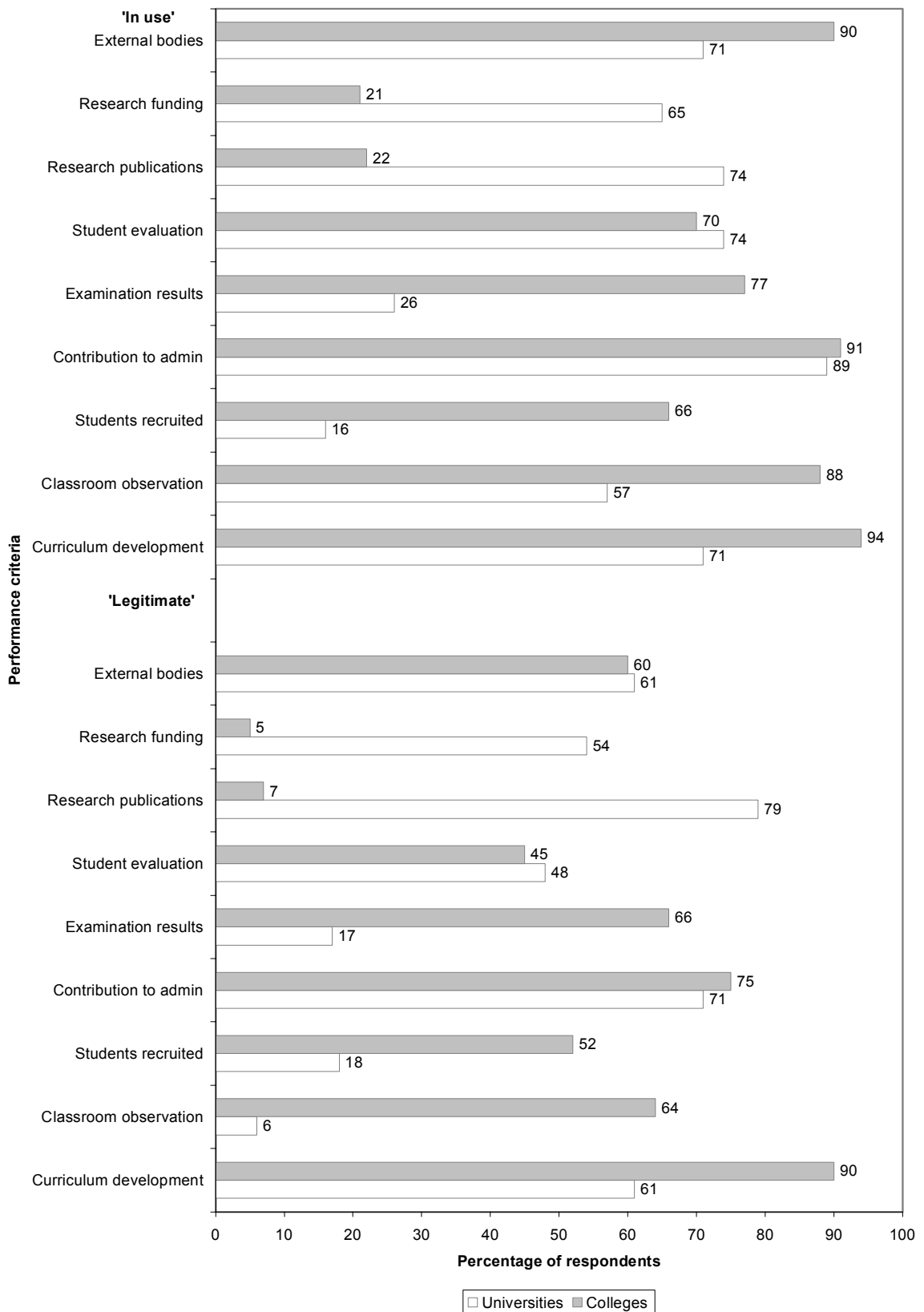
Fourth, those teaching performance appraisal, a number of whom are likely to have been 'expert witnesses' within the research study described, may wish to use this article as case study material to illustrate the difficulties of performance appraisal in knowledge-based organisations. Especially as students are likely to have their own views on how the effectiveness of those teaching them should be assessed!

## **Acknowledgements**

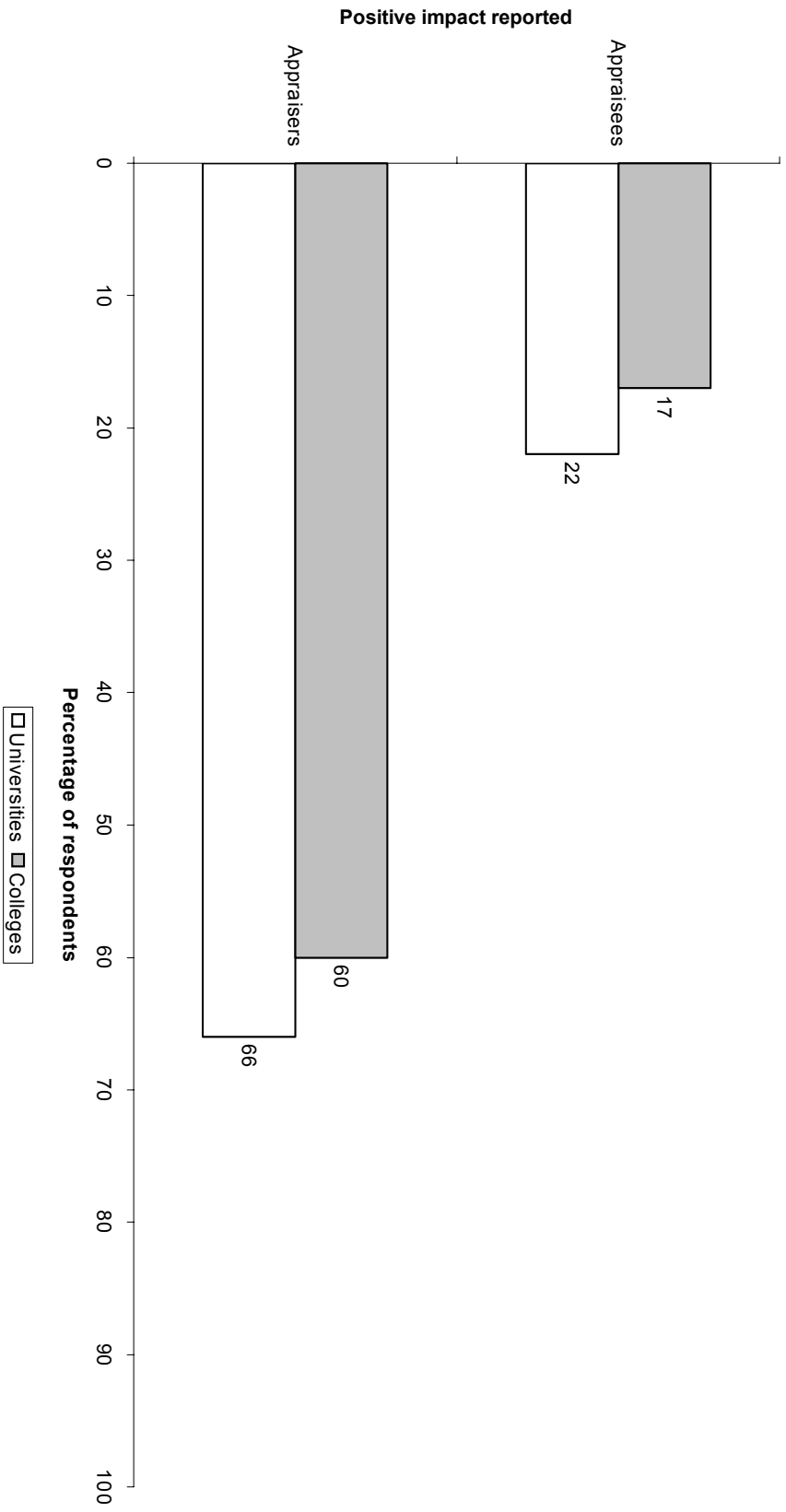
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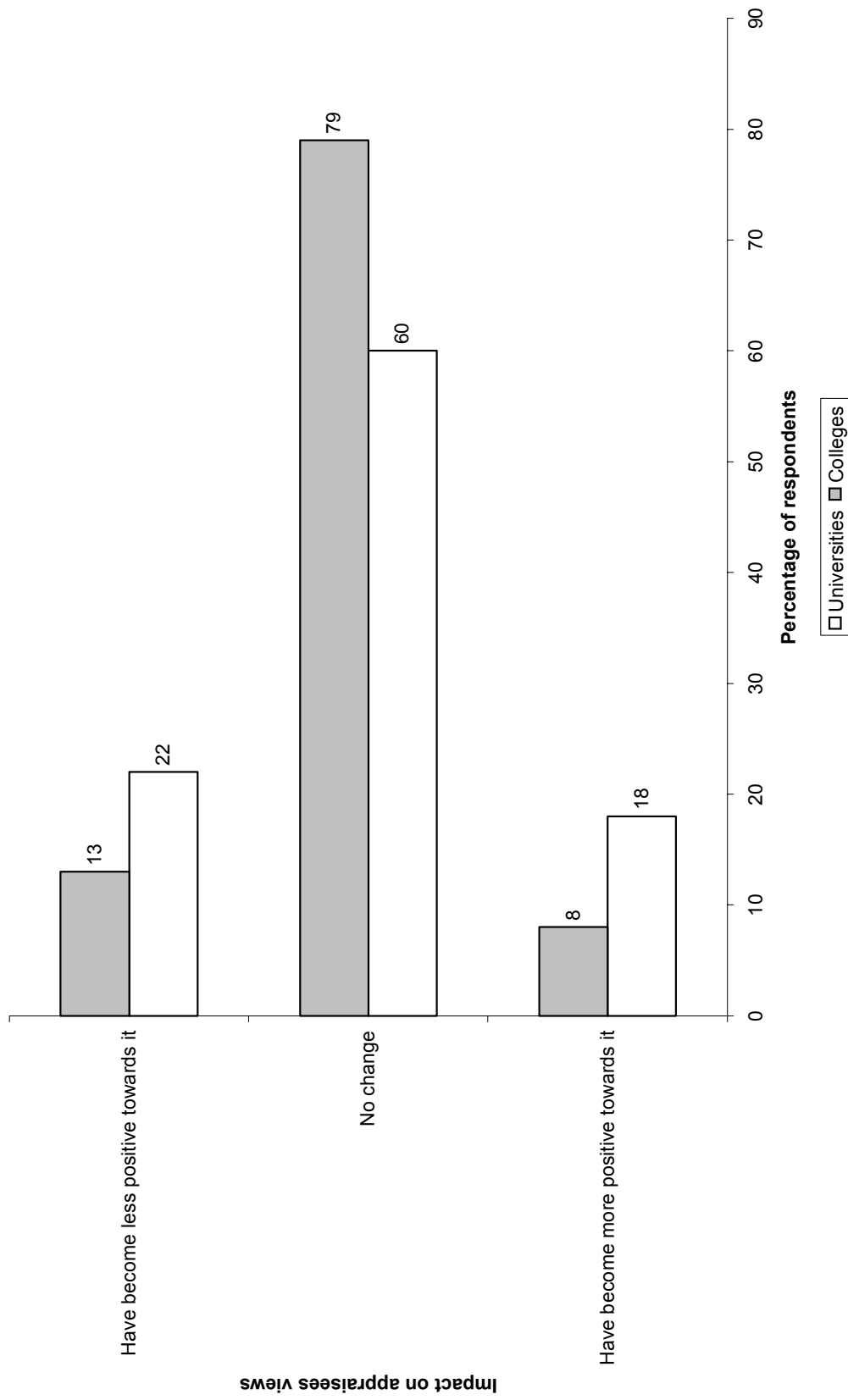
# APPENDIX 1



**Figure 1: Performance appraisal in universities and colleges: institutional**



**Figure 2: Motivational impact of most recent appraisal interview**



**Figure 3: Experience of appraisal at current institution: impact on appraisees' views**

	<b>Universities</b>	<b>Colleges</b>		
			<b>Universities</b>	<b>Colleges</b>
Curriculum development	61	90	71	94
Classroom observation	6	64	57	88
Students recruited	18	52	16	66
Contribution to admin	71	75	89	91
Examination results	17	66	26	91
Student evaluation	48	45	74	70
Research publications	79	7	74	22
Research funding	54	5	65	21
External bodies	61	60	71	90
Curriculum development	71	94		
Classroom observation	57	88		
Students recruited	16	66		
Contribution to admin	89	91		
Examination results	26	77		
Student evaluation	74	70		
Research publications	74	22		
Research funding	65	21		
External bodies	71	90		
	<b>Universities</b>	<b>Colleges</b>		
Appraisers	66	60		
Appraisees	22	17		
	<b>Universities</b>	<b>Colleges</b>		
Have become more positive towards it	18	8		
No change	60	79		
Have become less positive towards it	22	13		

**Table 1**

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