

Performance Management & Institutional Theory: A Multiple Case Study Analysis of Manufacturing SMEs and Housing Associations

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Presentation Agenda

- Review of the relevant literature
- Research Method
- Findings & Selected Quotes
- Discussion & Conclusions

Review of the Relevant Literature

- Crisis of legitimation in the HA Lifeworld (Habermas, 1976) Habermasian steering media in the form of legislation, money and power colonising the lifeworld (Habermas, 1987)
- GFC resulted in spiralling government debt, austerity measures and public sector cuts (HM Treasury, 2011)
- Rebalancing of public service delivery (Big Society, 2010)
- HA have different capability levels and change is anticipated (Cunningham, 2008; MacMillan, 2010)
- Third Sector becoming an extension of the public sector (Seddon, 2007; MacMillan, 2010)
- Public Sector Performance Management Bureaucratic (Radnor and McGuire, 2004)

Review of the Literature

- HA are suffering a Crisis of legitimation (Habermas, 1976)
Habermasian steering media in the form of legislation, money and power colonising the lifeworld (Habermas, 1987; Rodger, 2013)
- GFC resulted in spiralling government debt, austerity measures and public sector cuts (HM Treasury, 2011)
- Rebalancing of public service delivery (Big Society, 2010)
- HA have different capability levels (Cunningham, 2008)

Similarities between SMEs and Housing Associations

- **Levels of Understanding of Performance Management** (Hudson et al., 2001; Anderson et al., 2001; Ghobadian & O'Regan, 2006; Moxham and Boaden, 2007)
- **Resource Constraints** (Hudson et al., 2001; Garengo et al., 2005; Moxham, 2009)
- **Motivations for Monitoring Performance - Institutional Isomorphism** (Di Maggio and Powell, 1983)
 - Coercive and normative SME – ISO 9001 Quality Accreditations (Meegan & Taylor; Brown et al., 1998)
 - Housing Associations – Regulatory Bodies (Manochin et al., 2008; QAF, 2012)
 - Mimetic
 - Examples of BSC and BEM adoption (Fernandes, 2006; Manville, 2007)
- **Renewable Contracts from a large Customer or Statutory Contractor**
 - SME (Meegan & Taylor, 1997; Garengo et al., 2005)
 - Third Sector: (Chapman et al., 2006; Shared Intelligence, 2009)

Research Questions

- Is there empirical evidence of commonalities between SMEs and Housing Associations?
- What are the driving forces influencing the adoption of performance management frameworks?
- How is performance managed in SMEs and Housing Associations?

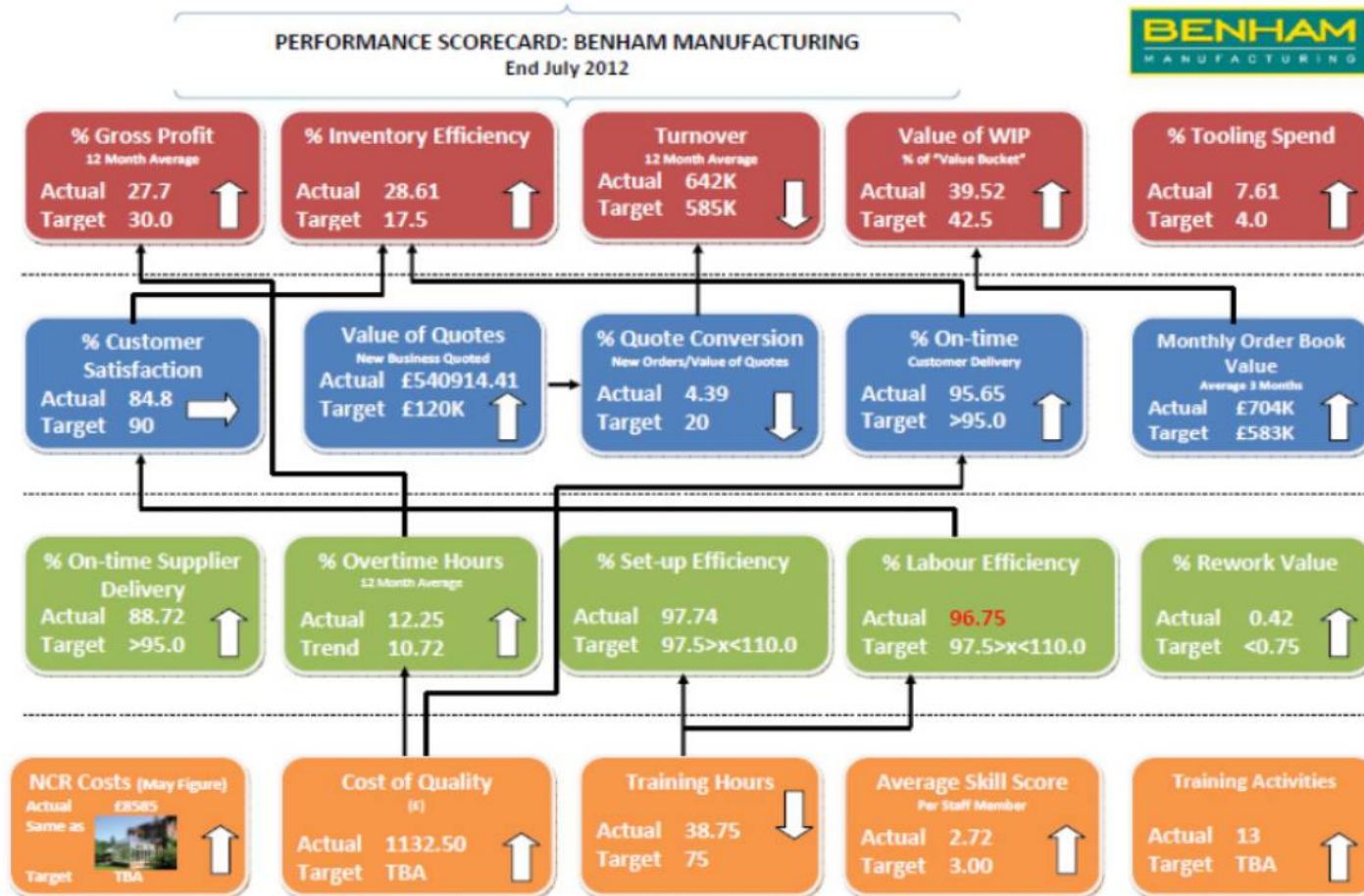
Research Method

- 20 semi-structured interviews (45mins- 1 hour) with the management team of each organisation
- Audio recorded, transcribed verbatim, summary sheets for each interview and piece of secondary data.
- Transcribed data: manual analysis (Miles and Huberman, 1994).

Research Method 2

- Qualitative case study (Eisenhardt, 1989; Miles & Huberman, 1994; Yin 2003)
- Multiple case study analysis using comparing SME, Housing Associations and their regulators and key customers
- Housing Associations and SMEs with established performance frameworks including BSC and BEM
- Cases
 - SME Sector: 1 large customer, 3 SMEs, 1 Regulator
 - Third Sector: 1 large customer, 3 Housing Associations, 1 Regulator

Findings & Discussion



	Reference	Performance Indicator	F	Month Target	Actual Performance	Month Status	YTD Target	Year to Date Actual	YTD Status
Internal Business	IB-001	Average re-let time	M	11 days	17.9 days	✘	11 days	15 days	<= ✘
	IB-002	% Jobs Completed Right First Time	M	92%	96.8%	✔	92%	97.2%	>= ✔
	IB-003	Staff Turnover	M	1.67%	1.98%	🟡	5.00%	5.75%	<= 🟡
	IB-004	% Working days lost to sickness	M	3%	1.6%	✔	3%	2.4%	<= ✔
Finance	F-001	Rent Collected	M	98%	81.1%	✘	98%	95.7%	>= 🟡
	F-002	% Rent arrears (Active)	M	4%	5%	✘	4%	5%	<= ✘
	F-003	% Former Arrears on re-payment plan	M	30%	24.2%	✘	30%	24.2%	>= ✘
	F-004	% Of Former Arrears value recovered against payment plans	M	30%	30.3%	✔	30%	30.3%	>= ✔
	F-005	Rent written off	M	2.5%	0%	✔	2.5%	0.3%	<= ✔
	F-006	Void Loss	M	4%	5.5%	✘	4%	5.0%	<= ✘
	F-007	Achievement of Target Surplus	M	£147,034	£178,396	✔	£120,495	£110,577	>= 🟡
	F-008	% Income Variance	M	100%	98.5%	🟡	100%	98.8%	>= 🟡
Innovation & Learning	IL-001	Amount of new business won	M	£83,333	£211,568	✔	£250,000	£228,568	>= 🟡
Customer Satisfaction	CS-001	% Complaints responded to within timescale	M	98%	91.7%	🟡	98%	90.4%	>= 🟡
	CS-002	Complaint handling satisfaction	M	75%	-	-	75%	100%	>= ✔
	CS-003	Service User satisfaction % Service Users	M	92%	94.4%	✔	92%	96%	>= ✔
	CS-004	% Service Users satisfied with last maintenance job	M	95%	94.2%	🟡	95%	94.1%	>= ✔

Findings Housing Associations

•Changing Landscape

- “But where budget cuts have come in, and the amount of staff we can pay for goes down, or the amount we can pay for a service goes down, that will be made up through people like volunteers, which is sort of how I would see it; I know, how a lot of our providers started viewing it.” (Large Customer)*
- “But charities should be as efficient, if not more efficient, than people perceive the private sector.” (NFP CEO 1)*

•Regulatory Compliance

- “They (Regulators) have a set of rules, and **they tick you off against a set of rules.** Well that’s certainly our experience” (NFP CEO 1)*
- “We have **withdrawn around 1,000 pages of requirements on landlords made by our predecessor.**” (Regulators Website)*

Findings Housing Associations

•Performance Measurement

•when you receive Board reports for example, there is often a quite sophisticated suite of performance indicators within it, often using the traffic light methodology, so that Board members can identify quite quickly whether there's areas that the business is not performing in line with the targets that it's set itself" (Regulator)

•"I've got roughly about 60 different performance indicators on the scorecards. Those are now being reviewed because we are having an upgrade in the scorecard system in the next month or so. So there will be additional scorecards going on; there's indicators being deleted off, so a full review is taking place at the moment." (NFP1 Mgr)

•Performance Management

•It may be two sheets of paper, as opposed to 20 sheets of paper, or whatever. But any good business that's well governed and well managed, should actually know what it's doing, and have some objectives, even if say, two or three objectives, for it's business." (NFP 1 CEO)

•"One of my big bug bears here is that our staff (including Managers – some of them, not all of them), don't see it as a business." (NFP 2 Dir)

Findings Aerospace SMEs

•Changing Landscape

•*“not really, because at the moment, due to our turnover being down, and that was caused by one customer moving a big lump of manufacturing to China, we’re desperately trying to find work to fill that void” (SME1 Director)*

•*“I think there is a recognition that if the industry doesn’t improve, then there is more pressure in terms of global sourcing. So I think that is quite a drive in terms of performance” (Prime)*

•Regulatory Compliance

•*“One of the big challenges we know in the industry, is that 50% of the problems are caused by the customer, so invariably the customers and suppliers have to work more effectively to address their issues and problems together” (ADS PC).*

•*Supply Chains for the 21st Century (SC21) Award has been supported by all of the Prime Contractors in Aerospace as well as over 400 SMEs in the UK.*

Findings Aerospace SMEs

•Performance Measurement

•*Varies from simple operational and financial KPIs plus the SC21 quality and on time delivery KPIs to a full balanced scorecard comprising 20 KPIs.*

•*SC21 is not simply for the badge but it is a CI journey assessed via a rolling assessment of the two KPIs and a bi-annual BEM scoring.*

•Performance Management

•The more successful SMEs are investing in training and development especially for their managers.

•They receive support from the prime contractor and the regulatory body with respect to capacity building.

•Aligning performance to strategy is critical although the SC21 methodology does not make this explicit.

Conclusion

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- There are similarities to Aerospace SMEs and Housing Associations
 - Both are familiar with performance measurement frameworks including BSC and BEM
 - Institutional isomorphism (Di Maggio and Powell, 1983) from their customers and their regulators was the motivating factor to maintain legitimacy
 - Third sector performance in HA's is mainly about compliance and was becoming an extension of the public sector
 - SC21 Private Sector regulators and primes are more willing to help the SME for mutual gain
 - Housing Associations generate surpluses and are more like the private sector than the Third Sector.
 - Lessons could be learned from the SC21 initiative with respect to capacity building via training and development.



Thank you
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Any Questions?

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