

MESSAGE

from the IKMD Executive Manager

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MEASURING INSTITUTIONAL PERFORMANCE OUTCOMES: WHERE IS THE RULER?

In recent years, assessment, performance and benchmarking have grown steadily within public institutions and organisations in South Africa. Despite this growth, conceptually there is very little that academic institutions have done to accomplish institutional performance measurement and benchmarking. However, performance assessment of employees has grown to a considerable extent in the country, and may be associated with the rewards that go with this. While it is important in recognising the good work done by employees, it is not clear whether their performance is directly linked to institutional performance. However, this article is not about performance assessment of employees, but it highlights challenges that are facing the assessment of institutions and their performance outcomes. Before tackling these challenges the paper attempts to differentiate between performance measurement and benchmarking as these sometimes are used interchangeably.

INSTITUTIONAL PERFORMANCE MEASUREMENT

Academic institutions, like most public enterprises or state funded organisations, are demanded to show results as output or outcomes. This is a way of justifying continued support through public funding. Besides financial support there is the notion of quality assurance. Poor utilisation of mandatory performance measures for accountability purposes to improve institutional performance by institutions has been observed internationally and locally. Challenges faced by these institutions are those of increasing impact, fixed financial support, escalating demands for outreach, incorporating new technologies and ways of doing business, and fast-changing external business and operating environments. In such environments institutional performance measurement can be a valuable guide to planning and restructuring.

While institutional performance is valuable for restructuring, the actual harnessing of information for this purpose is extremely difficult. Institutional performance measures tend to be entangled with suspicion within organisations. Evidence shows that clear performance measures help to render broad and obscure institutional goals which are more understood by those charged with achieving them. The development and use of these measures expose hidden contradictions in goal statements, as these need concrete definitions of how they will be measured, since they can be misinterpreted if developed otherwise.

Performance measures may create false incentives whereby people tend to manage numbers rather than fixing underlying issues. The weakness of using statistical measures for the organisation is the poor utilisation of the results in improving organisational performance. While performance measures need to be concrete and measurable, they do not reflect the underlying conditions that have led to the results. The following are the criteria underlying institutional performance measures:

- *The best institutional performance measures communicate the institution's core values.*
- *Good institutional performance measures are chosen carefully, reviewed frequently, and point to the action to be taken.*
- *External requirements and pressures can be extremely useful as starting points to develop institutional performance measurement systems.*

- *Performance measures are best used as problem detectors to identify areas for management attention and further exploration.*
- *Clear linkages between performance measures and resource allocation are critical, but the best ones are indirect.*
- *Performance measures must be publicly available, visible and consistent across the organisation.*
- *They are best considered in the context of a wider transformation of organisational culture.*
- *Organisational cultures, supportive of performance measures, take time to develop, require considerable socialisation of the members and are enhanced by stable leadership.*
- *Performance measures change the role of managers and the ways in which they manage.¹*

BENCHMARKING

Benchmarking is a process that is associated with employees' remuneration for some institutions in and outside the country. Benchmarking can be defined as a process of organisational learning, and identifying and adapting outstanding practices within and outside organisations. The underlying assumption for benchmarking is that of learning by example from the best practices available. This is one of the most effective and efficient ways of measuring performance.

There are two aspects of benchmarking: participatory process in changing organisation and learning organisation. Benchmarking is by no means copying, networking or reading of books, but an action-learning process. Benchmarking differs from performance measurement based on statistics. While the statistics reflect the gaps in performance, benchmarking identifies the how's and why's for these gaps. It helps the organisation to learn and understand how to perform at higher levels. The key elements for benchmarking is (a) selecting the best practice partners (b) learning from the best (c) adapting the best practice (d) developing the best practice, and (e) reusing the best practice from the past.

CONCLUSION

Benchmarking should not be considered as an alternative to performance evaluation of institutions, it is rather complementary. To use both performance measurement and benchmarking for organisations makes sense, however, the challenge is to develop both these outcomes. This challenge leaves many organisations with unanswered questions of which one is, *where the ruler for institutional performance measurement is?*²

References

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2. Delanty, G. (2003), Ideologies of the knowledge Society and the Cultural Contradictions of Higher Education, Policy Futures in Education, Volume 1, Number 1, pp.71-79