Chapter X

Analysing Transformations in Performance Management

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Abstract

Performance Management (PM) is a way of managing in which the organisation’s goals and organisation model are made explicit. In this chapter, several forms of PM are investigated to meet these observations. The goals and organisation model together form the management model of the organisation. Steering the organisation towards its strategic goals then comes down to repeatedly transforming this management model. In this chapter, these transformations are systematically analysed. In order to do this, we first provide a framework in which several types of transformation can be identified. Second, properties of the transformations are stated and related to different styles of management. In addition, we sketch future trends in a resource-based view on performance management.
Introduction

Performance management (PM) is a way of managing in which the organisation’s strategic goals and its organisation model are made explicit. In addition, the connection between those two issues is made by stating how the organisation model produces the organisation's output. The explicitly stated goals (the what) and organisation model (the how) form the core of the management model for steering the organisation.

In PM, running a business is all about transformations. First, of course, a general notion of transformation applies: the organisation transforms some form of input to some form of output. More specific to PM, steering the organisation towards its strategic goals is done by repeatedly transforming the organisation and the management model. In this chapter, we focus on these latter forms of transformation which describe the essence of performance management.

This chapter sets out to do two things. First, we describe a framework for analysing transformations in performance management. Second, we use the framework to identify several types of transformations and describe which properties apply to them. The results of this chapter may enhance the understanding of performance management and thus lead to more effective management.

This chapter has the following structure: it provides different views of, and approaches to, PM and presents our vision on the subject. Next, the framework for analysing transformations is presented: the performance management model. In the following section, we use this model for describing several types of transformations. The chapter then deals with future trends. Finally, we provide concluding remarks and an outlook on further research.

Background

In general, organisations try to find, reach and sustain a strategic position in their environment. Mintzberg (1991) has classified the ways to do this into two categories: emergent strategies and planned strategies. “Organisations develop plans for the future and they evolve patterns out of their past” (Mintzberg, 1994). Performance management falls into the category of planned strategies.

Performance Management has a typical set-up. First, the organisation formulates a strategy. Formulating a mission, creating a vision and formulating goals are often seen as preceding steps in strategy-formulation. However, these steps are not always explicitly taken or repeated in formulating or revising the strategy.
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