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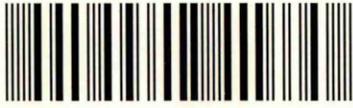
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Exploration of Executive Performance Measures in Manufacturing Organizations

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ABSTRACT

The aims of this research are:

> (A) to examine current practices in executive performance measures in manufacturing; and

> (B) to propose a model for executive performance measures that reflects both the aspirations of practitioners and the issues raised in academic literature.

Executives in the context of this research are defined as the leaders of their organizations who "exercise strategic management not only via the more obvious dimensions of analysis, policy formulation, evaluation and planning but also in their behaviour" (Burke, 1986:64). So executive performance is considered in terms of the roles and responsibilities of executives as leaders, their strategic objectives and their behaviours.

The purpose of executive performance measures is to provide an improved understanding of the issues of executive performance.

A holistic approach is taken in this research in exploring executive performance measures by addressing the following questions:

- What are the executive roles and responsibilities in practice?

- What are the strategic objectives of executives in practice?

- What are the desired behaviours of executives in practice?

- What current executive performance measures are used in practice?

- In the light of these questions, is it possible to create a model for executive performance measures?

The fieldwork was conducted in three medium sized manufacturing companies using a qualitative case study approach that included direct observation in the form of workshadowing (Mintzberg, 1973), repertory grid technique (Gammack and Stephens, 1994) and semi-structured interviews.

The main findings from the fieldwork are that the current practices in executive performance measures in manufacturing organizations favour measures for performance output, particularly in relation to the financial and internal business process perspectives. By contrast the executives themselves feel the practical need for measures, which include executive behaviours alongside the performance output measures.

The principal contribution of this research is a model for considering measures for executive performance outputs together with measures for executive behaviours in achieving those outputs. This model (which goes further than any previous model in the field) will allow its users to consider measures to improve executive performance. The aim is that any improvement in the executive performance will contribute to the improved performance and competitive position of their organization.

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CHAPTER 1 INTRODUCTION

The focus of this research is to explore executive performance measures in manufacturing organizations.

Executives in the context of this research are defined as the leaders in their organizations who exercise strategic management and are usually the Board members.

"A performance measure is an indicator used to quantify the efficiency and/or effectiveness of purposeful action" (Neely et al, 1996b:11). Executive performance measures are to inform about issues of executive performance.

This research, in the early days, was conducted alongside an EPSRC funded project (Grant No GR/L03569) examining Performance Evaluation and Control Systems (PECS) in manufacturing organizations. However, the PECS team was only interested in the performance and behaviours of employees below the level of the executives. My role in PECS team was predominantly of a researcher as a learner. In return PECS project team acquired an additional resource without any cost implications to the project.

This research is focusing explicitly on executive performance measures in manufacturing organizations, as it appears relatively unexamined and an under researched area. It is hoped that this research will benefit both the practitioners and the academic community in the area of executive performance measures.

It will be shown that much of the literature that exists on performance measurements focuses at lower levels of organizational hierarchy and there appears to be little critical evaluation of performance measures at an executive level.

1.1 RELEVANT LITERATURE REVIEW

The main areas of literature review covered are manufacturing context, performance measures in manufacturing, dimensions of executive performance and executive performance measures in manufacturing.

In chapter 2, existing background literature is reviewed covering manufacturing context and performance measures in manufacturing. The intention is to understand the changing nature of manufacturing and the emphasis on wider measures than productivity.

Chapter 3 reviews the literature focussing on executive performance and executive performance measures. The intention is to gain in-depth understanding about various dimensions of executive performance and performance measures.

1.2 RESEARCH AIMS

The aims of this research are:

(A) to examine current practices in executive performance measures in manufacturing; and

(B) to propose a model for executive performance measures that reflects both the aspirations of practitioners and the issues raised in the academic literature.

The justification for the research aims is that manufacturing has changed (Drucker, 1990; Harvey-Jones, 1993; Storey, 1994; Hill, 1995) and as a result executives are having to perform differently. There is more emphasis on socio-technical issues (Roth and Miller, 1992). There is a difference in emphasis in management skills and how manufacturing is run (Hayes and Wheelwright, 1984; Hayes et al, 1988; Skinner, 1986; Hill, 1985, 1995). These changes are presenting new challenges to executives in manufacturing.

No model, specifically for executive performance measures, has been found in the literature. There is a practical need of a model for executive performance measures that informs about issues of executive performance as a whole so that the whole can survive in the changing manufacturing environment.

The justification for focusing on executive performance measures is that executive performance is crucial. Each executive is "responsible for a contribution that materially affects the capacity of the organization to perform and to obtain results" (Drucker, 1967:4-5).

However, the total world of executives is complex (Fry and Pasmore, 1983:281) because executives deal with "situations of uncertainty, instability, uniqueness and value conflict" (Schön, 1983). So assessing executive performance is problematic.

"In the performance of their responsibilities, executives are intertwined with their situation and the environment of their organization as a workplace" (Srivastva, 1983:297). This makes their performance contextual, which in turn means that their performance and their performance measures are also contextual. The intention is to examine current practices in executive performance measures in the real life context of three collaborating organizations. The research findings in the action world of executives can then be compared and contrasted with the relevant theory.

Executive performance measures cannot usefully be regarded in isolation because they are part of the description of the executive performance (Checkland and Scholes, 1990). The intention is to take a holistic approach in exploring executive performance measures by examining how they match executive performance in practice and if they can be improved upon.

In this research, the intention is also to consider executive performance as a whole. "Executives (that is, leaders), as opposed to managers, exercise strategic management not only via the more obvious dimensions of analysis, policy formulation, evaluation and planning but also in their behaviour. Leaders must be more charismatic, inspiring and flexible. They must have the skills to inspire followers to accept change, to take initiatives and risks" (Burke, 1986:64). It is worth noting that in this description of executives, there are three main aspects in executive performance i.e. executive roles and responsibilities as leaders, their strategic objectives and their behaviours in practice. The executive performance as a whole includes all three aspects. Therefore to get a holistic picture of executive performance measures the following research questions are worth asking:

1.2.1 What are the executive roles and responsibilities in practice?

The exploration of executive roles and responsibilities in the collaborating organizations would also provide an opportunity to understand the dimensions of executive work.

1.2.2 What are the strategic objectives of executives in practice?

By exploring the strategic objectives of executives in the collaborating organizations, the intention is to learn about executive performance outputs.

1.2.3 What are the desired behaviours of executives in practice?

The objective is to learn and understand the desired behaviours for effective executive performance. Executive behaviour is considered in terms of executive qualities, skills and competencies.

1.2.4 What current executive performance measures are used in practice?

The intention is to explore the current executive performance measures in the collaborating organizations to see how they match with executive roles and responsibilities, strategic objectives and behaviours.

The objective is to learn the meanings executives attach to their performance measures. Meanings are very important in management research (Mintzberg, 1973; Dainty, 1991; Gill and Johnson, 1991). However, the search for meanings will not be easy. There is an added degree of difficulty with executive performance measures associated with their behaviours because of their subjective and judgmental nature.

1.2.5 In the light of these questions, is it possible to create a model for executive performance measures?

The objective is to propose a theoretical model that takes into account executive styles and behaviour as well as executive performance outputs and objectives.

The next section outlines the research process in seeking answers to these research questions and subsequently making sense of executive performance measures in manufacturing.

1.3 RESEARCH PROCESS

The research process started with the literature review closely followed by fieldwork. The structure of the fieldwork was influenced by the five research questions listed in the previous section. The first four research questions aim to explore holistically as to how executive performance measures support the executive performance in practice, and the fifth research question aims to make sense of executive performance measures in developing a new model.

The fieldwork was carried out in three collaborating manufacturing organizations that were involved in an EPSRC funded PECS project mentioned earlier. Every executive in three collaborating manufacturing companies was studied to achieve functional diversity as well as the diversity in personal styles and behaviours. All three companies are medium size companies based in Yorkshire, England.

The learning approach used during the research process has been similar to an experiential approach to learning as proposed by Kolb et al (1974) and shown in Figure 1.1.
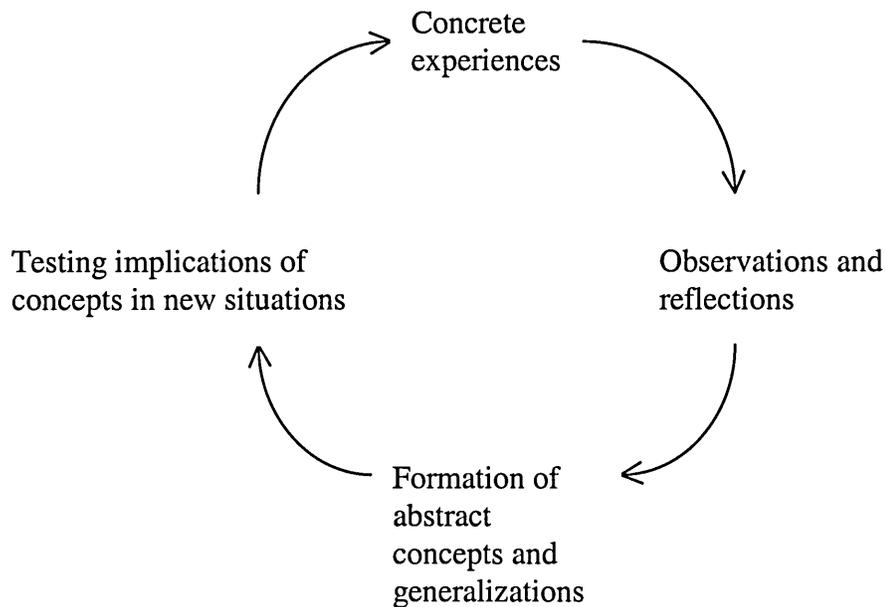
Figure 1.1 The learning cycle (Adapted from Kolb et al, 1974)

During concrete experience "there is learning from feeling, from specific experiences, or from relating to people and being sensitive to their feelings" (Dalziel, 1995:103). This stage of learning was evident during my interactions with the executives and in particular during data collection.

Observations and reflections involve learning by thinking back about the concrete experiences. It was during the data analysis that I experienced this stage of learning. I found that during my research investigations I was moving between learning from concrete experiences, and learning through observations and reflections. My experience

was that the learning process during the data collection and data analysis was dialectic rather than linear.

Formation of abstract concepts and generalizations "involves learning by using logic, ideas and theories, rather than feelings to understand problems or situations" (Dalziel, 1995:103). It was during the final stages of the research process and after completing the best part of the fieldwork and literature search that I experienced this stage of learning. It was during synthesis of the research data that I started using and developing conceptual models to make sense of executive performance measures in manufacturing organizations.

Testing implications of concepts in new situations involves learning by doing. In the context of this research it was during the testing of the proposed model for making sense of executive performance measures that I experienced this stage of learning. This in turn led to concrete experience and the cycle continues.

It is worth noting here that I recognize the limitations of this research even though I have been through each of the four stages of the learning cycle in the research process. The limitations may be attributed to the reality that this research was carried out in certain companies, in a certain area and at a certain time. One recognizes the limited scope of generalization. However, it will be argued in the conclusions that the research is capable of limited generalization.

The phases outlined in the research process are discussed in detail in the thesis. The outline of the thesis is described next.

1.4 OUTLINE OF THESIS

In structuring the literature search the research topic was divided into three main areas to fit three circles in Venn diagram guide (Rudestam and Newton, 1992) as shown in Figure 1.2.

Figure 1.2 Venn diagram guide to the literature review (Adapted from Rudstam and Newton, 1992)
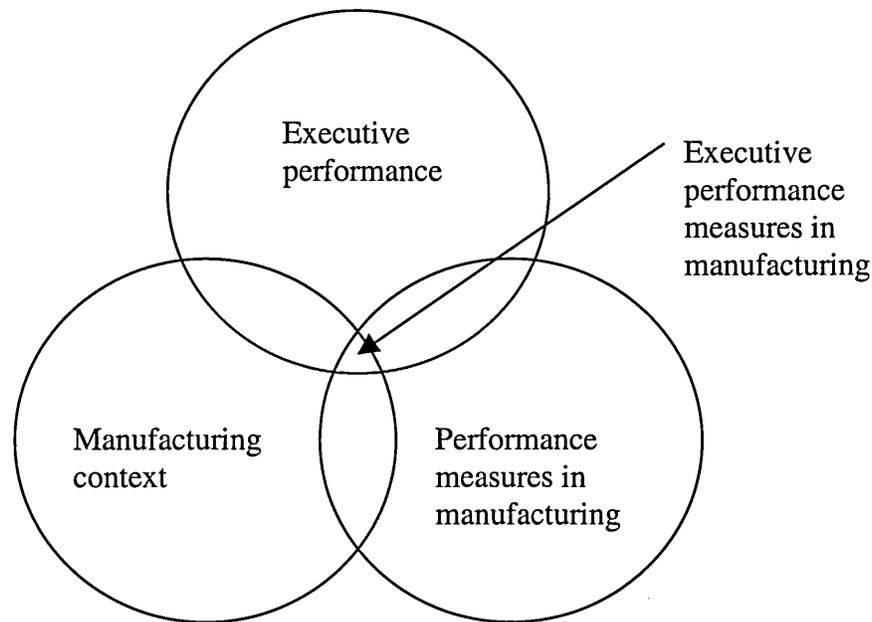
The plan was to carry out a general contextual literature review of the manufacturing context and performance measures in manufacturing as background literature to understand the current debates occurring in these areas.

The focused literature review involved careful examination of the literature in the areas of executive performance and executive performance measures in manufacturing because of their "direct relevance to the proposed research question." (Rudestam and Newton, 1992:52)

In chapter two, the contextual literature is reviewed covering strategic issues in manufacturing and performance measures.

Literature on manufacturing context is reviewed in terms of manufacturing structure and infrastructure to understand the dynamic and complex nature of modern manufacturing. Manufacturing strategy and strategy models are reviewed to understanding the ways of meeting the challenges of manufacturing. Manufacturing to achieve competitive edge and management of manufacturing are reviewed to understand some of the best practices in the modern world of manufacturing.

Literature on performance measures is reviewed in terms of the purpose of performance measures and the emerging performance measures in today's manufacturing to understand why executives need performance measures. Performance measurement system models are reviewed to understand the ways of devising performance measurement systems. Performance measures agenda is reviewed to understand the implementation issues.

In chapter three, literature directly relevant to the research questions is reviewed covering executive performance and executive performance measures.

Literature on executive performance is reviewed in terms of executive roles; work; qualities, skills and competencies; leadership; managing change; power; process; and effectiveness. The intention is to gain in depth understanding of executive performance.

Literature on executive performance measures is reviewed in terms of the purpose; appraisal systems and their impact; improving measures; and executive information systems supporting executive performance measures. The intention is to understand executive performance measures in a holistic way.

In chapter four, research stance is considered in terms of epistemological stance and favoured methodology. Qualitative case study emerges as the preferred approach for this research. Various research methods for data collection are considered within the case study approach. The rationale for the chosen research methods is discussed in terms of practical and academic reasons.

The process of data analysis is discussed in terms of data reduction, data display and conclusion drawing/ verification (Miles and Huberman, 1994).

Chapter five describes the case study companies and discusses the first phase of fieldwork in terms of my interactions with the executives in their 'action world'. The objective during this phase was to learn how executive performance measures support actual performance in the collaborating organizations.

By thinking back about the first phase of the fieldwork and the relevant theory it was possible to identify the issues which required covering in the next phase of the fieldwork about executive performance measures. The intention was to build on the learning described in chapter five. This is explained in chapter six.

Chapter six discusses the second phase of the fieldwork and results in terms of the perceptions of the executives about their executive performance measures. The discussion covers the current measures and also the aspired measures. The argument is taken forward by considering what the executives have to say, and comparing and contrasting that with the relevant theory.

Chapter seven attempts to make sense of executive performance measures by bringing together the main strands of this research. In practice, it is very difficult to measure executive performance effectively (Walters, 1995). A theoretical model is proposed for executive performance measures. The model is the main end product of the research. The model is discussed in detail. Framework for a prototype workbook for using the model is also outlined (Appendix B) with practical examples of executive performance measures from the fieldwork. In developing the model, a holistic approach is taken so that measures inform about styles and behaviours as well as performance outputs and objectives.

Chapter eight includes the conclusions and recommendations for future research. The conclusions include an assessment of the proposed theoretical model as the original contribution to knowledge in the area of executive performance measures in manufacturing organizations.

Chapter nine includes critical reflections about the research findings, myself as a researcher and the research methods used.

CHAPTER 2: CONTEXTUAL REVIEW OF MANUFACTURING AND PERFORMANCE MEASURES

The chapter reviews the existing background literature covering the manufacturing context and the performance measures in manufacturing. The intention is to understand the changing nature of manufacturing and the emphasis on wider measures than productivity.

In section 2.1, the manufacturing context is discussed in terms of the manufacturing structure, infrastructure, strategy, strategy models, manufacturing to achieve competitive edge and manufacturing management.

Literature on manufacturing structure and infrastructure are reviewed to understand the dynamic and complex nature of modern manufacturing. Literature on the manufacturing strategy and the manufacturing strategy models are reviewed to understand ways of meeting the challenges of manufacturing. Literature on manufacturing to achieve competitive edge and the management of manufacturing are reviewed to understand some of the best practices in modern world of manufacturing.

In section 2.2, the performance measures in manufacturing are discussed in terms of the purpose of the performance measures, emerging performance measures, performance measurement systems, performance measurement frameworks and performance measurement agenda.

Literature on the purpose of performance measures and emerging performance measures in modern manufacturing are reviewed to understand why executives need financial and non-financial measures. The literature on performance measurement systems and models are reviewed to understand ways of devising performance measurement systems. The literature on the performance measures agenda is reviewed to understand implementation issues.

2.1 MANUFACTURING CONTEXT

Manufacturing is a physical process of converting resources into economic satisfaction (Drucker, 1990). The process of manufacturing encompasses not only the manufacturing facilities and equipment but also the systems and policies, which support them. Manufacturing facilities and equipment are described as manufacturing structure, and the systems and policies as manufacturing infrastructure (Hayes et al, 1988). It is the pattern of decisions regarding a company's structure and infrastructure, which determines its manufacturing strategy (Hayes and Wheelwright 1984, Hill 1985).

In managing manufacturing, executives constantly deal with complex and interrelated aspects of manufacturing structure and its infrastructure. Various authors have put forward models for understanding and developing manufacturing strategies (Mills et al 1994, 1996, Bates et al 1995, Hayes and Wheelwright 1984). The manufacturing strategy of a company can be a formidable competitive weapon, when focused around the competitive needs and strategic objectives of the company (Skinner, 1985).

The modern manufacturing environment is turbulent and unpredictable (Hayes and Pisano, 1994), presenting new challenges to executives in manufacturing.

2.1.1 Manufacturing structure

According to Hayes and Wheelwright (1984) manufacturing structure concerns the aspects of manufacturing which are predominantly physical, have long term impact and changing them requires a great deal of expenditure. Manufacturing structure can be compared to computer hardware whereas infrastructure to its software. Hayes and Wheelwright (1984) list four categories of manufacturing decision areas, which they consider structural. These are capacity, facilities, technology and vertical integration. Decisions on capacity are based on market share, relevant technology and competition. The implications are on capacity flexibility both in terms of products and production volumes. Decisions on facilities address the issues of size, location and specialization of manufacturing plants. Decisions on technology of a manufacturing process covers choice of equipment, degree of automation and the linkages within production process. Decisions on vertical integration cover the areas of direction, extent and balance of making or buying. It is evident that decision areas concerning manufacturing structure

are very many and are interrelated. Executives in manufacturing live with this complexity knowing the likely implications of their decisions in one area of manufacturing may have on the rest of its structure.

Hill (1995) emphasizes the importance of explaining manufacturing in terms of its process technology and infrastructure development. Process choice covers make or buy decisions, appropriate engineering technology and the choice between alternative manufacturing approaches.

Make or buy decisions determine the extent of the manufacturing task of the company. The important issues are of control and company's capabilities. The company's supplier policies and the extent of their dependence on suppliers are two of the factors in controlling suppliers. Relationships between internal suppliers and external suppliers are the other considerations. Many companies have found that they have less control over in-house suppliers than they do with external suppliers through independent buyer-seller relationship (Hayes and Wheelwright, 1984). The point to note here is that the executives in manufacturing would need different skills in production than in buying. The literature suggests that they need to be clear about their motives when making these decisions. For example, is it the profit or the desire to control critical capabilities of the company?

Appropriate engineering technology decisions concern bringing together company's manufactured components and bought out items to produce final product efficiently and effectively. The implications are that executives in manufacturing are expected to be knowledgeable about the latest technology in their industry, the technology their competitors are using and of potential developments which may impact on their future investment programs in appropriate engineering technology.

It is suggested that the manufacturing fits in with the task of producing products to meet the marketing requirements. Hill (1995) lists five generic manufacturing process choices as *project* for one-off products that can be built on the site; *jobbing* for one-off products that can be moved off the site; *batch* for repeat products with increase in volumes; *line* for specific range of products with sufficient demand to warrant dedicated equipment and finally *continuous processing* for products in continuous volume demand. Common

management practice suggests that the executives in manufacturing have to determine the ideal process or processes to meet the demands of the market place. This is often troublesome because of conflicting priorities of production to produce as efficiently as possible and marketing to satisfy as many customers as possible in the shortest possible time. In practice it often means additional setting times of manufacturing machinery involved resulting in some down time in the manufacturing process.

There is a growing recognition that "productivity or efficiency results are at best superficial indicators of industrial health" (Skinner, 1985:211). It is suggested that the design and focus of a manufacturing structure have to be in tune with the key strategic task of satisfying customer needs. Skinner goes on to suggest that in a modern manufacturing's competitive environment, the real source of advantage comes from quality, reliable delivery, short lead times, customer service, rapid product introduction, flexible capacity and efficient capital deployment. The cost reduction is not the primary source of competitive advantage.

The main theme running through the literature on manufacturing structure, relevant to this research, is that productivity and costs are only superficial indicators of a company's health.

2.1.2 Manufacturing infrastructure

Manufacturing infrastructure supports a company's manufacturing structure through systems and policies. Hayes and Wheelwright (1984) list four categories of manufacturing decision area, which they consider as tactical. These are workforce, quality, production planning/materials control and organization. Decisions regarding workforce covers areas of skill levels, wage policies and employment security. Decisions regarding quality cover the defect prevention, monitoring and intervention. Decisions regarding production planning/materials control cover sourcing policies, centralization and decision rules. Decisions on organization cover organization structure, control/reward systems and role of staff groups. Hayes et al (1988) describe the interaction between manufacturing's clear structure and obscure infrastructure producing 'holistic' organizational behaviour. "The infrastructure, therefore, represents part of the complexity inherent in manufacturing" (Hill, 1985:159). The literature suggests that

executives in manufacturing need to be fully aware of the tactical issues and the trade-off involved so as striking the right balance in their decision making.

According to Roth and Miller (1992:77) "infrastructural dimension is concerned with aligning and maintaining the socio-technical factors of production, including maintaining and developing human and physical assets." This is considered one of the most important success factors in manufacturing. Executives in successful companies seize this opportunity to developing capability superior to their competitors. Such capability development involves employees at all levels of organization. This is crucial because "now only about one-eighth of people in a factory are directly involved with changing materials. The other seven are handling and processing information" (Skinner 1985:215). According to Drucker (1990:99) "the factory of 1999 will be an information network." Information systems in companies contribute significantly in building their capabilities. Stalk et al (1992) consider building and managing capabilities to be one of the most important skills of 1990s. The success in competition depends on anticipating market trends and quick response to customer needs. Companies will have to outperform their competitors on five dimensions: speed, consistency, acquity, agility and innovativeness. According to Stalk et al (1992) *speed* is the ability to respond quickly to customer and market demands, and to incorporate new ideas and technologies quickly into a company's products; *consistency* is the ability to produce products which do not fail customers; *acquity* is the ability to anticipate future customer needs and at the same time be clear about their competitive environment; *agility* is the ability to adapt to many business environments and finally *innovativeness* is the ability to generate new ideas of value creation by combining existing and new elements. Building such capabilities require that executives in modern manufacturing think very differently from the traditionally held view of concentrating on production. Business should be viewed "in terms of strategic capabilities" (Stalk et al, 1992:63) so that the infrastructure supports capabilities.

Leonard-Barton (1992a:111) proposes that "capabilities are considered *core* if they differentiate a company strategically." She adopts a knowledge-based view of the company consisting of four dimensions of the knowledge set: employees *knowledge and skills* embedded in *technical systems, managerial systems* guiding knowledge creation

and control and finally the *values and norms* associated with the knowledge set. The role of an executive as a "knowledge worker" (Drucker, 1967:4) is crucial in the process of knowledge creation and control.

Similarly, Smith et al (1995) emphasize the importance of building capabilities to gain competitive advantage and in addition include developing core competencies and creating learning organizations. Prahalad and Hamel (1990:82) define core competencies as "the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies." It involves people at all levels and in every function in the organization. Executives in organizations are responsible for coordination through communication, involvement and commitment. These demand special skills that together constitute core competence, which is difficult for competitors to copy. The other advantage of developing core competencies is that unlike physical resources they do not diminish with use and are only enhanced through application and sharing of experience. The challenge for executives in manufacturing is to learn that "an organization's capacity to improve existing skills and learn new ones is the most defensible competitive advantage of all" (Hamel and Prahalad, 1989:69).

The main theme running through the literature on manufacturing infrastructure, relevant to this research, is that socio-technical factors are becoming increasingly important.

2.1.3 Manufacturing strategy

Manufacturing strategy is seen by Voss (1995) as composed of three separate elements: competing through manufacturing, strategic choices in manufacturing and best practice in manufacturing. According to Skinner (1986:58) manufacturing strategy can be a "competitive leverage required of - and made possible by - the production function." Implicit in that is the requirement of following on competitive needs of strategic plans of the company when formulating the company's strategy. This is manifested in the pattern of decisions and manufacturing choices made in the context of the company's corporate strategy (Roth and Miller, 1992). Executives in manufacturing companies are responsible for the formulation, development and implementation of the company's manufacturing strategy. Skinner (1985) considers the process of developing

manufacturing strategy to be as important as the resultant manufacturing strategy. "It cannot be over emphasized that it is the *pattern of decisions* actually made, and the degree to which that pattern supports the business strategy, that constitutes a function's strategy, not what is said or written in annual reports or planning documents" (Hayes and Wheelwright, 1984:30). The written version of manufacturing strategy may well be true representation of the intentions of executives at the time of writing. According to Hayes and Pisano (1994) in a modern manufacturing world with uncertain and unpredictable environment the goal of strategy becomes strategic flexibility. This strategic flexibility has to be based on evolving capabilities rather than manufactured products alone. Dynamic manufacturing strategy means that executives in manufacturing think about moving from acquiring a single capability based on productivity to "generating multiple competitive capabilities simultaneously through a time-phased, aligned portfolio of structural, infrastructual and integration choices that fosters accelerated learning and builds economies of knowledge" (Hirasawa et al, 1996:309). The price of such an approach is that the process of formulating strategy is unpredictable. Because not all opportunities can be predicted in advance, manufacturing strategies will emerge (Mintzberg, 1987) to meet the challenges of time. This approach may not always sit comfortably with those executives who value rational planning.

However, strategic choices in manufacturing with the contingency approach must have internal and external consistency i.e. organizational fit and market fit. Hill (1985) emphasizes the importance of frequently checking the manufacturing strategy of the company to evaluate the fit between business and the manufacturing function's ability to provide necessary order winning criteria of its various products. Manufacturing strategy is a link between business strategy and internal organizational arrangements and technological base (Sun, 1996). Business strategy is a link between external markets, company's resources, capabilities and sources of competitive advantage. It follows that manufacturing objectives should therefore logically be aligned with business strategy (Tunälv, 1992). Executives in manufacturing therefore identify the improvement areas in manufacturing which complement the business objectives of the company. Strategic choices made as a result are more likely to achieve improvements of business performance (Sun, 1996). Often the misalignment between manufacturing and marketing

function (Skinner 1986, Hayes and Wheelwright 1984, Hill 1985) is because of two erroneous assumptions. First is that manufacturing should be able to produce whatever the market needs and second is that the prime concern of manufacturing is to produce efficiently rather than support market needs effectively. Executives in marketing and production go through an iterative process to understand each other's priorities and problems to take the company forward.

In response to international competition and in particular the success of Japanese manufacturing and the lack of success of European and American manufacturing industries, there has been proliferation of best practice strategies like Lean Production (LP), Total Quality Management (TQM), Just In Time (JIT), world class manufacturing, Computer Integrated Manufacturing (CIM), Cellular Manufacturing (CM), Flexible Manufacturing System (FMS), Integrated Factory, empowerment and so on. Storey (1994) calls them new wave manufacturing strategies. Smith et al (1995) outline the main features of the 'post fordism' paradigm as having greater emphasis on non price factors, on waste reduction in its broadest sense, on flexibility in technology, on flexibility in organizational structure, and changing relationships within and between organizations. The aim for executives in manufacturing is to be competitive by adopting the new ways.

Schonberger (1990) emphasizes the importance of customer driven performance to create a world class manufacturing company. Womack et al (1990:256) suggest that "it is in everyone's interest to introduce lean production as soon as possible, ideally within this decade." To achieve that executive commitment would be essential.

In contrast, Mills et al (1996a) point out two potential disadvantages in introducing so called best practices without due consideration given to firstly , changing strategic requirements of the company and secondly, none of the best practices cover all the strategic areas of manufacturing.

The main theme running through the literature on manufacturing strategy, relevant to this research, is that in modern manufacturing there is a greater emphasis on non-price factors, waste reduction, flexibility, and changing relationships within and between organizations.

2.1.4 Manufacturing strategy models

The role of a manufacturing function within a company's business strategy can be viewed on a continuum from the most passive and least progressive to the most aggressive and progressive role. Hayes and Wheelwright (1984) developed a model to determine various stages in the evolution of strategic role. The following are the four main stages in the model:

- *Stage 1* is 'internally neutral'. The objective is to minimize the manufacturing function's negative impact. Manufacturing performance is monitored through internal management control systems. Manufacturing is reactive and kept flexible for that purpose.

- *Stage 2* is 'externally neutral'. The objective is to keep up with competitors by following industry practice. Capital investment is regarded as means of maintaining parity with competitors or even edging ahead of them. The planning horizon is extended accordingly.

- *Stage 3* is 'internally supportive'. The objective is that manufacturing supports the business strategy. Manufacturing investments have to be consistent with business objectives. Any changes in business strategy are automatically translated into manufacturing implications. Manufacturing developments are viewed with long term aims of the business.

- *Stage 4* is 'externally supportive'. The objective is that manufacturing is the basis of competitive advantage. Manufacturing assumes a very proactive role and anticipates the potential of new ways of manufacturing and new manufacturing technologies. Manufacturing is involved in all the major decision areas of the business e.g. marketing, engineering, finance. Long-term plans are pursued to acquire capabilities that will enable the business to be a world class manufacturing company.

Understanding of these manufacturing strategic roles is important for executives. This is the starting point in the formulation and development of a manufacturing strategy process. By knowing the current stage of manufacturing function, executives can develop its role to the desired stage.

Bates et al (1995) have extended the Hayes and Wheelwright (1984) model to include an additional four items, which are: a company's formal strategic planning process, communication of the manufacturing strategy throughout the plant, long range orientation in terms of capabilities and needs of the manufacturing plant, and the strength of manufacturing strategy in reaching performance goals to provide competitive advantage to the company. Four stages of competitive roles of manufacturing and the above mentioned four items are expressed in a series of scales. Each scale has an operational definition and all the scales are collectively known as manufacturing strategy scales. Bates et al propose that there is a relationship between manufacturing strategy and organizational culture. They found that "a manufacturing strategy which is formalized, communicated, long range oriented, linked to business strategy, and intended to create competitive manufacturing capability is likely to reside in an organizational environment characterized by coordinated decision making, use of small groups and teams, decentralized authority, high employer loyalty and a shared plant-wide philosophy" (Bates et al 1995:1574). To capture the holistic picture of an organization's culture in their model, Bates et al created scales covering areas of collectivism, power distance and cultural congruency. Scales for collectivism are coordination of decision making, supervisors as team leaders, small group problem solving and rewards for group performance. Scales for power distance are centralization of authority, shop floor contact, and hierarchical index assessing distinguishing practices of management and labour. Cultural congruence scales are loyalty and identification with organization philosophy.

Executives in manufacturing will find this model giving an holistic view of manufacturing strategy and their organization's culture. This may enable them to identify not only the improvements needed in manufacturing's strategic areas but also the modifications needed in an organization's culture to make changes happen.

Mills et al (1996c) propose a model which includes strategy charts within the strategy process. The strategy charts capture an organization's realized and intended strategies (Mintzberg and Quinn, 1991). Strategy charts have two axes - time and strategy hierarchy as shown in Figure 2.1. The objective of strategy charts are to show longitudinal representations of manufacturing strategy by plotting verifiable objectives,

decisions and actions called *events* which are related to manufacturing structural and infrastructural decision areas (Hayes and Wheelwright, 1984).

Figure 2.1 Diagrammatic version of a strategy chart (Mills et al, 1996c:448)

Time ⟶

Business Strategy and Objectives	Objectives set in response to customer and shareholder needs	
Manufacturing Objectives	Objectives agreed/ imposed with / from the business and generated within manufacturing	
Manufacturing Strategy Development	Events that led to manufacturing's "Realized strategy"	Planning to plan
Manufacturing Strategy Implementation	Implementation events that make up manufacturing's "Realized strategy"	Planned events that comprise manufacturing's "Intended strategy"

Past ⟵ ⟶ *Future*

Now

The next part of the model - the strategy process consists of six parts, which are relevant to the longitudinal learning, for people involved in the process as shown in Figure 2.2.

Figure 2.2 The Outline Manufacturing Strategy Process (Mills et al 1996c:449)

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                    ┌─────────────────┐                      ┌──────────────┐
                    │ Part 1          │                      │ Market and   │
                    │                 │                      │ company      │
                    │ Grouping        │                      │ constraints  │
                    │ Products        │                      │              │
                    └────────┬────────┘                      └──────▲───────┘
                             │                                       │
┌──────────────┐            ▼                                       │
│ Stakeholder  │   ┌──────────────────┐      ┌──────────────────────┴─┐
│ Requirements │──▶│ Part 2           │◀┄┄┄┄┄│ Part 5                  │
└──────────────┘   │                  │      │                         │
                   │ What are our     │      │ Navigating toward       │
┌──────────────┐   │ business         │      │ business objectives?    │
│ Customer     │──▶│ objectives?      │      │                         │
│ Requirements │   └──────────────────┘      └─────────────────────────┘
└──────────────┘

┌──────────────┐   ┌──────────────────┐      ┌──────────────────────┐
│ Part 3       │   │ Part 4           │◀┄┄┄┄┄│ Part 6               │
│              │──▶│                  │      │                      │
│ What is our  │   │ Can current      │◀┄┄┄┄┄│ Again and again      │
│ current      │   │ strategy         │      │ and ...........      │
│ strategy     │   │ achieve our      │      │                      │
└──────────────┘   │ objectives       │      └──────────────────────┘
                   └──────────────────┘
```
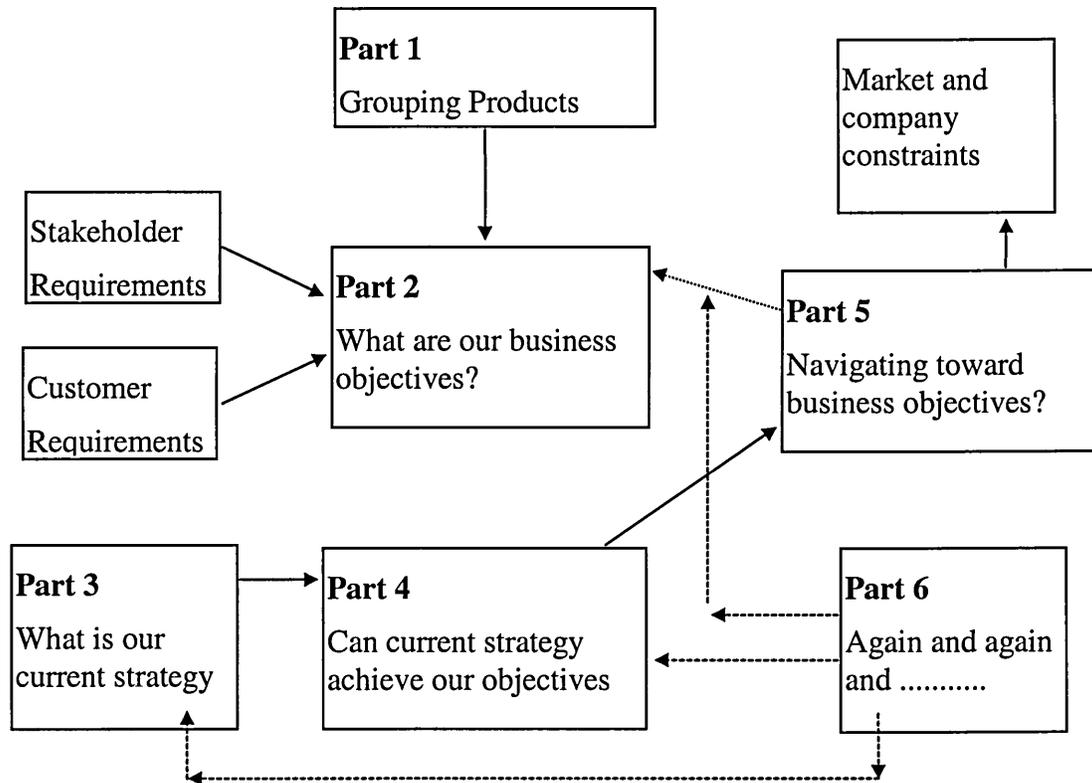
The real advantages of the manufacturing strategy model of Mills et al (1996b) are that the process of manufacturing strategy formulation, development and implementation is ongoing. The process can be embedded into an organization's culture. Through strategy charts, executives involved in manufacturing strategy retain the organization's strategic history from which they can learn.

The main theme running through the literature on manufacturing strategy models, relevant to this research, is that there are models available that take into account a company's business goals as well as a company's culture.

2.1.5 Manufacturing to achieve competitive edge

The most important dimensions of competitive advantage are low-cost, high quality, dependability, flexibility and innovativeness (Hayes et al, 1988)

Eliminating waste in the broadest sense is one of the best ways to achieve low-cost productivity in manufacturing. "Lean production is more than a match for low-wage

mass production" (Womack et al, 1990:260). There are four main advantages of lean production. Firstly, lean production raises levels of acceptable quality, which is not always possible with mass production. Secondly, lean production offers more product variety and rapid response to customer requirements, which are not always easy with low-wage mass production. Thirdly, lean production dramatically reduces high-wage effort needed to produce a product of a given specification with potential for further reduction through continuous incremental improvements. Finally, lean production lends itself to fully utilize automation in ways, which are not always possible in mass production. The literature suggests that the main issue which executives in manufacturing have to appreciate regarding lean production is that there has to be total commitment in maintaining the work pace. "As efficiencies are introduced in the factory or design shop, or as the rate of production falls, it is vital to remove unneeded workers from the system so that the same intensity of work is maintained" (Womack et al, 1990:259).

Low-cost and high quality are no longer considered to be conflicting goals in manufacturing but can be achieved simultaneously to improve profitability (Tidd, 1994). Improved quality in practice reduces cost and increases market share.

Goldratt and Cox (1986) emphasize the importance of matching product flow with demand and not with capacity in their throughput philosophy to gain competitive advantage. Hayes and Wheelwright (1984) found that most successful companies organize their manufacturing function around either product/market focus or process focus but not both. Product focus compared to process focus usually means different manufacturing arrangements regarding material flows between plants and also affects the size, power and responsibilities of executives and their teams.

The literature suggests that dependability is very much to do with a company's culture. "The best practices are found in a company having a clear and appropriate set of guiding beliefs manifested in day to day culture" (Davies, 1984:79). Guiding beliefs spell out a company's vision and how that ought to be accomplished. Day to day culture is to do with daily beliefs, which are how things are actually done. The concept of culture is not always easy to articulate by the people involved. It is manifested in their actions. For example, in a dependable company its executives would make their intentions clear on

quality, delivery dates or any other criteria they care to choose. The literature suggests that the systems and policies of the company can turn intentions into reality through the actions of all the employees of the company. If that happens then the guiding beliefs of the company are in harmony with daily beliefs. Peters and Waterman (1982:320) agree that "a remarkably tight-culturally driven/controlled - set of properties mark the excellent companies. Most have rigidly shared values." The focus is on people. Such companies thrive on excellent communication and understanding the needs of their employees. Everyone in the company feels involved and valued. This approach is very similar to Theory Z (Ouchi, 1981) approach to management with emphasis on commitment, involvement and participation.

The literature suggests that flexibility is absolutely essential in modern dynamic manufacturing in achieving competitive advantage. Executives in manufacturing will pursue different strategies at different times to meet the challenges as they face them. Different strategies may require different kinds of flexibility. Tidd (1994) lists three most important types of flexibility. Firstly, mix flexibility as a capability to produce a wide range of products in batches. Secondly, product flexibility as a capability to change over between one high volume product to another efficiently. Thirdly, volume flexibility as the ability to operate efficiently at different production levels. New (1992) includes delivery as the fourth type of flexibility in his manufacturing flexibility model. In 'productivity dilemma' (Abernathy, 1978) there is a trade off between efficiency and flexibility in manufacturing. However, modern manufacturing demands flexibility and the best way to achieve that is for executives to *build in* the desired flexibility in manufacturing structure and infrastructure. Lean production (Womack et al 1990, Oliver et al 1995) and world class manufacturing (Schonberger, 1986) are excellent examples as to how the need for flexibility to improve products and meeting changing customer requirements can be met (Gerwin, 1987).

The literature suggests that innovation is becoming increasingly a very important dimension in gaining competitive advantage. According to Mintzberg and Quinn (1991:732) "to innovate means to break away from established patterns." Innovative organizations are flexible where information and decision processes flow informally and flexibly to promote innovation. This is not always an easy matter, because "all forms of

social organizations have two simultaneous needs that are often at odds with each other: freedom and order. Freedom springs from intuition and leads to innovation. Order stems from intelligence and provides efficiency. Both are essential but are they compatible with each other?" (Davies, 1984:121). The literature suggests that the executives in manufacturing need to think carefully about how innovation fits into their strategy and that innovation is encouraged in their organization through appropriate technology, skills, resources, organization structure and most importantly through an organization's commitment to promote innovation.

The main theme running through the literature on manufacturing to achieve competitive edge, relevant to this research, is that in excellent companies the focus is on people in achieving low cost, high quality, dependability, flexibility and innovation.

2.1.6 Manufacturing management

"The key words associated with the new manufacturing management are 'flexibility', 'quality', 'teamworking', 'Just in Time' delivery, 'right first time' production, the elimination of waste and non-value-added activity, 'zero defects' and continual improvement" (Storey, 1994:4). The role of executive is crucial in achieving all or most of these objectives. Hayes et al (1988:341) estimate that the kind of impact that management has on manufacturing performance, in their experience, "is not in the order of 5 or 10 percent but of 50 or 100 percent." This is an extremely important point for executives to remember. The literature suggests that if executives are to introduce good practices in their organizations then they need the right conditions and right organizational culture. "Culture like strategy, is a top-down affair" (Davies, 1984:7).

New (1992) emphasizes the importance of organizational learning to ensure future success through self change and self improvement continuously. It means that executives for their part continually put an organization's "best talent and resources to work doing the basic things a little better, every day, over a long period of time. It is that simple and that difficult" (Hayes and Wheelwright, 1984:390).

Many companies, unfortunately have failed to appreciate the extent of the impact executives have on the success of their business (Hill, 1985). They need to reflect the relative importance and contributions of their executives to business. According to Roth

and Miller (1992) executives exercising the right success factors in their manufacturing choices will result in superior levels of manufacturing competence. They found three success factors to be most important in building manufacturing capabilities. These were resource improvements, quality management programmes, and advanced process technology. The other two potential success factors were restructuring and information systems. *Resource improvements* include care and nurturing of the entire manufacturing environment with emphasis on developing an organization's human and physical assets. *Quality management programmes* include zero defects, statistical process control under vendor quality management amongst others. *Advanced process technology* implementation requires good socio-technical arrangements.

Similarly, Morita and Flynn (1996) working on the Japanese world class manufacturing companies data found seven attributes of the management structures for effective manufacturing strategy: communication, cooperation, broad management scope, speed of movement, interactive enhancement, identification with the organization's performance and consciousness of the organization.

- *Communication* refers to people understanding the importance of their contribution within the total process.

- *Cooperation* refers to people cooperating in every aspect of business to realize their contribution to an organization's competitiveness.

- *Broad management scope* refers to management focusing on and constructing interrelated and organizational activities.

- *Speed of movement* refers to speedy productive discussions to bring about effective ideas and their speedy transformation into actions.

- *Interactive enhancement* refers to each function raising its capability in response to the requirement of others. The appreciation and the evaluation of their efforts motivate all concerned.

- *Identification with the organization's performance* refers to solidarity with other's performance to achieve the organizational goals.

- *Consciousness of the organization* refers to closer relationship with the organizational performance, future plans and goals of the organization with respect to their reasonableness and attractiveness.

The important theme running through all the seven attributes is that everyone in the organization sees the business as a *whole* and everyone's contribution is valued and recognized. This is putting in practice the advice by Davies (1984) that one person can make a difference and everyone should try. The approach also embraces the sentiments of theory Z (Ouchi, 1981:4) suggesting "that involved workers are the key to increased productivity." However, it is important for executives to remember that "there is no 'one best way' to manufacturing excellence, and that approaches adapted to the one environment should not be lifted intact and transplanted to another" (Hayes and Wheelwright, 1984:389).

There are many important lessons from the best practices of world class manufacturing. Implications for executives are that they may need a new set of skills, attitudes, concepts and competencies. Executives must see their organizations in pluralistic, multidimensional, strategic and stakeholder vision rather than just in economic terms (Skinner, 1985). The socio-technical dimension of manufacturing is vital for executives to introduce their best practices. Profit making will always be one of the essential aims of executives but how that is achieved may be different. Executives in manufacturing "ten years hence will have to learn and practice a discipline that integrates engineering, management of people and business economics into a manufacturing process" (Drucker, 1990:102). The challenges to executives are immense and so are the rewards.

The main themes running through the literature on manufacturing management, relevant to this research, are that the impact of executives on manufacturing performance is considerable, and executive qualities, skills and competencies are important in dealing with the socio-technical dimensions of manufacturing.

2.2 PERFORMANCE MEASURES IN MANUFACTURING

A performance measure is an indicator which quantifies the efficiency and/or effectiveness of action (Neely, 1993). Efficiency is the ratio between input and output i.e. how intensively a company utilizes its resources. Effectiveness is "the degree of

attaining an objective" (CIMA, 1993:30). Efficiency is doing things right and effectiveness is doing the right things.

Traditionally executives in manufacturing companies have concentrated on performance measures associated with cost and productivity (Skinner, 1986). New strategies and the need to be competitive in modern manufacturing environments demand new management systems which not only include traditional measures of cost and productivity but also include measures on customer satisfaction, quality, market share and human resources (Eccles, 1991). The literature suggests that executives in manufacturing need a balanced and comprehensive set of performance measures to make balanced and better informed decisions.

A performance measurement system cannot usefully be regarded in isolation, as they are part of a wider system (Neely et al 1995a, Checkland and Scholes 1990). The performance measurement system is to monitor performance and also to assess an organization's health, stimulate learning and improve communication (Neely et al, 1996b). Various authors have proposed models for designing a balanced set of performance measures (Dixon et al 1990, Kaplan and Norton 1996, Neely et al 1996a)

Performance measures can be used to influence behaviours (Simons1991, Johnson and Gill 1993; Duberley et al, 1997, 1999). Appropriate behaviours are desirable to improve performance of individuals and thereby of organizations. Common management practice suggests that executives need to appreciate the important issues involved in implementing appropriate performance measures.

2.2.1 Purpose of performance measures

"What you measure is what you get" (Kaplan and Norton, 1992:71). Executives understand that a company's performance measures affect the behaviour of all its employees. The objective of performance measures which are part of a company's measurement system "should be to motivate all managers and employees to implement successfully the business unit's strategy" (Kaplan and Norton, 1996:147). It is debatable whether performance measures can motivate employees. However, executives can express their strategy in terms of strategic objectives. For each strategic objective, appropriate performance measures can be put into place. Just as the strategic objectives

link to company's strategy, performance measures can link to strategic objectives. Therefore a coherent set of performance measures are essential in the successful running of an organization.

The set of performance measures, which are used to quantify the efficiency and effectiveness of actions, represent the company's performance measurement system (Neely et al, 1994). Just as an individual performance contributes towards organizational performance, individual performance measures contribute to a company's performance measurement system. The principles involved in achieving effective performance measurement are similar. The system has to fit together. Transparency of the system helps executives and others to examine the fit. It is suggested that performance measures are visible, easily understood and encourage appropriate behaviour. Neely et al (1995b) propose a framework to define a 'good' performance measure having the following:

- *Title* of measure which clearly states what it is and why it is important

- *Purpose* specifies the rationale underlying the measure

- The business objective to which the measure *relates to*

- Appropriate *target* for the measure

- *Formula* of the measure stipulates the way performance is measured

- *Frequency* with which the performance should be recorded and reported

- *The person to collect and report* the data

- *Source of data* specifies where the data comes from

- *The person to act* on the data

- Finally to close the management loop the *action taken* as a result of performance measure

Defining each performance measure in such comprehensive detail will enable the users and in particular executives to see how each performance measure fits within the whole performance measurement system of the company. As a company's strategic objectives change, executives can scrutinize the relevance of affected performance measures and modify them, delete appropriate measures and bring in the new measures if necessary.

Kaplan and Norton (1996:21) suggest that their "Balanced Scorecard retains financial measurement as a critical summary of managerial and business performance, but it highlights a more general and integrated set of measurements that link current customer, internal process, employee and system performance to long term financial success." The success of manufacturing businesses is often measured in terms of financial success. Executives can and do read a lot in financial measures. It is often said that the bottom line is the profit. There is a growing recognition that financial measures, on their own are not sufficient to gauge a company's long term health (CIMA 1993, Kaplan 1983). The main limitation of financial performance measures are that they only tell part of the story about past actions but do not provide any guidance for the actions of present and more importantly for the future. Their popularity can be attributed to a certain extent to the ease with which they can be quantified and expressed in numbers.

It is suggested that the performance measures are *"balanced* between objective, easily quantified outcome measures and subjective, somewhat judgmental, performance drivers of the outcome measures" (Kaplan and Norton 1996:10). Executives in manufacturing often use objective measures which can be quantified in their key results areas like sales volume, sales mix, labour cost, overheads, cash flow, profit etc. Subjective measures, which are judgmental, include for example customer responsiveness, teamwork, organizational learning, innovativeness etc.

A balanced set of measures can be "integrated both across the organization's functions and through its hierarchy" (Neely et al, 1994:315). Executives in manufacturing have different priorities because of their functional responsibilities. For example a marketing director will attach more importance to sales performance measures, a production director to performance measures of throughput, a distribution director on performance measures of delivery on time, a financial director on performance of profit and so on. It is possible to have blind spots or even conflicting priorities. The literature suggests that executives in manufacturing need to recognize the importance of shared understanding in achieving a company's strategic objectives through a balanced set of performance measures, which fit together.

The main theme running through the literature on the purpose of performance measures, relevant to this research, is that a coherent set of performance measures is essential in the

successful running of organizations and that the financial measures tend to be the core measures.

2.2.2 Emerging performance measures

Traditionally in manufacturing the emphasis has been on productivity (Skinner, 1986). Hence most of the performance measures concentrated on cost and efficiency. These measures can also be expressed in numbers to compare actual against planned productivity. This preference for performance measures which can be expressed in numbers follows Lord Kelvin's famous dictum: "When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it ... your knowledge is of meager and unsatisfactory kind" (Cited in Neely et al, 1995a:80). In manufacturing two most common denominators used are time and money (Hill, 1985). Time base is used to calculate product mix and volumes, capacity, efficiency, utilization and productivity. Money base is used in financial measures and company accounts. Most accounting systems compare actual figures with internal budget figures, which means that such comparisons are by their nature historical. Traditional accounting performance measures only reflect part of a company's performance and there is a need to bring together operational and accounting approaches to provide executives with a balanced set of performance measures.

There is a strong relationship between manufacturing practice and performance (Voss and Blackman, 1994). Hayes and Wheelwright (1984) suggest gaining competitive advantage through cost, quality, dependability and flexibility. Hill (1995) proposes a set of 'order winning' criteria and 'qualifying' criteria which include cost, quality, delivery, range and design leadership. There is a growing recognition that there is a need to combine financial and non-financial measures to link to company strategy and vision (Dixon et al 1990, Kaplan and Norton 1992). Non financial measures are likely to include measures on quality of product and service, delivery timings, customer satisfaction and innovation. "Emerging performance measures in highly successful companies tend to be based on different facets of quality, delivery, process times, flexibility and costs" (CIMA, 1993). Quality performance criteria measures consistent quality; delivery performance criteria measures dependable deliveries; process times

criteria measures manufacturing lead times; flexibility performance criteria measures rapid design changes and rapid product introduction; and cost performance criteria measures low prices. In this way performance criteria correspond to each of the competitive means (Tunälv, 1992).

Roth and Miller (1992) found that managerial competence could be examined through five performance measures: performance of business, customer satisfaction ratings, after tax profitability, return on assets and market share. All these measures contribute to executives in manufacturing attaining their business objectives. According to Hayes et al (1988) performance measures in manufacturing provide data to serve three main purposes: process management, business management and external reporting. Process management performance measures address the areas of production time, delivery time, quantity and the timing of the materials to be ordered, people and machines needed, production schedules, and the support and assistance needed for the whole production process. Business management performance measures address the areas of product development, pricing of products, issues affecting the prices e.g. volume orders, issues concerning continuing with products in product line, wages paid to all employees at all levels, investment in equipment, and the use of factory space to house people and equipment. External reporting performance measures address the areas of profit made during the recent reporting period, values of stock of raw materials, finished goods and finished goods held back, and value of buildings and equipment assigned to production. The time horizon progressively increases for the above mentioned three sets of purposes i.e. from process management to business management to external reporting. The literature suggests that executives in manufacturing need to ensure that their company's system of measurement is dynamic and broadly based so that information can be used at different levels and for different purposes.

The Chartered Institute of Management Accountants (CIMA) in their research study of 1993 into performance measurements in manufacturing found that performance measures, most frequently reported to the executives of the large and SME organizations in the UK, are financial return, working capital, general production demand, customer, labour, process, product, lender security, supplier, innovativeness and capital market. The important conclusions of the research findings are that "the use of non-financial

performance measures is seen by all manufacturing company's as becoming more relevant" (CIMA, 1993:31).

The main theme running through the literature on the emerging performance measures, relevant to this research, is that there is a growing recognition that there is a need to combine financial and non-financial measures. Non-financial measures in successful companies tend to be based on different aspects of quality, delivery, process times and flexibility.

2.2.3 Performance measurement systems

A performance measurement system includes a set of individual performance measures. Performance measurement system also interacts with the environment within which it operates. Neely et al (1995a) propose a framework for a performance measurement system design as shown in Figure 2.3. The framework enables a performance measurement system to be examined at three different levels: the individual performance measures, a performance measurement system as an entity, and the relationship between a performance measurement system and its environment.

The environment

Performance measurement system

Individual measures

Individual measures

Individual measures

Individual measures
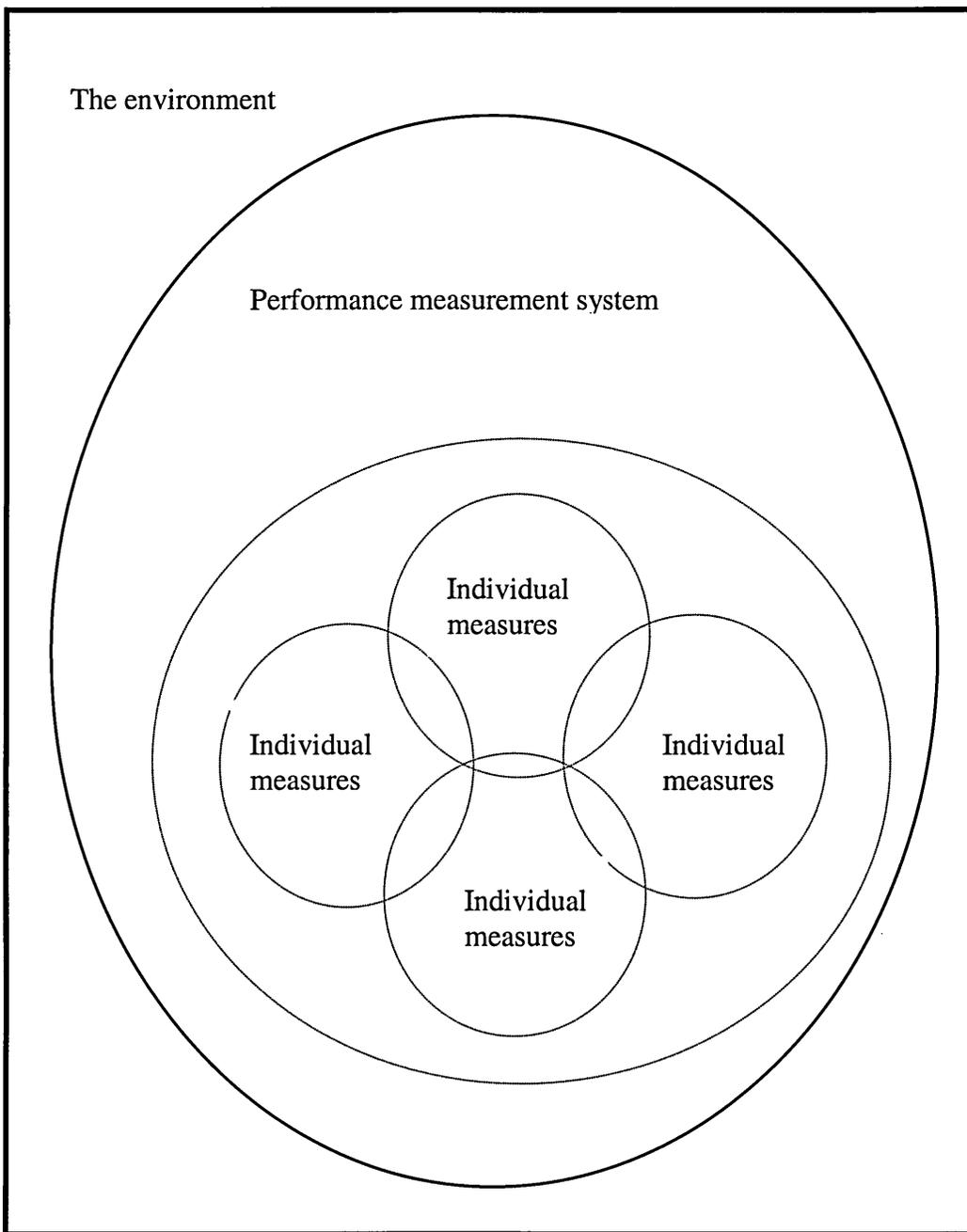
Figure 2.3 A framework for a performance measurement system design (Neely et al, 1995a:81)

"Measures of performance - should never be one dimensional, should never be plucked out of the air, and should never be defined in vacuum; they are one part of a description of a *system*, and cannot usefully be regarded in isolation" (Checkland and Scholes, 1990:112). A systems approach in the design of performance measures enables its designers to see the individual performance measures within the whole performance measurement system. At this level executives can analyze individual measures to see

which group of performance measures they belong to. Each group of measures serves a specific strategic objective e.g. quality, flexibility, time, cost and so on. At this level executives can also analyze the costs in producing individual performance measures and the benefits provided (Neely et al, 1995a).

Dixon et al (1990) list 24 improvement areas from quality to education and training requiring 39 performance factors from inventory turnover to minimizing environmental waste. Zairi (1992) in TQM-based performance measurement identifies four areas of performance indicators: employee related indicators, operating indicators, customer satisfaction indicators and financial performance indicators. Employee related indicators include employee satisfaction, attendance, turnover, safety/health and suggestions. Operating indicators include reliability, timeliness of delivery, order processing times, errors of defects, product lead time, inventory turnover, cost of quality and cost savings. Customer satisfaction indicators include overall customer satisfaction, customer complaints and customer retention. Finally, financial performance indicators include market share, sales per employee, return on assets and return on sales. The literature suggests that executives in manufacturing need to choose the individual performance measures to tie in with a company's strategic objectives.

At the next hierarchical level as shown in Figure 2.3 the performance measurement system can be analyzed to explore the issues of the comprehensiveness of the measurement system to cover all the appropriate elements e.g. financial, non-financial, internal and external. Also at this level executives can analyze if the measure addresses the issues of the required rate of improvement both in short term and long term objectives of the business. Finally, executives need to ensure that within one performance measurement system measures are integrated both vertically and horizontally, and do not conflict with each other (Neely et al, 1995a).

Similarly, Maskell (1989:32) discussing performance measurement for world class manufacturing identifies four important improvement areas: "a new approach to product quality, just in time production techniques, change in the way that the workforce is managed and flexible approach to customer requirements." These in turn require new measures to be directly related to manufacturing strategy, simple, flexible, non-financial, provide fast feedback and are intended to teach rather than monitor. The literature

suggests that executives need to appreciate the changing nature of manufacturing which is reflected in their strategic objectives and consequently in their performance measurement systems.

The focus in manufacturing is shifting towards the customer. Schonberger (1990) lists 19 principles of world class, customer driven performance under 8 groups: general, design and organization, operations, human resource development, quality and problem solving, accounting and control, capacity and marketing.

- *General area* includes knowing the next and final customer, knowing the competition and dedication to continuous and rapid improvement in quality, cost, flexibility and response time.

- *Design and Organization* include cutting the number of components; number of operations, number of suppliers, number of flow paths and organizing product or customer focused linkages of resources.

- *Operations* include cutting of flow time, flow distance, inventory, set up time, get ready time, the space along chain of customers time and match operations to customers rate of use.

- *Human resource development* includes ownership by operators and team of operators of products, process and outcomes. Human resource development through training, continual evaluation, job switching and cross-career assignments.

- *Quality and problem solving* include total quality through error free production, recording and retaining quality, process and problem data at the workplace, and finally ensuring that line operators get an opportunity to solve the problems before staff experts.

- *Accounting and control* cutting transactions and reporting by emphasizing control of causes rather than costs.

- *Capacity* includes maintenance and improvement of present resources and human effort rather than introduction of new equipment and automation. Automation should be done in stages if that is the only option to reduce process variability. To achieve

flexibility in capacity there is a need to configure singular workstations, machines, and cells or flow lines for each product or customer group.

- Finally, *marketing* includes selling and marketing firm's capability and competence.

The literature suggests that executives must have appropriate strategic objectives and matching performance measurement systems.

At the highest level, as shown in Figure 2.3, the performance measurement system can be analyzed to assess if measures reinforce a company's strategies, match the company's culture, measures are in line with the company's recognition and reward system, measures focus on customer needs and some measures focus on the activities of competitors (Neely et al, 1995a). The link between a company's culture and strategy is crucial (Davies, 1984). Executives can make the link and maintain it through the company's reward and recognition system, which encourages appropriate behaviours. In this way executives attempt to align the company's performance measurement system with the company's environment. To align a company's performance measurement system with its external environment, benchmarking can be a useful technique. Voss et al (1996) propose that there are relationships between benchmarking, understanding, learning and performance. Benchmarking can promote performance through executives identifying best practices then setting performance goals accordingly. Benchmarking increases a company's understanding of its strengths and weaknesses compared to its competitors and in turn will lead to a better understanding of possible opportunities and threats. Resultant learning may lead to higher performance because the company's performance measurement system is tuned into its external environment.

Boulter and Bendell (1994) suggest four different types of benchmarking: internal benchmarking, competitor benchmarking, functional bench marking and generic benchmarking. *Internal benchmarking* involves comparing different parts of the same organization. *Competitor benchmarking* is more difficult because of confidentiality. The information available may at best give executives a rough outline as to how their competitors operate. *Functional benchmarking* involves making comparisons with similar functional activity e.g. warehousing, procurement, catering. *Generic benchmarking* "may compare business processes which cut across various functions and

in quite different industries" (Boulter and Bendell, 1994:46). The literature suggests that executives in manufacturing may find generic benchmarking presenting exciting and quite innovative opportunities for their business. These can then be incorporated in their performance measurement systems.

The main theme running through the literature on the performance measurement systems, relevant to this research, is that individual performance measures match a company's strategic objectives as well as culture. Benchmarking can help.

2.2.4 Performance measurement frameworks

The performance measurement system of the company should encourage continuous improvement through alignment of strategy, actions and measures (Dixon et al, 1990). This can be achieved through meaningful discussion regarding manufacturing strategy and performance measures. Dixon et al (1990) propose a structured methodology to facilitate auditing and designing an appropriate performance measurement system for manufacturing companies. The methodology is in two phases. First phase is the Performance Measurement Questionnaire (PMQ) and the second phase is the analysis of the data collected using PMQ.

The first phase involves three stages. In stage 1 general data on the company and chosen respondents are collected. In stage 2 the respondent, in each case, is asked to identify those areas of improvements that are of long term importance to the company and to describe if the current performance measures inhibit or support those areas of improvement. In stage 3 the respondent is asked to compare and contrast the relative importance to the company of each performance measure and the emphasis the company places on that performance measure. The data are collected using seven point Likert scales for four categories as described above in stages 2 and 3.

The second phase is the associated process of carrying out four types of data analysis. The first is alignment analysis to assess the extent to which the company's strategies, actions and measures are consistent with each other and if they complement each other. The second type of analysis is congruence analysis to establish if the performance measurement system supports the company's strategies and actions by identifying mismatches between perceived importance and what the performance measurement

system communicates as important. The third type of analysis is consensus analysis to examine the degree to which perceptions of groups of respondents (e.g. in functional area) agree with each other or disagree. Finally, the fourth type of analysis is confusion analysis to identify where the differences of opinion are greatest and least.

Neely et al (1996b) propose a framework to identify, design and implement a balanced set of performance measures. It is divided into two phases. The aim of phase 1 is to identify the objectives of the business, establish how to measure progress towards the attainment of these objectives and finally implement a formal review process to ensure that the information provided by measures is acted upon. This is accomplished in parts 1 to 5 as shown in Figure 2.4.

The aim of phase 2 of the framework, which they consider as optional, is to explain the process of cascading through the organization of top level measures so that appropriate local performance measures are developed. This is accomplished in parts 6 to 10 as shown in Figure 2.4.

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┌─────────────────────────────┐        ┌─────────────────────────────┐
│ Part 1                       │        │ Part 6                       │
│                              │        │                              │
│ Grouping products           │        │ Identifying the drivers of   │
│                              │        │ performance                  │
└─────────────────────────────┘        │                              │
                                        └─────────────────────────────┘
┌─────────────────────────────┐
│ Part 2                       │        ┌─────────────────────────────┐
│                              │        │ Part 7                       │
│ Agreeing business           │        │                              │
│ objectives                   │        │ Deciding which of the        │
│                              │        │ drivers of performance are   │
└─────────────────────────────┘        │ key                          │
                                        └─────────────────────────────┘
┌─────────────────────────────┐
│ Part 3                       │        ┌─────────────────────────────┐
│                              │        │ Part 8                       │
│ Agreeing performance         │        │                              │
│ measures for the business    │        │ Agreeing performance         │
│ objectives                   │        │ measures for the key drivers │
│                              │        │                              │
└─────────────────────────────┘        └─────────────────────────────┘

┌─────────────────────────────┐        ┌─────────────────────────────┐
│ Part 4                       │        │ Part 9                       │
│                              │        │                              │
│ Signing off the top level    │        │ Signing off the measures     │
│ performance measures         │        │ for the key drivers          │
│                              │        │                              │
└─────────────────────────────┘        └─────────────────────────────┘

┌─────────────────────────────┐        ┌─────────────────────────────┐
│ Part 5                       │        │ Part 10                      │
│                              │        │                              │
│ Embedding the top level      │        │ Embedding the performance    │
│ performance measures         │        │ measures for the key drivers │
│                              │        │                              │
└─────────────────────────────┘        └─────────────────────────────┘
```

Figure 2.4 Getting the measure of your business (Adapted from Neely et al, 1996b)

The theme of a balanced set of performance measures is also evident in the work of Kaplan and Norton (1992, 1996). Their Balanced Scorecard, as shown in Figure 2.5, is based on the principle of translating the company's mission and strategy into objectives and measures which are organized into four different perspectives: financial, customer, internal business process, and learning and growth. Financial perspective, through

financial performance measures, considers how do we look to our shareholders? Typical financial measures relate to profitability, growth and shareholder value. Customer perspective performance measures consider how do our customers see us? Typical customer outcome measures relate to customer satisfaction, customer loyalty, customer retention, customer acquisition, and profitability in terms of targeted customers and market segments. Internal business process perspective considers what must we excel at? Typical internal business process perspective measures are cycle time, quality, employee skills and productivity. Learning and growth perspective considers can we continue to improve and create value? Typical organizational learning measures relate to people, systems and organizational procedures.

Figure 2.5 The Balanced Scorecard (Adapted from Kaplan and Norton, 1996)
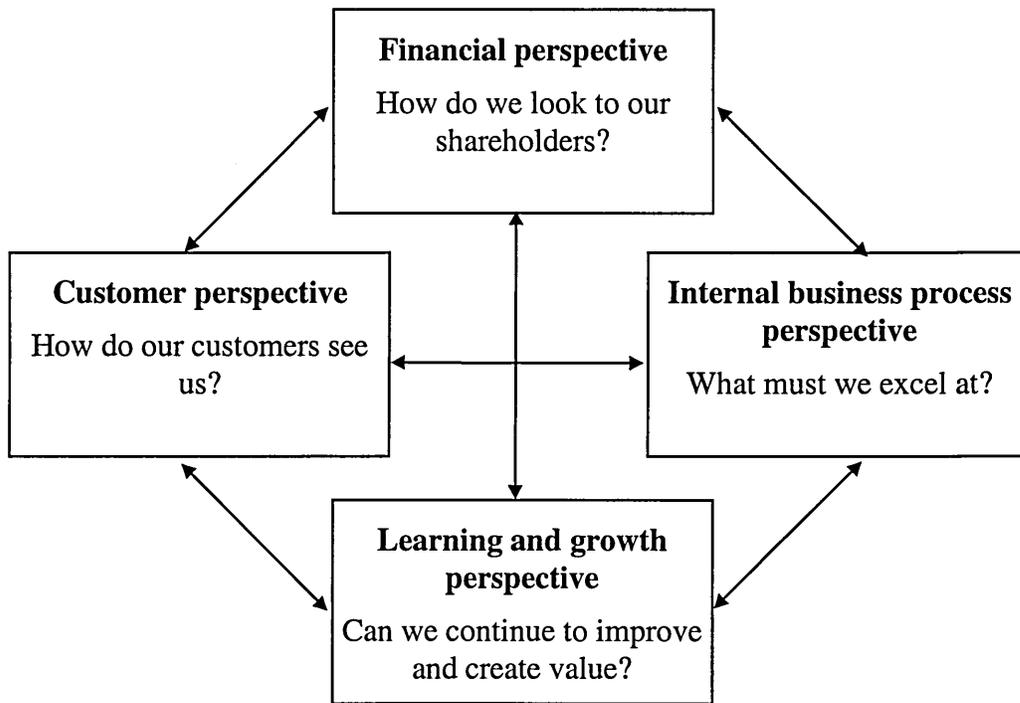
The Balanced Scorecard will provide executives in manufacturing "with a comprehensive framework that translates a company's vision and strategy into coherent set of performance measures" (Kaplan and Norton, 1996:24). The main criticism of the Balanced Scorecard is that it does not "answer one of the most fundamental questions of all - what are our competitors doing (the competitor perspective)?" (Neely et al,

1995a:97). It may well be possible to include measures about competitors as part of a learning and growth perspective.

The main theme running through the literature on performance measurement frameworks, relevant to this research, is that the most popular frameworks advocate the designing of a balanced set of performance measures that include financial and non-financial measures.

2.2.5 Performance measurement agenda

Implementation of performance measurement systems "requires skill-building, as well as action planning, follow up, and accountability for change, all of which take considerable time" (Schneier, 1989:209). Performance measurement systems require matching information systems to ensure relevant, accurate and timely information to all who need it. Information technology has been a critical enabling factor in providing executives the wide range of measurement options.

Eccles (1991) identifies five areas of activity which executives need to address: developing an information architecture, putting the technology in place to support the information architecture, aligning incentives to the performance measurement system, drawing on outside resources and finally, designing a process to make sure that the above mentioned four areas of activity happen.

The role of executives is crucial in developing suitable information architecture and its accompanying technology, aligning incentives and working with outside parties.

Common management practices suggest that executives in manufacturing need to ensure that their performance measurement systems promote appropriate feedback, followed by action. "Unless an effective feedback system exists, measurement is a waste of time, effort and money" (Harrington, 1991:166). The literature suggests that a performance measurement system should be more than just a control system. A performance measurement system should promote good communication, be part of an effective information system and enable learning for all employees in the organization (Kaplan and Norton, 1996). Executives can make it all happen.

The main theme running through the literature on performance measurement agenda, relevant to this research, is that the successful measurement systems have matching information systems and appropriate feedback systems.

2.3 CONCLUSIONS

This contextual literature review of modern manufacturing and of performance measures in manufacturing links to the first research objective of examining current practices in executive performance measures in manufacturing. The objective has been to understand the important strategic issues concerning modern manufacturing context in which executives perform and the performance measures at their disposal.

The main theme running in this chapter is that modern manufacturing is complex, multidimensional and dynamic. This is presenting new challenges to executives in terms of how manufacturing is run.

The literature suggests that managing manufacturing is a strategic issue. The impact of executives, in the running of manufacturing companies, is considerable. The emphasis in manufacturing is changing from productivity to socio-technical issues. It is the changing emphasis, which is presenting the biggest challenges to the executives. They have to manage differently to what once was a traditional way of managing.

The change of emphasis in manufacturing is reflected in the change in emphasis in manufacturing performance measures. Traditionally the emphasis has been on performance measures related to cost and efficiency. Emerging performance measures in successful companies, address the areas of quality, delivery, process times and flexibility in addition to costs.

The literature review in this chapter has established the changing emphasis in manufacturing and the likely implications of that on executive performance and their measures.

In the next chapter the objective is to focus specifically on the executive performance and executive performance measures in manufacturing.

CHAPTER 3: EXECUTIVE PERFORMANCE AND PERFORMANCE MEASURES

This chapter reviews the literature focusing on executive performance and executive performance measures. The intention is to gain in depth understanding about various dimensions of executive performance and their performance measures.

In section 3.1, literature on executive performance is reviewed in terms of executive roles; work; qualities, skills and competencies; leadership; managing change; power; process; and effectiveness.

- *Executive roles* to understand the different kinds of activity executives carry out in the performance of their duties.

- *Executive work* to appreciate the shear diversity of tasks which executives perform and the implication that has on their performance.

- *Executive qualities, skills and competencies* which contribute to and influence their performance.

- *Executive leadership* to understand how executive performance is different from other managers.

- *Executives managing change* to learn how important is their performance in meeting the challenges of managing change.

- *Executive power* to learn how executives use their power in dealing with multiple interdependent relationships among diverse groups of people to achieve the intended effects through their performance.

- *Executive process* to learn how executives perform with others in reconciling conflicting forces, interests, positions, priorities, ideals, and so on.

- *Executive effectiveness* to learn about some of the best practices which executives can incorporate in their performance to improve executive effectiveness.

In section 3.2, literature on executive performance measures is reviewed in terms of the purpose; appraisal systems and their impact; improving measures; and executive information systems supporting executive performance measures.

- *The purpose of executive performance measures* in terms of 'big picture' issues.

- *Executive performance appraisal systems* to learn how executive performance can be appraised.

- *Impact of executive performance appraisal* on their motivation and rewards.

- *Improving executive performance measures* to clarify their responsibilities, develop a balanced set of executive performance measures and provide ongoing feedback.

- *Executive information systems to support executive performance measures* to provide strategic information on the 'big picture' issues, which interest executives.

3.1 EXECUTIVE PERFORMANCE

"The executive's total world is complex" (Fry and Pasmore, 1983:281). There are many dimensions of the executive performance and these are discussed in this section.

3.1.1 Executive roles

An executive is someone who is "concerned with performance" (Chambers Twentieth Century Dictionary, 1972: 457), is 'apt, skillful' (Oxford English Dictionary, 1964). Torbert (1983) explains the origins of the word executive descending from the Latin *ex*, 'out' and *sequire*, 'to follow' and thus means 'to follow out' or in one contemporary definition 'to carry out ..... a purpose'. The word executive conjures up "the notion of purposeful and effective functioning" (Torbert, 1983: 85).

Executives in manufacturing organizations are relatively recent additions to the list of powerful individuals. Russell's (1938: 31/32) following observation is very interesting:

"The growth of large economic organizations has produced a new type of powerful individual: the 'executive', as he is called in America. The typical 'executive' impresses others as a man of rapid decisions, quick insight into character, and iron-will, he must

have a firm jaw, tightly closed lips, and a habit of brief and incisive speech. He must be able to inspire respect in equals, and confidence in subordinates who are by no means nonentities. He must combine the qualities of a great general and a great diplomatist: ruthlessness in battle, but a capacity for skillful concession in negotiation. It is by such qualities that men acquire control of important economic organizations." The sexist tone is typical of the time the article was published in. However, the executive qualities mentioned are relevant equally to women and men executives of today.

Russell's description of the executive is not that dissimilar to Mintzberg's (1973:180) managerial function consisting of ten managerial roles, which form "a *gestalt* - an integrated whole." For example 'rapid decisions', 'incisive speech' and 'inspire respect' are in decisional role, informational role and interpersonal role respectively.

Mintzberg divides executive's managerial activities into three groups. The first group covers activities primarily concerned with interpersonal relationships. The second group of activities primarily deal with the transfer of information. The third group of activities involves an executive's decision making. The three groups are further divided into ten managerial roles. Executives' formal authority means that they enjoy a special status in their organization. Their formal authority and status brings with them three interpersonal roles of figurehead, liaison and leader. These roles place executives in a very privileged position to get information from inside and outside their organization. This enables executives to perform three further informational roles of monitor, disseminator and spokesman. The privileged access to information combined with special status and authority put executives in a very strong position to carry out their four decisional roles of entrepreneur, disturbance handler, resource allocator and negotiator.

According to Mintzberg, executives and managers carry out specific purposes through the above mentioned ten roles. Depending on the situation they emphasize different roles. As a *figurehead* an executive carries out a number of social and legal duties. In the role of *leader* an executive "motivates his subordinates, probes into their activities to keep them alert, and takes responsibility for the hiring, training, and promoting those closest to him" (Mintzberg, 1973:167). In the role of *liaison,* executives deal with people outside their organizational unit. In the role of *monitor* executives keep up to date by seeking and receiving all the relevant formal and informal information for the well being of their

organization. In the role of *disseminator*, executives pass on the relevant information to their subordinates. In the role of *spokesman* the executives provide relevant information to people outside their organizational unit. In the role of *entrepreneur*, executives look for new opportunities and take initiatives to translate them into benefits. In the role of *disturbance handler* executives act as trouble shooters. In the role of *resource allocator* executives manage and allocate an organization's resources in line with their strategic objectives. Finally, in the role of *negotiator* executives represent their organizational units in discussions with the disputing party "to determine the terms of the exchange which will be acceptable to both parties" (Wilson and Rosenfeld, 1990:145).

Mintzberg (1975) proposes that an executive's job can be described in terms of the above mentioned ten roles.

Similarly, Hales (1986:95) suggests that there are following nine strands in an executive's job:

- "Acting as figurehead and leader of an organizational unit

- Liaison: the formation and maintenance of contacts

- Monitoring, filtering and disseminating information

- Allocating resources

- Handling disturbances and maintaining work flows

- Negotiating

- Innovating

- Planning

- Controlling and directing subordinates."

It is evident from Mintzberg's (1973) ten roles and Hales (1986) nine strands that the executive's job involves more than the classical view of organizing, coordinating, planning and controlling. Hales's (1986) nine strands in the executive's job, when compared with Mintzberg's (1973) ten roles, cover additional activities of maintaining work flows, innovating and planning but do not mention executive roles of spokesman and entrepreneur.

The main theme running through the literature on executive roles, relevant to this research, is that executives carry out specific purpose through interpersonal, informational and decisional roles.

Stewart (1967) suggests that an executive's job can be understood by asking seven questions related to specialization, kind and forms of contacts, type of work pattern, kind of decisions, methods of communications, and the variety of job. According to Stewart, one needs to understand the nature of the executive work and of the executive behaviour. The executive work is discussed in the next section of this chapter. The executive behaviour is discussed in terms of the executive qualities, skills and competencies in section 3.1.3.

3.1.2 Executive work

Executive work is complex because of the sheer diversity of tasks undertaken by executives. Most of these tasks are undertaken in dynamic situations. They are also interrelated and interact with each other. Executives are "frequently embroiled in conflicts of values, goals, purposes and interests" (Schön, 1983:17). The dynamic nature of an executive's work environment both inside and outside their organization creates uncertainty and instability. A number of possible variables in complex and dynamic situations with associated uncertainty introduce uniqueness in executive's work. "Increasingly we have become aware of the importance to actual phenomena - complexity, uncertainty, instability, uniqueness and value conflict - which do not fit the model of Technical Rationality" (Schön, 1983:39). Executive work is just as much an 'art' as it is a 'science' (Mintzberg 1989, Kotter 1982). Analyzing on the left side of a human brain and managing on the right side of a human brain (Mintzberg, 1989). For effective decision making executives require a good analytical input to enable them to structure their thinking logically. For managing complex, uncertain, unstable, unique and value conflicting work situations executives rely on synthesis based on experience and intuition. Barnard (1938:291) recognizes the importance of intuition in executive thinking: "It is nowhere more indispensable than in the executive arts. It is acquired by persistent habitual experience and is often called intuitive."

Diversity of tasks is also evident in how executives spend their time. Stewart (1967) carried out a diary study of executives and middle managers to investigate the similarities and differences in the ways they spend their time. An interesting finding was that it was only about once every two days that the executives and managers in her study worked for half an hour or more without interruption. Mintzberg (1975) found that in his study of chief executives that half of their activities lasted less than nine minutes each and only one activity in ten exceeded one hour. Kotter's (1982) study of executives demonstrated that executives spend most of their time with others. On average they only spend 25% of their time alone and 70% to 90% of their time with others. According to Kotter (1982) the time spent with others is taken up by short, disjointed conversations. The maximum time spent on discussing a single question or single issue is ten minutes. Often executives cover ten unrelated topics in five minutes interaction with individuals. Mintzberg (1975:51) makes an interesting point regarding how executives schedule their time: "They seem to jump from issue to issue, continually responding to the needs of the moment."

The time spent with others and the diversity of the topics discussed also inform us that executives prefer verbal and 'soft' information. Mintzberg (1975) estimates that up to 80% of executive's time is spent in verbal communication, which include telephone calls and meetings. This seemingly over reliance on informal information by executives is due to the perceived shortcomings of formal information that is too limited, too general, too late and sometimes unreliable (Mintzberg, 1989). Given the nature of executive work involving complex, interrelated ever changing situations and the time pressures which they work under - soft information gained informally seems to serve executives well. Hales (1986:98) agrees that "a great deal of manager's time - between two thirds and four fifths - is spent imparting or receiving information, predominantly through face to face interactions." Most of an executive's contacts are with other executives and with their subordinates who call into the executive's office to discuss work related issues, to seek advice, to report progress and to receive instructions. Executives "seem to cherish 'soft' information, especially gossip, hearsay, and speculation. Why? The reason is its timeliness, today's gossip may be tomorrow's fact" (Mintzberg, 1975:52). Executives piece together soft and hard information to understand underlying issues facing them.

They are interested in symptoms as well as causes. Some issues are subjective and may be better understood with informal approach.

"Much abortive management arises from almost total disregard, in *thinking*, of the subjective aspects of authority. Despite its importance, *informal* organization in formal organizations is ignored as far as possible" (Barnard, 1938:289). This is more prevalent in organizations, which Morgan (1986:22) describes "as if they were machines, and as a consequence we tend to expect them to operate as machines: in a routinized, efficient, reliable, and predictable way." In a modern, dynamic and highly competitive manufacturing environment, the literature suggests that executives need to recognize the importance of formal and informal arrangements in their organizations.

In the specific case of manufacturing organizations executives have the responsibilities for producing goods and services efficiently and effectively, designing and maintaining the organization's operations in an ever changing environment, serving well those who control their organizations, provide the key communication link between organization and its environment, and at the same time be responsible for the organization's status system (Mintzberg, 1973). Common management practice suggests that in carrying out their multiple responsibilities executives need to strike the right balance between formality and informality, hard information and soft information, analysis and intuition, efficiency and effectiveness and so on.

The main themes running through the literature on executive work, relevant to this research, are that an executive's actual behaviour is not the same as his or her work, and an executive's work is both 'art' and 'science'.

The executive job permits a considerable choice to the executive in the execution of their work (Stewart, 1976). The executives have to balance between demands, constraints and choices (Stewart, 1981). Handy (1994: 38) suggests that executives must "find a way to reconcile what used to be opposites instead of choosing between them." That requires special qualities, skills and competencies. That is the subject of discussion next.

3.1.3 Executive qualities, skills and competencies

The human qualities or traits in executives "are as yet too poorly understood to predict or even measure properly: qualities like trust, confidence, commitment, integrity, vision and

leadership" (Hayes et al, 1988:30). Mintzberg (1973: 194) describes trait as "an intangible concept, difficult to operationalize and to link to managerial behaviour." Mintzberg (1973: 194) suggests that "skill, on the other hand, is a more operational concept, directly related to behaviour. A skill is simply a specific behaviour that results in effective performance. If we seek to identify common (and contingent) managerial skills, instead of traits, then we shall be able to use behaviour as a basis for measurement." Executive competencies are also linked to executive behaviour. According to Mentkowski (1988: 108) "each competence is elaborated through a set of behavioural descriptors." It is evident that executive's skills and competencies are related to executive behaviour. Appropriate executive behaviour results in effective performance (Stewart 1967, Mintzberg 1973, 1975, 1989, Kotter 1982, Hales 1986).

Mintzberg (1973) lists the following eight basic sets of skills to prepare executives for their ten roles earlier discussed in this chapter.

- *Peer skills* include negotiating, consulting and political skills to maintain peer relationships.

- *Leadership skills* to deal with subordinates in motivating, training, guiding and providing help. Issues of executive leadership are discussed in more detail later in this chapter.

- *Conflict-resolution skills* include interpersonal skills to mediate between individuals or group of individuals involved in conflict situations and the decisional skills to handle disturbances as they arise.

- *Information processing skills* in building and maintaining both formal and informal information networks for gathering, validating and disseminating information.

- *Skills in decision-making under ambiguity* cover skills in deciding when decisions have to be made, diagnosing of the situation, planning an approach, searching for solutions and evaluating their consequences and finally selecting an alternative.

- *Resource allocating skills* in choosing between competing demands, deciding on allocation of their own time, determining work of their subordinates and making judgments on allocating organizational resources.

- *Entrepreneurial skills* in searching for problems and opportunities, and managing change. Executives managing change is discussed in more detail later in this chapter.

- *Skills of introspection* involve thoroughly understanding one's job, being sensitive to one's own impact on the organization and the ability to learn by self study.

Mintzberg goes on to suggest that researchers can benefit by trying to measure executive effectiveness in these skills because skills are manifested in behaviour and behaviour can be observed.

Bennis (1983) lists the following five competencies in effective executives:

- *Vision* as the capacity to define clearly a desired state of affairs

- *Communication and alignment* as the capacity to communicate their vision to secure support and commitment of all the employees in their organization

- *Persistence, consistency and focus* as the capacity to maintain the organization's direction at all times

- *Empowerment* as the capacity to create conditions in the organization to capture and harness the energies and the abilities of its people to achieve desired results

- *Organizational learning* as "the capacity to find ways for the organization to monitor its own performance, compare results with established objectives, have access to a continuously evolving data base on which to review past actions and base future ones, and decide how, if necessary, the organizational structure and key personnel must be abandoned or rearranged when faced with new conditions" (Bennis, 1983:18).

The above mentioned competencies emphasize the importance of executives having clear vision, communicating their intentions, empowering subordinates, and leading them to achieve organizational goals.

Mentkowski (1988) considers executive competencies as a set of four ability clusters. Firstly, the socio-emotional maturity abilities include self-control, spontaneity, perceptual objectivity, accurate self-assessment, stamina and adaptability. Secondly, the intellectual abilities include logical thought, conceptualization, and diagnostic use of concepts and specialized knowledge. Thirdly, the interpersonal abilities include development of others, expressed concern with impact, use of unilateral power, use of socialized power,

concern with application, positive regard, management of groups, self presentation and oral communication. Finally, the entrepreneurial abilities include efficiency orientation and proactivity. Mentkowski (1988:111) found that "some competencies within Socioemotional and Intellectual abilities preceded the development of Interpersonal and Entrepreneurial abilities." The literature suggests that executives need certain qualities, skills and competencies in their personal development in order to perform effectively.

Many authors recognize that executives combine their qualities, skills and competencies to perform effectively. According to Schön (1983: 261) "credibility, commitment, confidence and competence are interrelated." According to Harper (1992: 10) "highly skilled, visionary, innovative, strategic thinkers are now a highly valued breed." Burke (1986: 64) expects executives to be "charismatic, inspiring and flexible" and also have "the skills to inspire followers to accept change, to take the initiative and risks." Skinner (1985) suggests that executives in manufacturing need to possess analytical skills, self-discipline, sensitivity, intellect and physical stamina but most importantly they must constantly reexamine their habits and assumptions.

The main themes running through the literature on executive qualities, skills and competencies, relevant to this research, are that an executive's qualities, skills and competencies are manifested in their behaviours, and appropriate behaviours result in effective performance.

3.1.4 Executive leadership

Traditionally executives have seen themselves in command roles (Fayol, 1949) which may not be enough in modern organizations. "Executives, increasingly, will have to see themselves as being in leadership, rather than command roles" (Levinson, 1988:284). The changing nature of organizations presents new challenges to the executives. The emphasis is on teams moving together to achieve common goals. Jaques and Clement (1991:4) define executive leadership as a "process in which one person sets the purpose or direction for one or more other persons, and gets them to move along together with him or her and with each other in that direction with competence and full commitment." The executive leadership process is closely tied in with an executive's work. An executive's work involves uncertainty, which in turn means making judgments and using

discretion at the critical decision points to overcome hurdles to reach the desired goal. So executive work is complex which means that it is relatively difficult to perform. "The more difficult is the work and the greater is the competence required to handle it, hence, the starting point for effective hierarchical leadership" (Jaques and Clement, 1991:41). Executive leadership competence is viewed as a function of executive role competence, which can be determined as current actual capacity as shown in Figure 3.1.

Figure 3.1 Leadership competence is a function of role competence (Jaques and Clement, 1991:45)

CP	Cognitive Power
+	
V	Values
+	
K/ S	Knowledge/ Skills
+	
Wi	Wisdom
(-T)	Temperamental defects
=	
CAC	Current Actual Capacity

Cognitive power is the innate mental ability to organize information. The level of cognitive complexity is directly proportional to the complexity of the task. In the case of executives the complexity is influenced by time horizon of tasks. Most executive tasks have longer time horizons than their subordinates. Therefore the executive role has "the necessary level of cognitive complexity to carry the level of task complexity" (Jaques and Clement 1991:307). Cognitive power reflects that. Mintzberg (1989) also recognizes that cognitive limitations can restrict the amount of information executives consider in complex decision process. Executives receive information in many ways e.g. reports, discussions, observations. "Executive Mind can do no good work without the material provided by Observing Mind, the form provide by Theorizing Mind, and the motivation provided by Passionate Mind" (Torbert, 1983:86). Executive Mind depends on the

cognitive power to process data coming from all directions to make sense so that information can be recognized and used purposefully.

Values are to do with an executive's interests and priorities (Jaques and Clement, 1991). Executives need a strong sense of value for leadership of their subordinates. Jayaratna (1994: 244) defines values as "beliefs that we consider to be 'good'. They are used as criteria for passing judgments about situations, the behaviours of others, and their action." In the case of executive leadership, values drive executive behaviours, which in turn determine executive priorities and the efforts devoted to those priorities (Jaques and Clement, 1991).

Knowledge/ skills: Executives rely on appropriate knowledge, experience and skills to exercise executive leadership. Jayaratna (1994:241 and 243) proposes that "knowledge is gained from understanding. It helps us to understand the context in which information can be meaningful" where as "skills are our ability to apply knowledge in practice. Skills reflect competence in the use of knowledge. These can be gained from continuous training and experience." The nature of executive work requires that executives have the necessary knowledge and skills to lead their organizations.

Wisdom: "Wisdom is a word that seems to have been lost in the English language. It suggests deep knowledge, based on substantial experience - intimate experience" (Mintzberg, 1989:357). In executive leadership wisdom is associated with sound judgment, clear-sightedness and shrewdness.

Temperamental defects refer to "abnormal temperamental and emotional characteristics that disrupt the ability to work with others" (Jaques and Clement, 1991:307). The nature of executive work requires executives to have good interpersonal skills.

In short, an executive's current actual capacity as leader is equal to the total sum of an executive's cognitive power, values, knowledge and skills, and wisdom minus any serious personality defects (Jaques and Clement, 1991).

In contrast, Harrington (1991) lists the following 12 abilities necessary in executive leadership:

• Perceived by the team as highly credible

- Keep team on schedule

- Lead and direct the team

- Support and encourage team members in their improvement efforts

- Be a skilled negotiator

- Manage change

- Deal effectively with other executives

- Solve problems

- See the big picture

- Take risks

- Live up to commitments

- Handle poor performers in the team.

It is evident from the work of Jaques and Clement and Harrington that executive leaders need extraordinary capacity and abilities. However it is debatable whether every executive needs to possess every desirable capacity and ability listed above. Executives differ widely in their abilities (Drucker, 1967). It is understandable though that it is through their capacity and abilities that they are able to provide decisive value adding leadership which is the key to competitive effectiveness in business (Jaques and Clement 1991, Harvey-Jones 1993, Tranfield 1995). Harvey-Jones (1993) suggests that 'value added' exercise starts from the top down. Tranfield (1995:22) proposes that executives can add value "by conceptualizing, clarifying, codifying and communicating organizational routines from which competitive advantage can accrue." Organizational routines have individuality and uniqueness because of their specific organizational context. The organizational context also influences the approach of executives to the concept of adding value. Harvey-Jones (1993: 47) suggests that "in principle, there should not be a task, role or hierarchical position which does not 'add value' by doing something different to the ones beneath it." Common management practice suggests that executives should have unique roles and responsibilities that only they can do.

The main themes running through the literature on executive leadership, relevant to this research, are that executives need to see themselves in leadership roles rather than in command roles, and the importance of executive leadership is recognized in the value adding of their function.

3.1.5 Executives managing change

"Without question, the most desirable management skill for the nineties will be the ability to manage change" (Harvey-Jones, 1993:25). However, managing change is problematic. Lewin (1951) argues that organizations exist in a state of equilibrium and are not conducive to change. This equilibrium is maintained by driving forces for change and restraining forces against change that constantly act on organizations and its individuals. Some examples of these forces are listed in Table 3.1.

Table 3.1 Driving and restraining forces for organizational change (Wilson and Rosenfeld, 1990:246)

Driving forces for change	Restraining forces for change
	From individuals:
	Fear of failure
	Loss of status
Changing markets	Inertia (habit)
Shorter product life cycles	Fear of unknown
Changing values towards work	Loss of friends
Internationalization	
Global markets	From organization:
Social transformations	Strength of culture
Increased competition	Rigidity of structure
New technology	Sunk costs
New personnel	Lack of resources
	Contractual agreements
	Strongly held beliefs and recipes for evaluating corporate activities

The literature suggests that executives in manufacturing have to balance driving and restraining forces to achieve the desired changes.

Leonard-Barton (1992b) lists three critical elements needed to initiate change processes: dissatisfaction with the current state of affairs, clear vision of the future and a process of reaching that vision. Johnson and Scholes (1993) state that executives need to consider carefully three components when managing change: clarity of direction of vision, importance of context and appropriate style of managing change. Pettigrew and Whipp (1991) identify five central factors in managing change for competitive success as shown in Figure 3.2.
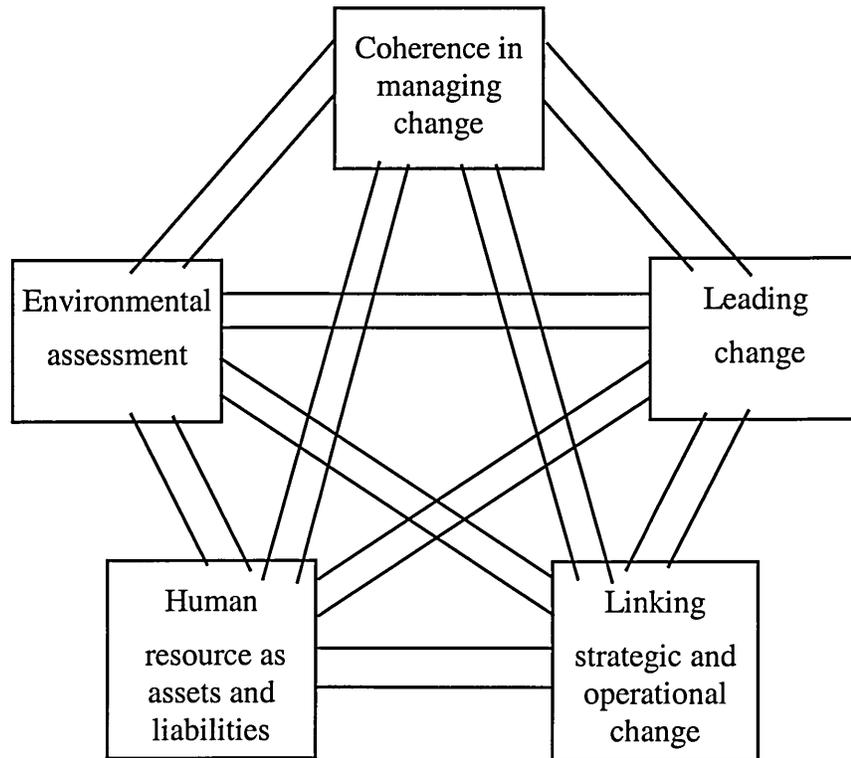
Figure 3.2 Managing change for competitive success: the five factors (Pettigrew and Whipp, 1991:104)

Environmental assessment: Porter (1980) suggests that the most important five competitive forces are intensity of rivalry of industry competitors, bargaining power of suppliers, bargaining power of buyers, threat of new entrants and threat of substitutes. These forces are relevant to a company's environment. Harper (1992: 22) observes that "when change comes from outside the organization, when the firm is in reactive mode, when its people are reluctant to change; then change is very frustrating. However, when managers can operate from a proactive mode and be the initiators of change then the change can be very satisfying." Common management practice suggests that executives

need to be sensitive to their organization's changing environment so that they are in a good position to lead the change.

Leading change: Executive leadership is considered crucial in achieving change (Tushman et al 1986, Johnson and Scholes 1993, Pettigrew and Whipp 1991, Harrington 1991). Executives need to link the process of change to its contexts (Johnson and Scholes 1993, Pettigrew and Whipp 1991). Context will differ from organization to organization and so will the action needed by the respective executive. Quinn (1982: 800-806) recognizes that there is no single paradigm that holds for all strategic decisions in managing change and suggests the following incremental processes:

- "Leading the formal information system

- Building organizational awareness

- Building credibility/ changing symbols

- Tactical shifts and partial solutions

- Broadening political support

- Overcoming opposition

- Consciously structured flexibility

- Creating pockets of commitment

- Crystallizing focus

- Formalizing commitment

- Continuing dynamics and mutating consensus

- Not a linear process

- Concentrating on a few key thrusts

- Coalition management."

Executives in manufacturing can use some or all of these processes as a guiding framework in leading change.

Linking strategic and operational change: "The importance attributed to linking strategic and operational change is because the process has both an internal and emergent character. The need is to appreciate therefore how intentions are implemented - and hence transformed - over time" (Pettigrew and Whipp, 1991:199). Executives need to align guiding beliefs i.e. internal beliefs about how to manage the change to daily beliefs i.e. emergent character manifested as change (Davies, 1984). Grint (1995) points out that most organizational change initiatives fail because the interpretation of those employees, who are required to act, is not commensurate with their executives.

Human resources as assets and liabilities: The successful management of change programme is accomplished in organizations where human resource management policies are integrated with strategy and strategic change process (Johnson and Scholes, 1993). Human resource management refers to selection, training and development, employee relations, and compensation so that an organization competes through the appropriate set of knowledge, skills and attitudes (Pettigrew and Whipp, 1991). Human resource philosophy of the organization has to 'fit' with strategic change process. Executives can create conditions through their actions so that human resources of the organization are harnessed in producing the synergy needed for successful change management.

Coherence in managing change: Finally, coherence in managing change means that there is a consistency between strategy and strategic objectives, direction of strategic change with an organization's immediate and general environment, feasibility in terms of resources it needs, and the ability of executives in leading change.

Harrington (1991:6) also alerts us that we should not underestimate the difficulty in managing the change process, which requires "a lot of thought, a well-developed plan, a sophisticated approach, and an unfaltering leadership." Executives need to plan for change (Duberley and Burns, 1992) as a starting point in providing that leadership.

As mentioned earlier, the world of manufacturing is changing and with it manufacturing organizations. "Executives who fear these changes will resist them, only to find that the harder they resist, the faster the changes will come about. On the other hand, executives who view the same changes as providing exciting new opportunities will encounter difficulties in turning ideological dreams into effective organizations" (Pasmore,

1986:256). The nature of executive work requires that executives lead the change through example. Harvey-Jones (1993: 48) reminds us that "change is an attitude of mind and the place to start is within ourselves." All executives need is the will to change (Lloyd, 1994).

The main theme running through the literature on executives managing change, relevant to this research, is that the ability to manage change is one of the most desirable executive skills.

3.1.6 Executive power

Executive work involves dealing with interdependent relationships among diverse groups of people, who have the power to affect an executive's performance (Kotter, 1986). In modern manufacturing organizations, executives deal with hundreds and sometimes thousands of interdependent relationships in the form of linkages to individuals, groups of individuals and organizations. These groups of people are diverse because of their different goals, opinions and beliefs. This diversity causes complexity and makes managing those interdependencies very difficult. "Coping with this difficult social reality is at the very heart of executive work because it affects *everything*" (Kotter, 1986: 26). That is, everything executives do e.g. planning, organizing, controlling, making strategic decisions, allocating resources, and so on. The nature of executive work requires that executives take into account the likely conflicts and power struggles as a result of their actions. Executives need to be sensitive to the power structure in their organization (Wrapp, 1967). This sensitivity is essential to ensure that conflicts and struggles are minimized.

According to Grint (1995: 235) "management is, above everything else, a political phenomenon." Executives constantly deal with issues, which in one form or other impinge on organizational politics. Checkland and Scholes (1990: 50) describe politics "to be power related activity concerned with managing relations between different interests." Executives use their status and position in reconciling these different interests. In other words, executives use their power to achieve desired effects. In this context, executive power is similar to Russell's (1938: 25) definition of power "as the production of intended effects." Executive power can also be seen as the capacity to influence others

through their actions (Louis, 1986). Effective executives develop and use sources of potential influence or power through good working relationships based on "some combination of respect, admiration, perceived need, obligation and friendship" (Kotter, 1986:28). These relationships are crucial for executives in their performance to get things done. The elements of good working relationships i.e. respect, admiration, perceived need, obligation and friendship are derived from different sources of power which executives have at their disposal because of their status and position.

Common management practice suggests that executives must consider the context in which power is exercised before choosing an appropriate source of power and action. Louis (1986) proposes that executive effectiveness is enhanced when they take into account the context in which power is to be exercised through one's actions. The context is the organizational situation in which executives find themselves in and the "essential reliance on the others characterizes the context in which executives exercise power" (Louis, 1986:130). It is up to executives to create conditions in their organizations so that people whom they rely upon deliver what is expected of them.

Burke (1986) suggests that leadership is a reciprocal process in which effective executives empower their subordinates and followers. Empowering others can be one of the most rewarding aspects of an executive's job, especially to watch the empowered subordinates grow and develop to accomplish bigger things (Harper, 1992). According to Handy (1994: 126) "empowerment implies that someone on high is giving away power." This is power paradox. According to Srivastva and Cooperrider (1986: 5) " the key executive task is not so much to acquire power as to deliver power to followers, who might otherwise experience a sense of powerlessness."

Executives also experience powerlessness. According to Barnard (1938) executives are powerless until their followers are ready to follow. The nature of executive work requires executives to work very hard to build and maintain consensus of their followers. "Consensus is the *source* of power because the real authority to act is created when members collectively entrust the executive, who only then can make plans and commit resources with confidence that members will execute action" (Srivastva and Barret, 1986:315). Consensus and cooperation are an integral part of the executive process (Mangham, 1986). That is the subject of the next section.

The main theme running through the literature on executive power, relevant to this research, is that effective executives develop and use sources of political influence through good working relationships built on respect, admiration, perceived need, obligation and friendship.

3.1.7 Executive process

Mangham (1986: 128) describes the executive process as "that reconciliation of interests which is arrived at through cooperative efforts." According to Barnard (1938) cooperation and organization involves reconciling opposing facts, thoughts and emotions of human beings. He proposes that it is the function of the executive to translate into action the reconciliation of conflicting forces, interests, positions, ideals, and so on. It is through the reconciliation of opposites that executive process works. As Handy (1994: 22) suggests that opposites or "paradox does not have to be resolved - only managed." In modern manufacturing organizations, for example, executives do not always choose efficiency or effectiveness but often manage both.

Kotter (1982: 161) observes that executives "develop corporate relationships with and among peers, outsiders, their boss's boss, and their subordinate's subordinates." These relationships are part of the executive's network to implement their agendas. According to Kotter (1982: 160) executive's agendas are their interpretational constructs, which address broad range of financial, marketing and organizational issues and "always include goals, priorities and plans." That is how executive's agendas influence their interactions with others. According to Mangham (1986: 67) "all human social interaction is based upon relation of power and status." He proposes that executives use their power to determine their 'reality' then attempt appropriate alignment of other's behaviour. However, Srivastva and Barrett (1988: 317) observe that "most conflicts in organizations stem from different perceptions of reality - from members telling different stories, selecting different relevant details, using different methods of expert analysis - in an effort to further positional preferences and convincing conclusions." This is often the context of the executive process. The nature of executive work requires executives to be sensitive to this phenomenon in their relationships with their peers. It is only then that the process of reconciliation can succeed.

Executives spend a lot of their time interacting with other executives in their organization which implies that in executive process "communication is predominantly *lateral*" (Hales 1986:98). As mentioned earlier, most of these interactions are face to face. Larkin and Larkin (1996: 101) suggest that "the most effective way to communicate is informally, face to face, one-on-one." Such interactions allow the executives to "react in an opportunistic (and highly efficient) way to the flow of events around them, yet knowing that they are doing so in some broader and more rational framework." This approach allows executives the flexibility to manage dynamic situations in their very demanding jobs. Executives use the same reactive and flexible approach in their Board meetings. Mangham (1986: 64) observes that "what is occurring in the Boardroom is not a tightly scripted, thoroughly rehearsed, minutely directed naturalistic piece of theatre. Rather it is more of an improvisation around a *scenario.*" Schön (1983: 50) calls this "process of reflection-in-action which is central to the 'art' by which practitioners sometimes deal well with situations of uncertainty, instability, uniqueness and value conflict." This ties in with the nature of executive work. An executive is "a 'doer' who has to react rapidly to problems as they arise, 'think on his feet', take decisions *in situ*" (Hales 1986: 102). Executives do reflect in action but the amount of reflection depends on the situation and the degree of surprise (Schön, 1983). The surprise sometimes is as a result of inherent human "communications, that is, by opinion, impression, comment, judgment, bias, and so on" (Drucker 1967: 57).

Wolfe (1988) found that effective executives work in teams built on trust and confidence, open communications, desire to confront and work through conflicts, invent synergetic solutions to an organization's problems and on their learning. Argyris (1983) outlines two types of learning: single-loop learning and double-loop learning as shown in Figure 3.3.
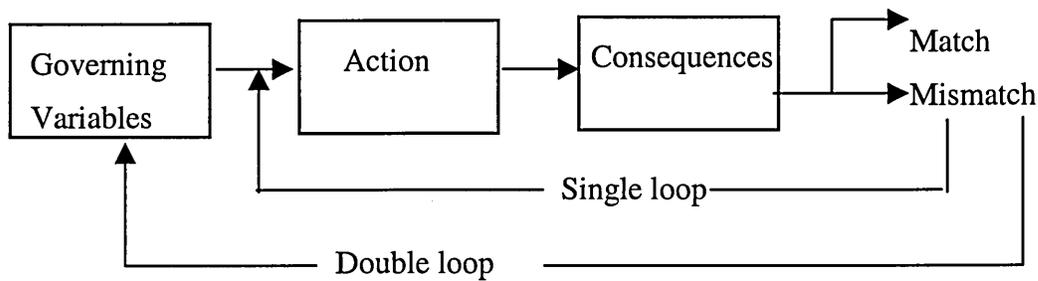
Figure 3.3 Single- and Double-Loop Learning (Argyris, 1983: 44)

According to Argyris (1983: 43 and 45) "single-loop learning occurs when matches are created or mismatches are corrected by changing actions...

Double-loop learning occurs when mismatches are corrected by examining and altering first the governing variables and then the actions. Governing variables are the preferred states that individuals strive to satisfice when they are acting." In double-loop learning the reasoning process is very different and may well improve effectiveness of the executive process. Executive effectiveness is discussed next.

The main themes running through the literature on executive process, relevant to this research, are that the executive process involves reconciliation of interests through cooperative effort and executives tend to reflect in action.

3.1.8 Executive effectiveness

Executive effectiveness denotes the extent to which executives *actually* achieve compared to what they are expected to achieve (Hales, 1986).

According to the Manpower Commission (1981) there are three components of executive effectiveness i.e. the executive as a person, the process of an executive's managing and the product of an executive's managing. In the context of the whole organization, executive effectiveness has a number of distinct and separate meanings. Hales (1986) lists the following five:

- Congruence between actual and expected practices and performance

- Degree of fit between behaviour and activities on the one hand and tasks and functions on the other

- Effectiveness not only in individual work but in ensuring the work of others

- Effectiveness of an individual, the executive team or the organization management as a whole

- Issue of who decides what constitutes the proper executive function and tasks and on what criteria

The nature of executive work requires that executive function and tasks are geared to the successful realization of an organization's vision and mission over an agreed time horizon. "The vision is the ultimate goal while the mission is the path" (Grint, 1995:112). Both the Manpower Service Commission (1981) and Hales (1986) are proposing a holistic approach in reviewing executive effectiveness. Firstly, reviewing personal or individual executive effectiveness in terms of executive behaviours and their approach. Secondly, reviewing executive's job effectiveness in terms of actions taken. Finally, reviewing executive effectiveness in terms of results achieved and targets reached.

Mintzberg (1973:177) recognizes the complexity of executive work and puts forward the following ten areas in which executives "can concentrate their attention in order to improve effectiveness":

- *Sharing information* with colleagues and subordinates

- *Dealing consciously with superficiality* depending on the importance of issues

- *Sharing the job if the information can be shared* with other executives

- *Making the most of obligations* by turning them into opportunities

- *Freeing self from obligations* to devote time to issues which deserve attention

- *Emphasizing the role that fits the situation*

- *Seeing a comprehensive picture in terms of its details*

- *Recognizing own influence in the organization* in setting priorities

- *Dealing with growing coalition* by balancing according to their influence

- *Using a management scientist* e.g. management consultants

In contrast, Drucker (1967: 20) considers executive effectiveness as 'a complex of practices' which can be learned. To be effective, executives need to acquire the following five practices or "habits of mind":

- *Time management* in carrying out sheer diversity of tasks places enormous pressures on executives. Time is the scarcest resource of all, which needs to be managed through analyzing one's time in line with ones commitments and priorities.

- *Focus on contribution* through communication, teamwork, self-development, and development of subordinates and others.

- *Building on strengths* of their own, the strength of their superiors, colleagues and subordinates. Also building on the strength of their organization as well as on the strength of the situation through their actions.

- *Concentrating on few major areas* where performance will produce outstanding results.

- *Making effective decisions* in getting the right strategy implemented.

Drucker identifies five elements of decision process. First, the clear realization of the nature of the problem. Second the scope of the problem. Third, thinking through the 'right' solution of the problem before considering compromises, adaptations and concessions needed to make the decision acceptable. Fourth, building into decision the necessary action for its execution. Finally, the feedback to establish the validity and effectiveness of decisions in light of the actual course of events.

It is very interesting to compare and contrast Mintzberg's (1973) ten areas to improve effectiveness with Drucker's five 'habits of mind'. Mintzberg emphasizes the importance of information whereas Drucker emphasizes the importance of executive performance. According to Mintzberg information is the key element in different areas of an executive's work from sharing information, based on information deciding which issues are important, seizing chance to extract information in meeting obligation, exposure to privileged information in ten managerial roles, seeing the full picture in terms of both short term and long term aims of the business based on operational and strategic information, balancing between different influential groups through information

networks and finally using a management scientist to analyze and synthesize information appropriate to an executive's needs.

According to Drucker executive performance is the key to executive effectiveness by concentrating on time and events to achieve optimum performance, meeting demands on performance by focusing on strengths, and finally ensuring that decisions encourage appropriate performance geared to achieving strategic objectives.

"As executives work toward becoming effective, they raise the performance level of the whole organization" (Drucker, 1967:141). So the executive effectiveness is crucial in effective organizations. Waterman et al (1980: 309) propose that organization effectiveness results from "the relationship between structure, strategy, systems, style, skills, staff and something we call superordinate goals." These are well known as '7-S' framework developed by McKinsey Consulting firm where Waterman et al (1980) worked. 'Superordinate goals' were renamed 'Shared values' in the subsequent work of Peters and Waterman, (1982) as shown in Figure 3.4.

Figure 3.4 McKinsey 7-S Framework (Peters and Waterman, 1982:10)
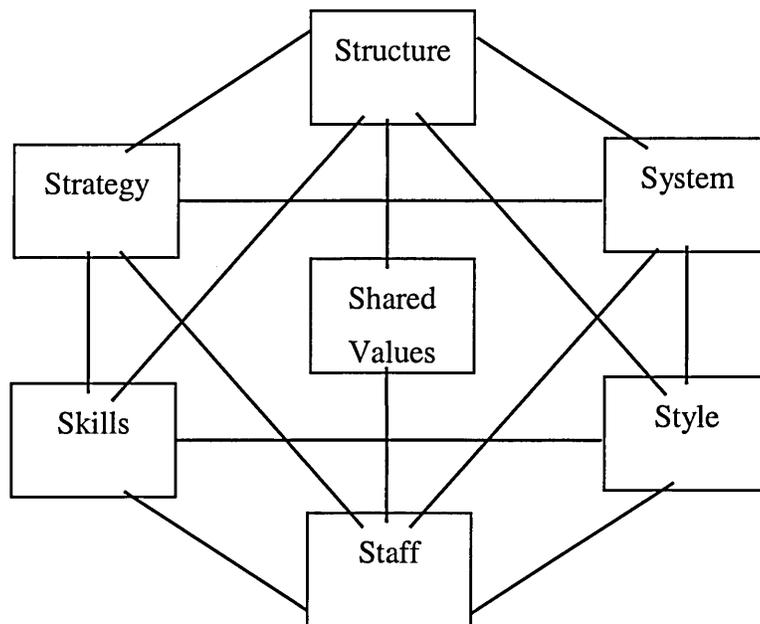
- *Structure* of the organization must provide the focus on those issues, which matter to its well being.

- *Strategy* points to those actions that the organization plans in response to it's changing external environment e.g. customers, competitors.

- *Systems* cover organization's formal and informal procedures

- *Style* in the main refers to the management style of its executives

- *Staff* cover people issues

- *Skills* refer to capabilities of employees

- *Shared values* refer to the organization's culture

According to Waterman et al, the main aim of '7-S' framework is to alert executives to the likely interactions between seven variables and therefore the need to achieve an alignment between them. The framework has been used in many well-known organizations e.g. "Digital, TI, HP, 3M, IBM, Dana, Fluor, Emerson, Mcdonald, Citybank, Boing, Delta, and others" (Peters and Waterman, 1982: 155).

Tranfield (1995) proposes a six-item agenda for executives as follows:

- *Strategy* formulation, development and implementation

- *Image* specification, presentation and management of the organization identity

- *Performance* monitoring and controlling as a basis for managerial action

- *Relationship* between executives through recruitment, structuring and management development

- *Organization* in structural and cultural terms

- *Managing change* by specifying change programmes in terms of their desired impact within the organization.

There are many similarities between the Mckinsey '7S' framework and Tranfield's (1995) six-item agenda for executives. Strategy in both cases covers similar issues. 'Image' and 'Organization' together cover similar issues as 'Structure' and 'Shared values' in '7S' framework. 'Performance' of an organization is influenced by 'Systems' in place (Hinings and Greenwood, 1988). 'Relationships' between executives are covered in 'staff, skills and style' in '7S' framework. Tranfield (1995) considers

'managing change' as an additional activity requiring executive attention whereas Peters and Waterman (1982) imply that in any significant organizational change all '7S' interact and need to be aligned to manage successfully.

The main theme running through the literature on executive effectiveness, relevant to this research, is that executive performance is the key to executive effectiveness.

3.2 EXECUTIVE PERFORMANCE MEASURES

Executives are "frequently frustrated by the lack of clarity concerning their responsibilities, the lack of input on ways to improve their performance, the absence of ongoing performance feedback, and the lack of regular and systematic performance reviews" (Longenecker and Gioia, 1991:82). Executive performance measures can help in reviewing executive performance. This part of the chapter reviews the literature on various aspects of executive performance measures.

3.2.1 Purpose of executive performance measures

Executive performance measures should inform about executive performance in terms of 'big picture' issues of setting direction, considering long term issues, assessing present and future accomplishments and communicating about personal performance with their superiors (Longenecker and Gioia, 1988). Common management practice suggests that executives need to know about their individual performance and how it fits within the overall organizational performance. The need is more acute in the case of executives because of "the sophisticated and more ambiguous nature of their jobs, the fact that their responsibilities and priorities tend to change often, the serious organizational consequences of ineffective performance on their part, and their typically high need of achievement, recognition, and career progress" (Longenecker and Gioia, 1988:46).

The need for evaluating executive performance has been recognized for many years. Fayol (1949) lists seven elements in the evaluation of executives as: health and physical fitness, intelligence and mental vigour, moral qualities, general education, management knowledge, knowledge of other functions and specialized ability characteristic of the concern. The emphasis is on executive's qualities and knowledge. In contrast, Patten (1960:128) makes the observation that "early approaches did not appraise performance in

terms of the results stemming from decisions made or influenced by an individual, but rather in terms of preconceived characteristics that management personnel were perceived to have." Such approaches convey more about what is *thought* about an executive rather than what an executive *does*. Patten proposes a composite approach of planned performance to judge executives in terms of their individual responsibilities. The approach is widely known as Management by Objectives and individual performance is judged in terms of agreed tasks and goals. The emphasis is on executives achieving their goals through clear understanding of their responsibilities and priorities. The main criticisms of this approach are that setting objectives is complex, takes too long to implement and requires a great deal of an executive's time in its early years (Manpower Services Commission, 1981).

Kaplan and Norton (1996:10) suggest that executive performance measures should be "*balanced* between objective, easily quantified outcome measures and subjective, somewhat judgmental, performance drivers of the outcome measures." It is implied that there is interdependency between executive's objective and subjective performance measures. The important question at this juncture is how to choose appropriate executive performance measures which will be *balanced*? What criteria are appropriate for the organizational and individual performance?

Let us consider the executive process and the executive work. As discussed earlier executive process is about reconciliation of interests through cooperative effort (Mangham, 1986) and the executive's work involves resolving value conflict (Schön, 1983). Executives in manufacturing organizations are constantly involved in making value choices. "Value choices always present dilemmas" (Anderson, 1997:27). Most of the executive's dilemmas concern meeting the organization's various goals.

Anderson proposes that executives in modern organizations have four interdependent goals: economic performance, competence, becoming a learning organization and the organization as an operating community. Economic performance is judged in terms of an organization's profit. Competencies are considered essential to sustain competitive advantage (Prahalad and Hamel, 1990). The capacity for organizational learning at the executive level to make continuous improvement through 'double loop' learning is considered the most innovative aspect of Balanced Scorecard (Kaplan and Norton, 1996).

Double loop learning in this context occurs by questioning the underlying assumptions and reflecting on their relevance to the current situation. Executive decisions contribute greatly in creating trust, respect, a clear sense of goals and purpose, commitment to these goals, and in general creating in the organization a sense of community. "Overall, a stable community improves and buffers institutional structure and performance" (Anderson 1997:28).

So executives are pulled in different directions in meeting the above mentioned four goals. Resolution of the resulting dilemmas depends on executive's philosophical position. Anderson lists five possible philosophical positions and the decision process which executives can use in the successful resolution of value dilemmas as follows:

The invisible hand refers to Adam Smith's invisible hand philosophy of market forces. This theory promotes the idea of maximizing economic outputs. Executives are seen as the agents for shareholders. The aim is to increase shareholder's wealth. "The most frequently employed financial measures include operating income, return on invested capital (ROIC), and return on equity (ROE)" (Rappaport, 1999:96). These are objective measures, which are visible, easy to quantify, easy to explain and easy to understand because they use everyday language of the business. The main criticisms of these measures are that they are historic, and have short term and narrow focus (Longenecker and Gioia 1988, CIMA 1993, Kaplan and Norton 1996).

Stakeholder analysis refers to understanding the expectation of individuals and groups who might influence the organization's purpose and hence its strategies (Johnson and Scholes, 1993). The knowledge about stakeholders enables the executives to decide on their priorities, hence influencing the choice of their executive performance measures. The two most important factors in Stakeholder analysis are power of stakeholders and their level of interest in the organization. Mendelow (1981) proposes a power/interest matrix to carry out stakeholder mapping as shown in Figure 3.5. The list of stakeholders in most organizations include owners, customers, employees, suppliers, competitors, government, the financial community, regulators, special interest groups, and so on.

Figure 3.5 Stakeholder mapping: power/interest matrix (A. Mendlow, Proceedings of 2nd International Conference on Information Systems, Cambridge, Mass., 1981 cited in Johnson and Scholes, 1993:177)

Level of interest

	Low	High
Low	Minimal effort	Keep informed
High	Keep satisfied	Key players

Power

These stakeholders can be mapped on the power/interest matrix to identify key stakeholders and the relative position of other stakeholders. For example, if customers are seen as the key players then customer perspective of the organization becomes significant. In that case the useful executive performance measures would be customer satisfaction, customer retention, customer acquisition, customer profitability, and so on.

The reasonable man/woman argument refers to compromises between extremes by following the reasonable middle course. The perceptions of people around the executive may be helpful executive performance measures. This philosophical position assumes that the executives "should always take a compromise position whether or not that position benefits any one group" (Anderson, 1997:32). For example, employee morale is not to be sacrificed for maximum possible profits. In manufacturing organizations of today where the business environment is very competitive, finding a reasonable position between extreme pressures of economics and the competing interest of employee needs makes the executive's task very difficult.

Shaping competitive behaviour refers to the logic "that someone has to assume the leadership role in the competition game by preempting competitor moves in a way that forces them into a desired position" (Anderson, 1997:33). The useful executive performance measures would be in comparison with their competitors on strategies of pricing, products, employee skills, and so on. The desired position is where competitors strive to preserve the good reputation of the industry, which they belong to, with unwritten code of expected behaviour and guidelines. The assumption is that all competitors act rationally to meet the demands of the changing environment. The executives match their competitors with similar strategies. This demands some act of faith on their part that everyone understands the game and the consequences of not following the rules of the game.

Enlightened self-interest refers to value choices made of ethical principles of 'doing good', justice, honesty, fairness, compassion, economic efficiency, humility and individual dignity (Anderson, 1997). The useful executive performance measures are company image, employee morale, and so on. The emphasis on various principles varies from organization to organization depending on their culture. However, the underlying philosophy of enlightened self-interest is to make profit and community compatible (Anderson, 1997).

So let us go back to the question of executives choosing the appropriate executive performance measures to get the right 'balance'. An executive needs to be clear about his or her goals. One of the purpose of the executive performance measures is to inform on the progress in meeting those goals (Kaplan and Norton, 1996). The goals can be understood for their importance in terms of executive's philosophical positions (Anderson, 1997). There are similarities between Kaplan and Norton's (1996) 'Balanced Scorecard' and Anderson's (1997) four interdependent goals. "The Balanced Scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of measures" (Kaplan and Norton, 1996:24). The four different perspectives of financial, customer, internal business process, and learning and growth provide the right balance (Grossman and Hoskinson, 1998). These four perspectives are comparable to Anderson's (1997) four goals in that financial perspective relates to economic performance, the internal business process perspective, to a degree,

relates to competencies, and learning and growth perspective relates to the learning organization and customer perspective can be incorporated into the organization's community, caring about customers and their needs.

It is worth noting here that seemingly positivist goal oriented approach of Kaplan and Norton, and Anderson concentrates on executive performance outputs. The intention in this research is to take a broader approach to include measures for executive behaviours and styles as well as their performance outputs.

The main themes running through the literature on the purpose of executive performance measures, relevant to this research, are that the purpose of executive performance measures is to inform about executive performance in terms of strategic issues and the prominent approach seems to be a goal oriented approach.

3.2.2 Executive performance appraisal systems

The executive performance measures are part of the executive appraisal system (Fletcher 1993, Snape et al 1994, Redman and Snape 1992, Longenecker and Gioia 1988).

"Every executive recognizes that appraisals are a fact of life" (Longenecker et al, 1987:183). Executives "generally have a view on how well they have performed and use some indicators to assess their own performance. Most people form a shrewd assessment of their contribution, whether or not they share the assessment openly" (Gammie, 1995:65). The effectiveness of executives is constantly being assessed, if only at intuitive and informal level (Manpower Services Commission, 1981).

Fletcher (1993) proposes that there are two perspectives in deciding on the aims of appraisal. Firstly, the organizational perspective with key aims of making reward decisions, improving performance, motivating, succession planning and identifying potential, promoting superior-subordinate dialogue, and formal assessment of unsatisfactory performance. Secondly, the participant's perspective with key conditions of their perceiving the assessment as accurate and fair, the quality of their existing relationship with the appraiser and the impact of the assessment on their rewards and well being. The literature suggests that a good appraisal system must align the aims of the organization and the needs of an individual executive. Assessing executive performance

is by its nature a complex process because outputs of an executive's job are difficult to measure, and performance standards may be ambiguous (Redman and Snape, 1992).

Snape et al (1994) found that objective based approach seem to dominate the appraisal scene in the organizations and more so in the case of executives.

Fletcher (1993) considers various appraisal methods and techniques on a continuum of appraisal for assessment and comparison on one hand, and appraisal for development and motivation on the other. Appraising to assess and compare include appraising personality and job related abilities. Appraising to motivate and develop include result oriented and competency-based appraisal. "Competencies are applied more widely now, both by organizations and bodies such as the Management Charter Initiative (MCI) in setting performance standards" (Fletcher, 1993:27). The repertory grid technique (Gammack and Stephens, 1994) can be used to identify the relevant competencies in behavioural terms that differentiate good from poor performance. The repertory grid was originally devised by George Kelly in the 1950s as a research tool in psychology as part of his Personal Construct theory of Personality (Kelly, 1963). "It is based on the notion that we all explore the environment in which we live. To do this we need to develop a map. The Grid is a way of establishing the 'Cognitive map' that a person uses in exploring and understanding people, places, events etc., that make up the environment" (Manpower Services Commission, 1981:26). The technique is flexible enough to be used in learning about executive perceptions, attitudes and feelings about executive competencies. There is a more detailed discussion of the repertory grid technique in the next Chapter.

In comparing and contrasting the different approaches, no one approach can be described as *the best*. They all have advantages and disadvantages. What may suit one organization may not suit another. It depends on the emphasis organizations place in respect of executive's performance e.g. past performance, future performance, maximizing motivation, improving performance, developing executives, and so on. "More constructively, an increasing number of organizations are putting together result-oriented appraisal with competency based appraisal" (Fletcher, 1993:33). This seems a more holistic approach as it addresses the important motivational issues of setting goals and encouraging executive's personal development.

For the majority of the executives in the UK appraisal is a 'top-down process' in which immediate superior is the appraiser (Snape et al, 1994). The rationale behind this traditional method of executive appraisal is that the immediate superior is in the best position to assess and guide subordinates because they have greater experience and are in regular and close contact with them. However, "the concerns about the appraiser's objectivity and fairness in assessment have made this model problematic" (Fletcher, 1993:56). There are many potential appraisers for executives, both inside and outside the organization (Redman and Snape, 1992) as shown in Figure 3.6.

Figure 3.6 Potential appraisers in a multi-appraisal system for executives (Adapted from Redman and Snape, 1992)
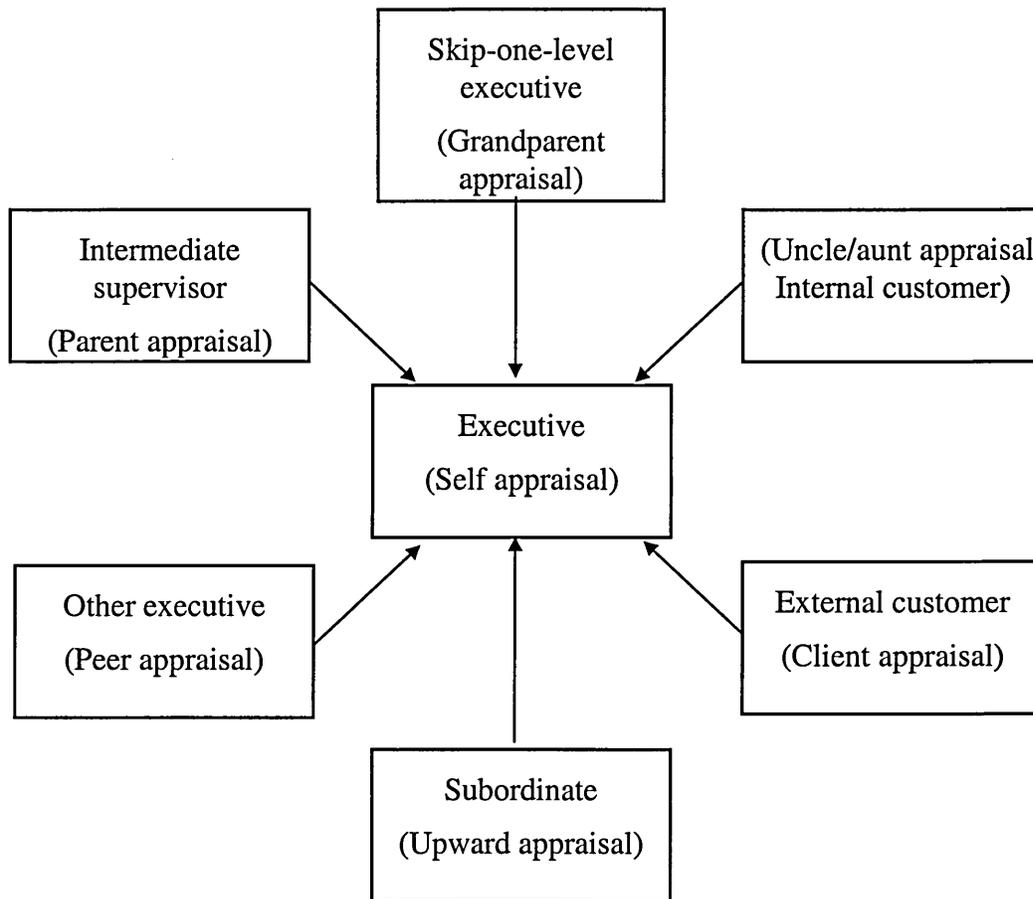
In smaller manufacturing organizations there may not always be a 'skip-one-level' executive in post. Even then there are enough possible appraisers to provide a comprehensive appraisal. At the centre of the system is the self-appraisal by the executive. "Regardless of whether or not the organization encourages it, self appraisal will happen. People will always have a view on how they are performing" (Snape et al,

1994:57). There are many advantages to incorporating self-appraisal in executive appraisal process e.g. commitment because of participation, promoting personal development, improving communication between superior and subordinate, and clarifying/overcoming some of the problems associated with subjectivity (Fletcher 1993, Snape et al 1994). As regards to other appraisers, individual executives and the organizations can choose and adopt according to their needs and balance them with the resources needed in terms of time and effort.

There are many similarities between the multi-appraisal system described above and multi-level, multi-source appraisal. "The latter has undoubtedly taken off in a big way in the last few years usually under the banner of 360-degree feedback" (Fletcher, 1993:66). The 360-degree feedback system asks for information about the 'target' executive's behaviour, effectiveness and competencies. The information is requested on rating forms by choosing from pre-defined statements. The respondents can be chosen either by the organization or by the 'target' executive. There is a trend in some organizations to use 360-degree feedback information as part of executive's appraisal system (Fletcher, 1993). The main arguments in its favour are that team members of the executive have the opportunities to comment on his or her performance, subordinates feel empowered and it overcomes the problem of potential bias when appraisal is done by just one person. The argument against 360-degree feedback being an appraisal system as well as an executive's development tool are that it may undermine the trust of those providing the rating, executives might become defensive and the process may become more political in nature. Similar to multi-appraisal system, 360-degree feedback appraisal and development system can be time consuming and costly (Fletcher, 1993)

The two appraisal systems, which have gained favour in last few years to assess an executive's potential, are psychometric tests and the use of assessment centres (Armstrong and Murliss 1991). Psychometric tests look at the executive's cognitive abilities and personal attributes. In assessment centres a team of assessors, use a number of techniques e.g. psychometric tests, interviews and simulation exercises to assess a group of candidates. The simulation covers the activities which candidates may be expected to do in their new post e.g. problem solving, decision making, business games and interview role-plays. The objective is to identify the competencies and skill

dimensions needed by the organization in future so that these can be included in an executive's appraisal of performance and potential (Fletcher, 1993).

The main theme running through the literature on executive performance appraisal systems, relevant to this research, is that executive performance measures are part of an executive appraisal system.

Executives need to know not only what they have achieved in the past year but also about the potential and what it means in terms of their career advancement (Longenecker and Gioia, 1988). The literature suggests that appraisers need to recognize this need because of the impact the executive performance appraisal system has on the effectiveness of the executive and consequently on the effectiveness of the organization. The impact of the executive performance appraisal is the subject of the next section.

3.2.3 Impact of executive performance appraisal

Executive performance appraisal can be viewed as a high-potential vehicle for motivating and rewarding executives (Longenecker et al, 1987). "The link between motivation and performance is more complex than most people believe. This is partly because individual needs, expectations and goals are highly variable" (Armstrong and Murliss, 1991:37). There are three main perspectives in theories of motivation: content theories, process theories and a situational approach to motivation. Each perspective has something to offer in understanding executive motivation in their work.

"Content theories provide a link between individual needs and work rewards" (Wilson and Rosenfeld, 1990:65). The emphasis in content theories is on the needs of the individual. Three well-known need theories are Maslow's (1943) hierarchy of needs, dual-factor theory of motivation of Herzberg et al (1959) and McClelland's (1961) theory of acquired needs. Executives feel a need for recognition, responsibility and importance as part of esteem needs. The nature of executive work means that the executive role needs challenge, creativity opportunity and achievement as part of their self-actualization needs. In terms of Herzberg's motivation-hygiene theory, achievement, recognition, work, responsibility and advancement motivate executives. In considering McClelland's needs of achievement, affiliation, and power, executives feel a need for power. The

power need is demonstrated through an executive's desire to lead, influence, persuade and be in control.

"Process theories attempt a more dynamic approach by striving to understand the thought processes of individuals which act to influence their behaviour" (Wilson and Rosenfeld, 1990:69). The emphasis is on understanding individual's motives rather than needs. The two well known process theories are equity theory (Adams, 1965) and expectancy theory (Vroom, 1964). Equity theory is based on the notion that individuals compare themselves with others in a similar position and the comparisons produce perceived equity or inequity. Inequity may result in demotivation. In the case of executives in the manufacturing organizations the comparisons may be with their peers in their organization or similar organizations in their industry, which are in vicinity. These comparisons may cover rewards as well as conditions of their employment. In the expectancy theory of motivation Vroom (1964) proposes that performance of an individual is dependent on the beliefs of that individual in respect of possible actions. One of the best-known expectancy model is by Porter and Lawler (1968) as shown in Figure 3.7.
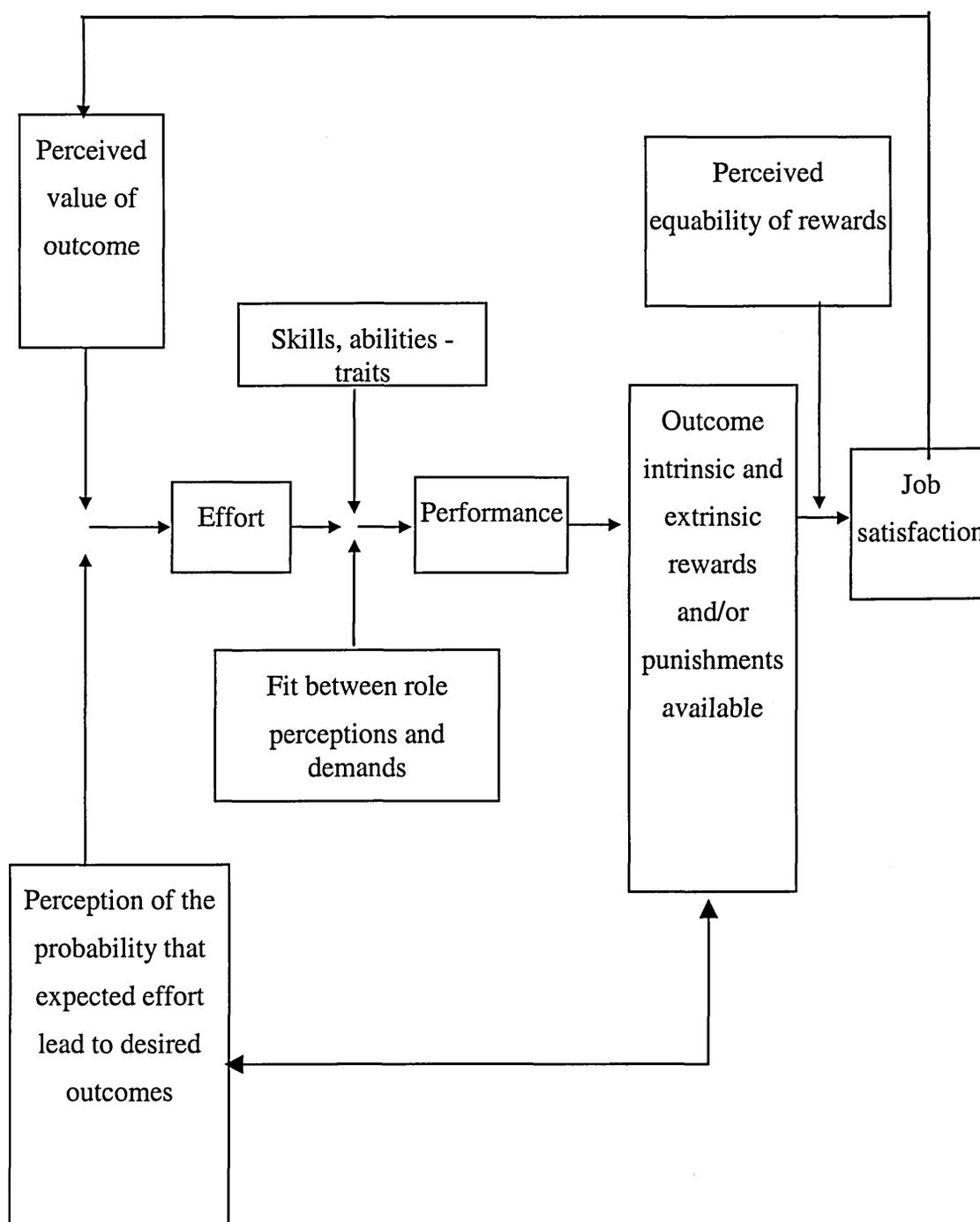
Figure 3.7 The expectancy model of motivation (Porter and Lawler, 1968:165 - cited in Johnson and Gill, 1993:74)

The model attempts to take into consideration a number of factors likely to affect the effort and the performance of an individual. It places "emphasis on individuals' cognitions about how their own behaviour will or will not lead to particular outcomes potentially available in the work situation" (Steers and Porter, 1987:580). It is questionable as to what degree individual executives analyze all the factors in the model

on an ongoing basis. However the model can provides executives with a useful perspective of their motivation process.

"One of the major premises of reinforcement theory is that all behaviour is learned." (Hammer, 1987:139-140). Executives in manufacturing organizations learn from their interactions with others. If certain behaviours result in pleasant award then they are likely to repeat them given the appropriate organizational situation. Similarly if certain behaviours or attitudes have unpleasant consequences then they are less likely to be repeated. According to Wilson and Rosenfeld (1990) there are four kinds of reinforcements: *positive reinforcement* is to provide pleasurable reward for the desired behaviour, *negative reinforcement* to encourage individuals to avoid certain behaviour, *extinction* is withdrawing reinforcement which might have been used previously to encourage certain behaviours and finally *punishment* for undesirable behaviour.

Executives play a pivotal role in motivating themselves and others in the organization "because of their influence in determining the characteristics of the performance environment" (Steer and Porter, 1987:582). Each of the major approaches to motivation provides an important perspective to executives. "These perspectives are not necessarily contradictory but rather provide a comprehensive viewpoint that permits an increased and (it is hoped) sophisticated understanding" (Steer and Porter, 1987:581). These perspectives together provide a more holistic approach to motivation.

The impact of executive performance appraisal on their rewards is of significance but not without its complexities. "When money is tied to the ratings process, politically oriented ratings tend to increase" (Longenecker et al, 1987:191). The sophisticated nature of the executive's job means that in addition to objective measurement of performance there is the political dimension. "Research has found the relationship between executive pay and performance to be trivial, when it exists at all" (Grossman and Hoskinson, 1998:45).

The relationship between the pay of an executive and motivation is also uncertain. According to Armstrong and Murliss (1991) the aim of performance related pay in the case of executives, is not so much for motivating them but to avoid demotivating them by under rewarding their achievements. "The argument that executive compensation is more closely associated with managerial power than with firm performance has received

much more support" (Grossman and Hoskinson, 1998:45). The literature suggests that power and politics go hand in hand. Organizational politics is reality of life and executives recognize that political considerations are an integral part of the executive appraisal system (Longenecker et al, 1987). The literature suggests that the goal for an executive should be effectively to manage the role that politics plays in his or her appraisal and use discretion and creativity in improving his or her executive performance appraisal. One way that can be done, is through improving executive performance measures and their appraisal, so that they can convey a holistic picture of an executive's performance. That is the subject of the next section of this chapter.

The main theme running through the literature on the impact of performance appraisal, relevant to this research, is that the most significant impact of executive performance appraisal is on executive motivation.

3.2.4 Improving executive performance measures

"Increasingly popular is the 'balanced scorecard' approach, which adds alternative criteria to those financial measures traditionally used to evaluate and reward managers. These criteria include customer satisfaction, internal processes, as well as innovation and learning" (Grossman and Hoskinson, 1998:47). The 'balanced scorecard' refers to the work of Kaplan and Norton (1992). In their subsequent work Kaplan and Norton (1996) have developed their balanced scorecard for translating strategy into action. Executives in manufacturing organizations are advised to develop their balanced scorecards to "tell the story of the strategy so well that the strategy can be inferred by the collection of objectives and measures and the linkage among them" (Kaplan and Norton, 1996:166). This is the crucial point in improving executive performance measures. The literature suggests that if executives are to add value to their organizations by concentrating on 'big picture' issues and on strategic management then their executive performance measures must reflect that.

The other important issue related to the 'balanced scorecard' is that it "should be used as a communication, informing and learning system, *not* a controlling system" (Kaplan and Norton, 1996:25). The learning in this context refers to executives questioning their assumptions and reflecting on their relevance in the current situation. The literature

suggests that the emphasis should be on strategic learning. This is very different from the traditional approach. The new set of improved executive performance measures tied to the company's strategy presents new challenges to executives both in their design and in measuring them. "Designing systems congruent with corporate goals requires a patient, interdepartmental and iterative approach" (Kaufman, 1992:90). This approach is what executive process is all about (Mangham, 1986).

The need for 'the new scorecard' is also recognized by Handy (1994:227), who suggests that "just as we use different measures for liquids and solids, so we should happily use different measures for each stakeholder." In practice, however, it is much more difficult to measure e.g. changing customer perspectives, employee morale, company knowledge bank, and so on. But such measures may be essential to gauge a company's continuing health. According to Handy, measuring more of the same is easy but measuring better is hard.

"The characteristics of good appraisals, in general, include such obvious features as taking adequate time to conduct the appraisal, appraising frequently and regularly (at least once a year), being supportive of subordinate executives, being as forthright and honest as possible and being as specific as possible" (Longenecker and Gioia, 1988:47). Being specific in this context means executives having a clear understanding of their responsibilities, priorities and goals. Meyer et al (1960) also emphasize the importance of setting mutually agreed specified goals and deadlines for executives. Longenecker and Gioia (1991:89) propose those superior and subordinate executives "should set SMART goals together: Specific, Measurable, Attainable, and Result-oriented, with Timetable attached." One of the main aims, in improving executive performance measures and their appraisal, is to provide focus for executives so that the focus provides efficient and effective performance.

Any significant improvement usually requires a change in status quo. This applies to improving executive performance measures and their appraisal. The most significant change, which is likely to contribute towards this aim, is the change in executives themselves. "Executives change for the same reasons that anyone changes - because they want to or they have to. The motivation to perform well impels executives to pursue their own development" (Kaplan et al, 1987:203). An executive's self development is

problematic. Kaplan et al (1987) list the following four elements which affect their prospects for self-development:

- *Power:* Executives exercise power in many ways e.g. through authority granted to them by their status and position, through controlling resources and influencing the fates of many people, having access to privileged information and to powerful individuals. This exercise of power prevents executives from receiving personal criticism, which could help executives to be aware of the areas of self-development.

- *Introspection:* The very nature of an executive's job means that they are too busy for self-examination. They need to think about their own behaviour, and their strengths and weaknesses so that they can develop more effective executive behaviours.

- *Competence:* Executives' ability to accept criticism is limited because of their need to appear very competent in every aspect of what they do.

- *Success:* Successful executives may be reluctant to change for the fear of loosing their effectiveness.

As mentioned earlier the world is changing and executives need to view changes as presenting new and exciting opportunities to be more effective (Pasmore, 1986). Improved executive performance measures and their appraisal can be used to affect change. "The Balanced Scorecard is most effective when it is used to drive organizational change" (Kaplan and Norton, 1996:226).

It is argued that "Performance appraisal is far too important to be left to an annual event, and should be an ongoing process" (Snape et al, 1994:43). The literature suggests that regular evaluation and feedback of executive performance is essential for continuous improvement. "If evaluation is to be effective, the appraisal process must be ongoing and must have structure and substance" (Longenecker and Gioia, 1991:87). Executives in manufacturing organizations are valued professionals and deserve a professional approach to their performance appraisal on a regular basis. This also sends out the important message that 'appraisal matters'. It is only then executives feel that it is worthwhile to have "organizational 'time out' to discuss performance improvement" (Longenecker and Gioia, 1988:47).

An organizational 'time out' can be either formal or informal. Some issues can only be discussed in the formal organizational 'time out' in a structured framework. But some issues are better discussed in informal 'time out' e.g. over a drink after work. It is the informal 'time out' which can be invaluable. "Meanings are discovered in organizational time-outs that are simply not available in during time-ins" (Van Maanen, 1986:233). This is well recognized by the executive community and demonstrated by their preference for informal communication within working hours (Kotter 1982, Mintzberg 1975) and outside working hours (Van Maanen 1986). The nature of executive work requires executives to be fully aware of the informal ongoing appraisal process because that can be an important factor in improving executive performance measures and their appraisal.

The main theme running through the literature on improving executive performance measures, relevant to this research, is that executive performance measures can be improved through a balanced set of measures that are used to communicate, inform, and learn rather than to control.

3.2.5 Executive information systems to support executive performance measures

"Executives in the 1990s must have a good understanding of information systems to succeed and for their organizations to be successful" (Jenkins, 1990:153). In the age of information, the nature of executive work requires that executives have sound knowledge of the information and the systems that generate and distribute it. Information is the key resource in executive's work (Mintzberg, 1973). Therefore it is essential that executives are fully aware of every kind of information system that can help them in carrying out their work efficiently and effectively. These information systems cover formal and informal systems and these may be manual or computerized. The sheer volume of information which executives are expected to deal with raises the question - can information technology help?

Executives exercise strategic management (Burke, 1986) which means that they need strategic information (Harry, 1994; Robson, 1994) for their decision making. Lewis (1994) proposes that executives' decision context can be understood in terms of stability of appreciation as shown in Figure 3.8.

High

Operational

Stability of
appreciation
concerning
present situation

Tactical

Strategic

Low

Low   High

Stability of appreciation concerning
desirable future situation
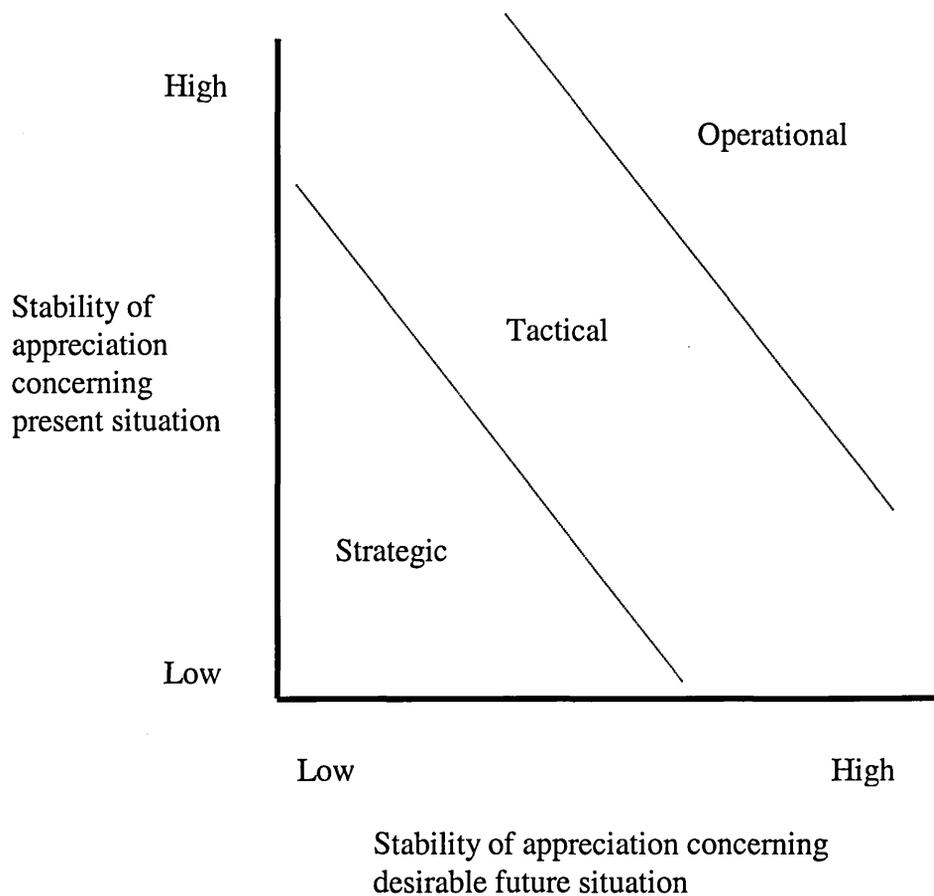
Figure 3.8 Frequency of occurrence of decision contexts at difficulty levels of organizational activity (Lewis, 1994:119)

Most Executive Information Systems (EIS) are based on the identification of key performance indicators relevant to critical success factors (Bird, 1991; Vikram, 1992; Imrie and Vikram, 1996).

However the design and the implementation of EIS are complex not because of the technical issues but because of people issues. "An EIS implementation is political because it offers an opportunity to change the organizational power structure" (Bird 1991:61).

The computerized executive information system is another management tool. Its usefulness depends on meeting the changing needs of executives by providing timely and accurate information. Incorporating executive performance measures could encourage executives to keep executive information systems current. "What gets measured gets done" (Redman and Snape, 1992:32).

The main theme running through the literature on executive information systems to support executive performance measures, relevant to this research, is that executive decision context is strategic which is characterized by uncertainty and soft information.

3.3 CONCLUSIONS

The focused literature review, on executive performance and performance measures in manufacturing, links to the first research aim of examining current practices in executive performance measures in manufacturing. The objective has been to gain in depth understanding about various dimensions of executive performance and their performance measures.

The main theme in the literature concerning executive performance is that their performance includes their roles and responsibilities as leaders of their organizations, achieving of strategic objectives as their performance outputs and behaviours in achieving those outputs.

It is argued that the current literature in executive performance measures seems to adopt a positivist goal oriented approach, concentrating on executive performance outputs.

However, the current literature does not establish how executive performance measures in practice match executive performance as a whole. Hence there is a need for the research that follows.

The intention in this research, in examining the current practices in executive performance measures in manufacturing, is to take a holistic approach by considering executive performance in terms of executive roles and responsibilities, strategic objectives, and behaviours in practice. Current executive performance measures can then be explored to see how they match executive performance.

The research questions as a result are:

- What are the executive roles and responsibilities in practice?

- What are the strategic objectives of executives in practice?

- What are the desired behaviours of executives in practice?

- What current executive performance measures are used in practice?

The intention is to consider executive roles in terms of ten managerial roles (Mintzberg, 1973), strategic objectives in terms of financial, customer, internal, and learning and growth perspectives (Kaplan and Norton, 1992, 1996), and executive behaviours in terms of qualities (Burke, 1986), skills (Mintzberg, 1973) and competencies (Bennis, 1983).

The objective is to learn about the current executive performance measures as well as the meanings executives attach to their measures because meanings are very important in management research (Mintzberg, 1973; Dainty, 1991; Gill and Johnson, 1991). However, the search for meanings would not be easy. It would have considerable bearing in the choice of research methods.

In the next chapter, research methods are discussed in terms of 'how' to answer the research questions raised.

CHAPTER 4: RESEARCH METHODS

This chapter starts with a review of the aims of research and research questions.

In section4.2, research stance is discussed in terms of epistemology stance and favoured methodology. Qualitative case study approach (Yin, 1984; Hartley, 1994) emerges as the preferred approach for this research.

In section 4.3, research sample is outlined in terms of the selection of the case study companies and the executives studied.

In section 4.4, various research methods for data collection are considered that are available within a case study approach (Yin, 1984). The chosen research methods are direct observation in the form of workshadowing of executives (Mintzberg, 1973), repertory grid technique (Kelly, 1955; Gammack and Stephens, 1994) and semi-structured interviews (Yin, 1984; King, 1994).

In section 4.5, the application of chosen research methods in the fieldwork is outlined.

In section 4.6, the process of data analysis is discussed using the interactive model "consisting of three concurrent flows of activity: data reduction, data display.and conclusion drawing/verification." (Miles and Huberman, 1994:10)

4.1 REVIEW OF THE AIMS OF RESEARCH AND THE RESEARCH QUESTIONS

The first aim of this research is to examine current practices in executive performance measures in manufacturing.

The intention is to consider executive performance in terms of executive roles and responsibilities, strategic objectives and behaviours. The following three questions relate to investigating these three aspects of executive performance in practice.

- What are the executive roles and responsibilities in practice?

- What are the strategic objectives of executives in practice?

- What are the desired behaviours of executives in practice?

It is also the intention in this research to examine current executive performance measures to see how they match with executive roles and responsibilities, strategic objectives and behaviours. The following question relates to investigating the current executive performance measures in practice.

- What current executive performance measures are used in practice?

The second aim of this research is to propose a model for executive performance measures that reflects both the aspirations of practitioners and the issues raised in the academic literature. The final research question relates to this aim.

- In the light of above mentioned four questions, is it possible to create a model for executive performance measures?

The research design is influenced by the research stance taken. Research stance taken in this research is discussed next.

4.2 RESEARCH STANCE TAKEN

The research stance taken in this research is discussed in terms of epistemological stance and favoured methodology.

The researcher's epistemological stance relates to the way in which the "world may be validly investigated and what will be considered as valid knowledge about the world" (Lewis, 1994:136). The favoured methodology links the researcher to the research (Morgan, 1983). In the following section epistemological stance and the favoured methodology are discussed with regard to choosing a suitable research approach.

4.2.1 Epistemological stance

Gill and Johnson (1991:165) define epistemology as "the branch of philosophy concerned with the study of the criteria by which we determine what does and does not constitute warranted or valid knowledge." In the epistemological debate there are competing claims regarding what constitutes warranted knowledge. The two opposing positions are positivism and interpretivism.

The natural science approach is associated with positivism, which emphasizes the "universal laws of cause and effect based on an explanatory framework which assumes a

realist ontology; that is, that reality consists of a world of objectively defined facts" (Henwood and Pidgeon, 1992:98). This strategy relies on experimental control of variables either to verify or falsify a previous theory. The main advantages of this approach are that research findings are replicable, generalizable and for making predictions based on observed regularities. "In contrast, interpretivism allows that no individual account of reality can ever be proven as more correct than another since we are unable to compare them against any objective knowledge of 'true' reality. Even when two observers experience the same phenomena the true meaning for each may be different" (Lewis, 1994:138). The emphasis is on understanding the meanings of human behaviour and experience. In interpretive epistemological stance there is "a readiness to concede primacy to the mental processes of observers rather than the external world" (Checkland, 1993:315). The emphasis is on people's perception of reality rather than on any external reality and on their mental processes rather than on the objects of those processes.

Checkland (1993:314) defines epistemology as "a theory concerning means by which we may have and express knowledge of the world." Gibbons et al (1994) discuss the changes in the mode of knowledge production in terms of traditional mode of knowledge and the emerging mode of knowledge. They call traditional mode of knowledge – (Mode 1) as those generated within a disciplinary, primarily cognitive context, and emerging mode of knowledge – (Mode 2) as those generated in broader, transdisciplinary social and economic contexts. Management research draws ideas and concepts from base disciplines in the social sciences e.g. sociology, psychology, economics, anthropology. Management research utilizes appropriately, social science research techniques and methods. In addressing the topical and relevant agenda the management research is concerned with understanding and action. All these attributes of management research point to knowledge production in Mode 2. "Nevertheless, management research suffers from many of the difficulties of social research, especially in those disciplines primarily concerned with human behaviour" (Dainty, 1991:57). The intention in this research is to consider executive performance measures in a holistic way to include measures for an executive's performance outputs as well as an executive's behaviour. "The chances of ever establishing an objective, value free, scientific study of social relationships with

something even vaguely close to laws formulated from propositions based on data which is accurate, sensitive, reliable, measurable, and testable, are pretty slim" (Dainty, 1991:59). The reason is because executive performance is a very complex phenomenon of human behaviour and experience. In answering the research questions, the intention is to explore the hidden 'nature' of executive performance in terms of the meanings attached to various executive performance measures and underlying assumptions and values in arriving at those meanings. It will be very difficult to achieve that with a positivist's approach because "according to positivists, metaphysical assumptions serve no purpose in these sciences, whose aim is to formulate the independence of phenomena without penetrating more deeply into their hidden 'natures' and without trying to find out whether the world 'in itself' has features other than those accessible, directly or indirectly, to experience" (Kolakowski, 1993:8). Therefore interpretivism seems to be the appropriate epistemological stance for this research.

Lewis (1994) proposes a framework, for underlying philosophy in choosing between objectivist approaches to enquiry or subjectivist approaches to enquiry as shown in Figure 4.1.

Figure 4.1 Framework for considering underlying philosophy of approaches to research enquiry (Lewis, 1994:139)

Realism

A commonly experienced external reality with predetermined nature and structure

Nominalism

Unknowable reality in different ways by individual human beings

←——————— ONTOLOGY ———————→

Positivism

Search for general laws and cause-effect relationships by rational means

EPISTEMOLOOGY

Interpretivism

Search for explanations of human actions by understanding the way in which individuals understand the world

Objectivist approach to enquiry

Subjectivist approach to enquiry

In this research enquiry, the intention is to learn and understand the perceptions of the executives regarding their roles and responsibilities, their strategic objectives, their desired behaviours for effective performance and their executive performance measures. All this points towards the epistemology of interpretivism rather than positivism.

Expectation is that executives will have different perceptions of reality concerning their changing roles and responsibilities, their changing strategic objectives, changing emphasis on different behaviours depending on the situation and the changing business environment requiring changing executive performance measures. The mode of the

research enquiry has to be appropriate to deal with the dynamic nature of reality concerning executive performance and measures. All this points towards the ontology of nominalism rather than realism.

Given the epistemology leaning towards interpretivism and ontology leaning towards nominalism, subjectivist approach seems appropriate in this research. The next section discusses favoured methodology.

4.2.2 Favoured methodology

In a positivist approach, "there is an objective truth existing in the world which can be revealed through the scientific method where the focus is on measuring relationships between variables systematically and statistically" (Cassell and Symon, 1994:2). The quantitative research methods are appropriate in positivist approach. In contrast, in the interpretive approach the reality is seen through the eyes of participants with emphasis on "viewing the meaning of experience and behaviour in context and in its full complexity" (Henwood and Pidgeon, 1992:99). The qualitative research methods seem more appropriate for interpretive approach because "a number of defining characteristics which include: a focus on interpretation rather than quantification; an emphasis on subjectivity rather than objectivity; flexibility in the process of conducting research; an orientation towards process rather than outcome; a concern with context - regarding behaviour and situation as inextricably linked in forming experience; and finally, an explicit recognition of the impact of the research process on the research situation" (Cassell and Symon, 1994:7). In the context of this research, all these characteristics of qualitative research seem relevant. Therefore the intention is to use qualitative research methods.

Leedy (1993:139) states that "the nature of data and the problem of research dictate the research methodology." Most of the research data in this research is language dependent from interviews and direct observation of executives. The nature of data seems to favour the qualitative approach.

The problem of research according to Yin (1984:16), can be expressed in terms of three conditions consisting of "(a) the type of research question posed, (b) the extent of control an investigator has over actual behavioural events and (c) the degree of focus on contemporary as opposed to historical events." The types of research question can be

categorized under e.g. who, what, where, how, why? Yin considers five main research strategies in the social sciences i.e. experiments, surveys, archival analysis, histories and case studies in terms of above mentioned three conditions or relevant situations. He goes on to suggest that the case studies approach is appropriate in answering what, how, and why research questions; requires no control over behavioural events; and focuses on contemporary events.

The intention in this research is to learn and understand, *what* are the important executive performance measures, *how* are they manifested in executive's actions and *why* do executives think that executive performance measures are important? There is no intention to control, in any way, executive behaviour during this research. The purpose of executive performance measures is to implement successfully an organization's vision and strategy (Kaplan and Norton, 1996). The subject of executive performance and executive performance measures is very relevant in manufacturing organizations focusing on contemporary events. In terms of Yin's (1984) three conditions the case study seems an appropriate research approach for this research.

To be specific, the favoured methodology for this research is qualitative case study approach using qualitative research methods.

Yin (1984:23) defines case study as "an empirical enquiry that investigates a contemporary phenomena within its real life context; when boundaries between phenomena and context are not clearly evident; and in which multiple sources of evidence are used." This research enquiry into executive performance measures is within the real life context of executive performance in manufacturing organizations. The boundaries between the executive performance and the context of that performance are not clearly evident e.g. between performance and roles, and between performance and behaviours. In this research the intention is to utilize multiple sources of evidence e.g. interviews, direct observation, documentation.

"The real business of case study is particularization, not generalization. We take a particular case and come to know it well, not primarily as to how it is different from others but what it is, what it does. There is emphasis on uniqueness, and that implies knowledge of others that the case is different from, but the first emphasis is on

understanding the case itself" (Stake, 1995:8). In this research, the aim is to learn and understand executive performance measures within the context of sophisticated and unique nature of executive performance in their job (Longenecker and Gioia 1988, Schön 1983). Every executive's job is different because that is the nature of his or her work. Sheer diversity of tasks provides executives with huge variety in their work from one day to next. All these factors can be studied in detail through case study approach to provide the researcher with rich tapestries of executive performances. The intention is to gain learning and understanding from the rich data which case study can provide about particular executives in their natural surroundings. The case study "focuses on understanding the dynamics present within single settings" (Eisenhardt, 1989:534). The emphasis is "on understanding process as they occur in their context" (Hartley, 1994:227). The case study approach also provides an opportunity for an holistic view of process (Gummerson, 1988). In this research, the case study approach seems appropriate in exploring executive performance measures within the whole process of executive performance.

The main criticism of case study based research is that it is inferior to the research "based on random statistical samples of a large number of observations" (Gummerson, 1988:77). However, there has been an increase in recent years in the use of case study approach in management research because the case study approach enables the management researcher to understand the complex relationships in organizations (Gummerson 1988, Stake 1995).

The other concern is the lack of rigor of case study approach (Yin, 1984). A researcher needs to guard against any biased views influencing the research findings. Hammersley and Atkinson (1983) suggest that research findings may be strengthened by combining various methods and techniques used in qualitative research e.g. interviewing, participant observation, documentary sources. The intention is to use multiple research methods in this research.

All research stances have strengths and weaknesses. "In practice, research is not one that follows styles, but one which tries to answer questions by the most appropriate means" (Dainty, 1991:63). In this research, qualitative case study "using a combination of

methods" (Gill and Johnson, 1991:151) seems to be the most appropriate means of answering the research questions.

The next section outlines the main considerations in choosing the research sample for this research.

4.3 RESEARCH SAMPLE

There were two main considerations regarding research sample. The first consideration was the selection of the organizations where the research was to be carried out. The second consideration was the selection of the executives to be studied in those organizations.

Given the complexity of executive performance (Fry and Pasmore, 1983; Schön, 1983) the intention was to examine executive performance measures as well as the meanings executives attach to their performance measures. Therefore the favoured approach was the "in-depth treatment of a limited number of cases in an under researched and relatively novel area" (Gill and Johnson, 1991:150).

There were three willing medium size manufacturing companies in Yorkshire, England, which were prepared to collaborate in this research. As mentioned in chapter 1, this research in the early days was conducted alongside an EPSRC funded project examining Performance Evaluation and Control Systems (PECS). The access to the chosen companies was through PECS team. I approached the executives in the chosen companies. The case was made that the research in executive performance measures in manufacturing organizations would be beneficial to them. The two main reasons given were:

- There is a practical need for this research because executives are having to perform differently because of changes in manufacturing.

- Executive performance measures are relatively unexamined and under researched.

The executives could see the benefit to them and agreed to take part in this research.

It was desirable to have some diversity, particularly in terms of executive performance measures in the selected sample of organizations and executives within those organizations. The companies are diverse in terms of executive performance measures,

assessment of executive performance, degree of understanding of respective company's strategies by their respective executives and the morale of the executives.

In company A, executives are formally appraised annually and informally on an ongoing basis. Executive performance measures include individually agreed key result areas and eight generic performance factors, which are formally appraised. In this company, executives are quite clear about well-documented strategies of their company. The company as part of a UK plc has been profitable for a number of years and where the executive morale is very good.

In companies B and C, the only formal executive performance measures are annual bottom line profit or loss and a 'grapevine' for informal assessment.

Executives in company B have a clear understanding of their company's strategies even though these are not documented. The company, which is part of a family run business, has been profitable for a number of years and where the morale of executives is good.

Executives in company C are not at all clear about their company's strategies, which are not, documented either. The company, which is part of a same family run business, has been making a loss in recent years and where the morale of executives is low.

Every executive in the collaborating companies was studied in this research. The rationale behind including every executive in the research was to achieve representativeness (Miles and Huberman, 1994) and the diversity in terms of functional responsibilities, personal styles and behaviours. In total fourteen executives were studied.

At the research design stage, due consideration was given to the issue of validity of research findings in terms of gaining multiple view points within a limited sample because multiple view points add to the validity of research findings (King, 1994). Multiple research methods also enhance the validity of research findings (Hammersley and Atkinson, 1983; Hartley, 1994). The intention in this research is to use multiple research methods to answer multiple research questions. Various available qualitative research methods for data collection appropriate to qualitative case study approach are discussed next.

4.4 RESEARCH METHODS FOR DATA COLLECTION

"Evidence from case studies may come from six sources: documents, archival records, interviews, direct observation, participant-observation, and physical artifacts" (Yin, 1984:84). In answering the research questions concerning executive performance and executive performance measures, it is appropriate to use a combination of sources. Each research question aims to explore different aspects of an executive's performance and therefore "calls for slightly different skills and methodological procedures" (Yin, 1984:84). The intention is to ensure that multiple sources of evidence is comprehensive, relevant, and links together. The following discussion considers each of six sources of evidence for data collection in case studies (Yin, 1984) by relating them to the research questions concerning executive roles and responsibilities, strategic objectives, desired behaviours for effective performance and performance measures.

4.4.1 Documentation

"For case studies, the most important use of documents is to corroborate and augment evidence from other sources" (Yin, 1984:86). In this research, for example, an organization chart can provide an overview of the organization, which is useful as background information. Executive appraisal documents may also provide some details about their strategic objectives, and desired behaviours in terms of qualities, skills and competencies. These can subsequently be explored further to learn and understand about likely executive performance measures in respective manufacturing organizations.

Documentation, in answering the research questions, can only be one of many sources of evidence. The main purpose of documentation, as a source of evidence, is to provide relevant background information. "Company documents are *(con)textual paradigms* which are an integral part of other systems and structures in organizations" (Forster, 1994:149). The literature suggests that documents need to be considered within the context of their organization e.g. the people who prepare them, the people who use them.

The intention is to use evidence from documents available as background information.

4.4.2 Archival records

Most manufacturing organizations keep records related to their customers, employees, financial performance, products, production performance, and so on. "These varied documentary records constitute a rich source of insights into different employee and group interpretations of organizational life, because they are one of the principal by-products of the interactions and communication of individuals and groups, at all levels, in organization" (Forster, 1994:148). Such archival records can provide the researcher with an organization's history and development, which may be very useful in interpreting an executive's version of past events. Such knowledge also helps researcher's credibility in terms of demonstrating that the researcher has carried out the necessary 'home work'.

However, there was no access to any archival records concerning executive performance or their performance measures in the collaborating organizations because either these are considered too sensitive or do not exist. Such archival records would have been useful but they are not available.

The intention is to talk to the executives and discuss with them in detail the relevant issues concerning executive performance and executive performance measures.

4.4.3 Interviews

"One of the most important sources of case study information is the interview" (Yin, 1984:88). Interviews are widely used in case studies because they are highly flexible, well known as a research method and capable of producing rich data about phenomena under investigation. "The interview is the main road to multiple realities" (Stake, 1995:64). The intention is to use semi-structured interviews and structured interviews (employing repertory grid technique) to learn about different perceptions that executives have about their performance and performance measures.

"A key feature of qualitative research interview method is the nature of the relationship between interviewer and interviewee" (King, 1994:15). The interviewer creates the context and the interviewee responds. The type of interview influences interviewee response. Yin (1984) lists three main types of interview: open-ended, focused and survey. 'Open-ended ' interviews are relatively unstructured, in which the discussions

are spontaneous and information from interviews wide ranging e.g. facts, opinions and insights. Time constraints are fairly relaxed in open-ended interviews. 'Focused' interviews are semi-structured interviews, in which the interviewer concentrates on a set of questions related to the subject area of interest in the case study. Focused interviews have some time constraints put on them. 'Survey' interviews are fairly structured in which the questions are mostly closed and answers may be plotted, for example, on numerical rating scales or tick boxes. Survey interviews are not normally taped and the interviewer records interviewee responses by hand.

There are advantages and disadvantages associated with all three types of interviews described above i.e. unstructured, semi-structured and structured interviews. For example, unstructured interviews may require more accessibility to subjects under investigation compared to semi-structured interviews and structured interviews.

However, there are some advantages and disadvantages that are common to all types of interviews. The real strength of qualitative research interview method is its suitability in exploring meanings interviewee attach to concepts and phenomena under investigation (King, 1994). This is not always possible with quantitative research techniques. Qualitative interviews are very useful in discovering important insights into organizational situation. "They also can provide shortcuts to the prior history of the situation, so that the investigator can readily identify other relevant sources of evidence" (Yin, 1984:91). This can save researcher time and also provide new leads that can be followed later if necessary. The flexibility of interview, as a research method, allows the researcher to focus on specifics as well as on broader issues. In the case of executive performance, for example, the intention is to focus on a particular executive performance measure and explore at the same time the meaning a particular executive attaches to that measure, his or her underlying assumption in that meaning and the manifestation of that measure in his or her actions.

The other advantage of qualitative research interview method is that it is readily accepted by most research participants (King, 1994). Most people are familiar with interviews. Most people, in the right circumstances, welcome the opportunity to talk about themselves and their work. In the case of executives, interviews may also help them to clarify their thoughts on the topics discussed.

One of the main disadvantages of qualitative research interview method is that it is a very time consuming activity for the researcher, not only during data collection but more so in data analysis. "A difficulty faced by many researchers using qualitative research interview is the feeling of data overload as a result of the huge volume of rich data produced by even moderate-size study" (King, 1994:34). The researcher constantly needs to be aware of the necessity to balance between concentrating on the important themes and issues of the research investigation and at the same time be open to new leads and ideas which may lead to new insights into his or her research area of interest. Such leads can be explored further in follow up interviews if interviewees are agreeable.

The qualitative interview notes prepared after the interview based on memory alone can be "subjects to the problems of bias, poor recall, and poor or inaccurate articulation" (Yin, 1984:91). The problem of poor recall or incomplete or inaccurate description of interview can be addressed by taping the interviews, if possible. The taped interviews allow the researcher to concentrate on listening and watching the interviewee. This mode of interview may also allow the researcher to reflect on what the respondent is saying. This can be invaluable if there is a need to clarify, verify, explain or elaborate any piece of information. This can be dealt with promptly in the interview. The problem of bias can be addressed, to a certain extent, by corroborating interview data with the relevant data collected in other interviews or the relevant information gathered using other research methods e.g. direct observation.

The main practical reason, for choosing structured and semi-structured interviews as the main research method, is to make the most effective use of the time available with the executives. The unstructured interviews have been ruled out because of time and resource constrains in the present research.

Two research methods using structured qualitative interview techniques were considered. The first research method was the repertory grid technique (Kelly, 1955; Gammack and Stephens, 1994) to elicit information on desired executive behaviours for effective performance in terms of qualities, skills and competencies. The second research method was a Performance Measurement Questionnaire (Dixon et al, 1990) to learn executives' perceptions about their roles and responsibilities, strategic objectives and current executive performance measures.

The repertory grid technique is based on Kelly's (1955) personal construct theory. "According to Kelly (1955), much of people's interactions with others is based on the need to reduce uncertainty concerning their behaviour, and they do this by constructing conceptual frameworks within which events can be assimilated" (Parker et al, 1994:5). These conceptual frameworks are people's personal constructs. People behave according to their personal constructs in their interactions with others. They behave as they see the world. But these behaviours may be difficult to articulate because they are based on 'tacit knowledge'. For example, if an executive was asked to list eight most desired behaviours for effective performance, he or she may have some difficulty in expressing his or her perceptions of such desired behaviours. The use of repertory grid technique enables the user to elicit an individual's hidden constructs. The repertory grid technique has been widely used in performance appraisal research (Parker et al, 1994; Manpower Services Commission, 1981). The application of repertory grid technique is discussed later in the chapter. Here the intention is to concentrate on the strengths and the weaknesses of the technique.

The strength of the repertory grid technique in allowing a construction in the subject's own language provides the basis for a more valid account (Gammack and Stephens, 1994). It is the subject's worldview, which is being considered. Subject's personal constructs are relevant and meaningful to them. The intention in the present research is to learn about the behaviours, which are meaningful to executives in terms of their performance. The repertory grid technique provides "access to an often untapped source of information"(Manpower Services Commission, 1981:29). The intention is to learn how this untapped source of information in the form of an individual executive's 'hidden' constructs impact on the way they perceive their own performance, the performance of other executives and how it is evaluated.

The structured framework for the interviews using repertory grid technique is in contrast to semi-structured interviews, which are likely to be susceptible to social desirability where executives "may generate dimensions more reflective of management training material than their own experience" (Parker et al, 1994:5). The repertory grid technique encourages subjects to draw upon their own experiences. In the case of executives, the intention is to learn about their perceptions of the desired and the not so desired

behaviours, which may contribute to effective executive performance. The structured approach of repertory grid also saves time in obtaining relevant information, which is an important consideration in the case of executives.

One of the disadvantages of repertory grid technique is that it is a complex technique to use. It takes time and practice to become skilled in its use. The researcher needs to practice on his or her colleagues to become proficient in its use before trying it in the field. The researcher can also learn from the experienced users.

The other disadvantage of repertory grid technique is that it is not always evident that all the possible constructs have been captured and which of these constructs are truly relevant. The researcher needs to repeat the exercise with many respondents to discover patterns of constructs, which may guide him or her in ascertaining truly relevant constructs.

Despite its complexity in its use the repertory grid technique offers the opportunity to learn about meaningful constructs of executives regarding their desired behaviours for effective executive performance which may not be accessible with other research methods. The repertory grid technique seems appropriate to elicit an executive's tacit knowledge about the desired behaviours for effective performance. Therefore the intention is to employ the repertory grid technique to elicit desired executive behaviours in terms of their qualities, skills and competencies.

The other research method considered using structured interviews was the Performance Measurement Questionnaire (PMQ)(Dixon et al, 1990) to learn executives' perceptions about their roles and responsibilities, strategic objectives and current executive performance measures.

The emphasis of PMQ is on measuring relative importance in executives' perceptions rather than on discovering meanings. The whole process of PMQ would have constrained the interviewees i.e. executives to the options the interviewer had already thought about. It was also felt that given the complexity of the executive performance, a questionnaire might be a bit too superficial. Therefore it was decided not to use Performance Measurement Questionnaire (PMQ) as a research method in this research.

The semi-structured interviews were considered to be more appropriate in discovering meanings, executives attach to their performance measures.

The semi-structured qualitative interview as a research method is flexible, well known, useful in discovering new insights and ideally suited in exploring meanings executives attach to their performance and performance measures. Therefore, semi-structured qualitative interview was chosen as one of the main research methods in this research.

4.4.4 Direct observation

The evidence in case studies using direct observation is gathered "where the researcher observes by directly watching and listening to the behaviour of subjects" (Gill and Johnson, 1991:114). In the context of this research that is watching and listening to executives performing their tasks. "Direct observation, when added to other research yielding depth and/or breadth, enhances consistency and validity" (Adler and Adler, 1994:382). The direct observational evidence can usefully provide additional information about the subject under investigation (Yin, 1984). The evidence from direct observation can help to build a rich picture about how the executives perform in practice. The researcher directly observing the executives at close quarters can get a feel for their job and how they do it. "What people say is often very different from what people do" (Hodder, 1994:395). By directly observing the executives, the researcher can observe how their rhetoric is reflected in their actions.

Mintzberg (1973) and Kotter (1982) have used direct observation of executives in their management research to good effect. The intention is to use a similar approach in the present research, in particular to learn about executive roles and responsibilities in the collaborating organizations. The intention is to workshadow one executive from each of the collaborating company for a day at a time by directly observing them. The collaborating companies put on this limitation. However, the evidence from directly observing the executives for a whole day at a time will provide rich data, which may not be possible from document research or the interviews.

In answering the research questions related to the executive roles and responsibilities: it will be appropriate to have a structure in the data collection using direct observation. There is a need to collect two types of data i.e. the 'anecdotal' data on significant

incidents and the 'structured' data on the pattern of activity throughout the day (Mintzberg, 1973). Such data can complement the data collected from documentation and the interviews.

The direct observation relies heavily on the researcher's interpretation of activities and therefore is susceptible to subjective interpretations of situations (Adler and Adler, 1994). Mintzberg (1973) found that some activities are also difficult to interpret. As a passive observer, the researcher does not have the benefit of subject's analysis. The researchers rely on their perceptions of the situation, which raises the question of validity.

The question of reliability is raised because in the direct observation it is very difficult to ensure that significant observed patterns really exist and that they are not there just by chance (Adler and Adler, 1994). It is appreciated that sheer diversity of tasks makes it difficult to choose a typical day in the executive's job. However, the intention is to get a feel for executive roles and responsibilities by workshadowing executives systemically and diligently during the first phase of the fieldwork.

Direct observation is very time consuming compared to semi-structured or structured interviews. This makes direct observation, relatively speaking, an inefficient research method. Mintzberg (1973) lists five problems in the use of structured direct observation. These concern the problem of data collection when the researcher is excluded from certain meetings, missing 'out of hours' work, missing some activities because of his or her inability in following all of the concurrently running activities, problems of coding and finally the effect of researcher's presence on the data. It is recognized that the researcher needs to be aware of these problems during data collection.

The main advantages of structured direct observation are that it "enables the researcher to understand new dimensions, to probe, to be systematic" (Mintzberg, 1973:229). The researcher can observe the reality in terms of interrelationships, their significance and meanings. "Qualitative observation is fundamentally naturalistic in essence; it occurs in the natural context of occurrence, among the actors who would naturally be participating in the interaction, and follow the natural stream of every day life. As such it enjoys the advantage of drawing the observer into the phenomenological complexity of the world, where connections, correlation, and causes can be witnessed as and how they unfold"

(Adler and Adler, 1994:378). The direct observation as a research method provides the researchers with opportunities to observe inconspicuously the whole picture in the subject's surroundings. As a research method it is easy to use and by its nature non-interventionist. "When employed as part of a methodological spectrum that includes member-articulated data gathering strategies such as depth interviewing or participant observation, it is the most powerful source of validation" (Adler and Adler, 1994:389).

The rich data gathered by directly observing executives for a whole day at a time was not accessible through document research or interviews. In particular the data related to their interactions with others. The intention was to directly observe individual executives by workshadowing them for a whole day. Notes were taken regarding their activities throughout the day, their interactions with others and of my impressions. This data was to complement the data collected from interviews and document research to provide a richer and fuller picture about executive's performance and their performance measures. This was the rationale in choosing direct observation in the form of workshadowing of executives (Mintzberg, 1973) as a research method for data collection in the present research.

4.4.5 Participant observation

Yin (1984:92) defines participant-observation as "a special mode of observation in which the investigator is not merely a passive observer. Instead, the investigator may take a variety of roles within a case study situation and may actually participate in the events being studied." Some authors have argued that "in a sense *all* social research is a form of participant observation because we can not study the social world without being part of it" (Atkinson and Hammersley, 1994:249). However, the extent of participation by the researcher in the field can vary. Gill and Johnson (1991), as shown in Figure 4.2 list four possible field roles.

Figure 4.2 Taxonomy of field roles (Gill and Johnson, 1991:112)

Participant Observer

(4) Participant as Observer	(1) Complete Participant

Overt
research

Covert
research

(3) Observer as Participant	(2) Complete Observer

Spectator
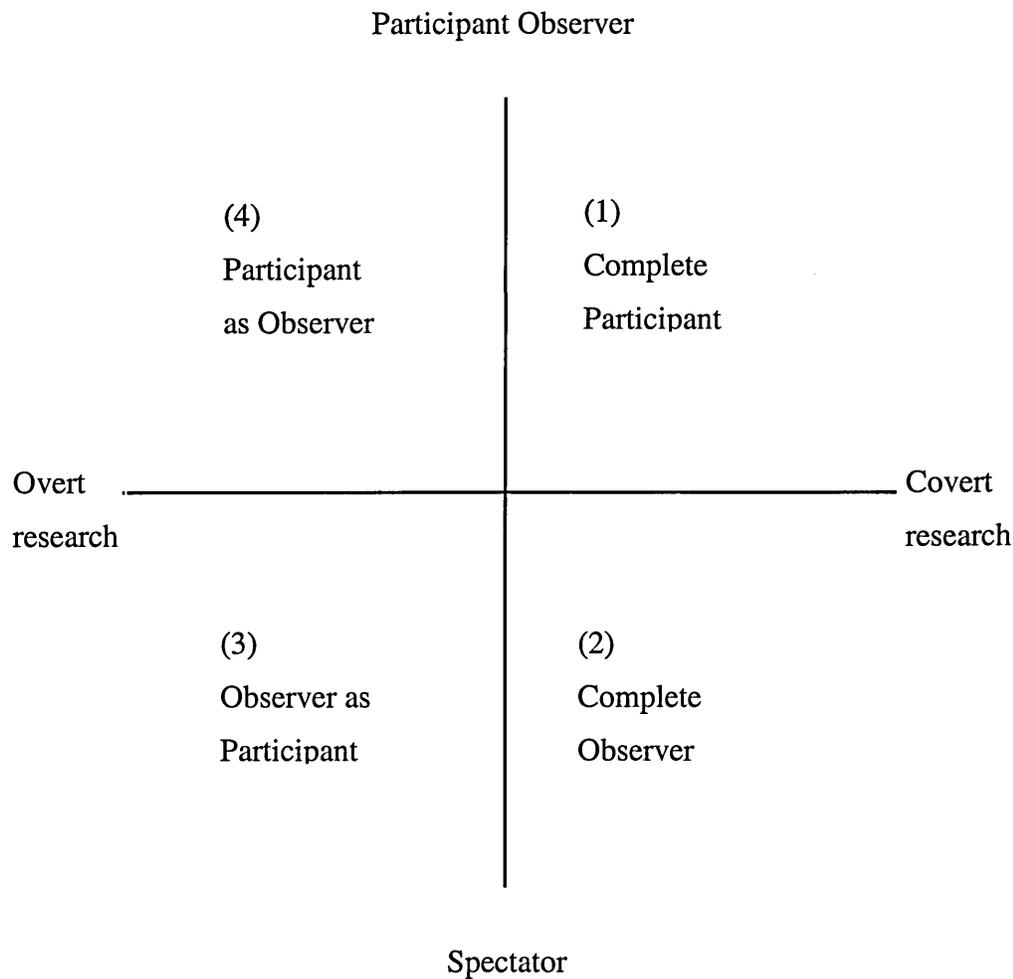
The complete participant and the complete observer field roles are when a researcher operates covertly by concealing his or her intention either to observe by immersing themselves completely in the proceedings as a complete participant or simply eavesdropping on the proceedings as a spectator. In overt research, the field role of the observer as participant is noninterventionist, where the researcher only maintains superficial contact with people being studied. The field role of participant as an observer in the overt research, the researcher immerses "him - or herself within a distinctive culture or social setting in order to study at first hand the actions and experiences of its members" (Waddington, 1994:120). In this role, a researcher openly forms relationships and participates with people being studied.

In the role of participant as observer Soft Systems Methodology (Checkland, 1993; Checkland and Scholes, 1990) was considered as possible research method. Soft Systems Methodology (SSM) follows "the philosophical/sociological tradition of interpretive social science" (Checkland, 1993:279). It also sits comfortably with the epistemology of interpretivism. SSM places emphasis "not on any external reality but on peoples perceptions of reality, on their mental processes rather than on the objects of those processes" (Checkland, 1993:279). SSM seemed appropriate for this research, in terms of research stance taken.

However, SSM relies heavily on participant observation, in particular, during data collection. It makes excessive demands on participants. SSM would have been appropriate if the researcher was employed as a consultant in these collaborating organizations to investigate executive performance measures or worked as a management researcher in those organizations and was invited to investigate executive performance measures. However, there were constraints in terms of actual time available with the executives. This was the main reason for rejecting SSM as a research method for data collection.

4.4.6 Physical artifacts

Occasionally, certain physical artifacts are relevant e.g. in some companies, the size of an executive desk is an indicator of how his or her performance is perceived. However, this method was rejected because data related to physical artifacts would only have limited relevance to executive performance measures and could not be relied upon.

4.4.7 Summary

The chosen research methods for data collection are documentation research (Forster, 1994) for background information, structured interviews using repertory grid technique (Kelly, 1955; Gammack and Stephens, 1994), semi-structured interviews (Yin, 1984; King, 1994) and direct observation in the form of workshadowing of executives (Mintzberg, 1973). Application of these research methods is discussed next.

4.5 APPLICATION OF CHOSEN RESEARCH METHODS

The fieldwork in this research was carried out in two phases.

The first phase concentrated on current practices in executive performance measures by seeking answers to the first four research questions regarding executive roles and responsibilities, strategic objectives, behaviours and current executive performance measures in the collaborating companies. The research methods were direct observation in the form of workshadowing, structured interviews employing repertory grid technique and semi-structured interviews during which notes were taken by hand.

During the second phase of the fieldwork, the objective was to build on the learning from the first phase of the fieldwork, through individual executive perceptions regarding their current and aspired measures. This relates to the fifth research question in creating a model for executive performance measures. The main research method during this phase consisted of semi-structured interviews, which were audio taped.

4.5.1 Direct observation in the form of workshadowing

The objective was to learn about executive roles and responsibilities by directly observing executives perform a set of managerial roles (Mintzberg, 1973) in carrying out their responsibilities. The method of data collection during workshadowing was fairly straightforward. Each activity performed by the executive was noted as it was observed. For each activity, the time it commenced and the time it ended were noted. During the meetings the personnel present and the items discussed were noted according to my interpretation.

4.5.2 Structured interviews using repertory grid technique

Structured interviews using repertory grid technique (Kelly, 1955; Gammack and Stephens, 1994) were conducted to elicit executives tacit knowledge regarding their desired behaviours for effective performance. The basic concepts of the repertory grid technique, and its strengths and weaknesses have already been discussed. Now the intention is to describe how the repertory grid technique was applied in the interviews of executives in companies A, B and C.

First of all, it was decided that the focus was on the desired executive behaviours for effective performance and the questioning of the executives had to reflect that.

Next, the 'elements' were selected. Interviewees were given seven cards with the following 'elements' written on them:

Cards 1 and 2 to think of two different executives who were very good at their job

Card 3 and 4 to think of two different executives who were average at their job

Card 5 was to think about 'yourself'

Card 6 to think about the best executive you have ever worked with

Card7 to think about the worst executive you have ever worked with

The cards were then represented in eight different combinations of groups of three as in the extreme left column of the table 4.1. For each combination, interviewees were asked the question 'can you tell me how two of these executives are similar to each other, but different to the third in terms of their behaviours in approaching their job?' Their responses of 'constructs' were written down in their own words on the grid with similarities to the left and the opposites to the right. An example of the repertory grid exercise is shown in table 4.1.

Table 4.1 An example of repertory grid exercise

Job: MD					Company: A			Code: A1	

Cards	Constructs from pair	1	2	3	4	5	6	7	Constructs from single one
123	Laid back						✓	✗	Very intense
567	Open mind		✓ ✗						Closed mind
246	Team player				✓ ✗				Not a team player
341	Aggressive	✗	✓						Non confrontational
124	Leader		✓ ✗						Has to be led
237	Professional	✓	✗						Unprofessional
145	Intellectual ability	✗	✓						Limited intellect
342	Well respected by the team		✓ ✗						Disliked by the team
Key: Self ✓ Company ✗									

When the constructs had been completed, interviewees were then asked 'on the scale of one to seven where one is towards the construct on the left, and the seven towards the construct on the right, can you tell me how important each of these are to you doing a good job? Their responses were noted by ticking the appropriate grid box using a black ink pen.

Next the interviewee was asked to go through the constructs again and on a scale of one to seven to indicate what kinds of behaviours their company reward. This time a red ink pen was used to note their responses by ticking the appropriate grid box (shown as ✖ here).

If there was any discrepancy between the behaviours the interviewee thought were important and how they thought the company saw it then interviewee was asked to explain his or her perceptions about the difference.

The interviewees were also given the opportunity to point out any additional constructs that they thought were important but did not appear in their list of constructs. Those additional constructs have been included in the data analysis.

4.5.3 Semi-structured interviews

In the first phase of the fieldwork the semi-structured interviews consisted of four main topics. The objective was to learn about strategic objectives and the current executive performance measures. The first topic was to talk about an individual executive's background and experience. The second topic was to talk about their objectives. The third topic was to talk about their understanding of the company's strategy and how that influenced their strategic objectives. The fourth topic was to talk about their perceptions about their current formal and informal executive performance measures. Notes were taken throughout the interviews by hand.

However, in the second phase of the fieldwork semi-structured interviews were taped and transcribed. The decision to tape interviews was taken for two reasons. Firstly, that "the tapes certainly provide a more accurate rendition of any interview than any other method" (Yin, 1984:91). Secondly, by taping the interviews one could fully concentrate on listening to what the executives had to say. In the first phase of the fieldwork, notes were taken during the semi-structured interviews. It was found that making notes during the interviews somewhat slowed one down and also it was difficult to maintain eye contact with the interviewees at all times. It was felt that by taping the interviews one would be able to cover more ground and through continuous eye contact encourage the executives to keep the discussion flowing.

The main objective during semi-structured interviews in the second phase of fieldwork was to learn about an individual executive's perceptions about current executive performance measures as well as the aspired executive performance measures. The intentions were to explore just a few themes in these interviews. The intention was to keep the format of these interviews flexible. The executives were requested to think aloud about their performance and performance measures to provide rich data to build a picture of how executives perceived their performance and performance measures.

Before starting every interview the interviewee was reminded of the research aims and assured of the confidentiality.

The main themes explored are outlined in the interview guide for the second phase of the fieldwork, as shown in Figure 4.3

Figure 4.3 Guide for interviewing executives in the second phase of fieldwork

First theme	Perceptions about current executive performance measures for their performance outputs and behaviours

Second theme	Aspired executive performance measures in terms of improvement to the current executive performance measures

Third theme	Assessment of executive performance in practice

Fourth theme	Other issues considered relevant by the executive but not covered so far

In addition, to interviewing every executive in companies A, B and C, two line managers were also interviewed in company A and one line manager in company C. These managers were just below the level of executives. The reasons for their inclusion will be discussed in the chapter 6 on the second phase of fieldwork. Here, the intention is to concentrate on the format used in interviewing them.

The format of the interviews of three managers was very similar to the interviews of the executives, in terms of taping the interviews, keeping them flexible and concentrating on the qualitative data. The themes were different as outlined in the interview guide for managers in the second phase of fieldwork and shown in Figure 4.4.

Figure 4.4 Guide for interviewing managers in the second phase of fieldwork

First
theme

> Perceptions about their current performance measures

Second
theme

> Perceptions regarding assessment of their performance and feedback from their executives

Third
theme

> Perceptions about different management styles and behaviours of their executives

Fourth
theme

> Other issues considered relevant by the manager but not covered so far

Data collected using the chosen research methods and subsequent analysis will be discussed in detail in the following chapters on fieldwork. The next section discusses the process of data analysis.

4.6 PROCESS OF DATA ANALYSIS

The process of qualitative data "analysis is a matter of giving meaning to first impressions as well as to final compilations. Analysis essentially means taking something apart. We take our impressions, our observations apart" (Stake, 1995:71). In the process of data analysis the researcher attempts to make sense of data collected by using analytical techniques e.g. putting information in small manageable chunks, examining the complexity of such information, displaying the relevant information in a format suitable for drawing conclusions, and so on. According to Yin (1984:105) in the case studies the "data analysis consists of examining, categorizing, tabulating or

otherwise recombining the evidence, to address the initial propositions of study." The researcher looks for patterns and explanations to make sense of the rich data collected.

Miles and Huberman (1994:10) define data analysis as "consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification." They consider three types of activity in data analysis and the activity of data collection as an ongoing iterative process.

According to Miles and Huberman (1994) the researcher moves steadily among four activities i.e. data collection, data reduction, data display, and conclusions drawing/verifying during his or her research. During the data analysis phase and for the remainder of the study the researcher shuttles between data reduction, data display and conclusions drawing/verifying.

The intention is to consider data reduction, data display and conclusions drawing/verifying in terms of the research questions concerning executive's roles and responsibilities, their strategic objectives, their desired behaviours in terms of qualities, skills and competencies, and their performance measures.

4.6.1 Data reduction

"Data reduction is a form of analysis that sharpens, sorts, focuses, discards, and or organizes data in such a way that 'final' conclusions can be drawn and verified" (Miles and Huberman, 1994:11). The research evidence collected was categorized into four categories relevant to the first four research questions i.e. executive roles and responsibilities, strategic objectives, behaviours and executive performance measures.

King (1994,1998) proposes template analysis approach. "The essence of the approach is that the researcher produces a list of codes ('template') representing themes identified in their textual data" (King, 1998:118). The approach is widely used in qualitative research. The technique is flexible and allows the researcher to customize it to meet his or her requirements. The template is developed using hierarchical coding to enable the researcher to analyze texts at differing levels of specificity. In this research the first level codes are executives' roles and responsibilities, strategic objectives, behaviours and performance measures. The second level of coding, for example, in executive's behaviours covers qualities, skills and competencies. The third level of coding, for

example, in executive's skills covers leadership skills, decision making skills, peer skills, conflict resolution skills, information processing skills, resource allocation skills, entrepreneurial skills and introspection skills.

In addition to hierarchical coding, the template analysis also allows parallel coding whereby the same segment of text can be classified within two or more codes at the same level. An example may be the text segment associated with executive leadership, which may appear under executive qualities (Hayes et al, 1988) and executive skills (Mintzberg, 1973).

"In qualitative template analysis, the initial template is applied in order to analyse the text through the process of coding but is itself revised in the light of ongoing analysis" (King, 1998:122). The template is developed by revising initial template by inserting new codes as necessary, deleting unnecessary codes, changing codes by redefining them, changing codes by moving them to different hierarchical level and finally ensuring that all sections of the text relevant to the research questions is coded and included in the 'final' template. " The discipline of producing the template forces the researcher to take a well-structured approach to handling the data, which can be a great help in producing a clear, organised, final account of study" (King, 1998:133). Given the complexity and the richness of data in the exploration of executive performance measures in the manufacturing organizations, the data reduction using the template approach provided the shape and structure for data analysis. The researcher needs to ensure that the template is neither too simple nor too complex. A too simple a template may limit the in depth interpretation. A very complex template may be difficult to manage. The researcher has to balance "between the need to be open to the data and the need to impose some shape and structure on the analytical process" (King, 1998:133). The final template needs to be comprehensive enough to include all the themes and the issues identified in this research and detailed enough for learning, understanding and gaining new insights into executive performance and performance measures.

Use of a qualitative data analysis software package 'QSR NUD.IST 4 (Non-numerical Unstructured Data Indexing, Searching and Theory-building)' was also considered. The package is developed by SCOLARI, Sage Publications (1997). The package is widely

used in qualitative data analysis projects that involve complex and large amounts of unstructured data e.g. text from interviews.

Data is normally deconstructed into text units of single lines. Creating nodes for a tree like networks consisting of roots, nodes and branches develops the index system. A considerable amount of time and effort is demanded of the potential users before they become proficient in using functionality of the package.

There were two main reasons for rejecting QSR NUD.IST 4. The first reason was that the initial coding could be done faster by hand than computer for the amount of data in this research. The second reason was that one could easily loose the sight of meanings and themes in deconstructing data into single lines.

Therefore, the template analysis approach (King, 1998) was preferred in this research. The template will enable the researcher to display data in an organized way. Data display is discussed next.

4.6.2 Data display

"By *display* we mean a visual format that presents information systematically, so that the user can draw valid conclusions and take needed action" (Miles and Huberman, 1994:93). The displays need to be focused and systematically arranged to answer the research questions.

In designing displays, the researcher decides the format and the content of the display. The creation of the display is the part of the data analysis (Miles and Huberman, 1994). In this research the intention is to use tables to display data collected in the first phase of fieldwork related to the executive's roles and responsibilities, strategic objectives, behaviours and performance measures. The objective is to present the research data in an organized and compressed form so that the reader can follow the interpretation of the data.

However, to display data collected during the second phase of fieldwork when interviews were taped, the intention is to demonstrate my understanding of the executive performance and performance measures "through summarizing detailed notes about

themes, selecting illustrative quotes, and producing a coherent 'story' of the findings" (King, 1998:132).

Individual cases will be discussed as well as the differences and similarities between cases. Individual themes will be discussed using examples from the research findings and from relevant literature. The intention is to use direct quotes from the participants to provide a flavour of the rich data gathered during the fieldwork.

By using tables and direct quotes from the participants the intention is to make the process of drawing and verifying conclusions as transparent as possible. Drawing and verifying conclusions is discussed in the next section.

4.6.3 Drawing and verifying conclusions

Conclusion drawing is to do with generating meanings in the present research and verifying conclusions is to do with testing the validity of those meanings. According to Stake (1995:74) the researcher reaches new meanings about cases "through direct interpretation of the individual instance and through aggregation of instances until something can be said about them as a class." There are many tactics for generating meanings in qualitative data analysis. Miles and Huberman (1994) propose the following thirteen tactics:

- Noting patterns, themes

- Seeing plausibility

- Clustering

- Making metaphors

- Counting

- Making contrasts/comparisons

- Partitioning variables

- Subsuming particulars into the generals

- Factoring

- Noting relations between variables

- Finding intervening variables

- Building logical chain of evidence

- Making conceptual/theoretical coherence

The intention is to use the following tactics in drawing conclusions.

Noting patterns, themes

"The search for meaning often is a search for patterns, for consistency, for consistency within certain conditions" (Stake, 1995:78). In this research one is looking for patterns in documents, observations and interviews by coding the data collected, aggregating frequencies and finding patterns. Sometimes meanings will be found in a single instance or statement, but usually the important meanings will come from patterns.

Clustering

In the present research, for example, one might clump together an executive's various skills under interpersonal skills, leadership skills, communicating skills, and so on.

Making metaphors

"The use of metaphor implies *a way of thinking* and *a way of seeing* that pervade how we understand our world generally" (Morgan 1986:12). Metaphors are useful in understanding complex concepts. "They are *data-reducing devices*, taking several particulars and making a single generality of them" (Miles and Huberman, 1994:250). For example, an executive as a chameleon conjures up a picture of many aspects of executive roles and behaviours.

Counting

Counting is the basis for making a judgment in identifying the patterns. Sometimes it may also help in identifying the relative significance of different patterns.

Making contrasts/comparisons

"Comparison is a time-honored, classic way to test conclusion; we draw a contrast or make a comparison between two sets of things - persons, roles, activities, cases as a whole - that are known to differ in some other important respect" (Miles and Huberman,

1994:254). In this research, the intention is to compare and contrast the research findings in the field with what the literature suggests about executive performance measures.

Building a logical chain of evidence

This activity again is at the conceptual level. Each step of a logical chain is essential which then leads to the next logical step.

Making conceptual/theoretical coherence

At this conceptual and theoretical level, "we need to tie the findings of our study to overarching, across-more-than-one-study propositions that can account for 'how' and 'why' of the phenomena under study" (Miles and Huberman, 1994:261). At this conceptual stage we are beginning to see the results of the research in question. By relating the concepts with the research findings, the intention is to explain the complex phenomena of the executive performance measures in manufacturing organizations.

The steps outlined above will enable one to establish the research findings, relate the findings to each other, name the patterns and finally identify the corresponding concepts. "Concepts without corresponding facts are hollow, just as facts without concepts are, literally, meaningless" (Miles and Huberman, 1994:262). It is suggested that in drawing conclusions the relevant concepts have to relate to the relevant research findings. These conclusions can then be tested or confirmed.

Miles and Huberman (1994) propose the following thirteen tactics for verification of conclusions:

- Checking for representiveness

- Checking for the researcher effect

- Triangulation

- Weighting the evidence

- Checking the meaning of outliers

- Using extreme cases

- Following up surprises

- Looking for negative evidence

- Making if-then tests

- Ruling out spurious relations

- Replicating a finding

- Checking out rival explanations

- Getting feedback from informants

In this research the intention is to use the following tactics for verification of conclusions.

Checking for representiveness

The intention is to interview *every* executive in the three collaborating manufacturing organizations. This will ensure that the data collected are representative for the case study companies.

Checking for the researcher effect

There are "two possible sources of bias here: (A) the effects of the researcher on the case and (B) the effect of the case on the researcher" (Miles and Huberman, 1994:265). The intention is to brief every executive about the aims and objectives of this research and keep them fully informed about my progress at all times. The intention is to brief them about what is expected from them and what they can expect from the research. The intention is to be absolutely honest with them and be sensitive to their needs and demands at all times. The intention is to use all the interpersonal skills at one's disposal to make the best possible use of time granted. Hopefully, these will minimize the biases stemming from the researcher's presence.

To minimize the biases stemming from the effects of the case on the researcher, the intention is to keep a record of one's feelings during the research period. The intention is to find out the perspectives of some managers about their executives. These managers are just below the level of executives in this research. The structure provided by the research questions should also help one to stay focused.

Triangulation

The intention is to strengthen the research findings by combining evidence from document research, interviews and direct observation.

Checking out rival explanations

It is possible to have several alternative explanations of phenomena under study. For example, why different executives doing similar jobs prefer different executive measures? The alternative explanations may cover the areas of organizational context, personality, company's environment, and so on.

Getting feedback from informants

"One of the most logical sources of corroboration is the people you have talked with and watched" (Miles and Huberman, 1994:275). The executives, subject of the present research, know their jobs and surroundings intimately. There were two formal feedback sessions with executives in each of the three collaborating manufacturing organizations.

The interim feedback sessions took place after the first phase of fieldwork. There were two objectives in these sessions. The first objective was to brief executives about the research findings from the first phase of fieldwork. The second objective was to learn if one was on the right lines and/or if any adjustment was required for the next phase of fieldwork.

The final feedback sessions were towards the end of the research. In these sessions, the executives who took part in this research were briefed regarding the proposed model for executive performance measures.

4.7 CONCLUSIONS

In this research the intention is to take a holistic approach in considering executive performance measures. The intention is to learn and understand executive performance measures that inform about executive performance as a whole. The intention is to understand the meanings, which executives attach to their performance and performance measures.

It is argued that a subjective mode of enquiry using a qualitative case study approach is appropriate in examining current executive performance measures. It is also argued that in-depth treatment of a limited number of cases in an under researched area of executive performance measures is appropriate. The chosen research sample of the collaborating companies and the executive in those companies is diverse. The executives are diverse in terms of functional responsibilities, personal styles, behaviours and performance measures.

The chosen research methods are appropriate for the qualitative case study approach taken. The chosen research methods, for data collection, are semi structured interviews (Yin, 1984; King, 1994), structured interviews using rep grid technique (Kelly, 1955; Gammack and Stephens, 1994), direct observation in the form of workshadowing of executives (Mintzberg, 1973) and documentation (Forster, 1994). The chosen research methods are appropriate in seeking answers to the research questions regarding executives' roles and responsibilities, strategic objectives, behaviours and performance measures in practice.

It is also recognized that multiple research methods will enhance the validity of research findings (Hammersley and Atkinson, 1983; Yin, 1984; Gill and Johnson, 1991; Hartley, 1994).

The intention is to use template analysis (King, 1998) in organizing the data collected and to provide structure during data analysis. The intention is to display data using tables and illustrative quotes. The intention is to use tactics of noting patterns and themes, and making contrasts and comparisons in analyzing the collected data.

The next chapter discusses the first phase of fieldwork in the case study companies.

CHAPTER 5: THE CASE STUDY COMPANIES: FIRST PHASE OF FIELDWORK AND RESULTS

In the first phase of fieldwork, the intention was to learn how executive performance measures support the executive performance in the three collaborating manufacturing organizations. This phase of fieldwork links to the first research aim of examining the current practices in executive performance measures in manufacturing by addressing the first four research questions related to executive performance and their measures in practice.

In section 5.1, the case study companies A, B and C and the executives studied in those companies are introduced.

In section 5.2, interaction settings during the first phase of the fieldwork are discussed that include initial site visits, workshadowing of executives, repertory grid (Kelly, 1955; Gammack and Stephens, 1994) interviews and the semi-structured interviews. The workshadowing of selected executives was to address the first research question regarding executive roles and responsibilities in practice. The repertory grid interviews address the third research question regarding desired behaviours of executives for effective performance in practice. The semi-structured interviews address the second and the fourth research questions. The second research question concerns the strategic objectives in practice. The fourth research question concerns the current executive performance measures used in practice.

5.1 CASE STUDY COMPANIES AND THE EXECUTIVES STUDIED

Companies A, B and C are discussed in terms of their background, their strategies and the performance evaluation of their executives.

Executives in Companies A, B and C are introduced. Their relative positions in their respective positions are shown and the brief descriptions include their post titles.

The notation used for each executive in this research has either one or two letters of the alphabet followed by a number. The letter A represents company A. Prefix letter A followed by a number identifies the executives in this company. Letters B and C

represent the other two companies. Some executives in companies B and C are responsible for running both companies: prefix letters BC followed by a number will identify these executives. The executive solely responsible for company B will be identified by a prefix letter B followed by a number. Similarly, prefix letter C followed by a number will identify the executive solely responsible for company C.

5.1.1 Company A

Company A is a furniture manufacturer situated in Yorkshire, England.

The company was founded in 1955. It continued to prosper as an owner managed enterprise until 1971 when it joined a UK plc, and the owner joined the Board of the parent company. Following a major investment programme the company moved to the brand new purpose built site in 1982. The new production unit was considered as the most modern in Europe in its field. There was a tremendous potential for expansion and the production facilities were constantly developed. The current capacity is nearing 14000 units per week with a workforce of some 400 working a two shifts system including weekends. The company's turnover is some £20m per annum.

The manufactured units are sold in the high volume, lower to middle sector of the market. The market is increasingly competitive where consumers are constantly demanding a better value for money. This is translated into expectations, from retailers who sell the manufactured units, for a greater 'perceived value'. This has meant that the company now supplies two main product ranges. The first is their basic high volume low cost range. The second product range entails a more sophisticated production process and is targeted towards the middle sector of the market. This is the sector that has seen substantial growth in the recent years. The company pride themselves for their pioneering development of innovative new products. As a member of a UK plc the company exhibit their products in national shows, attracting thousands of retailers every year. The shows are considered a major asset to the company in securing business.

In 1991 the company became accredited to BS 5750, the recognized British Standard for operation of QA systems, which has enabled the company to make significant improvement in the quality of its products and services. The company subscribes to a programme of continuous improvement whereby all the company's employees can

contribute towards improving efficiency and quality by participating in Continuous Improvement Projects (CIPs). Linked to its Continuous Improvement Programme is subscription to Investors In People (IIP) through training and development to ensure all people are trained in line with the future business needs. A key element of the IIP is the annual appraisal system for all employees and the subsequent analysis of training and development needs. The company has also recently won an European Environment Award. This award is for paying careful attention to environmental issues with the aim to provide a safer environment for all its employees in addition to being seen as a 'good neighbor' in the local community.

The company's mission statement is that it aims to maintain its market share profitability by its commitment to its customers, and thereby ensuring a secure future for the business and all its employees.

The strategy for achieving the company's mission (Company's Employee Handbook, 1996) consists of the following:

- Understanding and satisfying the needs of the customers, by improving service and response time.

- Working closely with suppliers to achieve first class service, in respect of quality, delivery and price.

- Judicially investing in plant and equipment to ensure that company remains a low cost producer, offering value for money products.

- Training and developing all employees to achieve full potential.

- Involving all employees in the process of improving methods and product design, and;

- Providing a safe, pleasant and friendly working environment.

To achieve these objectives a six-member executive run Company A. The Managing Director heads the team of Production Director, Sales and Marketing Director, Distribution Director, Financial Director and the Human Resource Manager. In terms of the number of employees the production department is the largest followed by the sales

and the marketing department, the finance department, distribution department and the human resource branch.

Members of the executive meet every month in their Board meetings. These meetings normally last for the whole day and the agenda of the meetings include both strategic and operational issues. In addition, the executives hold weekly progress meetings on Monday mornings. In these progress meetings the emphasis is on operational issues. Results of the previous week are reviewed and the programme of the current week is discussed in terms of problems or issues requiring attention.

All executives are formally appraised once a year. There is also a less formal interim review of executive performance every six months *"if need be"*. In addition, there is an ongoing peer assessment of executives in the monthly Board meetings, weekly progress meetings and their day to day interactions.

5.1.2 Executives and managers studied in Company A

In the first phase of fieldwork in company A, every executive plus three managers just below the level of executives were studied. All the personnel in company A that were the subject of this study are shown in Figure 5.1.

Figure 5.1 Personnel studied in Company A during the first phase of fieldwork

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┌─────────────────────────────────────────────┐
│  A1: Managing Director (Current)             │
│  A2: Managing Director (Predecessor)         │
└─────────────────────────────────────────────┘

┌──────────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│ A3: Production│ │ A4: Sales and│ │ A5: Financial│ │ A6:          │
│ Director      │ │ Marketing    │ │ Director     │ │ Distribution │
│               │ │ Director     │ │              │ │ Director     │
└──────────────┘ └──────────────┘ └──────────────┘ └──────────────┘

                 ┌──────────────┐
                 │ A7: Human     │
                 │ Resource      │
                 │ Manager       │
                 └──────────────┘

┌──────────────┐ ┌──────────────┐           ┌──────────────┐
│ A9: Production│ │ A8: Training  │           │ A10:         │
│ Manager       │ │ Officer       │           │ Distribution │
│               │ │               │           │ Manager      │
└──────────────┘ └──────────────┘           └──────────────┘
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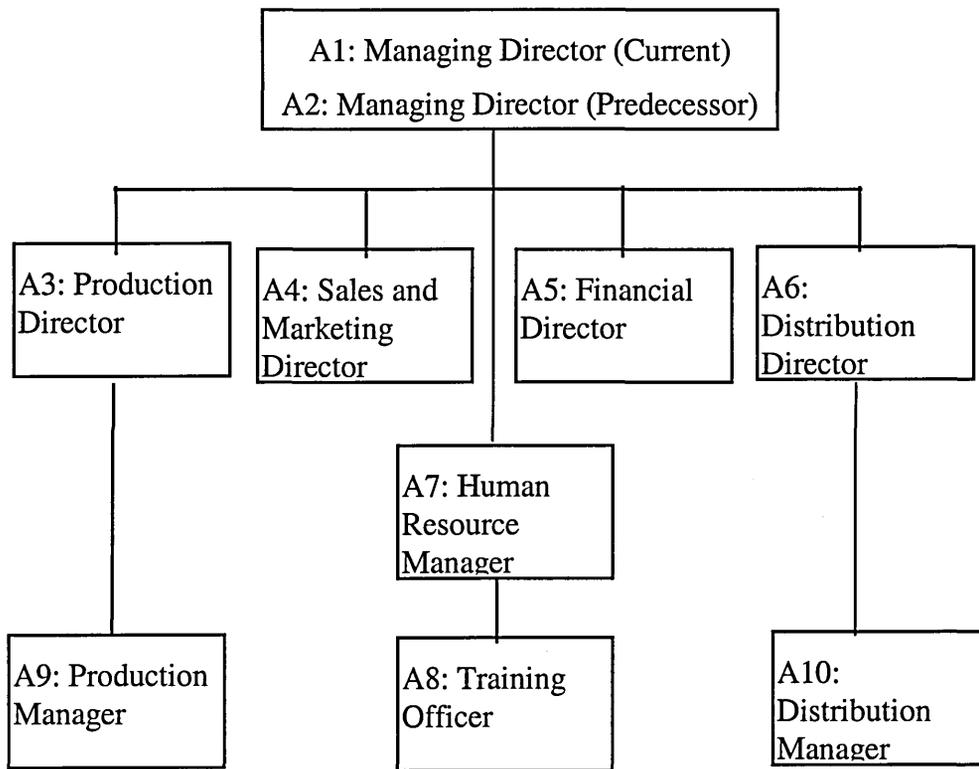
A1-A7 are the executives and A8-A10 are the managers.

The main point of contact for this research was A3, the Production Director. The administrative arrangements were made by A8, the Training Officer.

The reasons to include A8, the Training Officer in the research investigations were two fold. The first reason was that it seemed appropriate to include the person who made all the administrative arrangements for the investigations in Company A to feel part of the investigations. The second reason was that A8 has had long and varied experience within the company where he is well liked and valued. He has an intimate knowledge of the company and its history. In this way it was possible to get an insight into executive performance from a very useful and historical perspective.

The reasons to include A9, the Production Manager and A10, the Distribution Manager are also two fold. The first reason was that the suggestion to include them in the research investigations came from within the company, because at the time of the research investigations A9 and A10 were involved in a conflict situation. The second reason was

that the opportunity to learn from the perspectives of these managers about their executives and how subordinates measured executive performance.

The reason that every executive of the company was included in the research investigations was to achieve representativeness (Miles and Huberman, 1994) for the whole company. However, during the first phase of fieldwork there was a change of the Managing Director in Company A. Fortunately the new Managing Director agreed to co-operate in the research investigations.

The following are the brief introductions to each executive and manager studied in company A during the first phase of fieldwork:

A1: Current Managing Director is a male in his early 40s. He is a chartered accountant with extensive experience in Finance. He likes the challenge of making changes in terms of people, products, practices and structure.

A2: Previous Managing Director is a male in his 50s. He was replaced in October 1996. He has an engineering background and is currently a member of the Institution of Mechanical Engineers. He had been the Managing Director of the company since 1991.

A3: Production Director since 1992, is a male in his 40s. He has an engineering background. He likes changing the company culture from *"Old fashioned"* to *"Open"*. He dislikes *"The frustration in getting the people to trust you and believe in you - takes about three years to do that."*

A4: Sales and Marketing Director since 1994, is a male in his 40s. He started in a grocery business and was a sales manager in a well-known food retail business before joining company A. He has extensive experience in managing change from receivership to expansion. He likes achieving goals and developing people.

A5: Financial Director for last two years is a male in his late 30s. He is a qualified accountant who joined the company in 1987. He worked in food and engineering sector before joining company A. He likes *"Seeing results coming through."*

A6: Distribution Director since 1990 is a male in his 40s.He gained extensive experience in distribution through moving round in different companies within the group. He has

HND in Transport and Distribution. He likes achieving targets. He dislikes *"not being able to achieve what one should because of internal reasons e.g. production problems."*

A7: Human Resource Manager since 1995 is a male in his 30s. He has a degree in Business Studies. He worked in a building society before joining company A. He considers that the best part of the job is *"Its range, diversity and opportunities to help others."* He considers the worst part of the job is *"Ongoing frustration due to people not understanding the wider perspective."*

A8: Training Officer is a male in his 50s. He has an army background. He joined the company in 1974 as a bus driver. He has worked in the warehouse, security and training. He has been the training officer since 1989. He considers the best part of the job is *"Hands on experience in following both one to one and group training programs start to finish."* He considers the worst part of the job is *"The lack of cooperation in the production area."*

A9: Production Manager is a male in his 40s.He has been with the company for 25 years. He has worked his way up from the factory floor operative to the current position. The problems, which concern him most at present, are *"The old machines and the production schedules driven by sales without any consideration of capabilities."*

A10: Distribution Manager since 1995 is a male in his 40s. He joined the company in 1985 and has worked his way up in the distribution department. He finds that *"Most of the frustration is due to problems in production which are out of my control."*

5.1.3 Case study companies B and C

Companies B and C are situated in Yorkshire, England. They are part of a group currently made up of:

- Company B – making wooden pallets

- Company C – making furniture components

- An electronic company producing water leak protection services

- A children's day care centre

- A timber waste concern

Various members of one family own the group.

Two brothers jointly own companies B and C. They are run as separate companies each having its own managing director. They are located near each other but do not share premises i.e. they have separate workshops, stockyards, offices and so on.

5.1.4 Company B

Company B was founded in 1974 and is jointly owned by two co-owners. The company has grown over the years. The company produces wooden pallets, a basic product in storage solutions business. They compete with hundreds of other small companies manufacturing wooden pallets. At present they are in the top six manufacturers in the country in its field, having approximately 5% of the market, mainly in the north of the UK. The current output is between 20000 - 30000 units per week. The expected turnover for the current year is approximately £6.5 million. The company currently employs some 70 people working on three shifts. They are about to invest in a new plant to reprocess wooden pallets. This is in response to opportunities presented as a result of the latest European Union Packaging Waste Directive.

There is no formally documented strategy for the company. The main strategy has been to grow steadily by maximizing output. The executives in the company recognize that they cannot compete with many of their smaller competitors purely on price because of the additional costs involved in supporting a relatively large infrastructure. They recognize that major order winning criteria (Hill, 1995) are lead times, delivery performance, value for money and flexibility. The company's manufacturing strategy is embedded in throughput philosophy (Goldratt and Cox, 1986). The executives of the company are keen to develop special relationships with customers. One of the co-owners believes that such relationships are of strategic importance and hopes that customers *"Find dealing with us more pleasurable than dealing with other people. Because our product is not special in any way, so we have got to make the experience of dealing with us special as opposed to our competitors."*

The morale of employees in the company seems high. Most employees know each other and consider the company to be *"A big happy family"*. The work atmosphere is friendly

and relaxed. Management is generally approachable and they make every effort not to lay workers off even during lean periods.

The company's approach to performance evaluation is fairly informal. Throughput, based on the theory of constraints (Goldratt and Cox, 1986) is the common language of measurement in company B. The theory of constraints involves identifying the system's constraint(s) and then deciding how to exploit the system's constraint(s). Dixon et al (1990:27) cite Goldratt and Cox (1986) in explaining the theory of constraints as "an hour of capacity lost at a bottleneck work center is an hour of capacity lost to the entire factory, and therefore extraordinarily costly; while an hour of capacity gained in a nonbottleneck is an illusion that will unnecessarily increase work in progress inventory." One of the co-owner of company B believes that *"The higher performance requires the definition of measurement needed to judge the impact of action on goal."* The goal in company B is to maximize throughput. Ideally the company's most expensive machine is the constraint. Because the constraint is the priority - the company concentrates on them by ensuring adequate resources and that the key personnel work on them. However, it is worth remembering that the constraints can vary over time.

Throughput in company B is expressed in terms of money and is measured as throughput per pallet, throughput per minute, throughput per month and throughput per year. It is throughput through constraints that is important. The executives in company B are interested in all throughput measures even though different executives are interested at different levels e.g. throughput per minute for the managing director, throughput per month for the finance director and throughput per year for the co-owners.

Four executives run company B. Three executives i.e. the two co-owners and the finance director are also responsible for the running of company C, therefore they are part time executives. The fourth executive the managing director is a full time executive who has the sole responsibility for company B. The managing director of the company B has six managers in his management team. They are purchasing and engineering manager, production manager, transport manager, fields sales manager, sales coordinator, and quality manager. The managing director also acts as the sales director.

All four executives of the company B meet once a month to discuss both strategic and operational matters. These meetings are known as steering committee meetings and usually last about three hours. They are in fact Board meetings.

There is no formal appraisal of executives. The only executive performance measure that the owners use for the managing director is the yearly bottom line profit.

5.1.5 Company C

The company was founded in 1976 and is jointly owned by the two co-owners. This company has also grown over the years. The turnover per annum has increased from £300,000 to £3.5 million in 15 years. The company produce diverse timber products i.e. furniture components, frames for Divan beds, timber frames for bathroom fittings and wooden shelving for industrial use. All these items together are considered as wooden storage solutions. The company currently employs some 60 people working on three shifts. The company sells everything produced as they manufacture to order. The company at present is going through a difficult period and has been making a loss. There have been frequent changes of managers at operational level. The morale of employees seems low.

There is no formally documented strategy of the company. The main strategy of the company is to maintain sales growth. The executives of company C recognize the importance of reducing lead times and improving quality of their products. However, as the Works Director put it, *"Company's peoples policy is a bit stray. Doing a lot of firefighting - scored a few own goals on quality side. Not fond of inspectors - quality should be owned by the operators."*

There are also concerns regarding payment systems and bonus schemes. The current bonus schemes are based on the total sales figure and it is felt that the scope for people to earn bonus is limited. The works director believes that *"There is need to develop a new incentive scheme. Preferably, first picking the teams then developing incentive schemes. Problem is with measurements - measurement formula has to be equitable and simple to understand. In this company people work on individual basis rather than on team basis."*

On the production side, the works director expressed his main concerns as *"The production systems should be streamlined. There is a need to spend a lot of money on the new equipment and additional covered space."*

Company C is also trying to adopt a throughput philosophy. However, there are difficulties in measuring throughput for diverse products.

Five executives run company C. Three executives i.e. the two co-owners and the finance director are also responsible for running company B. Therefore they are part time executives. The fourth executive is the managing director of company C and the fifth executive is the recently appointed works director. The managing director and the works director are full time executives. The managing director also acts as the sales director. The management team of the company, in addition to the managing director and the works director, include three sales managers in the field, sheet material manager, timber project manager, purchasing manager and the works manager.

Company's executives i.e. the two co-owners, the finance director, the managing director and the works director meet once a month to discuss both strategic and operational matters. As in company B, these meetings are known as steering committee meetings. In fact they are Board meetings.

There is no formal appraisal of the executives. The only executive performance measure that the co-owners use for the managing director is a yearly bottom line profit/loss. The executive performance measures for the recently appointed works director include due date performance on delivery, quality of products and services, cost of labour, developing a new bonus system, general bottom line profit and budget.

5.1.6 Executives studied in companies B and C

In companies B and C, every executive was studied. Their relative position is shown in Figure 5.2.

Figure 5.2 Executives studied in companies B and C during the first phase of fieldwork
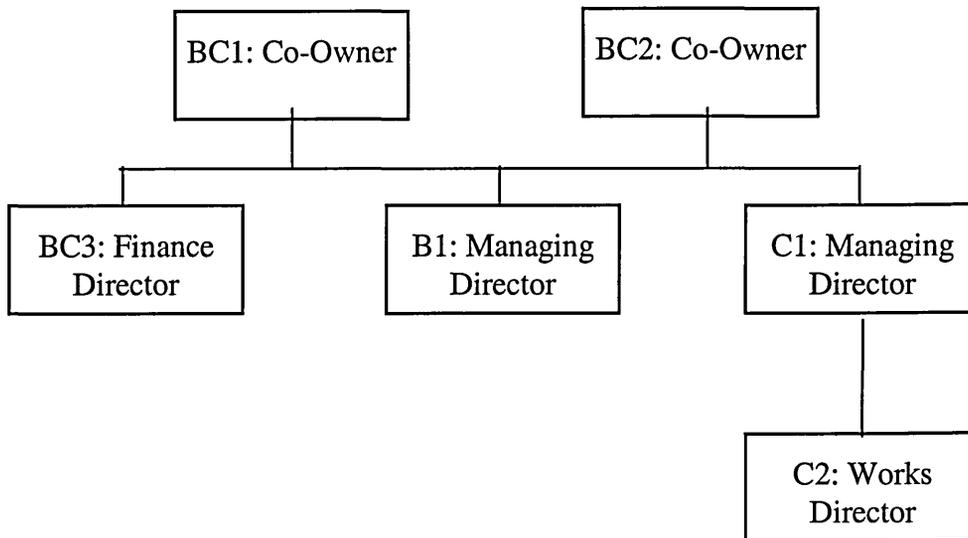
The main point of contact for this research was BC1, the Co-Owner of companies B and C. Again the main reason for studying every executive in companies B and C is to achieve representativeness (Miles and Huberman, 1994) for both companies.

The following are the brief introductions to each executive studied in companies B and C during the first phase of fieldwork:

BC1: Co-Owner of companies B and C is a male in his 40s. He left school in 1968 to join the family business in 1969. He set up the company B in 1973 and company C in 1976. He was the managing director of company B from 1976 to 1993. The best part of the job as the Co-Owner is *"The variety of scope - not tied down."* The worst part of the job is *"Not being able to get things done quickly - much easier when smaller. Now consensus style of management."*

BC2: Co-Owner of companies B and C is a male in his 40s. He joined the family business after failing the college examinations some twenty years ago. He was the managing director of company C from 1976 to 1993. The best part of the job as a Co-Owner is *"The variety, constantly new challenges and working with very nice people."* The worst part of the job is that the *"Changes are difficult to implement in company C."*

BC3: Finance Director for companies B and C is a male in his 40s. He is a chartered accountant with 20 years of experience in accounting. He worked in auditing and

accounting firm before joining companies B and C in 1982. The best part of the job is *"Achieving success - growing profitability."* The worst part of the job is *"The frustration of knowing that you should be able to do better but the inability to improve things - one thing gets better and others get worse. Company C lurches from crisis to crisis."*

B1: Managing Director of company B is a male in his 40s. After completing A-levels he went in to marketing as a salesman in a motor company. He joined company B in 1983 as Sales Director. Managing Director since 1993. *"We are a happy ship here and don't have 'politics' in the company. I am a 'people person' and have an open door philosophy."* The worst part of the job is *"The way the business is run in terms of what it is capable of doing."*

C1: Managing Director of company C is a male in his 40s. He has a degree in music. He worked as a salesman, in a well-known packaging company before joining company C in 1981 as a Sales Representative. He has been the managing director since 1993. The best part of the job is *"The element of self sufficiency. I am in control of the company. Autonomy is fulfilling."* The most frustrating part of the job is *"Not succeeding. Not having right people in the right place. Not enough time to do what I would like to do e.g. implementing strategy."*

C2: Works Director of company C is a male in his 40s. He has a degree in Behavioural Science. He worked in a company manufacturing steel drums before joining the company in 1996. The best part of the job is *"Being involved with business with other executives."* The frustrating part of the job is *"Doing a lot of firefighting - scored a few own goals on quality side."*

As can be seen from the very brief introductions that there are marked differences between executives within a company and between companies. Interaction settings in those companies are discussed next.

5.2 INTERACTION SETTINGS

Interaction settings, during the first phase of fieldwork consisted of initial site visits, the workshadowing, the structured interviews using the repertory grid technique (Kelly,

1955; Gammack and Stephens, 1994), semi-structured interviews and the feedback sessions.

During initial site visits, the objectives were to meet executives to be studied in their work surroundings, visit the factory, brief the executives about the research and the research programme, agree on the liaison person for the research, and finally to arrange time and dates to workshadow selected executives and interview every executive in the case study companies plus the Training Officer in company A.

The main reason for workshadowing one executive from each case study company was to learn about the executive roles and responsibilities and get a 'feel' for an executive's job.

The rationale behind the structured interviews using the repertory grid technique was to elicit desired executive behaviours for the effective executive performance. Behaviour is often difficult to articulate because of the tacit knowledge involved. "Repertory grid focuses on the construction of meaning by individual participant on some context of interest" (Gammack and Stephens, 1994:72), such as desired executive behaviours for effective executive performance.

The main objectives during the semi-structured interviews were to learn about each executive's background, roles and responsibilities, strategic objectives and executive performance measures.

5.2.1 Initial site visits

In company A, four site visits were made to familiarize myself with the company and to meet every executive.

The first site visit was to meet for the first time the Production Director, who was the main contact and the champion for this research project. Also present at this meeting was the company's Human resource Manager.

In this meeting, the production director started by giving an overview of the company in terms of its size, turnover and a brief history. The discussion then moved on to the relations between the parent company, a UK plc and company A. The parent company is cash rich - there has been normally little difficulty in arranging finances to purchase any new equipment when required. Any expenditure over £5,000 has to be cleared by the

parent company. Budgets are agreed annually with the parent company and company A is able to *"Do what they like."* There tends to be a good deal of informal interchanges between company A and the parent company so that they know if company A are likely to exceed budgets or fall short or exceed targets.

The company is *"Strong on manufacturing"* and manufactures everything they sell themselves. The parent company provide guidelines within which company A must work e.g. a finance manual to ensure that management accounts are reported in the same way across the operating companies. The parent company segments the market for the operating companies so that they do not compete against each other and they can develop a strong brand with retailers. In the past company A have dealt with small retailers - with whom they feel they have a good reputation. The executives of company A recognize the need to develop into the larger out of town superstores.

The parent company have one buying company which buy in materials for all the operating companies - to ensure the best deals on price. They want to develop good long-term relationships with trusted suppliers. They have a very good reputation for paying their bills on time - *"They may be tough when negotiating prices but the suppliers know they will get paid on time."* The discussion moved on to the changes currently underway or planned in company A. Continuous improvement remains a priority. Problems have been highlighted within the payment by result system. Changes in the strategy of company A require that they move away from large uniform batches towards a more flexible approach, both in terms of machine set ups and moving people around. More emphasis therefore needs to be put on multiskilling - the payment by result system however encourages people to stay in the same job, which they know they can earn their bonus. The production director and the human resource manager are currently looking at other possible payment systems that reinforce the company's new strategy.

The measures regularly reported in company A are production cost, throughput and batch clearance. A monthly business report includes profit and loss statement and a marketing plan. There is an annual performance evaluation system in place whereby individual's performance is reviewed and they are given Key Result Areas (KRAs) to focus on for the next year.

This important first site meeting concluded with an agreement to visit the company in the near future, in which the production director would introduce me to other directors of the company.

The main objective during the second visit to the company A was to meet every executive with a view to brief them about the research and ask for their permission to interview them. Accompanied by the production director and the human resource manager, I met each executive in turn in their respective offices i.e. the managing director, the sales and marketing director, the distribution director and the financial director. These meetings were informative, informal and successful. Each executive agreed to grant me interviews as part of the research investigations.

The third site visit to company A was a tour of the factory accompanied by the company's training officer. The main objective during this visit was to learn about the company's operations by directly observing the work force going about their business. The visit was an important part of getting to know the company. The intention was to get to know as much as possible about the company before interviewing the executives. My guide, the training officer was also able to describe briefly the history of the company, the company's achievements and the concerns in the company. I was slowly building a picture with my perceptions of company A.

The fourth site visit to company A was to meet the training officer to arrange for possible times and dates to workshadow the production director, the production manager and the distribution manager, and to interview every executive and the training officer. The dates and times of workshadowing and interviews were confirmed a few days later.

The main objective in the first site visit to companies B and C was to meet one of the co-owners, my main contact and the champion of the research project. The co-owner gave a brief history and an overview of companies B and C.

Although companies B and C belong to the same two co-owners, they are markedly different. Company B is thriving and making profit. Company C is ailing and making loss. Company B is quite clear about their strategy. Company C *"Have to find the right strategy."* Company B is *"Market led."* Company C is *"Not necessarily market led - probably production led."* There are *"Different cultures at company B and company C -*

for example the bonus system works fine in company B but there are industrial and management problems in company C." The bonus system in both companies is based on throughput.

The underlying philosophy regarding employees at both companies is *"Not to let people go."* The executives of both companies recognize that the job preservation and security are the prime concerns of their workers. In the case of both companies the executives on the steering committee formulate the respective company's strategy. In both companies the bonuses for the managing directors are based on achieving budget and achieving targets. In both companies most of the staff are on a profit sharing scheme. The management in both companies *"Must ensure that the factory produces effectively in basic hours."*

The measures regularly reported in both companies are the profit and loss account and the budget account as the global measures; and throughput measures - especially of constraints are the local measures.

The first site visit to companies B and C was concluded with a tour of factories B and C with the co-owner as my guide.

The main objectives of the second site visit to companies B and C were to meet every executive of both companies; brief them about the research and the research programme; seek their permission to interview; seek permission of the managing directors of both companies to workshadow them for a whole day in turn. The visit proved successful. Every executive granted permission to interview them and both managing directors agreed for me to workshadow them for a whole day of my choice.

5.2.2 Workshadowing of executives

Workshadowing of the selected executives in the case study companies links to the first research question regarding roles and responsibilities of executives in practice. According to Mintzberg (1973) executives perform a set of managerial roles in carrying out their responsibilities. These roles can be divided into three groups. The first group consists of three interpersonal roles of figurehead, liaison and leader. The second group consists of three informational roles of monitor, disseminator and spokesman. The third group consists of four decisional roles of entrepreneur, disturbance handler, resource

allocator and negotiator. The framework of Mintzberg's ten managerial roles was used to analyze the data collected during workshadowing of executives in the collaborating manufacturing organizations.

The method of data collection during workshadowing was described in the research methods chapter (Section 4.5.1).

The rationale behind choosing executives for workshadowing was influenced by pragmatic reasons. In the case of company A, the production director was agreeable to my request. In the cases of companies B and C, the managing directors were chosen because they were solely responsible for their respective companies, unlike the co-owners or the finance director of companies B and C with joint responsibilities.

In choosing the specific days for workshadowing of executives, the intention was to workshadow them on the days when they had formal meetings with other executives of their respective companies. The reason was to directly observe the executives in their interactions with other executives of their respective companies.

In the case of company A, a permission to attend the Board meeting was denied. The reason given was *"The confidential nature of business matters discussed."* However, permission was granted to attend the weekly executive meetings. Therefore it was decided to workshadow the production director of the company A on the day of his weekly executive meeting.

In the cases of companies B and C, I was *"welcome to attend"* their Board meetings. These Board meetings were known as Steering Committee meetings. Therefore it was decided to workshadow the managing directors of companies B and C when they had their respective Steering Committee meetings. The name 'Steering Committee meeting' is preferred because it is supposed to be less formal than 'Board meetings'. However, these meeting are just as formal as Board meetings with formal agendas and formal record of minutes of the meetings.

In company A, two line managers were also workshadowed i.e. the production manager and the distribution manager in the same month. In the cases of line managers all of their time was devoted to the operational management issues. Therefore, most of the data collected during workshadowing of line managers is discarded with the exception of their

interactions with the executives. Appendices A1 and A2 summarize the data collected during workshadowing of the production manager and the distribution manager respectively.

One of the main objectives of the interactions between the production director, distribution manager and other company managers, is to ensure that *"The whole production management knows what is expected of them and what are the important issues which are to be addressed" (The Production Director, Company A)*. The emphasis is on improving communications amongst the members of the production management team.

It is interesting to note here the perception of the distribution manager which is very different *"Morning meeting should be about production planning i.e. what problems have we got and what needs to be done? It is frustrating to think that we come out of the meeting not knowing exactly what everyone is going to do. Need quality time discussing the problem."*

As mentioned earlier, the suggestion to workshadow the production manager and the distribution manager came from within the company. Both managers at that time were involved in a 'conflict' situation. This was an opportunity to directly observe the line managers involved in the 'conflict' situation, and to learn and understand their perceptions about the situation. It was considered to be a worthwhile activity in terms of time and effort because it enabled me to get to know the current issues that concern company A by directly observing the managers involved.

The following are some of the perceptions of the production manager and the distribution manager regarding the 'conflict' situation:

"There seems to be some friction between production and distribution. This is due to personalities rather than the limitation of physical space in the warehouse" (Production Manager).

In contrast:
"My managing time (65-70%) is spent chasing products from production, sorting out how to operate distribution system and loading problems" (Distribution Manager).

The following perception attempts to express likely causes of misunderstandings between the production and the distribution departments:

"Production has shot in the foot a little bit. Misunderstanding with the Friday night shift because of no formal hand over. Day shift finishes at 5pm, and the night shift starts at 8.30pm. The hand over is through paper reports, which can be misinterpreted at times" (Production Manager).

However, the same problem is seen through a different perspective:
"Problem with conveyors in the warehouse - need better spread over 24 hours, for example, nothing happens between 5pm and 8.30pm" (Distribution Manager).

The following are some of the perceptions of the production manager and the distribution manager to improve the situation:

"Should have a period of consolidation rather than firefighting all the time e.g. should be following the loading errors" (Distribution Manager).

However, a different approach is proposed as follows:

"Production control should be right through the system at every stage rather than looking at pieces of jig-saw. We do things in isolation. We know what we need to achieve but we wait for others. Radical changes needed - look at the system as a whole including management structure" (Distribution Manager).

Now let us move to the data collected during workshadowing of the executives.

Using Mintzberg's (1973) ten managerial roles, a template (King, 1998) was developed as shown in Table 5.1.

Table 5.1 Template for the executive roles from workshadowing

Highest level code	Middle level code	Lower level code
Executive roles	Interpersonal roles	Figurehead
		Leader
		Liaison
	Informational roles	Monitor
		Disseminator
		Spokesman
	Decisional roles	Entrepreneur
		Disturbance handler
		Resource allocator
		Negotiator

In developing the template for the executive roles from workshadowing, it was decided to make 'executive role' as the highest level code followed by 'groups of categories of roles' as the middle level code and the 'individual roles' as the lower level code.

Mintzberg derived the ten managerial roles listed under lower level codes from his observational study of the work of five chief executives. He divided their activities into three groups. The first group of activities primarily dealt with interpersonal activities. The second group of activities primarily dealt with the transfer of information. The third group of activities involved decision-making. "The delineation of roles is essentially a categorizing process, a somewhat arbitrary partitioning of the manager's activities into affinity groups" (Mintzberg, 1973:55).

Because of the complex and sophisticated nature of the executive's job (Longenecker and Gioia, 1988) there is not always clear demarcation between different managerial roles. Even in very brief interactions with individuals or group of individuals, an executive can perform, for example, the roles of a leader, a spokesman and a negotiator. Each executive activity has been coded in terms of the most predominant role(s) according to

my interpretation. In some activities, for example in the meetings with other executives with many important interactions, one predominant role was chosen from each group of roles according to my interpretation. The intention is to be as consistent as possible and absolutely honest to minimize any possible bias on the part of the researcher.

It was not always easy to allocate various decisional roles. "Decisions range along a continuum, from the purely voluntary innovative ones, to the involuntary reactive ones" (Mintzberg, 1973:77). At one extreme are the entrepreneurial decisions that include proactive and innovative decisions. At the other extreme are the disturbance handler decisions that include the reactive and crisis decisions. And the other decisions are covered in the roles of either as a resource allocator or the negotiator. This is the rationale that was followed in the lower level of coding of the decisional roles.

A summary of the activities and the roles during workshadowing of the production director are shown in Appendix A3. On that day the production director attended nine formal meetings - of these three meetings can be considered as routine meetings, one meeting as a 'one-off', two meetings were concerned with the 'conflict' situation mentioned earlier in the workshadowing of the production manager and the distribution manager, and the remaining three meetings were concerned with the new weekend shifts to be implemented shortly. The total time spent by the production director in these formal meetings was 340 minutes out of total workshadowing time of 458 minutes i.e. 74%. All formal meetings were arranged in advance and attended by four or more personnel.

It is interesting to note that there were three separate meetings to inform unit managers, supervisors and the JCC regarding the new weekend shift to be implemented shortly.

In Appendix A3 there are two activities where more than one predominant role has been coded. In the meeting from 10.20 am to 11.00 am, the production director adopted a role of a leader in the earlier part of the meeting to define the terms of reference and the boundary in dealing with the 'conflict' situation. For the rest of the meeting, the production manager was in the role of a disturbance handler. It was estimated that out of total duration of 40 minutes of the meeting the split was 10 minutes in the leadership role and 30 minutes in the disturbance handler role.

In the case of the weekly executive meeting from 11.00 am to 11.45 am, the production director adopted the role of a monitor to consider last week's achievements and the role of the entrepreneur by being proactive for the rest of the time. It was estimated that out of the total duration of 45 minutes the split was 15 minutes in the monitor role and 30 minutes in the role of an entrepreneur. Table 5.2 summarizes the number of occurrences and the estimated times for each of the ten managerial roles on the day of workshadowing the production director of company A.

Table 5.2 Summary of roles of the Production Director of the Company A on the day of workshadowing

Role	Number of occurrences	Total estimated time (minutes)	% of workshadowing time
Interpersonal roles			
Figurehead	Nil	Nil	Nil
Leader	1	10	2
Liaison	4	118	26
Informational roles			
Monitor	2	32	7
Disseminator	3	85	19
Spokesman	Nil	Nil	Nil
Decisional roles			
Entrepreneur	3	78	17
Disturbance handler	2	135	29
Resource allocator	Nil	Nil	Nil
Negotiator	Nil	Nil	Nil

On the day of workshadowing, the production director of company A spent 28% of his time in the interpersonal roles, 26% of his time in the informational roles and 46% of his time in decisional roles. In his decisional roles the emphasis seems to be on the role of the disturbance handler.

The following are the action points agreed in the 'conflict' situation meeting (from 1.00 p.m. to 2.45 p.m.):

- *"Stop double guessing and think that items have arrived in the warehouse.*

- *Don't leave things till last minute.*

- *Keep belts running to the warehouse.*

- *Tighten the process on production.*

- *Introduce the new technology as soon as possible and integrate in the system.*

- *Warehouse space has to be used effectively" (Production Director, Company A)*

It is evident that the management teams from the production department and the distribution department are beginning to appreciate each other's problems. The executives have to reconcile the competing interests through cooperation (Barnard, 1938; Mangham, 1986). This is one of the most important lessons that came out of workshadowing of the production manager, distribution manager and the production director. By directly observing the managers involved in the 'conflict' situation, it was possible to learn about the competing interests, the production director had to deal with. This, in my experience, was a valuable learning point about the executive process (Mangham, 1986) during the workshadowing of the production director of company A.

In company B, the managing director was workshadowed for the whole day. Appendix A4 summarizes the activities and the roles during workshadowing of the managing director of company B.

The only activity with more than one predominant role was the monthly steering committee meeting of all the executives of company B. In this meeting the predominant interpersonal role was that of the leader of his company being held accountable by the two co-owners and the finance director; the predominant informational role was that of the disseminator in explaining the progress made during the last month and the programme for the coming month; and the predominant decisional role was that of the entrepreneur taking his company forward. It was estimated that the split between these three predominant roles was 20% in the leadership role (31 minutes), 30% in the decisional role (47 minutes) and 50% in the entrepreneur role (77 minutes). Table 5.3 summarizes the number of occurrences and the total estimated times for each of the ten managerial roles on the day of workshadowing the managing director of company B.

Table 5.3 Summary of roles of the Managing Director of the Company B on the day of workshadowing

Role	Number of occurrences	Total estimated time (minutes)	% of workshadowing time
Interpersonal roles			
Figurehead	Nil	Nil	Nil
Leader	3	76	13
Liaison	7	89	16
Informational roles			
Monitor	7	36	6
Disseminator	2	50	8
Spokesman	1	1	1
Decisional roles			
Entrepreneur	8	149	26
Disturbance handler	4	61	11
Resource allocator	5	108	19
Negotiator	Nil	Nil	Nil

Figures have been rounded up to 1% of the total of workshadowing time for the spokesman role to show that the activity occurred and to compensate that, figures have been rounded down for the nearest role of the disseminator

The managing director of the company B, on the day of workshadowing, spent 29% of his time in the interpersonal roles, 15% of his time in the informational and 56% in decisional roles. In his decisional roles the emphasis seems to be on the role of the entrepreneur.

In company C, the managing director was also workshadowed for the whole day. Appendix A5 summarizes activities and roles during workshadowing of the managing director of company C.

It is interesting to note that the managing director of company C spent 30% of the total workshadowing time in telephone conversations compared to 8% of the total workshadowing time by the managing director of company B. It was interesting to observe the varying degree of emphasis put on by different executives, on different modes of communications during their interactions with other people.

The only activity with more than one predominant role were the monthly Steering Committee meeting of all the executives of company C. Similar to the managing director of company B, the predominant interpersonal role was that of the leader of his company being held accountable by the co-owners and the finance director of the company. The predominant informational role was that of the disseminator briefing his fellow executives on the progress made during last month and the programme for the coming months. The predominant decisional role was that of the entrepreneur trying to take his company forward. It was estimated that the split between three predominant roles in the Steering Committee meeting for the managing director of company C was 20% in the leadership role (30 minutes), 50% in the disseminator role (74 minutes) and 30% in the entrepreneur role (45 minutes). Table 5.4 summarizes the number of occurrences and the total estimated times for each of the ten managerial roles on the day of workshadowing the managing director of company C.

Table 5.4 Summary of roles of the Managing Director of the Company C on the day of workshadowing

Role	Number of occurrences	Total estimated time (minutes)	% of workshadowing time
Interpersonal roles			
Figurehead	Nil	Nil	Nil
Leader	4	51	11
Liaison	6	54	11
Informational roles			
Monitor	7	60	12
Disseminator	7	117	24
Spokesman	Nil	Nil	Nil
Decisional roles			
Entrepreneur	12	114	24
Disturbance handler	7	59	12
Resource allocator	4	21	4
Negotiator	1	6	2

On the day of workshadowing, the managing director of company C spent 22% of his time in the interpersonal roles, 36% of his time in informational roles and 42% in the decisional roles. In this case there seems to be emphasis on the roles of the disseminator and the entrepreneur.

To carry out the cross case comparison (Yin, 1984; Miles and Huberman, 1994, Hartley, 1994; Stake, 1995) Table 5.5 lists per cent of the total workshadowed time in terms of various managerial roles for the production director of company A, the managing director of company B and the managing director of company C.

Table 5.5 Cross case comparison between executives workshadowed in companies A, B & C

Role	% of workshadowing time		
	Production Director, Company A	Managing Director, Company B	Managing Director, Company C
Interpersonal roles			
Figurehead	Nil	Nil	Nil
Leader	2	13	11
Liaison	26	16	11
Informational roles			
Monitor	7	6	12
Disseminator	19	8	24
Spokesman	Nil	1	Nil
Decisional roles			
Entrepreneur	17	26	24
Disturbance handler	29	11	12
Resource allocator	Nil	19	4
Negotiator	Nil	Nil	2

The variation between executives in terms of per cent of the total time they spend in the interpersonal roles, the informational roles and the decisional roles can be explained through Stewart's (1981) model of the demands, constraints and choices. The executives are obliged and expected to carry out certain tasks. Internal and external factors place limits as to what executives can achieve. These are the constraints of the job. The rest of the activities that executives perform come under the category of choices. It is in this

area that different executives perform differently. Their choices are influenced by their perceptions of the opportunities they have in carrying out different tasks.

Under interpersonal roles, the significant variation is in the case of the production director of company A, spending less time in the role of the leader but more time in the role of the liaison, when compared to the managing directors of companies B and C. The higher figure in the role of the liaison was in part due to a longer lunch period with the researcher (40 minutes) compared to (23 minutes) with the managing director of company B and (0 minutes) in the case of the managing director of company C, who went home for lunch. The production director of company A, on the day of the workshadowing was preoccupied with two activities, which he felt had to be explained in some detail so that the researcher could follow his numerous interactions in various meetings. Those two activities concern the 'conflict' situation and the introduction of the new weekend shifts.

Under the informational roles the significant variation is in the case of the managing director of company B spending considerable less time in the role of the disseminator, when compared to the production director of company A or the managing director of company C. In the case of the production director of company A, the same information was repeated three times in three meetings concerning the introduction of the new weekend shifts. In the case of the managing director of company C, he spent the bulk of his time explaining past month's events to his fellow executives in the steering committee meeting. This may be attributed to the difficulties which company C is facing currently which are manifested in their financial losses.

Under the decisional roles there are two significant variations. The first is the production director of company A, who spent considerably more time in the role of the disturbance handler when compared to managing directors of company B and C. The reason being that on the day of my workshadowing the production director of company A, spent considerable time in dealing with the 'conflict' situation. The second variation concerns the managing director of company B spending considerable more time in the role of the resource allocator, when compared to the production director of company A or the managing director of company C. According to Mintzberg (1973) the roles of the entrepreneur and the disturbance handler are on the opposite ends of the continuum of the

decisional roles. The role of the resource allocator is somewhere in between and involves day to day problems that are neither absolutely proactive nor absolutely reactive. It is interesting to note that the managing director of company B spends more time in the roles of the entrepreneur and the resource allocator but less time in the role of disturbance handler, when compared to the production director of company A or the managing director of company C.

The main findings from the workshadowing of executives in the case study companies, relevant to this research, was that the executives seem to spend more time in decisional roles than interpersonal or informational roles (Table 5.5).

5.2.3 The Repertory Grid interviews

The repertory grid interviews link to the third research question regarding the desired behaviours of executives for effective performance in practice. Executive behaviours are considered in terms of qualities, skills and competencies. The rationale used is that qualities, skills and competencies are manifested in behaviours and behaviours can be observed. Executive qualities, skills and competencies were discussed in chapter 3, section 3.1.3. The essence of the argument regarding executive qualities, skills and competencies is reiterated here to clarify the operational differences between them.

Executive qualities are intangible, not normally acquired through conventional learning and are to do with an executive's nature. In contrast, skill is acquired by applying the knowledge and the knowledge can be acquired through conventional learning. A skill with practice can become competency. So the skills and competencies are acquired through a conventional form of learning e.g. education, training and experience.

The application of the repertory grid technique was described in the research methods chapter (Section 4.5.2).

For the data analysis, in developing the template for executive behaviours, executive behaviour is coded at the highest level followed by executive qualities, skills and competencies as the middle level codes as shown in table 5.6.

Table 5.6 Template for the executive behaviours from the repertory grid interviews

Highest level code	Middle level code	Lower level code
Executive behaviours	Executive qualities	Charismatic
		Inspiring
		Flexible
	Executive skills	Peer skills
		Leadership skills
		Conflict-resolution skills
		Information processing skills
		Skills in decision making under ambiguity
		Resource-allocation skills
		Entrepreneurial skills
		Skills in introspection
	Executive competencies	Vision
		Communication and alignment
		Persistence, consistency and focus
		Empowerment
		Organizational learning

Burke (1986) and Wortman (1982) imply that the three qualities that can be attributed to the successful executives are that as leaders they are more charismatic, inspiring and flexible. These are the qualities that are coded at the lower level, as shown in table 5.6.

Mintzberg (1973) suggests that the eight skills, executives need to perform the ten managerial roles, can be learned: peer skills, leadership skills, conflict-resolution skills, information processing skills, skills in decision making under ambiguity, resource-allocation skills, entrepreneurial skills, and skills of introspection. These skills are coded at the lower level, as shown in table 5.6.

Bennis (1983) observes that the successful executives possess five competencies: vision; communication and alignment; persistence, consistency and focus; empowerment; and organizational learning. These competencies are coded in the template at the lower level, as shown in table 5.6. According to Bennis, possession of the above mentioned five competencies enables the executives to translate intention into reality. This is achieved by knowing what executives want, communicating those intentions successfully, empowering others, and knowing when and how to stay on course and when to change.

In company A, the repertory grid interviews were conducted with every executive of the company plus the training officer. The data collected from the repertory grid interview of the training officer is ignored because the intention is to concentrate on the constructs of the executives regarding their desired behaviours.

Appendix A6 lists all the constructs of executives in company A. The figures in brackets next to the constructs from 'single one' represent the difference, over a scale of one to seven, between perceptions regarding what is important personally and what is important to the company. The larger the figure in the brackets the bigger is the difference.

The constructs of executives in company A are coded according to my interpretations. The demarcation between executive qualities, skills and competencies are not always clear cut. For example, Mintzberg (1973:190) accepts that "leadership skills are so closely related to innate personality, however, that it may be difficult to effect really significant behavioural change in the classroom." The implication is that executives require certain qualities and certain skills before they can become effective leaders.

The other example concerns managing change in organizations. Although, the predominant competency of 'persistence, consistency and focus' in managing change is used, the other competencies of vision, communication and alignment, empowerment, and organizational learning play their part in the successful implementation of any change programme in organizations. The executive first of all creates the vision for the change; communicates that vision to all concerned to get their support; maintains the momentum for change through persistence, consistency and focus; empowers others to bring about the change; and finally adapts to the changing business environment through continuous organizational learning. The point is that it is appreciated that the

demarcation between executive qualities, skills and competencies are sometimes blurred but the frameworks used (Burke, 1986; Mintzberg, 1973; Bennis, 1983) provide good basis for coding. The intention is to be absolutely honest and consistent in the interpretations of executive constructs during coding.

Table 5.7 lists the desired executive qualities, skills and competencies for each executive of company A, according to my interpretation of each construct elicited using the repertory grid interviews.

Table 5.7 Desired executive qualities, skills and competencies of the individual executives in company A

Desired executive qualities, skills and competencies	Executives in company A						
	A1	A2	A3	A4	A5	A6	A7
Executive qualities							
Charismatic		✓	✓				✓
Inspiring			✓✓	✓✓✓✓	✓✓	✓✓✓	
Flexible	✓✓✓						✓
Executive skills							
Peer skills	✓✓				✓✓	✓	✓
Leadership skills	✓	✓		✓✓	✓		
Conflict-resolution skills							✓✓
Information processing skills	✓	✓	✓			✓	✓
Skills in decision making under ambiguity					✓		
Resource-allocation skills		✓✓✓	✓	✓✓	✓		
Entrepreneurial skills			✓	✓			
Skills in introspection						✓	
Executive competencies							
Vision	✓						✓

Desired executive qualities, skills and competencies (contd.)	A1	A2	A3	A4	A5	A6	A7
Communication and alignment			✓				
Persistence, consistency and focus	✓✓✓	✓	✓		✓	✓	
Empowerment			✓ ✓	✓		✓	
Organizational learning		✓					✓

A1: Managing Director (Current)

A2: Managing Director (Predecessor)

A3: Production Director

A4: Sales and Marketing Director

A5: Financial Director

A6: Distribution Director

A7: Human Resource Manager

In the case of the current managing director of company A, the emphasis is on executive qualities, skills and competencies for managing change by being flexible, listening to and leading people in organization, and creating the vision for the change and implementing it through persistence, consistency and focus.

In contrast, the previous managing director emphasized the importance of the resource allocation skills in 'exercising greater business control.'

In the case of the production director the emphasis seems to be on changing the company culture by empowering people in the company and inspiring them to improve.

In the case of the sales and marketing director the emphasis is on inspiring leadership.

In the case of the financial director the emphasis is on the inspiring quality of 'firm and fair'.

In the case of the distribution director the emphasis is on the inspiring quality of 'total commitment to work.'

In the case of the human resource manager the conflict -resolution skills are considered important.

Table 5.8 summarizes the desired behaviours in terms of executive qualities, skills and competencies as elicited from all the executives of company A, using the repertory grid interviews.

Table 5.8 Summary of desired executive behaviours in company A

Desired executive behaviours in terms of executive quality or skill or competency	Number of constructs	% of constructs
Executive qualities		
Charismatic	3	5
Inspiring	11	17
Flexible	4	6
Executive skills		
Peer skills	6	10
Leadership skills	5	8
Conflict-resolution skills	2	3
Information processing skills	5	8
Skills in decision making under ambiguity	1	2
Resource-allocation skills	7	11
Entrepreneurial skills	2	3
Skills in introspection	1	2
Executive competencies		
Vision	2	3
Communication and alignment	1	2
Persistence, consistency and focus	7	11
Empowerment	4	6
Organizational learning	2	3
Total	63	100

In company A, it is interesting to note that the highest number of constructs (17%) relate to the inspiring qualities of executives e.g. honesty, loyalty, commitment, dedication, drive. The second most desired quality is for executives to be flexible and open to suggestions from others. The third most desired executive quality in company A is for executives to have a charismatic personality.

The most desired executive skills in company A are the resource-allocation skills (11%) mainly consisting of organization skills and exercising greater business control. The second most desired executive skills are the peer skills (10%) with emphasis on being a team player. The equal third most desirable skills are leadership skills and information-processing skills (8%). The leadership skills emphasize the importance of being a good people manager. The information-processing skills emphasize intellect and having good knowledge of the industry one works in. The equal fourth most desirable executive skills are the conflict-resolution skills and the entrepreneurial skills (3%). It is interesting to note that all the constructs relating to the conflict-resolution skills are of the human resource manager of company A. The constructs relating to the entrepreneurial skills are shared equally between the production director and the sales and marketing director. The equal fifth most desirable executive skills are the skills in decision making under ambiguity and the skills of introspection (2%).

The most desired executive competency in company A is the 'persistence, consistency and focus' (11%) in managing change. The second most desired executive competency is the empowerment (6%) of people in the company so that they feel involved in managing the change. The equal third executive competencies are the vision and the organizational learning. The capacity of creating vision emphasized the importance of *"seeing the big picture"*. The organizational learning emphasized the importance of adapting the organization to the changing environment of the business in terms of competition.

On the whole, in company A, the most desirable executive behaviours are the executive skills (47%) followed by executive qualities (28%) and the executive competencies (25%).

In companies B and C, the repertory grid interviews were conducted with every executive. Because three executives i.e. the two co-owners and the finance director are involved in running both companies, it was decided to display together the data collected from the repertory grid interviews of all executives in companies B and C. Appendix A7 lists all the constructs of executives in companies B and C. The figures in brackets next to the construct for the single one represent the difference between perceptions regarding what is important personally and what is important to the company or the companies.

Table 5.9 lists the desired executive qualities, skills and competencies for each executive of companies B and C, according to my interpretation of each construct elicited using the repertory grid interviews.

Table 5.9 Desired executive qualities, skills and competencies of the individual executives in companies B and C

Desired executive qualities, skills and competencies	Executives in companies B and C					
	BC1	BC2	BC3	B1	C1	C2
Executive qualities						
Charismatic				✓		
Inspiring	✓	✓✓	✓✓ ✓	✓✓	✓✓ ✓✓	✓✓ ✓✓
Flexible				✓		✓
Executive skills						
Peer skills					✓	✓
Leadership skills		✓		✓	✓	
Conflict-resolution skills				✓	✓	
Information processing skills			✓		✓	✓✓
Skills in decision making under ambiguity						✓
Resource-allocation skills	✓✓		✓✓	✓✓	✓✓ ✓	
Entrepreneurial skills	✓✓					
Skills in introspection				✓		
Executive competencies						
Vision	✓		✓			✓
Communication and alignment		✓			✓	
Persistence, consistency and focus	✓✓	✓✓ ✓✓	✓✓	✓	✓	✓
Empowerment				✓	✓	
Organizational learning						

BC1: Number 1 Co-owner of companies B and C

BC2: Number 2 Co-owner of companies B and C

BC3: Finance Director of companies B and C

B1: Managing Director of company B

C1: Managing Director of company C

C2: Works Director of company C

The clusters of the executive qualities, skills and competencies are interesting in table 5.9.

In the case of the co-owner number 1 of companies B and C, the emphasis is on entrepreneurial skills in taking risks, resource-allocation skills in meeting targets and making continuous improvements through persistence, consistency and focus.

In the case of the co-owner number 2 of companies B and C, the emphasis is on *"making things happen"* through inspirational leadership.

In the case of the finance director of companies B and C, the emphasis is very much on the inspiring executive qualities of drive, tenacity and commanding respect so that the changes are achieved by being professional.

In the case of the managing director of company B, the emphasis is on the inspiring executive qualities of integrity and commitment. The executive skills admired are the organizational skills.

In the case of the managing director of company C, the emphasis is on the inspiring qualities of credibility, commitment, energy and confidence. The executive skills most admired are the resource-allocation skills of planning, analytical skills and meeting targets.

Finally, in the case of the works director of company C, the emphasis is on the inspiring executive qualities of credibility, loyalty, talent and fair mindedness. The most admired executive skills are the information processing skills.

Table 5.10 summarizes the desired executive behaviours in terms of executive qualities, skills and competencies as elicited from all the executives of companies B and C, using the repertory grid interviews.

Table 5.10 Summary of desired executive behaviours in companies B and C

Desired executive behaviours in terms of executive quality or skill or competency	Number of constructs	% of constructs
Executive qualities		
Charismatic	1	2
Inspiring	16	26
Flexible	2	3
Executive skills		
Peer skills	2	3
Leadership skills	3	5
Conflict-resolution skills	2	3
Information processing skills	4	7
Skills in decision making under ambiguity	1	2
Resource-allocation skills	9	15
Entrepreneurial skills	2	3
Skills in introspection	1	2
Executive competencies		
Vision	3	5
Communication and alignment	2	3
Persistence, consistency and focus	11	18
Empowerment	2	3
Organizational learning	0	0
Total	61	100

In companies B and C combined, the most desired executive qualities are the inspiring executive qualities (26%) covering credibility, commitment, confidence, integrity, loyalty and so on. The next most desired executive qualities concern the executive's flexibility (3%) in terms of their relaxed and approachable style of management. The third most desirable executive qualities were charismatic (2%).

In companies B and C combined, the most desired executive skills are the resource-allocation skills (15%) mainly consisting of organizational skills in meeting targets. The second most desired executive skills are the information processing skills (7%) consisting of analytical skills with emphasis on objectivity and accuracy. The third most desired skills are the leadership skills (5%) emphasizing people management. The equal fourth most desired executive skills are the peer skills, the conflict resolution skills and the entrepreneurial skills (3%). It is interesting to note that all the constructs relating to the entrepreneurial skills are of the co-owner number 1 of companies B and C. The equal fifth most desired executive skills are the skills in decision making under ambiguity and the skills of introspection (2%).

In companies B and C combined, the most desired executive competencies are the 'persistence, consistency and focus' (18%) in professionally managing change. The second most desired executive competency is vision (5%) of 'seeing the whole picture' in achieving goal. The equal third most desirable executive competencies are of 'commitment and alignment' and that of empowerment (3%). There were no constructs that could be interpreted to relate to the executive competency of organizational learning.

On the whole, in companies B and C combined, the most desirable executive behaviours are the executive skills (40%) followed by the executive qualities (31%) and the executive competencies (29%).

Table 5.11 summarizes the desired executive behaviours in companies A, B and C to make cross case comparisons.

Table 5.11 Cross case comparisons of desired executive behaviours in companies A, B and C

Desired executive behaviours in terms of executive quality or skill or competency	% of constructs in Company A	% of constructs in Companies B and C (combined)
Executive qualities	5	2
Charismatic	17	26
Inspiring	6	3
Flexible		
Executive skills		
Peer skills	10	3
Leadership skills	8	5
Conflict-resolution skills	3	3
Information processing skills	8	7
Skills in decision making under ambiguity	2	2
Resource-allocation skills	11	15
Entrepreneurial skills	3	3
Skills in introspection	2	2
Executive competencies		
Vision	3	5
Communication and alignment	2	3
Persistence, consistency and focus	11	18
Empowerment	6	3
Organizational learning	3	0

There are some interesting differences, similarities and patterns in the cross case comparisons of the desired executive behaviours between companies A, B and C.

The only notable individual category difference seems to be in the emphasis on the desired executive peer skills in company A at 10% compared to 3% in companies B and C. The other individual category differences concern the executive competencies. In company A, the executive competency of empowerment is considered more important than vision whereas in company B and C the vision is considered to be more important than empowerment. In company A, the constructs relating to the organization learning amount to 3% compared to none in companies B and C.

The main findings from the repertory grid interviews in the case study companies, relevant to this research, are that the executives recognize the importance of the executive behaviours for effective performance, and in their constructs, skills were mentioned more often than qualities or competencies (Table 5.11).

5.2.4 Semi-structured interviews

Semi-structured interviews link to the second and the fourth research questions. The second research question concerns the strategic objectives of executives in practice. The fourth research question concerns the current executive performance measures used in practice. These include both formal and informal measures as perceived by the individual executives.

The intention is to use tables to display data collected using semi-structured interviews in the first phase of the fieldwork. The intention is to get an *overview* from the data collected related to the first four research questions concerning executive performance and executive performance measures in practice. The objective is to identify any gaps and mismatches that might exist between the current executive performance measures and various aspects of the executive performance by noting patterns, clustering, counting, making contrasts and making comparisons.

The semi-structured interviews were conducted at the same time as the repertory grid interviews. The notes were made by hand throughout the interviews. The application of semi-structured interviews was discussed in the research methods chapter (section 4.5.3)

In company A, all the executives of the company plus the training officer were interviewed. It was decided to ignore the data collected from the semi-structured

interview of the training officer because the intention is to concentrate on the executives. In companies B and C, just the executives were interviewed.

The data collected from semi-structured interviews included the data related to executive task in terms of each executive's strategic objectives and also the data related to their current executive performance measures both formal and informal. Consequently, there are two separate templates i.e. one for the strategic objectives and one for the current executive performance measures.

For the data analysis, in developing the template for executive task, the executive task is coded at the highest level. According to Kaplan and Norton (1996) executive strategic objectives can be organized into four different perspectives i.e. financial, customer, internal business process, and learning and growth. It was decided to code these four perspectives at the middle level. The individual executive strategic objectives have been coded at the lower level in terms of these four perspectives as shown in Table 5.12.

Table 5.12 Template for the strategic objectives from the semi-structured interviews

Highest level code	Middle level code	Lower level code
Executive task	Financial perspective	Strategic objectives related to financial perspective
	Customer perspective	Strategic objectives related to customer perspective
	Internal business process perspective	Strategic objectives related to internal business process perspective
	Learning and growth perspective	Strategic objectives related to learning and growth perspective

Appendix A8 lists strategic objectives of all executives in company A. These strategic objectives are as perceived by the individual executive but their coding is according to my interpretation.

Table 5.13 summarizes the executive strategic objectives in company A.

Table 5.13 Strategic objectives of individual executives in Company A

Perspectives of the strategic objectives	Executives in Company A						
	A1	A2	A3	A4	A5	A6	A7
Financial	✓	✓	✓ ✓	✓	✓		
Customer	✓✓	✓	✓ ✓	✓ ✓	✓	✓	✓
Internal business process	✓✓	✓ ✓			✓ ✓	✓	
Learning and growth	✓✓	✓	✓ ✓	✓ ✓	✓ ✓		✓

In the case of the current managing director of company A, the emphasis is on continuous improvement by building capabilities.

In contrast, in the case of the previous managing director the emphasis seems to be on the internal business process perspective.

In the case of the production director there seems to be an equal amount of emphasis on the financial, customer, and learning and growth perspectives.

In the case of the sales and marketing director there seems to be an equal amount of emphasis on customer, and learning and growth perspectives.

In the case of the financial director the emphasis seems to be on the internal business process, and learning and growth perspectives.

Finally, in the case of the human resource manager the emphasis is on the learning and growth perspective.

Table 5.14 brings together all the strategic objectives of the individual objectives in company A and categorizes them into four perspectives.

Table 5.14 Summary of strategic objectives in Company A

Perspectives of the strategic objectives	Number of occurrences	% of occurrences
Financial	6	17
Customer	10	29
Internal business process	7	20
Learning and growth	12	34
Total	35	100

Appendix A9 lists executive strategic objectives in company B. In the cases of executives responsible for both companies i.e. the two co-owners and the finance director, it was decided to discuss their strategic objectives separately for companies B and C.

Table 5.15 summarizes the executive strategic objectives of company B.

Table 5.15 Strategic objectives of individual executives in Company B

Perspectives of the strategic objectives	Executives in company B			
	BC1	BC2	BC3	B1
Financial	✓		✓✓	✓✓
Customer			✓	✓✓ ✓
Internal business process	✓	✓✓		✓✓ ✓✓
Learning and growth	✓✓ ✓	✓✓ ✓	✓✓	✓✓ ✓✓

In the cases of the co-owner number 1 and 2 of companies B and C, the emphasis is on the learning and growth perspective to exploit new opportunities.

In the case of the finance director of companies B and C, there seems to be equal emphasis on financial, and learning and growth perspective to see steady growth of the business.

In the case of the managing director of company B, there seems to be equal emphasis on the internal business process, and the learning and growth perspectives by staying focused and striving for continuous improvements.

Table 5.16 brings together all the strategic objectives of individual executives in company B and categorizes them into four perspectives.

Table 5.16 Summary of strategic objectives in Company B

Perspectives of the strategic objectives	Number of occurrences	% of occurrences
Financial	5	17
Customer	4	14
Internal business process	7	24
Learning and growth	13	45
Total	29	100

Appendix A10 lists executive strategic objectives in company C.

Table 5.17 summarizes the executive strategic objectives in company C.

Table 5.17 Strategic objectives of individual executives in Company C

Perspectives of the strategic objectives	Executives in company C				
	BC1	BC2	BC3	C1	C2
Financial	✓	✓	✓✓	✓✓ ✓	✓✓ ✓
Customer					✓
Internal business process	✓	✓✓ ✓	✓✓ ✓	✓✓ ✓✓ ✓✓ ✓	✓✓ ✓✓ ✓
Learning and growth	✓		✓	✓	✓

In the cases of the co-owner number 2 and the finance director of companies B and C, the emphasis is on the strategic objectives relating to the internal business process to improve systems and their management.

In the cases of the managing director and the works director of company C, the emphasis is on the strategic objectives relating to the internal business process to improve quality of products, improve management systems and invest in the new machinery. The second most important area of emphasis is on strategic objectives relating to improving the company's financial position.

Table 5.18 brings together all the strategic objectives of individual executives in company C and categorizes them into four perspectives.

Table 5.18 Summary of strategic objectives in Company C

Perspectives of the strategic objectives	Number of occurrences	% of occurrences
Financial	10	29
Customer	1	3
Internal business process	19	56
Learning and growth	4	12
Total	34	100

Table 5.19 summarizes strategic objectives on companies A, B and C to make cross case comparisons.

Table 5.19 Cross case comparisons of the strategic objectives of executives in Companies A, B and C

Perspectives of the strategic objectives	% of occurrences in Company A	% of occurrences in Company B	% of occurrences in Company C
Financial	17	17	29
Customer	29	14	3
Internal business process	20	24	56
Learning and growth	34	45	12

There are some interesting differences, similarities and patterns in the cross case comparisons of the strategic objective perspectives in companies A, B and C.

There is a marked difference of emphasis in company C when compared to companies A and B. In company C the more emphasis is placed on the internal business process

perspective (56%) compared to company B (24%) and company A (20%). In contrast, in companies B and A, the emphasis is on the learning and growth perspective at 45% and 34% respectively compared to 12% in company C.

The second most marked difference in emphasis relates to the financial perspective. In company C, which is experiencing financial problems, the executives' strategic objectives relating to the financial perspective amount to 29% compared to 17% in the cases of companies A and B. Companies A and B, at present, are making healthy profits.

As regards to the emphasis on the customer perspective all three companies widely differ. In company A, where products are subject to changing customer tastes and expectations in a highly competitive market, the strategic objectives related to customer perspective account for 29% of the total number of strategic objectives for four perspectives, compared to company B at 14% and company C at 3%. Company B produces a single simple product and is not subject to the same pressures regarding customer tastes and expectations as in company A. Company C on the other hand produces multiple products and their lack of emphasis on the customer perspective is noticeable.

The main finding from the semi-structured interviews regarding strategic objectives of the executives in the case study companies, relevant to this research, is that there is no particular perspective which dominates in every company. It is also worth noting that the financial perspective is not the dominating perspective in terms of strategic objectives in any of the case study companies (Table 5.19).

As mentioned earlier, the first objective in the semi-structured interviews of executives in companies A, B and C was to learn about their tasks in terms of their strategic objectives. The second objective was to learn about their perceived executive performance measures.

For the data analysis, in developing the template for the executive performance measures, the executive performance is coded at the highest level. According to the Manpower Services Commission (1981), the managerial performance involves three components i.e. the manager as a person, the process of managing and the products of managing. In the context of this research, a similar rationale is used in that executive performance also involves three components i.e. the executive process, the executive as a person and the executive task. These components are coded at the middle level as shown in Table 5.20.

Table 5.20 Template for the executive performance measures from the semi-structured interviews

Highest level code	Middle level code	Lower level code
Executive performance	Executive process (in terms of managerial roles)	Interpersonal roles
		Informational roles
		Decisional roles
	Executive as a person (in terms of behaviours)	Executive qualities
		Executive skills
		Executive competencies
	Executive task (in terms of strategic objective perspectives)	Financial perspective
		Customer perspective
		Internal business process perspective
		Learning and growth perspective

At the lower level of coding the executive process is considered in terms of the interpersonal roles, the informational roles and the decisional roles (Mintzberg, 1973); the executive as person is considered in terms of executive qualities, executive skills and executive competencies; and finally executive task is considered in terms of the executive's strategic objectives related to the financial, customer, internal business process, and learning and growth perspectives.

Appendix A11 lists the current executive performance measures as perceived by the executives in company A.

Table 5.21 expresses the executive performance measures as perceived by the individual executives in company A related to the executive process, the executive as a person and the executive task.

Table 5.21 Executive performance measures, as perceived by the individual executives in Company A

Executive performance measures as perceived by the individual executive	Executives in Company A						
	A1	A2	A3	A4	A5	A6	A7
<u>Executive process</u>							
Interpersonal roles				✓			
Informational roles					✓✓		
Decisional roles							
<u>Executive as a person</u>							
Executive qualities							✓✓
Executive skills	✓✓			✓✓			✓✓
Executive competencies	✓✓✓		✓✓			✓	✓✓✓ ✓
<u>Executive task</u>							
Financial perspective	✓✓✓✓ ✓	✓✓✓ ✓✓✓	✓✓✓ ✓✓	✓✓ ✓	✓✓ ✓	✓✓ ✓	✓✓✓ ✓✓
Customer perspective	✓			✓✓			
Internal business process perspective						✓✓	✓✓✓ ✓✓✓ ✓
Learning and growth perspective	✓		✓		✓		✓

A1: Managing Director (Current)

A2: Managing Director (Predecessor)

A3: Production Director

A4: Sales and Marketing Director

A5: Financial Director

A6: Distribution Director

A7: Human Resource Manager

Looking at the clusters of the executive performance measures as perceived by the individual executives in company A, it is evident that there is clear emphasis on the financial perspective in the cases of the managing director (current), the managing director (predecessor), the production director, the sales and marketing director, the financial director, and the distribution director. The exception is the human resource manager, whose perceived executive performance measures seem to emphasize the internal business process perspective.

In the case of the managing director (current), the other clusters of the perceived executive performance measures relate to the executive competencies and the executive skills.

In the case of the production director, the other clusters of the perceived executive performance measures relate to the executive competencies.

In the case of the sales and marketing director, the other clusters of the perceived executive performance measures relate to the customer perspective and the executive skills.

In the case of the financial director, the other clusters of perceived executive performance measures relate to the informational roles.

In the case of the distribution director, the other clusters of the perceived executive performance measures relate to the internal business process perspective.

In the case of the human resource manager, the other clusters of perceived executive performance measures relate to the executive competencies, the executive skills and the executive qualities.

Table 5.22 summarizes the perceived executive performance measures in company A. In company A, the highest number of perceived executive performance measures relate to the executive task (68%) followed by the executive as a person (27%) and the executive process (5%). In the executive task, the highest number measures relate to the financial

perspective (43%) followed by the internal business process perspective (14%), the learning and growth perspective (6%) and the customer perspective (5%).

Table 5.22 Summary of perceived executive performance measures in company A

Perceived executive performance measures	Number of occurrences	% of occurrences
Executive process		
Interpersonal roles	1	2
Informational roles	2	3
Decisional roles	0	0
Executive as a person		
Executive qualities	2	3
Executive skills	6	9
Executive competencies	10	15
Executive task		
Financial perspective	28	43
Customer perspective	3	5
Internal business process perspective	9	14
Learning and growth perspective	4	6
Total	65	100

Under executive as a person, the highest number of perceived executive performance measures relate to the executive competencies (15%) followed by the executive skills (9%) and the executive qualities (3%).

Under the executive process, the number of the perceived executive performance measures are very few i.e. relating to the informational roles (3%) and the interpersonal roles (2%).

As mentioned earlier, in the cases of companies B and C there are three executives i.e. the two co-owners and the finance director who are responsible for running both companies. Their perceived executive performance measures apply to both companies.

Therefore it was decided to display data related to the perceived executive performance measures of all executives in companies B and C together.

Appendix A12 lists the current executive performance measures as perceived by the executives in companies B and C.

Table 5.23 expresses the executive performance measures as perceived by the individual executives in companies B and C related to the executive process, the executive as a person and the executive task.

Table 5.23 Executive performance measures, as perceived by the individual executives in Companies B and C

Executive performance measures as perceived by the individual executive	Executives in companies B and C					
	BC1	BC 2	BC 3	B1	C1	C2
Executive process						
Interpersonal roles		✓			✓ ✓	
Informational roles			✓ ✓ ✓ ✓			
Decisional roles						
Executive as a person						
Executive qualities					✓	
Executive skills					✓	
Executive competencies		✓ ✓				✓
Executive task						
Financial perspective	✓ ✓	✓	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓
Customer perspective					✓	✓
Internal business process perspective	✓				✓ ✓ ✓ ✓	✓
Learning and growth perspective					✓ ✓	✓

BC1: Number 1 Co-owner of companies B and C

BC2: Number 2 Co-owner of companies B and C

BC3: Finance Director of companies B and C

B1: Managing Director of company B

C1: Managing Director of company C

C2: Works Director of company C

It is interesting to note that the number of perceived executive performance measures vary from three in the cases of the co-owner number 1 and the managing director of company B to fifteen in the case of the managing director of company C. The emphasis in the case of the co-owner number 1 and the managing director of company B is on the financial perspective. The emphasis in the case of the managing director of company C seems to be equally shared between the financial perspective and the internal business process perspective. The other clusters of executive performance measures of the managing director of company C relate to the interpersonal roles, and the learning and growth perspective.

In the case of the co-owner number 2 of companies B and C, the emphasis is on the executive competencies.

In the case of the finance director of company C, the emphasis is on the informational roles and on the financial perspective.

In the case of the works director of company C, the emphasis is on the financial perspective.

Table 5.24 summarizes the perceived executive performance measures in companies B and C.

Table 5.24 Summary of perceived executive performance measures in companies B and C

Perceived executive performance measures	Number of occurrences	% of occurrences
Executive process		
Interpersonal roles	3	8
Informational roles	4	10
Decisional roles	0	0
Executive as a person		
Executive qualities	1	3
Executive skills	1	3
Executive competencies	3	8
Executive task		
Financial perspective	16	41
Customer perspective	2	5
Internal business process perspective	6	15
Learning and growth perspective	3	8
Total	39	101*

* Because of rounding up of the individual per cent figures to the nearest integer.

In companies B and C the highest number of perceived executive performance measures relate to the executive task (69%) followed by the executive process (18%) and the executive as a person (14%). In the executive task the highest number of executive performance measures relate to the financial perspective (41%) followed by the internal business process perspective (15%), the learning and growth perspective (8%), and the customer perspective (5%).

Under the executive process, the highest number of executive performance measures relates to the informational role (10%) followed closely by the interpersonal role (8%).

Under the executive as a person, the highest number of measures relate to executive competencies (8%), followed by qualities (3%) and skills (3%).

Table 5.25 summarizes the perceived executive performance measures in companies A, B and C to make cross case comparisons.

Table 5.25 Cross case comparison of the perceived executive performance measures in companies A, B and C

Perceived executive performance measures	% of occurrences in company A	% of occurrences in companies B and C (combined)
Executive process		
Interpersonal roles	2	8
Informational roles	3	10
Decisional roles	0	0
Executive as a person		
Executive qualities	3	3
Executive skills	9	3
Executive competencies	15	8
Executive task		
Financial perspective	43	41
Customer perspective	5	5
Internal business process perspective	14	15
Learning and growth perspective	6	8
Total	100	101*

* Because of rounding up of the individual per cent figures to the nearest integer.

There are some interesting differences, similarities and patterns in the cross case comparisons of perceived executive performance measures between company A and companies B and C (combined).

The perceived executive performance measures relating to the executive task are very similar in company A (68%), and companies B and C (69%). Individual categories under executive task are also similar in company A and companies B and C. The pattern emerging here is that the perceived executive performance measures in terms of emphasis is that of financial perspective, followed by the internal business process perspective.

The main finding from the semi-structured interviews regarding perceived executive performance measures in the case study companies, relevant to this research, is that the financial perspective seems to be the dominant perspective (Table 5.25).

5.2.5 Summary

The main objective during the first phase of the fieldwork in the manufacturing companies A, B and C was to learn how the perceived executive performance measures support the executive performance. The executive performance is considered in terms of the executive process, the executive as a person and the executive task (Manpower Services Commission, 1981). The executive process is considered in terms of various managerial roles (Mintzberg, 1973) executives perform in carrying out their responsibilities. The executive as a person is considered in terms of executive qualities (Burke, 1986; Wortman, 1982), the executive skills (Mintzberg, 1973) and the executive competencies (Bennis, 1983). The executive task is considered in terms of strategic objectives related to financial, customer, internal business process, and learning and growth perspectives (Kaplan and Norton, 1996).

The main finding from the workshadowing of the executives was that the executives seem to spend more time in decisional roles than interpersonal or informational roles (Table 5.5). In contrast, there were no perceived executive performance measures related to the decisional role (Table 5.25).

The main findings from the repertory grid interviews were that the executives recognize the importance of executive behaviours for effective performance, and in their constructs executive skills were mentioned more often than qualities or competencies (Table 5.11). In contrast, the importance of behaviours is not reflected in their measures. As regards to the specific measures for behaviours, also in contrast, there were more measures for competencies than skills or qualities (Table 5.25)

The main finding about strategic objectives was that there was no particular perspective, which dominated. It was also noted that the financial perspective was not the dominating perspective in any of the case study companies, in terms of strategic objectives (Table 5.19). In contrast, the perceived executive performance measures related to the financial perspective, dominate in every case study company (table 5.25).

The pattern regarding the current executive performance measures supporting executive performance is similar in the collaborating manufacturing companies A, B and C (Table 5.25). Nearly 70% of the current measures are concerned with the executive task. The remaining measures account for executive roles and behaviour. The emphasis seems to be on measures related to task i.e. on performance output measures.

The pattern of measures related to task i.e. performance output measures was also found to be similar in each case study company (Table 5.25). The measures relating to the financial perspective account for the majority of performance output measures, followed by the measures for internal business process. However, measures relating to the customer, and learning and growth perspective are lagging behind.

5.3 CONCLUSIONS

The first phase of the fieldwork linked to the first research aim of examining the current practices in executive performance measures by addressing the first four research questions related to the executive performance and measures in practice.

The first four questions provided the structure for the data collection in the collaborating manufacturing companies. The first three questions relate to the executive performance in terms of executive roles, behaviour and strategic objectives. The fourth question relates to the current executive performance measures.

The objective was to get an *overview* as to how the current executive performance measures support executive performance as a whole.

Executives in each case study company were briefed about the summary of the research findings from the first phase of the fieldwork in interim feedback sessions. The two main issues that came out of these sessions were:

- It would be preferable to incorporate measures related to the executive roles with the measures for performance outputs and behaviours rather than consider them separately. Therefore the intention is to consider executive performance measures in terms of performance outputs and behaviours in the second phase of the fieldwork.

- Measures related to the executive behaviours need to include an executive's personal traits, qualities, skills and competencies. However, there seems to be overlaps between traits and qualities, and between skills and competencies. Therefore the intention is to combine executive traits and qualities under personal characteristics, and skills and competencies under capabilities in the second phase of the fieldwork.

It is evident from the first phase of the fieldwork in the case study companies that the current executive performance measures put emphasis on measures related to executive performance outputs and in particular on financial and internal perspectives.

In the second phase of the fieldwork the intention is to take a broader approach to executive performance measures. The intention is to consider in detail both current and the aspired executive performance measures that include measures for executive performance outputs as well as the measures for the behaviours to achieve those outputs. These are discussed in the next chapter.

CHAPTER 6: EXECUTIVE PERFORMANCE MEASURES: SECOND PHASE OF FIELDWORK AND RESULTS

The first phase of the fieldwork concentrated on the first aim of this research in examining the current practices in executive performance measures by addressing the first four research questions related to executive performance and measures in practice. The objective was to get an overview as to how executive performance measures support the executive performance in the three collaborating organizations.

This phase of the fieldwork links to the second aim of this research by addressing the fifth research question. The second research aim is to propose a model for executive performance measures that reflects both the aspirations of the practitioners and the issues raised in academic literature. The fifth research question related to this aim is to build on the learning from the first phase of the fieldwork. The proposed model will be discussed in the next chapter. In this chapter, the objectives are to find out the main themes and sub themes related to the executive performance measures and the meanings executives attach to those themes and sub themes. These themes and sub themes will provide the basis for the proposed model.

The chapter starts with a discussion regarding executives and the managers interviewed and the analysis of the interview data.

In section 6.2 measures for the performance outputs are discussed in terms of generic measures covering financial, customer, internal, and learning and growth perspectives (Kaplan and Norton, 1996)

Then in section 6.3 measures for the executive behaviours are discussed in terms of executive's personal characteristics and their capabilities.

Finally, in section 6.4 the current practices are discussed for assessing executive performance in the three collaborating organizations.

6.1 INTERVIEWS DURING THE SECOND PHASE OF FIELDWORK

This section discusses the executives and the managers interviewed in the case study companies and the subsequent analysis of the interview data.

6.1.1 Executives and managers interviewed in Company A

During the second phase of fieldwork into exploring the executive performance measures in manufacturing organizations, every executive in company A was interviewed. In addition, the Production Manager and the Training Officer in company A were also interviewed. Every interview was taped and lasted for about one hour duration. In each case the interview was conducted either in the interviewee's office or in a room of their choice. It was decided to interview every executive of company A to achieve representativeness (Miles and Huberman, 1994) for the whole company in terms of functional diversity as well as diversity in behaviours.

The main reason for interviewing the two managers in company A was to draw upon their long experiences of working with a succession of executives in their company. Both managers have worked closely with their executives in excess of twenty-five years in their company. During that period they have witnessed many changes and many management styles. The other reason was that during the first phase of the fieldwork, I got to know both managers very well. They are genuinely interested in this research. They were also willing to talk about their perceptions regarding their executives frankly. They were requested to remain frank and say what they really thought about their executives. They were assured of confidentiality.

As far as the executives are concerned in company A, there have been two notable changes since the first phase of fieldwork. The first change concerns the departure of the Finance Director. A Financial Controller, who is an executive of the company, responsible for the financial matters, has replaced him. The other change concerns the arrival of a new Human Resource Manager in succession to the previous Human Resource Manager.

All the executives and the two managers interviewed in company A during the second phase of the fieldwork are shown in Figure 6.1

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                    ┌─────────────────┐
                    │  A1: Managing   │
                    │    Director     │
                    └────────┬────────┘
         ┌──────────────┬─────┴─────┬──────────────┐
┌────────┴───────┐┌─────┴──────┐┌───┴────────┐┌────┴──────────┐
│ A3: Production ││ A4: Sales  ││A11: Financial││A6: Distribution│
│   Director     ││and Marketing││ Controller  ││   Director     │
│                ││  Director   ││             ││                │
└────────┬───────┘└────────────┘└─────────────┘└───────────────┘
         │                │
         │       ┌────────┴────────┐
         │       │  A12: Human     │
         │       │   Resource      │
         │       │   Manager       │
         │       └────────┬────────┘
┌────────┴───────┐┌───────┴────────┐
│ A9: Production ││  A8: Training   │
│    Manager     ││    Officer      │
└────────────────┘└─────────────────┘
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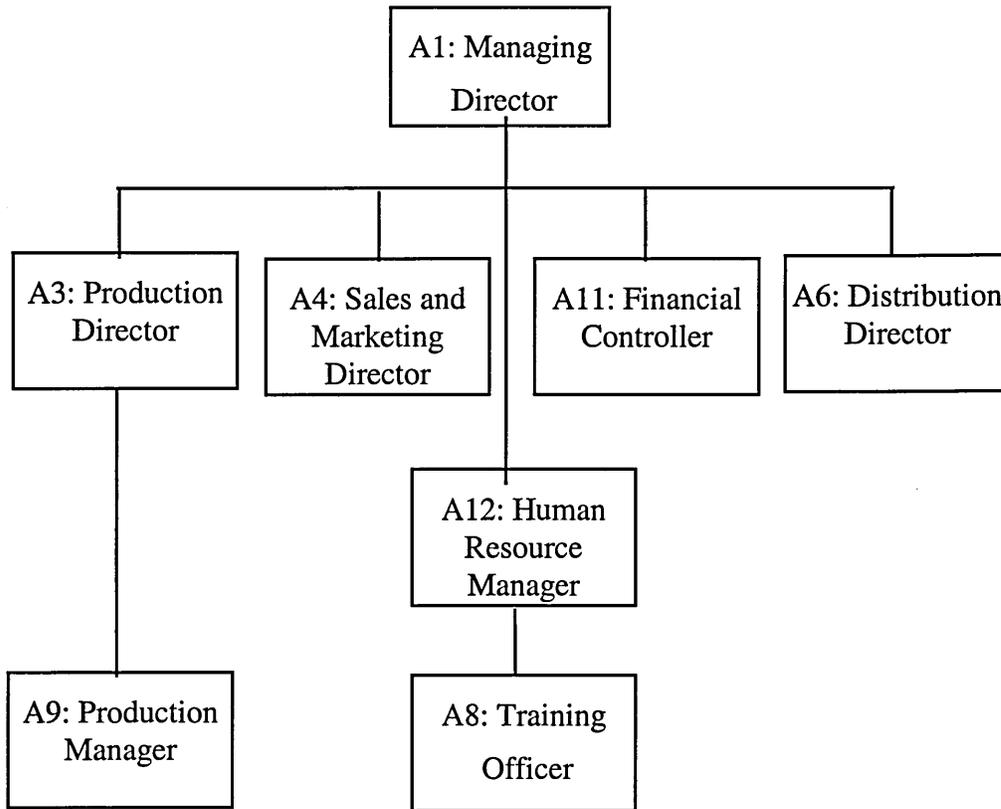
Figure 6.1 Executives and two managers interviewed in Company A during the second phase of fieldwork

The following are the brief introductions to the new Financial Controller and the new Human Resource Manager. Other executives and the managers have already been introduced in section 5.1.2 of the last chapter.

A 11: Recently appointed Financial Controller is a male in his 30s. He is a qualified management accountant. He worked in a company selling kitchen fittings and furniture before joining company A. He joined the company A because he *"Wanted to get into manufacturing and get amongst the people who actually do the work and make the business tick."*

A 12: Recently appointed Human Resource Manager is a female in her 30s. She worked in a personnel department of a well-known super market chain company before joining company A. She wants to see executives measured in terms of *"How they have invested*

*in people, how many people they have developed, what is their succession plan, and what
positive proactive things they have done to move business forward and to help people.* "

6.1.2 Executives and a manager interviewed in Companies B and C

In companies B and C, every executive was interviewed to achieve representativeness
(Miles and Huberman, 1994) in terms of functional diversity and also diversity in
behaviours. However, in company C there has been a notable change since the first
phase of the fieldwork. The Works Director has left the company. The position of the
Works Director does not exist in company C anymore. The strategic management
responsibilities of the previous Works Director are now shared by one of the Co-owner
and the Managing Director of company C. A recently appointed Production Manager of
company C now performs the operational management responsibilities of the previous
Works Director. The new Production Manager is not an executive member of company
C. He is not involved in exercising strategic management and does not attend the
monthly Steering Committee meetings i.e. Board meetings. In fact, the new position of
the Production Manager in company C is that of a line manager.

It was decided to interview the new Production Manager of company C because the
intention was to find out what he thought, as a newcomer, about the problems facing
company C. I was also interested in his perceptions about the executives of companies B
and C. It was an interesting opportunity, although circumstantial, to consider as to what
effect lowering of status had on the operational management of company C. Previously,
the responsibility for the operational management of company C was part of an
executive's responsibility whereas now the operational management of company C was
the sole responsibility of the recently appointed Production Manager.

All the executives and the manager interviewed in companies B and C during the second
phase of the fieldwork are shown in Figure 6.2.

Figure 6.2 Executives in companies B and C and one manager in company C interviewed during the second phase of fieldwork

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       ┌─────────────────┐              ┌─────────────────┐
       │  BC1: Co-Owner  │              │  BC2: Co-Owner  │
       └────────┬────────┘              └────────┬────────┘
                │                                │
       ┌────────┴──────────────┬─────────────────┴──────────┐
       │                       │                            │
┌──────┴───────┐      ┌────────┴───────┐         ┌──────────┴──────┐
│ BC3: Finance │      │  B1: Managing  │         │  C1: Managing   │
│   Director   │      │    Director    │         │    Director     │
└──────────────┘      └────────────────┘         └────────┬────────┘
                                                          │
                                                 ┌────────┴────────┐
                                                 │ C3: Production  │
                                                 │    Manager      │
                                                 └─────────────────┘
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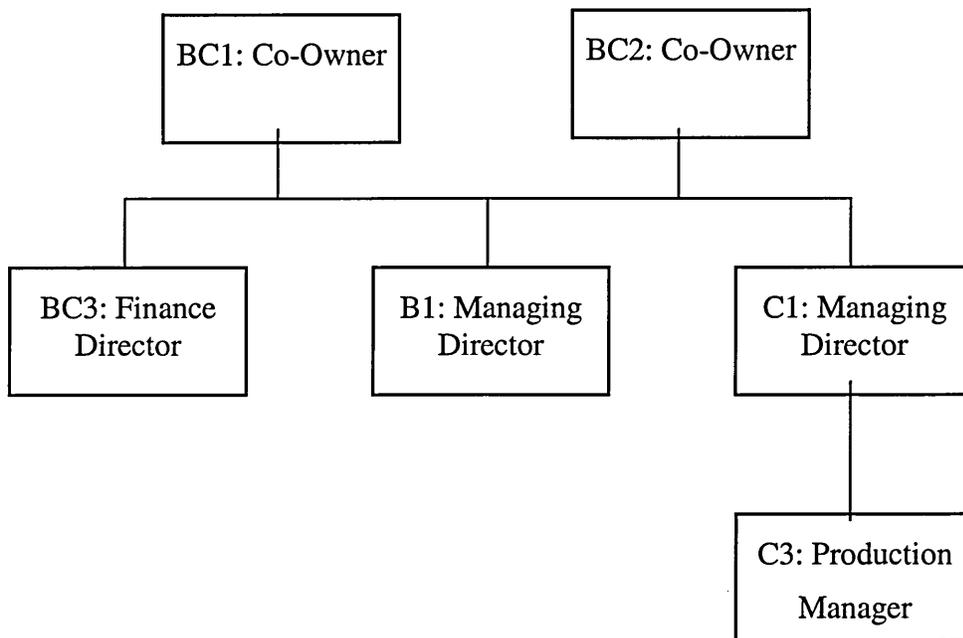
The following is a brief description to the new Production Manager of company C. Other executives have already been introduced in section 5.1.6 of the last chapter.

C 3: Recently appointed Production Manager is a male in his 40s. He is an engineer. He worked in a wool company before joining company C. He believes that *"As a manufacturing manager you need to know what you have made, how much does it cost and what's the morale like on the shop floor."*

6.1.3 Analysis of the interview data

The initial stages in analyzing the data from interviews involved listening to the tapes and transcribing them. The next stage was to identify the main themes coming out of the interview data as described below. These themes are used in developing a template (King, 1994,1998), to provide the structure in analyzing the data from interviews.

The template analysis (King, 1994, 1998) was discussed in detail in the research methods chapter (section 4.6.1).

The final template, as shown in table 6.1, was developed through the iterative process of coding in which the template was revised by inserting, deleting and combining codes as

the analysis progressed. The template was developed using hierarchical coding so that data could be analyzed at different levels of specificity.

Table 6.1 Template for analyzing the executive performance measures

Highest level code	Middle level code	Lower level code
Measures for the executive performance outputs	Key Result Areas (KRAs):	
	Financial	Return on investment
		Economic value added
	Customer	Customer satisfaction
		Customer retention
		Market place
		Market share
	Internal	Quality
		Response time
		Cost
		New product introduction
	Learning and growth	Employee satisfaction
		Information system availability
Measures for the executive behaviours		
	Personal characteristics	Ambition
		Background
		Bias towards action
		Integrity
		Intuition
		Management style
		Personality
	Capabilities	Commercial awareness
		Communication
		Decision making skills
		Empowerment

Highest level code	Middle level code	Lower level code
Measures for the executive behaviours (contd.)	Capabilities (contd.)	Entrepreneur Focus Leadership skills Making it happen Managing change Skills of introspection Teamwork Technical Competency

The executive performance measures are divided into two main categories. The first category includes measures for executive performance outputs and the second category includes measures for executive behaviours. These two categories are the highest level codes in the template, as shown in table 6.1.

The measures for the executive performance outputs include the Key Result Areas (KRAs), which vary according to the respective executive's responsibilities and the area of their interest. These KRAs are divided into financial, customer, internal business process, and learning and growth perspectives and are coded as the middle level codes. The executive performance measures related to these four perspectives are coded at the next level as the lower level codes. They are coded in terms of generic measures as proposed by Kaplan and Norton (1996:44) as shown in Table 6.2

Table 6.2 Generic measures (Kaplan and Norton, 1996:44)

Perspective	Generic measures
Financial	Return on investment and economic value
Customer	Satisfaction, retention, market and account share
Internal	Quality, response time, cost, new product introduction
Learning and growth	Employee satisfaction and information system availability

The measures for executive behaviours include executive personal characteristics and executive capabilities. These are coded as the middle level codes.

The personal characteristics of the executives are subdivided into ambition, background, bias towards action, integrity, intuition, management style and personality. These are coded as the lower level codes.

The executive capabilities are subdivided into commercial awareness, communication, decision making skills, empowerment, entrepreneur, focus, leadership skills, making it happen, managing change, skills of introspection, teamwork and technical competency. These are coded as the lower level codes.

Most of the data analysis occurs at the middle and lower levels of coding. The approach taken is to give "an account structured around the main themes identified, drawing illustrative examples from each transcript (or other text) as required" (King, 1998:132). The illustrative examples are quotes from interview transcripts.

"Qualitative case study is a highly personal research" (Stake, 1995:135). It is worth noting here that the data analysis in this chapter is my interpretation of the collected data according to my understanding of the data. In the interviews, executives were requested for their perspectives concerning their formal, informal, current and aspired executive performance measures. But the analysis and interpretations are my personal perspectives.

Due care was taken in selecting the quotes from the interview data. The dangers of a limited selection were recognized because of the likely impact on the subsequent analysis in terms of researcher's prior assumptions. The selected quotes "seek to identify those themes which are of most central relevance to the task of building an understanding" (King, 1998:131) of the executive performance measures. The intention was to remain open to data but at the same time ensure that the analysis and the interpretation of those selected quotes were meaningful and reflected what was found during the fieldwork.

Selected quotes represent the sentiments of the respective themes and sub themes related to executive performance measures. No major disagreements were expected in terms of the meaning of a particular theme or sub theme. However, meanings with different slants and different emphasis were expected within the themes and sub themes. The quotes

with different slants and emphasis within the themes and sub themes are included wherever appropriate.

In the following sections the main themes and sub themes related to the executive performance measures are discussed by comparing and contrasting what executives have to say with the relevant literature. The main themes are discussed under normal bold headings and the sub themes under bold italic.

The measures for the executive performance outputs are discussed in the next section.

6.2 MEASURES FOR THE EXECUTIVE PERFORMANCE OUTPUTS

Measures for the executive performance outputs are discussed in terms of generic measures as sub themes within the themes of the financial, customer, internal, and learning and growth perspectives.

6.2.1 Financial perspective

"My core documents are the financial ones. I look at them and ask questions. From the questions I pick up other things, which may be not going quite right. But that is my way ..... feels right to do it." (Co-owner, Companies B and C)

In most manufacturing organizations, the financial measures are the core measures (Kaplan and Norton, 1996; Hill, 1995; CIMA, 1993). Every executive decision has some financial implication to the company. The executives can and do assess the company's health in terms of their financial performance.

"It all comes down to the bottom line at the end of the day." (Co-owner, Companies B and C)

The financial measures are also easy to quantify. They can be expressed in numbers. This preference for numbers follows Lord Kelvin's famous dictum "when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you can not measure it ..... your knowledge is of meager and unsatisfying kind" (Cited in Neely et al, 1995a:80).

Traditionally, in manufacturing the two most common denominators used are time and money (Hill, 1985). Time base is used to calculate product mix, volume, capacity,

efficiency, utilization and productivity. Money base is used in a company's financial measures e.g. profit and loss, return on investment, cash flow. The money based financial measures retain the critical position in a company's Balanced Scorecard and generic financial measures relate to return on investment and economic value added (Kaplan and Norton, 1996).

Return on investment

"Clearly, the goal is to make money. That's why we are in business. To make money now and in future. So we have got to create a money making machine that is sustainable." (Managing Director, Company C)

The following is a different slant emphasizing the reasons for concentrating on measures for return on investments.

"In simple terms, I am actually judged by my boss by the bottom line of my business. But that is too simplistic a statement to make. I guess you know, as an organization what we have are key result areas and those are set up on annualized basis as part of business planning process and those will focus on 5 or 6 areas, where the Holdings Board are looking for improvements. These will vary from issues such as our sales volumes through to margins, through to break even levels, through to efficiency levels on wastage and labour and probably tend to focus more on financial measures than non financial measures. But I think that's symptomatic of the organization we work for." (Managing Director, Company A)

The shareholders of the business measure executives in terms of returns on their investment. They look at the profit margins. They look at the steady growth in profitability.

"My strategic objectives for the group are steady growth in profitability ..... that doesn't mean boom or bust. It means you get a line that steadily goes up." (Finance Director, Companies B and C)

All executives seem to agree that return on investment was one of the most important executive performance output measures.

"Executive are measured on performance ..... they are measured on returns." (Managing Director, Company B)

Economic value added

"In business plan, the bottom line only works if all the little bits work to end up in bottom line. It's not a case of having a bottom line and working backwards. So we set ourselves a target, for example, what average price we want to achieve for the product out of the back doors. And you can see that in the real world, we bring better value for money." *(Sales and Marketing Director, Company A)*

All the executives interviewed, seem to agree that the major order winning criteria in manufacturing include lead times, delivery performance, value for money and flexibility (Hill, 1995). The prominent theme was to create good perceived value for money and to develop good relationships with their customers so that the customers could see that they were getting good value for their money. This could be in terms of better quality and better customer service.

Executive performance measures related to the return on investment and economic value added were considered to be the core measures by every executive interviewed in the case study companies.

The next section considers the executive performance measures related to the customer perspective.

6.2.2 Customer perspective

"There is a market place out there, we build a product to supply the need in that market place. It's a matter of doing that and doing it well and there are a lot of necessary conditions required to do that well ..... Good people, excited people, enthusiastic people, creative people, quality, and good performance, good marketing. There are a lot of conditions that got to come together to make all that happen. So the customers come to us instead of going down to our competitors down the road. In a nutshell that's it. It's not rocket science. We have just got to do better than the next guy." (Co-owner, Companies B and C)

The customer perspective enables the executives to align their performance to ensure that customers come to them in preference to their competitors. The outcome measures executives use is the customer satisfaction, customer retention, market place and market

share (Kaplan and Norton, 1996). This was evident in my interviews of the executives in companies A, B and C during the second phase of fieldwork as discussed below.

Customer satisfaction

"We are a sales and marketing driven company. If we are going to succeed in the long term then we have to really supply, within certain parameters, what the customer wants." (Sales and Marketing Director, Company A)

Every executive interviewed considered the customer satisfaction vital for the long-term success of the company. The customer service, which is linked to the customer satisfaction, is one of the key result areas in the executive performance measurement system.

The importance of customer satisfaction can not be over emphasized (Kaplan Norton, 1996; CIMA, 1993). There is a direct link between customer satisfaction and a company's trading performance.

The key result areas responsible for the customer satisfaction are considered to be cost, delivery times and the quality of products.

"In terms of customer satisfaction the key measures have to be cost, due date performance and quality." (Co-owner, Companies B and C)

However, assessing customer service is considered to be difficult. The executives seem to achieve that through continuous dialogue with their customers and in some instances by carrying out periodic surveys.

"It's difficult to measure because it is fairly subjective to a certain extent. It's by asking the customer the sort of service, they want and are we providing that service? Because we can't tell customers that that's what they should be expecting from us. It's got to be customer driven and we should be for their expectation. The simplest thing to do is to find out from them what do they expect from us and are we providing that, is it improving? If they want delivery in one week than it's no good setting targets for us of delivering in two weeks. And that's the important thing to find out what they want. It gives you some measure. You know where to work from - where you are weak and where you are strong. Then you have a chance to do something about it and you can follow it up with another survey in 6 or 12 months. It gives you an idea if things are working. It's

not what you think which matters - it's the customer's perspective which matters."
(Financial Controller, Company A)

The emphasis on the customer service is now usually part of the company's strategy.

Customer retention

The customer retention is considered to be an important executive performance measure.

"What have you done to build a customer base or to improve the links and relationships which you have got with your existing customers? Never mind ..... you know, always looking for the new customers! What are you doing to build stronger partnerships with your existing customers?" (Human Resource Manager, Company A)

The executives, in companies A, B and C, attach a lot of importance to the relationships, built over the years, with their main customers. For example, in company A, there are regular meetings between the company's Sales and Marketing Director and their top ten customers.

"With top ten customers, within commercial parameters of being 'open', there is a lot to be gained from literally talking. That's what we are talking about here. Having a conversation ..... that discusses in a sensible way of what is happening out there in the market. It is a two way street. They can then ask and we can find out a fair bit about the marketplace like that. To be fairly honest, people see it from different views and different avenues. I think people welcome ... to may be ... exchange those views." (Sales and Marketing Director, Company A)

However, there is another perspective that considers the customers to be too demanding.

"Customers are becoming more and more demanding, in terms of service, product, quality, etc. etc. .... and I think that is general thing." (Distribution Director, Company A)

Market place

The market place influences the executive's thinking, their performance and in turn their performance measures related to the customer perspective.

"I start off the business planning by looking at the market and where I think the market will go in terms of growth direction or overall volume and things such as that. I start by

that. Basically distribution and production, which are equally important, plan their businesses to supply that which I am actually saying what we will achieve." (Sales and Marketing Director, Company A)

This is to be expected in companies A, B and C, which are market led and sales driven. The continuous assessment of the market place is through ongoing business environment analysis, talking to their customers and competitors.

"If we were having a business meeting with a customer then I will try and use a part of that business meeting to ascertain what is happening? What their perspective of market place is? Do they feel it's progressing, changing and developing as I feel? I think they are the same. They have got the opportunity to ask somebody from the other side." (Sales and Marketing Director, Company A)

It is interesting to note that executives discuss market place not only with their customers but also with their competitors.

"In various industrial shows, we talk to our competitors ..... you can't just pretend that you are the only one that know what you are doing. Because that's not the real world. Is it?" (Sales and Marketing Director, Company A)

Market share

In company A, which is part of a UK plc, the market share is determined by the present company's Holding Board.

"If 'Group' decide that they want us to get a bigger market share, move up market or move down market ..... then that's what we got to do ultimately. We have got a fair bit of feel how we do it and that is how our objective is determined to some extent." (Financial Controller, Company A)

In contrast, in companies B and C, the approach is very different.

"I think strategic objective has to be diversification ..... not sole reliance on wooden base products. Because the pallet market might be all right at the moment but in five to ten years time it may not be. We don't want to be caught out. There are a lot of areas, I feel, where we could go steadily. I think there are other areas we should be looking at outside of what we presently do. To protect the core business ...... in ten years time the likelihood

is that one or two businesses we already have will not be in the same format. It may not even be in existence. You want something, some other idea, where you can diversify into. So long term .... the diversification is the aim. Also for security purposes ...." (Finance Director, Companies B and C)

Every executive interviewed in companies, A, B and C mentioned executive performance measures related to customer satisfaction and customer retention. However, eight out of eleven executives interviewed mentioned executive performance measures related to the marketplace and market share. All the exceptions are in company A i.e. Production Director, Distribution Director and Human Resource Manager.

6.2.3 Internal business process perspective

"All companies are now attempting to improve quality, reduce cycle times, increase yields, maximize throughput, and lower cost for their processes" (Kaplan and Norton, 1996). The executives of companies A, B and C are attempting to do just that and their strategic objectives reflect that.

"My strategic objectives in the key result areas are:

- *to start to introduce Total Production Maintenance (TPM) initiative;*

- *look at the structure of the management team;*

- *look at the labour cost per standard hour of production;*

- *complete the investigation into the cellular manufacturing pilot scheme; and*

- *product development and to establish a process of value engineering in our existing product range.*

My measure in my own mind is how I am doing my total job including those objectives in the key result areas. At the end of the year, my success or failure will be judged in an overall sense by the Managing Director and the Main Board against that list and against how this business in run generally. It's kind of a mixture." (Production Director, Company A)

The executive performance measures related to the executive outputs in terms of the internal business process perspective fall in the following four categories of quality, response time, cost and new product introductions.

Quality

In companies A, B and C, all the executives recognize the importance of producing the products of the right quality but at the same time they also recognize that it is not easy. Traditionally in these companies the emphasis in production has been on efficiency and cost. Now there is also the emphasis on the quality.

"Certainly quality is a thing we take very seriously. Because we believe we offer a very good value for money package in terms of the product. For example, we have a quality system that starts with raw materials coming in - inspect those in and then roving inspectors throughout the factory. And also every product is finally inspected. One thing that we are trying to do, particularly in the warehouse area is to make the emphasis on quality on everybody as opposed to the quality assurance department, if you like to call that - it isn't one person's, it's every individual. Ideally you would like to get away from the situation of having to have quality inspectors at the end of belt because you would like to think that everybody could make everything hundred percent. Unfortunately, the pay system we have got as a company doesn't encourage that. The pay system that we have got in place encourages people and rewards people for output. So that behaviour we get is that people will target output. And really we should not expect anything different." (Distribution Director)

The Distribution Director makes an interesting link between output and behaviour. The Production Director of the company also recognizes the dilemma.

"I have got a highly productive workforce. Ironically, we are trying to change that slightly from highly productive to productive at the right quality. There is a difference. As we move up market, there is going to be a need to move away from, probably ironically, that quantity in the hour we do now, we won't probably want as many. We would want more attention to detail and less attention to output. There is a slight change there. (Production Director, Company A)

In contrast, there seems to a sense of helplessness in company C.

"Scored a few own goals on quality side." (Works Director, Company C)

Response time

In companies A, B and C they sell everything because they manufacture to order. Therefore response time to the customer is of importance in maintaining their customer base. The importance of the response time is articulated by one of the co-owners of companies B and C when discussing the problems facing the company C.

"We are already good at the customer response and the office side. We know we are good at that . And that's how we have managed to hang on to so much business. We made so many mistakes really and we have managed to hang on because we are so good at the front end. But in terms of the factory, any way, the two key measures will be the due date performance and the quality." (Co-owner, Companies B and C)

However, over the years customer expectations have changed and that is reflected as to how companies are changing to meet those expectations.

"Response times have changed a lot, certainly in terms of the things like factory closed downs. If you go back some while, we used to shut for a week and used to say that you won't be able to have anything. We are shut for a week at Easter, we are shut for a week at Spring Bank Holidays, and we are shut for two weeks in summer and tough luck we are closed. So you will have to put a bigger order in before; if you don't you won't get anything for two weeks. But those days have gone now. We now have to manufacture stocks or have skeleton crews working through factory holidays to enable continuity of supply or be it on a limited scale. However, this year we are looking at actually having totally flexible holidays throughout the factory. Everybody is aware of the importance of quick delivery. The other thing they are aware of is not necessarily saying that we can do quicker delivery but being able to do what we say. And that's the big thing."
(Distribution Director, Company A)

Costs

"The traditional emphasis on the control and reduction of direct-labour cost still attracts most of the resources allocated to the overall cost-reduction task" (Hill, 1995:67). In company A, considerable time and effort is devoted on the control and reduction of direct labour costs.

"We look at cost per standard hour on ongoing basis monthly. We are well above cost per standard hour monthly figure as indicated above ..... As my target. Because in the busy months of June, July, August and September we have literally had to throw labour in vast amounts of overtime at the problem and at the same time recruit new labour. So that the costs of labour have gone up. Two reasons ..... We have been paying premium payments out because we have been working vast amounts of overtime and we have had lot of additional cost because we have had to bring new people in, who are unproductive and we have been training them. So that cost has gone up. Not seen as lack of success. It's seen as change in business need, which needed attending to. Cost per standard hour is slightly irrelevant just at the moment as against the need to get the business functioning to get the new output levels out. By the end of the year when the new structure and the new people will be in place, the cost per standard hour will be down to my target level. By the end of the year I would have achieved larger output, the training of the new people and the cost will come down to where it should be. So the measure of success should be quite clear on that." (Production Director, Company A)

It is surprising to note the degree of analysis done by the executives in justifying the labour costs because "in most manufacturing companies in Western Europe and other developed industrial nations, direct labour is only a small part of the total cost. Materials followed by overheads are usually the two main areas of cost, which should be reflected in the provision of information, allocation of resources and frequency of review. The likelihood, however, is that they are not" (Hill, 1995:66).

In company B, in complete contrast to company A, the emphasis is on throughput cost (Goldratt and Cox, 1986) rather than direct labour cost. The throughput cost includes direct labour, materials and overheads.

"Throughput is the common language ..... throughput per pallet for workers, throughput per minute for the Managing Director, throughput per month for the Finance Director and throughput per year for the owners." (Finance Director, Companies B and C)

The executives of company B believe that the throughput philosophy embedded in their strategy was responsible for the profitable turnaround of the company.

New product introductions

Executive performance measures in this category cover the improvements of existing products as well as entirely new products and services. In company A, there are measures in place to monitor progress of product development through value engineering.

"Product development and the value- engineering has been ongoing and it has been very successful. We have had some quite good successes. The measure of that has to be tempered with the work that has gone in previous years - some very big savings in previous years by value engineering. We won't keep making those savings. It becomes harder and harder. We have continued to take cost out where it was totally unnecessary without damaging the appearance or the reliability of our products." (Production Director, Company A)

In company B, one of the executive performance measures relates to the introduction of the new product and services as a result of the opportunities presented because of the European Union legislation regarding recycling.

"Movement into recycling of timber materials and the products we make - we are doing that at the moment. I think, that would be very successful area to venture into as well." (Managing Director, Company B)

However, the introduction of some new products can be an imposition rather than the actively sought venture.

"There are changes afoot, Quite big changes in the business. Something has been imposed upon us i.e. we have been offered a different system, which currently, if you like ...... is a unique system. We will have to move up market and will have to extend our range to include more up market products." (Production Director, Company A)

Every executive in the case study companies mentioned quality, response time and cost. However, nine out of eleven executives mentioned executive performance measures related to new product introduction. Exceptions were in company A i.e. Distribution Director and Human Resource Manager.

6.2.4 Learning and growth perspective

"I think I am constantly reviewing my own objectives in relation to the business and in relation to my job .... and I am very aware that they are changing all the time." (Human Resource Manager, Company A)

Every executive I interviewed in companies A, B and C agreed that in current, highly competitive and dynamic manufacturing environment the measures for learning and growth perspectives are essential to ensure their company's survival and future prosperity (Kaplan and Norton, 1996). However, even with best intentions it is not always possible to find time for learning and growth.

"You learn from your experiences. You learn from interactions. You learn from networking with people. In an ideal world, if I wasn't bogged down with all the rubbish I have to do here now because of crisis management, it would be lot better if I could network with people to go into a situation like this, may be to get a connection with a university, devote even more time with people like yourself. I could actually turn the table and get you more involved in our business and I am sure I could do it - if I had the time to devote to actually pick your brain. But I don't have time to devote to it. So at least, I take advantage of the time you have devoted to doing it for us. I think it's important that you mix with people and I think it's important that you learn from your interactions with people. I wish I could do it more. But I can't. That in a sense is very frustrating that day to day stuff taking over the routine stuff." (Finance Director, Companies B and C)

It's the day to day pressures and demands on executives in relations to the outputs of the previously discussed three perspectives i.e. financial, customer and internal business process which leave precious little time to devote to learning and growth perspective.

According to Kaplan and Norton (1996:44) generic measures for learning and growth perspective include "employee satisfaction and information system availability." Employee satisfaction at work and access to the appropriate information is considered essential in achieving the excellence in the outputs from the financial, customer and internal business process perspectives. The executive performance measures related to the employee satisfaction and the information systems availability are discussed next.

Employee satisfaction

In company A, employee attitude surveys are carried out regularly in addition to team briefings and investment in people programme. The link between these surveys and the actual performance measures seems to be implicit rather than explicit.

"Employee attitude surveys - we did one at the beginning of the year. We were not very good at communication. Hopefully, we will do that sort of benchmarking annually.

We also look at the responses from team briefings:

(a) Whether they got done, whether we got sheets back saying - yes my people have been briefed.

(b) Whether looking at the some of the questions, issues and views of workforce that get raised through the team brief channel up.

How else can we measure that? I suppose indirectly things like absences, grievances and other indicators that we will use to measure it. Things like investors in people programme that will give us sort of finger on the pulse ...... October 1997 this is what a lot of our workforce said. That will give us some direct feedback." (Human Resource Manager, Company A)

At the executive level, there is recognition that there has to be conscious effort on an executive's part to continually thrive for employee satisfaction and having an appropriate executive performance measure.

"Somehow or other, rewarding or celebrating positive behaviour is important. That isn't always done. I mean, the easy thing is to reward and pay. For example, in one of my previous companies - it wasn't the results you got but how you got them. It was just as important you know .... What the morale of the people, labour turnover.... kind of soft indicators and what was happening there as it was profit and loss. Because they may have more impact on the long-term business than your immediate, you know, turning in good results. Because that can be quite easy.... Screw all cost centres and I mean, you know.... Get a good profit. Whereas, it is sometimes investment in terms of how many people have you developed? What is your succession plan? What positive proactive

things have you done to move the business, to help the people to progress within the business?" (Human Resource Manager, Company A)

The lack of employee satisfaction, which applies equally to the executive satisfaction, can have negative effect on the organization. One of the co-owner of companies B and C makes an interesting point in discussing the problems in company C.

"In fact to take the reverse, when things aren't going well, people are constantly having a go at each other, conspiring, complaining, people are leaving ..... . Quite a few people have left here over the last twelve to twenty four months and fairly senior people."

All the executives seem to agree that employee satisfaction is a good barometer and therefore an important executive performance measure in the learning and growth perspective.

Information system availability

Information system availability in terms of executive performance measures relates to their ability to put appropriate information systems in place.

"The factory of 1999 will be an information network" (Drucker, 1990:99). The importance of reliable, accurate and timely information is well recognized by all the executives I interviewed in companies A, B and C. It is also recognized that information is communicated not only from top to bottom but also sideways and from bottom to top.

"What I have to do is to put in place a communication mechanism to get the feedback. What we are probably good at in the business is that we good at communicating downwards, but we are bloody awful at communicating upwards. We are not only poor at communicating upwards but we are also poor at communicating sideways."
(Managing Director, Company A)

It is interesting to note how the executives address these issues.

"If we talk about the relationship or communication mechanisms upward or downward. The number of things we have done .... like standing in front of all the employees of the business on annualized basis. I get all the managers to come and see a team of all the directors at the end of every Board meeting and we have an open discussion and open forum when we have discussion on operational issues. We then discuss what we need to

communicate to the shop floor in team brief. Managers will then go down to shop floor for their team brief and allow the shop floor to provide feedback upward by raising questions, problems and the issues on the team brief. The quality of feedback which we have started to get now is improving significantly purely by the process of asking their views." (Managing Director, Company A)

In contrast, in companies B and C there seems to be more emphasis on informal communication.

"Well there is a grapevine here, which again may not exist at other businesses. It's unspoken grapevine but it works. It works in both directions.... Not on a formal basis, usually on informal basis. Well, I like to know. Some people would say - you are asking for trouble because you are giving people too much license to act as individuals. And we have lots of people, who act as individuals and sometimes it works against us. But I would maintain it on balance. If people act the way they believe .... let's say they are working in a very disciplined operation where there is not much movement or flexibility about how you are supposed to behave. You are supposed to behave how the company asks them. That means in terms of opinion - you are not allowed any diverse opinion. You certainly can't express them. That doesn't happen here. People are allowed to be themselves. Think what they think and come out with what they think. So sometimes people are complaining about things that in other organizations they would not dare complain about. And sometimes it works against us because it lowers morale, it diverts people, it deflects people.

It does have its benefits. They get more ownership, they feel more part of the organization - they feel more connected. It contributes to the family atmosphere that exists at both companies." (Co-owner of companies B and C)

The point on which all executives in companies A, B and C seem to agree is that "if employees are to be effective in today's competitive environment, they need excellent information - on customers, on internal business process, and of the financial consequences of their decisions." (Kaplan and Norton, 1996:134). Information system availability is one of the executive performance output measures to ensure continuous learning and growth of the organization.

Every executive in the case study companies mentioned executive performance measures related to employee satisfaction and information system availability.

At this juncture, it is interesting to compare and contrast the patterns between the first and second phase of fieldwork regarding executive performance measures related to executive performance outputs.

In the first phase of the fieldwork, the current executive performance measures seem to favour financial and internal perspectives. In the second phase of the fieldwork, when executives were requested to think about the current as well as aspired executive performance measures then the emphasis seems to be balanced for financial, customer, internal, and learning and growth perspectives.

The next section moves to measures for executive behaviours.

6.3 MEASURES FOR THE EXECUTIVE BEHAVIOURS

In the interpretation of the interview data concerning the measures for the executive behaviours, it was decided to divide these measures in two categories. The first category (6.3.1) covers the personal qualities and traits of the executives listed under personal characteristics. The second category (6.3.2) covers skills and competencies listed under capabilities.

6.3.1 Personal characteristics of the executives

The desired personal characteristics identified for effective executive performance, according to my interpretation of the collected data, include personal qualities and traits. These are discussed in alphabetical order and are ambition, background, bias towards action, integrity, intuition, management style and personality. These seven categories cover all the data coded as personal characteristics in terms of personal qualities and traits. The title of each category was chosen so that it encapsulated the related sentiments expressed by the executives during the fieldwork. The associated data was then coded under those titles as the following sub themes:

Ambition

Ambition is well recognized as one of the desirable personal characteristic of an executive. This was evident during the repertory grid exercise conducted with the

executives in companies A, B and C and discussed in the last chapter. Bennis (1998) considers ambition as an essential ingredient in leadership alongside competence and integrity. The executives are the leaders of their companies (Burke, 1986) and their ambition is manifested in their drive, energy, motivation, initiative and enthusiasm to aspire for success and advancement - both personal and organizational. According to Bennis (1998:29) "talent and ambition are born and bread in us and are profoundly personal and distinctive as fingerprints." So the measure of ambition as a personal characteristics is subjective.

"I come to work to try to create the best circumstances possible for 410 people who work in this business. That's what drives me to get out of the bed and the fact that I feel responsible for their welfare and the fact that I want to be able to provide for them in the best possible way in the circumstances and the market place we live in." (Managing Director, Company A)

Different executives perceive the attainment of their ambition differently.

"Some people have the need to control others and they get off on that. They like the recognition .... there are all sorts of things." (Co-owner, Companies B and C)

Control by the executives is perceived to be related to their ambition by their subordinates.

"It can be money oriented, it can be social standing. I just think they like to be in control." (Training Officer of Company A talking about the executives)

In contrast, external factors can influence personal ambition.

"I wouldn't mind being driven harder. I wish they would set me more targets to hit." (Managing Director, Company B)

All executives interviewed seem to agree that there is a link between the degree of attainment of their ambition and the extent of recognition. This seems to be the measure they use in assessing themselves and their peers when it comes to ambition.

"It's not money. It's more to do with people who work here and making it successful." (Co-owner, Companies B and C)

The executives interviewed when discussing ambition often cited a sense of achievement and recognition.

"I am very motivated by achievement. Normally, when you achieve things ..... there is a knock on effect of getting recognition. You get recognition for the wrong reasons if you under achieve. So I think for a personal point of view, the recognition as a result of achievements is very important. And that recognition can come in number of ways. It can come from a simple well-done pat on the back. It can come getting a nice car, which is a display of recognition which people can then see. It comes from earning a bonus at the end of the year but that is not about getting the pound notes that you can spend. That is the sense of achieving of the objective that has therefore made the payment possible. And there is a big difference. I am not motivated basically by money. I am motivated by the achievement that means that you get the money. If that makes sense." (Sales and Marketing Director, Company A)

Armstrong and Murliss (1991) make the observation that in the case of executives, the monetary awards are not so much for motivating them but to avoid demotivating them by under awarding their achievement.

Background

"Why do I believe I have that ability? Whereas other people do not. I don't know. I work hard at it. But sometimes I think it comes naturally anyway. May be it's me. May be that I had right training earlier on. May be it's my background." (Finance Director, Companies B and C)

"Ethics of hard work, I don't know where it comes from, probably from my family background. Certainly my grandparents from both sides of family were from working class Yorkshire stock. That was bred into our family that you work hard and achieve something." (Managing Director, Company C)

An executive's background can include his or her experience, qualifications, credentials, grounding, training, breeding, upbringing, family, curriculum vitae and so on. According to Bennis (1998:163) the way executives "become leaders is by learning about leadership through life and job experiences." Every executive has different life and job experiences. This means that the executive's background becomes one of their personal

characteristics. Their job and life experiences play a prominent part in the executive's performance.

There seemed to be consensus amongst the executives interviewed that in their decision making they heavily relied on their past experiences, in particular, if they had come across a similar situation before. That can create bias. So how do the executives achieve the right balance?

"Executives tend to have a bias. You have come from accountancy background or you have come from production background or you have come from sales and marketing background ..... Back of your mind your deep-seated interest in life and you either over compensate or under compensate. Because of that getting the balance is not easy. I am terrible because I am a sales guy, so I tend to go in with a sales hat on. But I am also a marketing guy, so I do have some idea of cost and looking with a money point of view and that tends to rule fairly importantly. At the end of the day people can't argue against the money side. It makes efficient cost sense to do it that way and you can get away with it doing that way and that's the way it needs to be done." (Managing Director, Company B)

So the background of an executive is an important personal characteristic. In a dynamic manufacturing environment, however, the executives need to be open to new ideas and new opportunities. Mitroff and Linsten (1993:127) suggest that "perhaps the most powerful barrier to new input is created by our mindset. Upbringing and education implant a mindset that proves resistant to change."

Bias towards action

Executives are "strongly oriented to action." (Mintzberg, 1975:50)

"Each director wants to improve and take on a new challenge. I don't think a director likes to sit back on his 'bum'. I think that once he has achieved his objective, he is looking at other areas where he can start again with his objective and build up. I think they always want to build on something. I don't think they like to sit on their laurels too long ... directors. They always wanting to change things and doing things like that. So I think they are very active - very active in their mind. I think so restless ... the directors." (Training Officer, Company A)

An executive is a "doer" (Hales, 1986:102) with preference for action. Bennis (1998:163) also concludes that the industrial "leaders have bias towards action." But in action they also think.

"Particularly in manufacturing, you have to react on your feet. It's very nice if you have time to be forewarned and plan out and be prepared. But there are many things that happen from day to day basis in manufacturing when you have to react on your feet and you have to be fairly quick in prioritizing. What is important - you want to sort out, what can you delegate sensibly and make sure that happens and what effectively you can put on the back burner because it is not of vital importance." (Production Manager of Company C, talking about the executives).

Schön (1983:54) makes the observation that "phrases like 'thinking on your feet', 'keeping your wits about you' and 'learning by doing' suggest not that we can think about doing but that we can think about doing something while doing it. Some of the most interesting examples of this process occur in the midst of a performance." The speed at which sometimes the executives need to perform demands that they reflect as they act. Each executive responds in his or her own way. It is their personal characteristic, which is manifested in their action and can be measured in terms of their actions.

Integrity

"I think personal integrity is a big thing ... honesty and being seen to be fair and make fair judgements is absolutely vital." (Manager director, Company C)

Bennis (1998:57) defines integrity as "standards of moral and intellectual honesty on which conduct is based." He views integrity consisting of three essential parts i.e. self knowledge, candor and maturity. Self-knowledge is knowing oneself not only in terms of one's strengths and weaknesses but also knowing what one wants to do and why. Candor is based on honesty in thinking and doing. Maturity involves "learning to be dedicated, observant, capable of working with and learning from others, never servile, always truthful"(Bennis, 1998:104).

"Integrity comes from within the individual" (Harrison, 1988:49). It is a personal characteristic. "Executive integrity is among today's most perplexing problems" (Wolfe,

1988:141). Because "most organizations are not very good places to try to develop personal integrity" (Harrison, 1988:51)

"It's almost like you are building up a portfolio of trust. It's long term ... this guy is a regular guy who I can trust. I think it's a very difficult thing to achieve" (Production Director, A).

In the interviews of executives when discussing integrity the words used most often were honesty, truth, trust, fairness and credibility. But all of these were open to subjective interpretations. "Executive integrity is embodied in the organization's spirit of interaction. Most conflicts in organizations stem from different perceptions of reality – from members telling different stories, selecting different relevant details, using different methods of expert analysis – in an effort to further positional preferences and convincing conclusions" (Srivastva and Barrett, 1988:317). The executive integrity as a measure is subjective and judgmental.

"I don't think it's formally measured ... probably be perceived by the feedback from elsewhere and then probably with the experience of the individual feedback – tempered up or down for the individual who is feeding back. It's not a very satisfactory way of doing it but I assume that's the only feedback ... ." (Production Manager, Company A)

In contrast, some executives measure themselves for integrity.

"I think we all set ourselves standards that we live by. I think people have certain values that they live by, have model codes that they live by, certain things they build into, I wonder .... Everybody's own code is different. It stems from that. It stems from your self-respect and personal standards. (Managing Director, Company C)

Intuition

"People are intuitive by nature ... nothing wrong with that. Your intuition, I believe is a good mechanism and can often be trusted." (Co-owner, Companies B and C)

Intuition is well recognized in the executive world. "Each individual has a unique set of patterns that informs his or her intuition" (Mitroff and Linston, 1993:105). It is a personal characteristic.

"I am a great believer in walking round the factory. Intuitively you know if things are right or not. Just picking up things by walking through the office ... again it's a measure if things are going right or not." (Managing Director, Company C)

Executives often rely on intuition when dealing with "complexity, uncertainty, instability, uniqueness and value conflict – which do not fit the model of Technical Rationality" (Schön, 1983:39). In such situations executive's work is just as much an 'art' as it is a 'science' (Mintzberg, 1989; Kotter, 1982).

"I know it's not in the text book but your stomach and your feeling play a big part in it." (Sales and Marketing Director, Company A)

Barnard (1938:291) recognizes the importance of intuition in executive thinking: "it is nowhere more indispensable than in the executive arts. It is acquired by persistent habitual experience and is often called intuitive." The measure of executives' intuition can be the degree of trust they and others place in it.

Management style

"We think it is important to distinguish between the basic personality of a top management team and the way that team comes across to the organization" (Waterman et al, 1980:312). The way the top management team comes across is to do with their management style. The top management i.e. the executives of the company and in reality each executive has his or her personal management style.

"I find it in one sense amusing that I have practically seen every director that has gone through our company and each one has been totally different. To say that they run a big company like this you would expect them coming out of directors' training school like clones – that each one has been cloned to do a certain thing ... you know and they aren't." (Training Officer, Company A)

According to Livingston (1991:819) "management is a highly individualized art." A style that suits one executive may not suit another. Every executive discovers their own managerial style to suit the situation as they see fit. It is their personal characteristic.

"If I am totally honest with you, I much prefer somebody like X, rather than some of others I have worked for. He politely tells you if he is not happy but you get the message rather than banging his fist on the table and ranting and raving. So I much prefer that.

He tells you he is not happy but it's polite, relaxed and calm manner." (Production Manager, Company A)

A different view considers involving others as vital in a good management style. *"It's vital that you translate your own vision into bite size chunks for people so they understand that within their job specification, within the way they operate that they are tangibly involved in improving the business and they have some measure of seeing where they are now and to see if things have improved or not."* (Production Manager, Company C)

The suitability of respective executive's management style is usually assessed through feedback from their peers and subordinates.

Personality

According to Wilson and Rosenfeld (1990:49) "Personality can be summarized as the pattern of traits and dispositions which distinguish one individual from another and determines how he or she adjusts to their environment." It is a personal characteristic. One of the desired traits in executive's personality is warmth.

"Personality one could get warm to." (Production Director, Company A)
Here, personality one could get warm to refers to the executives who can win the confidence of people around them enabling healthy working relationships.

"I think the main thing is that they have to have warmth about them. You feel you can go and talk to them and approach them – you don't feel intimidated." (Production Manager, Company A)

The prevailing view amongst the executives interviewed is that desired personality traits of executives are similar to those of leaders. This is to be expected because the executives are the leaders of their organizations.

"I think leadership is about personality. I think there is unmeasurable thing here. I don't think leaders are born but I do believe they are born with some personality. Leaders have got something in their personality that allows them to get alongside people. It's about having something that people want to follow." (Production Director, Company A)

Bennis (1998) proposes ten personality traits of leaders as self knowledge; open to feedback; eager to learn and improve; curious; risk takers; concentrate at work; learn from adversity; balance tradition and change; open style; work well with systems; and finally serve as models and mentors. Leaders acquire these traits over a long time through experience.

In contrast, some authors believe that there is no such thing as the effective personality for the effective executive. "I soon learned that there is no 'effective personality.' The effective executive I have seen differ widely in their temperaments and their abilities, in what they do and how they do it, in their personalities, their knowledge, and their interest – in fact in almost everything that distinguishes human beings. All they have in common is the ability to get the right things done." (Drucker, 1967:18) The ability to get the right things done requires executives to have the personal characteristics discussed here plus the capabilities discussed in the next section.

Here, it is worth noting the number of occurrences in respect of the sub themes discussed under personal characteristics.

Every executive interviewed in the case study companies mentioned bias towards action, integrity, management style and personality. Nine out of eleven executives mentioned ambition. The exceptions were the Distribution Director and the Human Resource Manager in company A. Every executive mentioned background implicitly but only four executives mentioned it explicitly and they were the Sales and Marketing Director in company A, the Finance Director of companies B and C, the Managing Director of company B and the Managing Director of company C. Seven out of eleven executives mentioned intuition and the exceptions were all in company A i.e. the Production Director, the Distribution Director, the Financial Controller and the Human Resource Manager.

6.3.2 Capabilities of the executives

The desired capabilities identified for the effective executive performance, according to my interpretation of the collected data, include executive skills and competencies. Skills with practice can become competencies. According to Boyatzis (1982:12) "The individual competencies represent the capability that he or she brings to the job

situation." Executives are expected to bring to their job a number of capabilities. The capabilities identified in the data analysis are discussed in alphabetical order and are commercial awareness, communication, decision-making skills, empowerment, entrepreneur, focus, leadership skills, making it happen, managing change, skills of introspection, teamwork and technical competency. These twelve categories cover all the data coded as personal capabilities in terms of skills and competencies. The title of each category was chosen so that it encapsulated the related sentiments expressed by the executives during the fieldwork. The associated data was then coded under those titles as the following sub themes:

Commercial awareness

Commercial awareness, also known as strategic alignment, is considered to be an important capability. The nature of executive work requires that executives have a clear understanding of a company's commercial objectives so that they can ensure that their performance along with the performance of the employees of the company is geared to achieving those objectives. "The criteria of good strategy are market or competitive fit and organizational fit." (Morita and Flynn, 1996:463) The market fit requires that a company respond to market changes and at the same time create efficient differentiation to maintain competitive edge.

"It is not easy all the time. It is got to be flexible because the world changes very rapidly now a days, doesn't it … and markets change rapidly." (Sales and Marketing Director, Company A)

The organizational fit refers to the congruency between organizational goals and the performance of people in every aspect of the organization.

"It is absolutely crucial. The more aligned everybody in the organization is to the goal, the strategic objective, the better chance of getting it. Why we are here, why we have come to work today, what am I doing, what are we trying to achieve? The more you can focus on that the more real you can make those objectives. The more chance of people meeting them and motivating to meet them and quicker you get there." (Managing Director, Company C)

Communication

This is a difficult sub theme to discuss because so much has been written on communications. The intention is to concentrate on the relevant aspects of communication as considered by the executives in the fieldwork.

"I think that the communication is a two way thing. People who say that they don't get communication are often as guilty as the people who don't give it, may be they don't ask. It is easy to sit back and rely on everyone else and expect people to talk down but you know communication should come up as well as go down. I think it is a problem within businesses. I think sometimes people who say there isn't communication and complain ...may be don't make the effort sometimes to do it." (Sales and Marketing Director, Company A)

The recurring theme during the interviews was that an executive's communication capability is vital in the successful implementation of company's strategy and that the effective executives encourage and seek communication to ensure that information flows freely from top to bottom, sideways and most importantly from bottom to top. Drucker (1967:54) notes that "Communications are practically impossible if they are based on the downward relationship. This much we have learned from our work in perception and communication theory."

According to Bennis (1998:84) "Communication and alignment work together." The executives communicate their vision, ideas, strategy, and expectations to people so that they can become reality. That involves talking to people and listening to them.

"We are completely straight forward and honest. I do it by talking to people and listening with both ears, because people say what they don't mean. So I have to watch for that – what I think the real reason might be. I can ask a question and get one answer and that's not the right answer. The answer the guy either wants me to hear or he is afraid or can't express it correctly, truthfully and properly. He goes round the houses and gives me ... I have got to watch for that. That's the human nature. Trying to give you an example. One of our guys on the machines, he came in saying he thought he was worth more money, wanted a pay rise. It wasn't that at all. I could tell something was bothering him and it turned out that he was getting ribbed in the factory about

something. He thought they were trying to push him out, get him to leave. Rather than say that to me, he said, 'I am worth more money', so it gave him a way out. So that if I had said that no you couldn't have more money then he could say – right I am leaving then. So I am fairly aware that I have got to listen." (Co-owner, Companies B and C)

Checkland (1993:312) defines communications as "The transfer of *information*." In communication the problem may be in the transfer of information. As Drucker (1967:57) observes that "Throughout the ages the problem has always been how to get 'communication' out of information. Because information had to be handled and transmitted by people, it was always distorted by communications, that is, by opinion, impression, comment, judgement, bias and so on." Executives tend to learn through experience and acquire capabilities in communications. Such a capability can be assessed through feedback from their peers and subordinates. "The trick is getting the best feedback possible, being open to it, and changing for the better because of it." (Bennis, 1998:90)

Decision making skills

"By virtue of position of knowledge, to make decisions that have significant impact on the entire organization, its performance and results, defines the executive" (Drucker, 1967:95). It is part of an executive's job to make decisions. They are measured on their capability of making the right decisions.

"You are only as good as decisions you make." (Managing Director, Company C)

The nature of executive work requires that executives have appropriate information systems in place to make decisions.

"Not just high level executive information systems but day to day information systems to make sure the company runs smoothly day to day and provides the information that we need that's accurate and timely. The simple process of controlling customer enquiry, quotations, incoming sales orders, dispatches, production scheduling, and production work orders. So that they know what to make, in what order to make it, what quality, what specification ... all the fundamental systems you need to run a manufacturing operation that at the end of the day spits out the reports we need to see that says how much material did we use today, how much does it cost, how much money we made

today, what were the operating expanses last week. You know it is normal, any business would want, but you want it at your fingertips now. Why you want it – try to make better decision when you have one to make." (Co-owner, Companies B and C).

In contrast, not all the executive decisions concern day to day matters? Executives need "skills in decision making under ambiguity" (Mintzberg, 1973:191). Often the decisions, executives have to make concern long term issues in unstructured situations. Production Director company A cites an example.

"Whatever you do at senior level eventually will translate back to success or otherwise in a business – can be slightly long term. I made a judgement, for instance, that we wouldn't introduce TPM. My boss went along with that. At the end of the year, I will find out whether he thought that was the right decision. Because measure of my success will be – was that the right decision? Because things that you put in place for achieving that was to introduce a structure and if that is a success. If you like, I have almost substituted my own set of rules with rules given to me and if it is successful, I will be hailed as a hero. That boy took the right decision. Wow! He changed my measure, if you like, for something else and it yielded benefits." (Production Director, Company A)

Such decisions are never easy. Because "a decision is a judgement. It is a choice between alternatives. It is rarely a choice between right and wrong. It is at best a choice *between* 'almost right' and 'probably wrong' – but much more often a choice between two courses of action neither of which is probably more nearly right, than the other" (Drucker, 1967:120). Executives develop judgement in making decisions under ambiguity through experience over a long period and they are measured on the success of those decisions.

Empowerment

Bennis (1983:18) defines empowerment as "the capacity to create environments – the appropriate social architecture – that can tap and harness the energies and abilities necessary to bring about the desired results." The desired results are the outputs of the executive's performance. In the interviews with the executives, there were two different views related to empowerment.

The first view favoured developing people in terms of their learning and competencies.

"How they have invested in people? How many people they have developed? What is their succession plan? And what positive, proactive things they have done to move business forward and to help people?" (Human Resource Manager, Company A)

In contrast, the second view favoured executives creating a working environment so that people in the organization felt important, part of a community and enjoyed their work.

"For a long time now, I have tried to see life as 'life'. It is not home and work. It is 'life'. For several hours in the day, you go somewhere and perform tasks that contribute to your income that you need to feed your family and the rest of it. I try and get the message across when I can. I see it as part of our responsibility to help these people to have a good life by making this bit of their life as enjoyable as possible. (Co-owner, Companies B and C)

It is interesting to note that in company A, the emphasis seems to be on empowering people by developing them through training and investment in people initiatives. In companies B and C the emphasis seems to be on creating community spirit in their working environment.

Entrepreneur

According to Mintzberg and Quinn (1991:61) "entrepreneurship is very much tied up with creating of strategic vision, often with the attainment of a new concept." In the context of this research, the executives in manufacturing organizations create the strategic vision before embarking on a new venture. They have to have the capability to voluntarily initiate the necessary change in the role of an entrepreneur (Mintzberg, 1973). In the role of an entrepreneur, an executive has to take risks. It is interesting to note the comment of a Co-owner of companies B and C, regarding the capabilities of his executives as entrepreneurs:

"The worst thing for me is that they won't take risks because they dare not make mistakes. That is the worst thing. Two reasons, they dare not take financial risks. One, the impact on their pay and two, the repercussion of their mistake if it went wrong. It would impact on their job. Would they still have a job?

The years we have been in business, I can't think of an area, where anyone of them has taken a risk. I can't think of one. And that's probably the biggest failings most

managers have got. Especially in smaller companies. They can't take risks. Because my view is, in here, they are not entrepreneurs. They are hired help. You have got to have state of mind to be a risk taker." (Co-owner, Companies B and C)

In contrast, the perceptions regarding risk taking differs between executives as can be seen in the following quote.

"I am not one for taking massive risks. If, for example, there was to be a new venture that we thought that it would be attractive enough to get involved in. My attitude to how we acquire that, what we need to put in place to be able to get involved would be totally different from, I suspect, what the co-owners would want to do." (Financial Director, Companies B and C)

Skills of innovator are also linked with the skills of an entrepreneur. According to Bennis (1998:154) "innovators, like all creative people, see things differently, think in fresh and original ways." In the changing manufacturing environment, executives constantly need to think of new ways of doing things.

"Creative new ideas, new ways of meeting the customer better than they have been currently met. That's what it is all about at the end of the day." (Co-owner, Companies B and C)

The executives interviewed recognized the importance of innovativeness. This was considered an essential capability in maintaining the competitive edge in modern manufacturing environment.

In contrast, executives may not always have time to innovate because of the day to day pressures.

"I don't have time to innovate because of the day to day constraints that I am under and because of the problems we are facing. Innovation is important. I wish I had more time to do it. I think my contribution to the innovation is woefully inadequate. (Financial Director, Companies B and C)

"So many different parts of the business or individuals now expect so much from so many people that it is damned hard to try to please all the people all the time and that's the reality of the situation." (Sales and Marketing Director, Company A)

To be effective executives need to be focused on their contribution (Drucker, 1967). In the real action world, the executives constantly deal with changing priorities. They develop capabilities to deal with the changing priorities and at the same time remain focused.

"I think what you have got to do is to develop an in-built skill of juggling 26 balls in the air, at once. I think, if you are talking individually, the way I manage to do it is that I have got a fairly logical mind that can put things into little boxes and I know where the key is to get back out every time I want one. You can't have 26 balls at the same time because I can't balance 26 balls. I can manage 4 or 5, if you like. You have got to keep changing 4 or 5 to make sure that they all end up in the air some time or other during the course of working day or week. You know it is difficult. Sometimes it is more difficult than others." (Sales and Marketing Director, Company A)

In contrast, there is always a temptation to deal with immediate issues, which are often short term.

"I don't think there is anything complicated here. It is just difficult. That's all. Difficult to stay fixed to your guns and keep on line. Some of these issues are quite conceptual. So in that respect I mean everybody likes to deal with a nice physical problem. You know short term nice rounded physical problem. But some of them are quite long term and they are conceptual and you are put off some days of tackling that particular problem and you can look for reasons or excuses to find another problem. You know one of those nice rounded ones, so that you don't have to deal with that one. Like everyone else I have sometimes that temptation." (Co-owner, Companies B and C)

However, the consequences of not staying focused can have a detrimental effect on the organization.

"In effect I think we are beginning to go through the period of what I can only describe as crisis management, to be honest. And it is not pleasant being part of it. It is

necessary but it is not pleasant. Sometimes you feel that it has been self created, in the fact that we have not kept our eyes on the ball perhaps as much we should have done." (Finance Director, Companies B and C)

Leadership skills

According to Mintzberg (1973:60) "leadership involves interpersonal relationships between the leader and the led." Executives need the capability to build and manage good relationships with the people they work with.

"Ability to lead a team of people – get them wound up, get them excited, get them motivated." (Co-owner, Companies B and C)

Jaques and Clement (1991:4) define executive leadership as a "process in which one person sets the purpose or direction for one or more other persons, and gets them to move along together with him or her and with each other in that direction with competence and full commitment."

In contrast, the process of moving people in the same direction is becoming increasingly difficult in modern manufacturing organizations.

"One of the hardest thing is in getting everybody to pull in the same direction at the same time. I think as people develop in jobs, or the world changes – people's priorities and everything change. I think more and more adage of people wanting to go out to work to earn a living to feed the family has disappeared. People want to go out to work for different reasons; people want different social goals, different leisure time objectives and everything. It is becoming more difficult to get everybody work as team. I think that society is breeding much more individuals that have stronger personalities, that have stronger views on a subject and therefore I believe that it is becoming more difficult, certainly in factory environment.""(Sales and Marketing Director, Company A)

There is another interesting point of view regarding an executive acting as a chameleon.

"What a leader has to do in my opinion is that leader has to be chameleon. He has to be able to adopt his style and his behaviour according to people who work with him. That is a skill people don't display particularly well in my view." (Managing Director, Company A)

Skills of creating vision are also linked to leadership skills. According to Bennis (1983:18) vision is "The capacity to create and communicate a compelling vision of a desired state of affairs – to impart clarity to this vision (or paradigm, context, frame – all these words serve) and induce commitment to it." It involves seeing the big picture.

"Being able to appreciate the big picture, vision of the whole thing. You can make better decisions about what you are going to do or how you are going to react to something which has already happened by having this big feel for the whole thing." (Co-owner, Companies B and C)

In addition, the executives also recognize the importance of involving people at all hierarchical levels in strategy formulation to enable them to realize their vision.

"It is critically important that strategy is not set centrally and dictated down. In the same way that communication should be two way, strategy should be two way. And I believe that people at the coal face who deal with the market place, who have the customer focus, who understand the trend and the movements in the market place; should be very heavily involved in decisions and discussions in strategy." (Managing Director, Company A)

Making it happen

Making it happen is a capability "of translating intention into reality" (Bennis, 1998:18). It involves the process of planning and successfully executing that plan.

"To make things happen you have to assess – what it is that you are trying to do, how you are going to achieve it and then do it and then monitor what you have done and pick up the pieces if anything has gone wrong. It is a whole process and it may not be that clinical in every single decision that you make for every course of the day to go through the full process." (Finance Director, Companies B and C)

A different view stresses the importance of planning.

It is a matter of having a plan that is simple enough to understand but detailed enough to be effective and make sure people know what they are supposed to be doing. That's the first point. The second more difficult point is making it happen. You can't rely on chance of that happening. You have to guide and direct people and help people to make best of themselves." (Managing Director, Company C)

The accountability of people plays a very important part in ensuring that plan progresses to reality.

"To know what the grand plan is, what the master plan is. To be able to break down that master plan into its component parts and divest responsibility for each of those component parts to the appropriate manager and make sure that all comes about." (Co-owner, Companies B and C)

Executives who make things happen are respected and admired.

"You gain respect in organizations by what you do, by what you achieve. You don't gain respect by having a fancy desk or fancy office with a name plate on it." (Finance Director, Companies B and C)

Managing change

There seemed to be general agreement amongst executives interviewed that "without question, the most desirable management skill for the nineties will be the ability to manage change" (Harvey-Jones, 1993:25). The thinking process is considered to be the most important element in any changing process.

"It's all about knowing what do you need to change, what you change it to and how to cause the change. Deciding what to change is not easy. It requires a lot of thinking." (Co-owner, Companies B and C)

In contrast, managing change is considered to be problematic because it can take a long time before realizing the benefits of the desired changes.

"I see evidence now that changes we started three years ago are now beginning to yield benefits. There are barriers still to break down. So I am recognizing that we are probably half way along a road with the other half to do yet. It's open-ended. When we arrive there – I don't know. I don't know what rights we have to ask people to change their behaviour. But at the end of the day if the business is to succeed, in the era we are in, it's about change and rapid change. Unless a company can adapt to rapid change, frankly, they are not going to be around. So there is no question about it – either you do it or you are dead." (Production Director, Company A)

Skills of introspection

According to Mintzberg (1973) skills of introspection involve thoroughly understanding one's job, being sensitive to one's own impact on the organization and the ability to learn by self-study. Some executives regularly review their performance.

I think I am constantly reviewing my own objectives and relation to business and relation to my own job and different businesses and I am very aware that they are changing all the time." (Human Resource Manager, Company A)

According to Bennis (1998:188) self-knowledge is "the capacity to reflect on experience." Executives improve their effectiveness by reflecting on their experiences through this capability.

"At the end of the day it is all about improvement. Life has its way of making you evaluate of what you have done, think back perhaps – I should have done that better." (Finance Director, Companies B and C)

Executives through introspection reflect on their strengths and weaknesses so that they can identify areas for their own development.

Teamwork

The changing nature of organizations presents new challenges to executives. The executives need to see themselves in the role of leaders of their teams (Levinson, 1988).

"I am only as good as those 409 people who actually work for me and one of the key roles of a managing director or chief executive is to build a team of people around him who will deliver the results. A Managing Director is very much a conductor of the orchestra. He tells people what tunes they should be playing and puts the people on the right instruments in the right sections of the orchestra in order to play that tune in the most professional way." (Managing Director, Company A)

Executive leadership is about creating synergy (Harrington, 1991; Jaques and Clement, 1991). The capability of leading and working as a team becomes a strong performance driver.

"Damn good team with a good captain. Team sprit comes into here. Business is more and more about team efforts than individual performance, more than ever now a days." (Sales and Marketing Director, Company A)

The success of business depends on executives and their employees working as a team.

"Key to success is people. Having a good team. The right people in the right place doing the right things and all working together." (Managing Director, Company C)

In contrast, some executives may not work as a team.

" A lot of companies fail to do that and everybody tends to look after their own patch and fight like hell for their own corner and without looking at the overall picture really." (Financial Controller, Company A)

Technical competency

To the executives interviewed, technical competency means having the knowledge and skills necessary to fulfil their task and maintain/enhance the quality and value of the product/services.

"Technically proficient in their own particular area taken as read." (Human Resource Manager, Company A)

In contrast, technical competency is not taken for granted but seen to be acquired through knowledge, skills and experience.

"Lot of that comes down, dare I say, to knowledge, skills and that famous word 'experience' sometimes." (Sales and Marketing Director, Company A)

"Most management jobs require that the managers have and use facts and concepts related to the particular function performed, the particular products produced, or the technology used by the organization" (Boyatzis, 1982:187). The nature of executive work requires executives to posses the relevant technical competency to perform their tasks. Technical competency is an essential capability in effective executive performance. Boyatzis (1982:185) considers technical competency as a threshold competency that can be described as "specialized knowledge in their own particular area."

"You need the ability in the area that you are operating with. Let's just take finance and accounting side of it. Obviously, if you haven't got the experience, if you haven't got the technical skills, if you haven't got the qualifications – you are on a loser anyway."
(Finance Director, Companies B and C)

Here, it is worth noting the numbers of occurrences in respect of the sub themes discussed under personal capabilities. Every executive interviewed mentioned commercial awareness, communication, decision making skills, empowerment, leadership skills, making it happen, managing change, teamwork and technical competency. Six out of eleven executives mentioned capabilities of an entrepreneur. In company A, only the Human Resource Manager explicitly mentioned this capability. In contrast, in companies B and C every executive interviewed explicitly mentioned it. Nine out of eleven executives mentioned focus. Both exceptions were in company A i.e. the Production Manager and the Human Resource Manager. Nine executives out of eleven mentioned skills of introspection. Both exceptions were in company A i.e. the Distribution Director and the Financial Controller.

6.4 ASSESSMENT OF EXECUTIVE PERFORMANCE IN PRACTICE

In company A, executive performance is assessed by a combination of formal appraisals and informal assessment and feedback on an ongoing basis.

"Appraisals happen only once a year and there is a review process half way through the year. But there is day to day feedback as well. Then there is the element of when we sit down in Board meetings and talk about operational issues. Although we are talking about operational issues they clearly can be associated with inability of individuals to perform on particular issues. The net result of individual's actions at some stage inevitably flow through to the bottom line." *(Managing Director, Company A)*

Appraisals include previously agreed specific objectives relating to key result areas and performance factors. The performance factors identified are seen as critical to the success of the company and include commercial awareness; knowledge and quality; customer focus; communication; teamwork; change and adaptability; self and staff development; and financial application.

Executives and managers just below the level of executives had rather differing views on appraisals.

"I think appraisals are a total waste of time. They say it is about open and honesty. In reality it is not." (Training Officer, Company A)

In contrast:

"I still think that once a year opportunity is very important - more important for executives than anybody else. Because sometimes, you know, they can be lonely jobs on their own. They have lots of responsibility and you know to ignore the opportunity for their personal development or some personal time would be a great shame." (Human Resource Manager, Company A)

All executives seemed to value regular informal feedback.

"Informal regular meetings are more important, bit more immediate." (Financial Controller, Company A)

Softer measures regarding individual executive's interactions with others are also considered important.

"It is important how other people see us to start with and if people perceive that you are not a good leader or not a good communicator or that you have a couldn't-care-less attitude or you don't speak to people in a reasonable manner what ever level they are or that you don't acknowledge people at shop floor level or that you have deficiencies, what ever they may be. I think it is important and valuable for the individual to gain some insight into that. I don't mean banging them on the head with it or being cruel or you know for it to be delivered in insensitive way. Obviously, the tools you use have to have some credibility and to be handled by the skilled people. I think if they are used properly and professionally then they can help individuals to understand themselves better and give them some real precise feel of what they need to concentrate on." (Human Resource Manager, Company A)

All executives seem to agree that assessing their performance "without feedback is worthless because you have expended the appraisal effort but not provided the individual with an opportunity to improve." (Harrington, 1991:184)

In contrast to company A, in companies B and C, executive performance is assessed informally and on ad-hoc basis.

"I don't have performance appraisal regrettably. It is all done very informally. It is certainly not done formally because I can't remember when I had formal appraisal. In fact, I think the last time any executive ever had something resembling formal appraisal was back in 1992. It is a long time ago actually. Since then I suspect that the performance has been appraised on a very ad-hoc basis, like if any thing has gone wrong in my area, probably people would have said to me – it has gone wrong in your area. If everything has gone right they probably kept quite." (Finance Director, Companies B and C)

The reasons for not formally assessing executive performance are articulated as follows:

"People don't like their performance formally reviewed. It is much better to do it casual, on the run. Still achieving the same thing. Clearly, if performance adjustment is required they will get the message without you having to ram it down the throat and making them feel small, inadequate, and humiliated. Mostly, our guys are not trying to be incompetent. They are trying their best. May be some areas they need a bit of help." (Co-owner, Companies B and C)

The theme running in the interviews was that the formal appraisals tend to concentrate on the weaknesses of the individuals. Drucker (1967:70) explains that the "appraisals, as they are now being used in the great majority of organizations, were designed originally by the clinical and abnormal psychologists for their own purposes. The clinician is a therapist trained to heal the sick. He is legitimately concerned with what is wrong, rather than what is right with the patient. He assumes as a matter of course that nobody comes to him unless he is in trouble. The clinical psychologist or the abnormal psychologist, therefore, very properly looks upon appraisals as a process of diagnosing the weaknesses of man." This perception may have contributed to people associating appraisals as mechanisms to check on weaknesses.

In companies B and C, the informal ongoing assessment of the executives is achieved by relying on 'grapevine'.

"There is a grapevine here, which may not exist at other businesses. It is an unspoken grapevine but it works. I think, we could be better at informal heart to heart discussions then we are. So I don't think we are that good at getting to know exactly at what some of these senior guys are thinking and they are not very good telling you either. It is one of the English, especially Yorkshire characteristics that you keep your feelings to yourself. At executive level, the grapevine works probably better because they seem to feel as though that is not betraying their masculinity if they use the grapevine." (Co-owner, Companies B and C)

One of the disadvantages of such an arrangement is that the executives do not always know how their peers and superiors perceive their performance.

"It is extremely difficult for me to know whether I am doing a good job or not. I really don't know. I have to do the best I think I can and muddle along the best way."
(Managing Director, Company B)

Consequently, there is an element of speculation.

"As far as our organization is concerned the co-owners have never taken me to one side and said – yes, you are doing a good job; no, you are doing a bad job. That has never happened since I have been the managing director. It becomes evident from tone or demeanour if a criticism is directed at me and if that happens then either you take issues with it and debate it or you go away and think about it and make judgement. So overall, I think you have got to go by figures and the attitudes and demeanours of your colleagues or co-owners whenever you need." (Managing Director, Company C)

The other disadvantage is of not knowing when exactly, one is being assessed.

"You begin to wonder at times whether a late evening chat is a late evening chat or whether it is a form of appraisal. You don't know, you don't really know where you stand. I don't think it bothers me to a great extent because I wouldn't be slow coming forward if I felt there was something wrong." (Finance Director, Companies B and C)

Majority of the executives interviewed considered periodic formal appraisals to be of limited value but desirable. However, the consensus regarding ongoing informal assessment is that these are essential and widely used.

6.5 CONCLUSIONS

This phase of the fieldwork links to the second aim of this research and the fifth research question. Both relate to proposing a model for executive performance measures that reflects the aspirations of the practitioners and the academic community. The basis for that model will be the themes and sub themes discussed in this chapter.

The taped interviews provided the rich data in exploring the meanings executives attach to their performance measures. Multiple perceptions were helpful in appreciating different emphasis put on by different executives in considering executive performance measures.

The template approach provided the structure in analyzing the qualitative interview data at different levels of specificity in terms of themes and sub themes.

In the second phase of the fieldwork, executives interviewed were requested to think about formal as well as informal and current as well as aspired executive performance measures. As a result, executive performance measures related to their performance outputs seem to be fairly balanced in terms of financial, customer, internal, and learning and growth perspectives. However, their core measures are still the financial measures.

Measures related to personal characteristics of an executive fall in the categories of ambition, background, bias towards action, integrity, intuition, management style and personality.

Measures related to personal capabilities of an executive fall in the categories of commercial awareness, communication, decision making skills, making it happen, managing change, skills of introspection, teamwork and technical competency.

The main findings from the fieldwork are that the current practices in executive performance measures in the case study companies favour measures for performance output particularly in relation to the financial and internal business process perspectives. By contrast, the executives themselves feel the practical need for measures, which include executive behaviours alongside the performance output measures. The measures for behaviours include measures for an executive's personal characteristics and capabilities.

There is a practical need for a model that encourages an organized way of thinking about executive performance measures related to their performance outputs, personal characteristics and capabilities.

The next chapter discusses the development of such a model in making sense of executive performance measures.

CHAPTER 7: MAKING SENSE OF EXECUTIVE PERFORMANCE MEASURES

The chapter attempts to make sense of executive performance measures by bringing together the fieldwork results and the literature. This links to the second research aim and the fifth research question to create a model for executive performance measures.

It is suggested in section 7.1 that a holistic approach be taken by considering executive performance measures as a serving system to the system of executive performance so that the whole of the executive performance could meet the challenges of the changing manufacturing environment.

In section 7.2, the current state of executive performance measures and a desired state of executive performance measures for effective performance are considered to highlight the need for a new model. Currently, the financial and the internal business process perspectives in the collaborating manufacturing organizations dominate the executive performance measures. A desired state of the executive performance measures for effective performance would include a balanced set of executive performance measures for all aspects of executive performance outputs and behaviour.

In section 7.3, a theoretical model is proposed for executive performance measures. The model is based on the fieldwork results and the literature. Examples of the executive performance measures identified during the fieldwork are considered in demonstrating how the proposed model could be used. The model is discussed in terms of its strengths and weaknesses. The views of the executives who took part in this research are also included regarding the model.

7.1 EXECUTIVE PERFORMANCE MEASURES SERVING EXECUTIVE PERFORMANCE

The purpose of executive performance measures is to inform the issues of executive performance. Executive performance affects the performance level of the whole

organization. Modern manufacturing organizations are going through tremendous changes e.g. changing emphasis from production to customer. This presents new challenges to the executives to manage change effectively through strategic management and through their behaviours as leaders of their organizations.

A holistic approach to executive performance measures will inform the issues of executive performance as a 'whole', so that the 'whole' executive performance could meet the challenges of the changing manufacturing environment. It is proposed that the executive performance measures be viewed as serving system to the system of the executive performance as shown in Figure 7.1

Figure 7.1 Executive performance measures serving executive performance
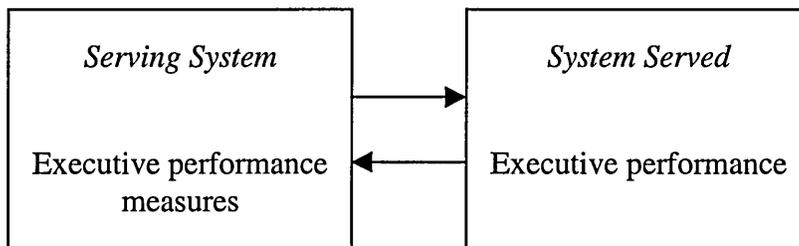
The whole executive performance includes executive performance outputs as well as the behaviours in achieving those outputs. Experiences during the fieldwork and the literature suggest that executive performance measures as a serving system need to include measures for executive performance outputs as well as behaviours. The holistic approach to the executive performance measures will ensure that the measures are balanced between measures for performance outputs and behaviours.

7.1.1 Changing manufacturing environment

"Customers want high quality products at low prices, and they want them now." (Gates, 1999:141)

For example in company A, the executives are fully aware that the market is increasingly competitive where consumers are constantly demanding a better value for money. This is translated into expectations, from retailers who sell the manufacturing units, for a greater perceived value. To meet their demand the company has made continuous improvements to its product range over the years and become more responsive to what customer wants. In other words there is a change in emphasis in their strategies.

The main features of these strategies are that they all have greater emphasis on non-price factors, on waste reduction in its broadest sense, on flexibility in technology, on flexibility in organizational structure, and changing relationships between organizations (Smith et al, 1995). These features are either explicit in a company's declared strategies, as is the case in Company A; or implicit in a company's working philosophy, as is the case in Companies B and C.

The changing manufacturing environment has meant that the socio-technical issues have become increasingly important (Roth and Miller, 1992). For example, in Companies A, B and C; the executives are wrestling with the problem of changing the culture of their respective companies so that everybody in their company concentrates not just on the production and costs but also on quality, dependability, flexibility and innovativeness. The executives in the case study companies recognize that the major order winning criteria (Hill, 1985, 1995) are lead times, delivery performance, value for money and flexibility.

The changing manufacturing environment is presenting new challenges to executives.

7.1.2 Challenges for the executives

In common with most manufacturing companies, Companies A, B and C are going through many changes. Executives in Companies A, B and C made clear during the fieldwork that "without question, the most desirable management skill" in modern manufacturing is "the ability to manage change." (Harvey-Jones, 1993:25)

It is evident from the fieldwork that in managing change an executive needs to know 'what' to change and 'how' to achieve that change.

In fact as the fieldwork progressed in making sense of the executive performance measures the theme of 'what' and 'how' became increasingly prominent.

In Companies A, B and C; during the fieldwork it was easier to learn and understand *what* executives are supposed to achieve. It was more problematic to learn and understand *how* executives achieve what they are supposed to achieve.

What executives are supposed to achieve is reflected in their strategic objectives. These strategic objectives relate to the Key Result Areas (KRAs) in financial, customer,

internal, and learning and growth perspectives. The challenges for the executives, in the changing manufacturing environment, relevant to their performance *outputs* are to know *what* to change? For example, in Companies A, B and C; there is more focus now on customer perspective than in the recent past. There is also growing recognition that the learning and growth perspective will acquire greater significance in staying competitive. The greater emphasis on customer, and learning and growth perspectives has to be reflected in executives' strategic objectives to ensure that they do the right things. That is the first thing.

The second part of the equation is that they not only need to do the right things but also that they do them in the right way (Walters, 1995). That is to do with *how* executives perform. That is manifested in their behaviours. The findings from the repertory grid exercises regarding desired executive behaviours for effective performance were discussed in terms of qualities, skills and competencies in section 5.2.3 (First phase of the fieldwork chapter). The desired executive behaviours in terms of personal characteristics and capabilities were discussed in section 6.3 (Second phase of the fieldwork chapter).

The challenges for the executives, in the changing manufacturing environment, relevant to *how* to perform effectively are to know what parts of their behaviour need changing? What are the required personal characteristics and capabilities? Are there any adjustments needed in their personal characteristics and capabilities? This is problematic.

This problem is compounded because an executive's work is just as much an 'art' as it is 'science' (Barnard, 1938; Mintzberg, 1989). Executive's work involves dealing with interdependent relationships among diverse groups of people, who have the power to affect executive performance and "coping with this difficult social reality is at the very heart of executive work, because it affects *everything*" (Kotter, 1986:26). This was evident from workshadowing of the executives during the fieldwork, discussed in terms of managerial roles in section 5.2.2 (First phase of the fieldwork chapter). The challenge for the executives because of the increasing importance of socio-technical skills means that there is a change in emphasis. The fieldwork and the literature suggest that they need executive performance measures, which inform them not just about their performance outputs but also about their behaviours.

7.1.3 Holistic approach to executive performance measures

In a holistic approach, executive performance measures would inform, not only *what* executives achieve but also *how* they achieve their organization goals.

In a holistic approach, executive performance measures concerning performance outputs would include financial, customer, internal, and learning and growth perspectives as discussed in section 6.2 (Second phase of the fieldwork chapter). The dictum 'what gets measured gets done' applies to executive performance outputs as it would to performance outputs of other employees of the company.

In a holistic approach to executive performance measures concerning behaviours would include measures for their personal characteristics and capabilities as discussed in section 6.3 (Second phase of the fieldwork chapter). The executive personal characteristics include their traits and qualities. The executive capabilities include their skills and competencies. An executive's personal characteristics and capabilities are manifested in his or her behaviour. The dictum 'what you measure is what you get' can be applied to executive behaviours.

In Companies A, B and C, executives recognize that there is a need for new improved executive performance measurement systems that inform about performance in a holistic way. The holistic approach to executive performance measures would serve the whole executive performance and help executives to think about their performance outputs, their behaviours to achieve the required outputs and the interrelationships between their performance outputs and behaviours. The holistic approach to executive performance measures would serve the 'whole' of the executive performance so that executives perform effectively in meeting successfully the challenges presented to them in a changing manufacturing environment.

7.2 EXECUTIVE PERFORMANCE MEASURES FOR EFFECTIVE EXECUTIVE PERFORMANCE

Executive effectiveness denotes the extent to which executives *actually* achieve compared to what they are expected to achieve (Hales, 1986). Traditionally in manufacturing the emphasis has been on productivity (Skinner, 1986; Hill, 1995). This is

reflected in the current state of executive performance measures. In common with most of the manufacturing organizations in Companies A, B and C the financial and internal business process perspectives dominate the executive performance measures with emphasis on cost and efficiency.

The fieldwork and the literature suggest that a desired state of executive performance measures for effective performance should include a balanced set of measures for executive performance outputs and behaviours. The output measures would be balanced for the financial, customer, internal, and learning and growth perspectives (Kaplan and Norton, 1996). The measures for behaviours would include personal characteristics and capabilities.

7.2.1 Current state of executive performance measures

In Company A, all executives are formally appraised once a year as reviewed in section 6.4 (Second phase of the fieldwork chapter). There is also a less formal interim review of executive performance every six months *"if need be"*. In addition, there is an ongoing peer assessment of executives in the monthly Board meetings, weekly progress meetings and in their day to day interactions.

The executive performance measures, for performance outputs in the formal appraisal, consist of individually agreed Key Result Areas (KRAs). The other executive performance measures consist of generic performance factors: commercial awareness; knowledge and quality; customer focus; communication; teamwork; change and adaptability; self and staff development; and financial application.

In Companies B and C, there is no formal appraisal of executives. The only formal executive performance measure in use relates to performance output and is the yearly bottom line profit. However, in Companies B and C, there exists an informal *"grapevine"*, which executives use to informally assess their own performance and of their peers. This informal assessment covers the results executives achieve and how other employees of their companies generally perceive them.

The current perceived executive performance measures in Companies A, B and C follow similar patterns. The split between measures for executive performance outputs and behaviours are: 68% and 32% respectively for Company A; 69% and 31% respectively

for Companies B and C combined (Fieldwork chapter 5: Table 5.25 Cross case comparison of the perceived executive performance measures in Companies A, B and C).

In all three companies, the measures for performance outputs are dominated by financial perspective, accounting for more than half of output measures (Fieldwork chapter 5: Table 5.25). This pattern is understandable because traditionally in manufacturing the emphasis has been on productivity. Hence most of the measures concentrate on productivity in terms of cost and efficiency.

In the case study companies, the financial measures are the core measures. The reason given during the fieldwork was that every executive decision has some financial implication to the company. Therefore executives assess their company's health in terms of their financial performance.

The measures related to financial perspective and internal business process perspective are also easy to quantify compared to the measures related to the customer perspective, and the learning and growth perspective. The measures related to financial and internal business process perspectives are usually objective whereas the measures related to the customer, and learning and growth perspectives are somewhat subjective and judgmental which make them rather difficult to quantify. These are some of the reasons that account for the popularity, in practice, of the executive performance measures related to financial and internal business process perspectives.

The pattern in measures for executive behaviours is also similar in the case study companies (Fieldwork chapter 5: Table 5.25).

The executives during the fieldwork often mentioned the difficulty in quantifying and actually measuring executive behaviours. However, it was evident during the fieldwork that the executives in Companies A, B and C recognize that the executive behaviours are relevant to the executive's performance in their job. Therefore it is desirable to include the executive performance measures related to their behaviours.

The next section deals with the desired state of executive performance measures for effective performance.

7.2.2 Desired state of executive performance measures for effective performance

In the case study companies the desired state of executive performance measures is based on the themes and sub themes discussed in the fieldwork chapter 6. The performance output measures in section 6.2, relate to return on investment and economic value added for the financial perspective; customer satisfaction, customer retention, market place and market share for the customer perspective; quality, response time, cost, and new product introduction for the internal perspective; and employee satisfaction and information system availability for the learning and growth perspective. The measures for behaviours in section 6.3, relate to ambition, background, bias towards action, integrity, intuition, management style and personality for the personal characteristics; and commercial awareness, communication, decision making skills, empowerment, entrepreneur, focus, leadership skills, making it happen, managing change, skills of introspection, teamwork and technical competency for the capabilities.

To summarize, a desired state of executive performance measures include measures for an executive's performance outputs as well as measures for his or her personal characteristics and capabilities. The fieldwork and literature suggest that executives think that measures for behaviours are just as relevant as the measures for outputs. But these are not reflected in the executive performance measures in practice. No model, specifically for executive performance measures, was found in the literature.

There is a need of a model for making sense of executive performance measures in a holistic way to include measures for behaviours as well as outputs.

The proposed model attempts to fill the need, which exists in practice and the gap, which exists in literature. In fact, this is the justification for proposing the model. The proposed model is discussed in the next section.

7.3 PROPOSED MODEL FOR MAKING SENSE OF EXECUTIVE PERFORMANCE MEASURES

The proposed model is the main end product of this research. It aims to meet the need identified in the fieldwork and to fill a gap in the literature on executive performance measures.

In practice, measuring executive performance is problematic. In section 7.3.1, a theoretical model is proposed for making sense of executive performance measures.

In section 7.3.2, the use of the proposed model is demonstrated using practical examples from the fieldwork.

In section 7.3.3, the proposed model is discussed for its strengths and weaknesses as an analytical tool in making sense of executive performance measures.

In section 7.3.4, the views of the executives, who took part in this research regarding the proposed model, are included.

7.3.1 Thinking about executive performance measures

"Quite simply it is extremely difficult to measure performance effectively. Despite the superficial allure of performance measurement – 'If we measure things better, we'll be able to manage them better' – in practice the process often proves highly problematic" (Walters, 1995:16). Executives in Companies A, B and C fully recognize the difficulties in actually measuring executive performance. They commented that they would greatly appreciate some guidelines or a framework of ideas or a model to help them in measuring executive performance. The model proposed here is intended to address that need.

The development of the model is discussed below.

A concept was put forward earlier in this chapter that the executive performance measures can be viewed as a serving system to the actuality of executive performance, as shown in Figure 7.1.

Executive performance includes the executive performance outputs and the executive "behaviour that is relevant to performance in the job." (Woodruffe, 1993:65). The executive performance measures, as a serving system would include measures for the performance outputs and the measures for executive behaviour. The measures for executive behaviour include measures for personal characteristics and measures for capabilities as shown in Figure 7.2.

Figure 7.2 Measures for an executive's performance outputs, personal characteristics and capabilities serving executive performance outputs and behaviour

```
┌──────────────────────┐        ┌──────────────────────┐
│    Serving System    │───────▶│    System Served     │
│                      │        │                      │
│ Executive performance│◀───────│ Executive performance│
│       measures       │        │                      │
│                      │        │                      │
│                      │        │                      │
│  Measures for        │        │ Executive performance│
│  executive           │        │       outputs        │
│  performance outputs │        │                      │
│                      │        │                      │
│  Measures for an     │        │                      │
│  executive's personal│        │  Executive behaviour │
│  characteristics     │        │                      │
│                      │        │                      │
│                      │        │                      │
│  Measures for an     │        │                      │
│  executive's         │        │                      │
│  capabilities        │        │                      │
└──────────────────────┘        └──────────────────────┘
```
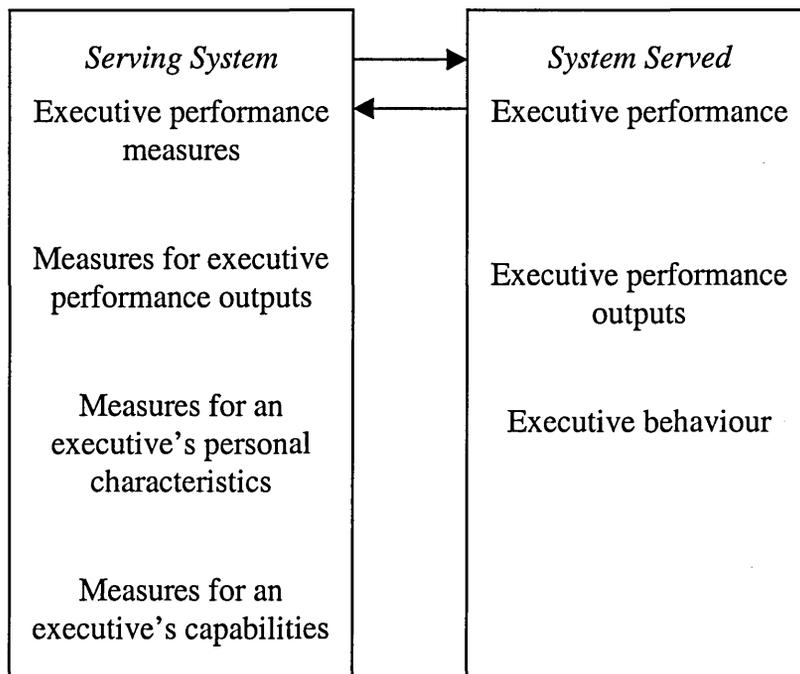
The comprehensive and balanced set of executive performance measures would include measures for executive performance outputs (O), measures for an executive's personal characteristics (P) and capabilities (C).

The proposed model is as a result of this research. It is based on what was found in the fieldwork and the literature. Categories O, P and C relate to the three main themes discussed in chapter 6 (Second phase of the fieldwork and results). These three categories cover all the data related to the executive performance measures as shown in Table 6.1 (Template for analyzing the executive performance measures).

These measures would support and complement each other. The implication is that these measures are interrelated as shown in figure 7.3.

Figure 7.3 Measures for an executive's performance outputs, personal characteristics and capabilities
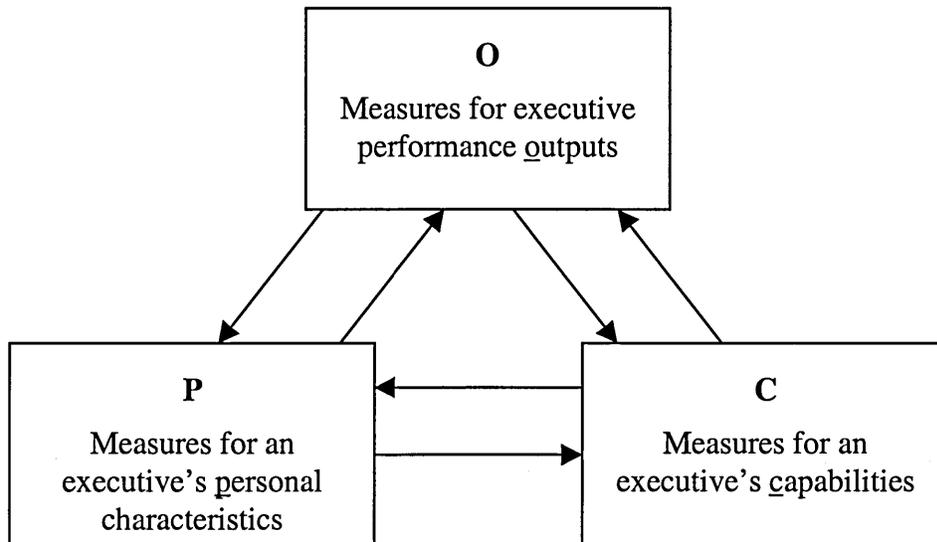
The argument here is that the fieldwork and the literature suggest that executives need to achieve the right outputs in the right way. It is important to appreciate that right performance outputs are dependent on the right personal characteristics and capabilities in achieving those outputs. So the mutual relationships between the measures for executive performance outputs, personal characteristics and capabilities are important and need to be appreciated from the start. This also means that one can be proactive in thinking about measures for executive performance outputs, personal characteristics and capabilities for a given context. It will then be possible to ensure that the organization goals i.e. performance outputs are achieved by emphasizing appropriate personal characteristics and capabilities. This is crucial in meeting the challenges in a modern manufacturing environment because "As organizational needs and structures grow increasingly complex, so the definition of individual performance goals and measures also grows ever more problematic. We need to identify measures that not only reflect organizational needs and priorities, but also take account of the individual contribution" (Walters, 1995:151). This is a continuously changing process. In making sense of executive performance measures, executives will have to think about (T) measures for executive performance outputs (O), measures for personal characteristics (P), measures for capabilities (C) and the mutual relationships between O, P and C.

Thinking about executive performance measures is a process that has to be done consciously.

Now we have all the elements of the proposed model in T, O, P and C. The model can now be referred to as the TOPC model. It may be easier to pronounce the name of the model as TOP-C. TOP could be associated with executives as top managers in their organizations whose capabilities(C) are crucial.

The element T brings together O, P, C and their interrelationships as shown in Figure 7.4.

Figure 7.4 The TOPC model for making sense of executive performance measures
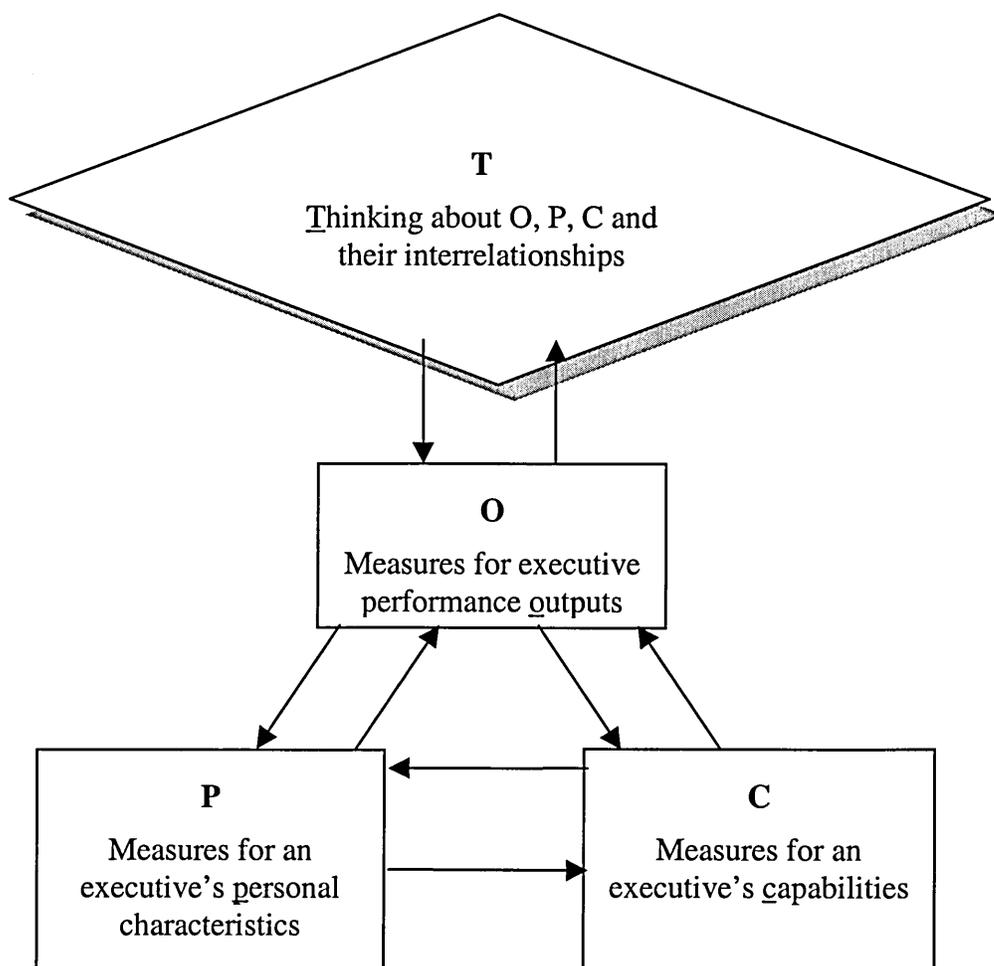
The specific content of T will change with context but O, P, C and their interrelationships will be relevant for every context. For example, a managing director will emphasize a different set of personal characteristics and capabilities for different performance outputs. The prominent executive performance measures for personal characteristics and

capabilities will be different when his or her company is to embark on an expansion programme rather than on a contraction programme.

The proposed TOPC model for making sense of executive performance measures is a theoretical, conceptual and process model. The specific content of T will be different for different contexts. Different contexts, for instance, could be different executives or different business situations or different organization settings. The process of thinking about executive performance measures has to be deliberate and relevant to the given context. This is the reason that the TOPC model is a process model and not a product.

Executives "have to think, act, evaluate, adapt" (Gates, 1999:215). Just as the thinking process in any changing process is important so is the case in using the TOPC model. The element (T) is of vital importance. It is likely to be part of the cyclical process involving thinking about (T) executive performance measures; deciding the action to be taken concerning executive performance measures O, P and C; evaluating the relevance of measures; and finally adapting the measures appropriate to the context. However, potential users need to be aware that "performance measurement is rarely an exact science but is often a matter of subjective judgement and imperfect compromises" (Walters, 1995:30). Users will learn to use the TOPC model with experience. "Effective learning is likely to be a cyclical process, involving both experiential and conceptual stages" (Walters, 1995:153). This is the reason that the TOPC model is a conceptual model. It aims to help researchers and practitioners to think in an organized way about executive performance measures. It is an interpretive model and not a tool for objective measurement.

7.3.2 Using the TOPC model

Executives can use the TOPC model to assess their own performance. A framework for a prototype workbook for using the TOPC model is outlined in Appendix B.

"Individuals generally have a view on how well they have performed and use some indicators to assess their own performance. Most people form a shrewd assessment of their contribution, whether or not they share the assessment openly" (Gammie, 1995:65). The TOPC model can be of help to the executives in their self-assessment. It will inform them about their performance measures in a holistic way.

The TOPC model can also be used for assessing performance of other executives that "may mean for example, that in addition to straight forward output measures (performance against targets, productivity and so on). We are also looking for defined performance standards in terms of say teamworking, collaboration, innovation or role development. In these areas it is much harder to define quantitative measures of output, so we may instead be seeking evidence of appropriate behaviours, perhaps described as critical incidents ('When have I seen this individual working collaboratively with colleagues?' or 'What examples of innovation have been evident in this person's work?')" (Gammie, 1995:57). The TOPC model will enable executives to formulate their enquiries regarding executive performance measures of other executives in an organized thinking process. The TOPC model is flexible because the specific content of (T) will be different for different contexts.

The context in thinking about executive performance measures will be different for different organizations; different for different executives; different for different business activities; different for different perspectives and so on. It is proposed to use an illustrative example based on the fieldwork in Companies A, B and C to demonstrate how the TOPC model could be used in practice. In Companies A, B and C the biggest challenge facing executives concerns moving from the current state with emphasis on cost and efficiency to a desired state which would not only concentrate on cost and efficiency but also on the effectiveness in terms of product quality, dependability, flexibility and innovativeness. They will need to concentrate not only on the financial and internal business process perspectives, as they have done in the past, but also on the customer, and learning and growth perspectives. They need to think about their performance measures in a holistic way to ensure that they achieve their organizational goals efficiently and effectively. They need to ensure that they do the right things in the right way. They need to think about (T), measures for their performance outputs (O), measures for their personal characteristics (P), measures for their capabilities (C) and the interrelationships between O, P and C.

The following is a possible *scenario* based on the executive performance measures identified in Companies A, B and C during the fieldwork. It is worth noting here that the executive performance measures derived using the TOPC model for the executives of

Companies A, B and C are based on the discussions with the executives during the fieldwork. The executive performance measures were implied either explicitly or implicitly in discussing the themes and sub themes under measures for the executive performance outputs. These are discussed in section 6.2 of the fieldwork chapter. The degree of emphasis on different measures would depend on the context.

Measures for the executive performance outputs (O) are considered in terms of financial, customer, internal, and learning and growth perspectives. For the financial perspective the likely measures are the bottom line profit, trend for steady growth and perceived value for money. For the customer perspective the likely measures are cost, due date performance, quality, building stronger partnerships with customers, changes in market place, to move up market or down market and the need for diversification. For the internal perspective the likely measures are the systems and procedures in place to ensure the right quality, ensuring that everyone is aware of the importance of quick delivery, costs are competitive, and the development of new products and services to survive and compete in future. For the learning and growth perspective the likely measures are the learning ability of all employees, training and development programme, succession plan, investment in people initiatives, morale of employees, appropriate information systems, management of knowledge and finally contribution of information technology (IT) in providing business solutions.

Measures for the executive personal characteristics (P) are considered in terms of ambition, background, bias towards action, integrity, intuition, management style and personality. The executives in Companies A, B and C are likely to ask the following questions related to their personal characteristics. Each of the following questions is based on the discussions with the executives during the fieldwork. The questions were implied either implicitly or explicitly in discussing themes and sub themes under executive performance measures related to their personal characteristics. These were discussed in section 6.3.1 of the fieldwork chapter. Again the degree of emphasis on different measures will depend on the context.

- Do I have enough drive, energy, motivation, initiative and enthusiasm to realize my ambition of achieving the desired performance outputs?

- Have I the right experiences of life and job to achieve the desired performance outputs?

- Are my actions well thought out?

- Am I being morally and intellectually honest in my performance?

- Does the uncertainty of the situation demand that I rely on my intuition? Is there any other information to help me in this particular situation?

- Is my management style suitable in achieving the desired organization goals in an appropriate manner?

- Am I approachable? Do people like to follow me? Have I their respect?

Measures for an executive's capabilities (C) are commercial awareness, communication, decision making skills, empowerment, entrepreneur, focus, leadership skills, making it happen, managing change, skills of introspection, teamwork and technical competency. The executives in Companies A, B and C are likely to ask the following questions related to their capabilities. Each of the following questions is based on the discussions with the executives during the fieldwork. The questions were implied either implicitly or explicitly in discussing themes and sub themes under executive performance measures related to their personal capabilities. These were discussed in section 6.3.2 of the fieldwork chapter. Again the degree of emphasis on different measures will depend on the context.

- How can I improve my functional efficiency and effectiveness to achieve my company's commercial objectives?

- Do I listen to others what others have to say and make sure that information is received and understood by those who need it?

- Do I have people and systems in place to provide the information I need to make the right decisions?

- Am I creating the right environment for our people to do their best and achieve the required results?

- Does my strategic vision include the necessary new concepts even though there might be some risks involved with them? What changes can I introduce that would be beneficial to our business?

- Am I focused on the contribution I have to make within the diversity of my tasks?

- Do people trust me to lead them? Are our people committed, excited and motivated to deliver what is expected of them? Does everyone in the company share the vision and the desire to turn that vision into reality?

- Am I guiding and helping our people to successfully implement our company's strategy?

- Have I thought it through what I want to change, what to change it to and how to cause the change?

- What have I learned from my recent experiences that will improve my performance?

- Have we and are we a committed and happy team working effectively together?

- Am I continuously updating my knowledge, skills and competencies to perform more efficiently and effectively?

This is not by any means a fixed or an exhaustive list. It is a result of my thinking about (T) executive performance measures related to performance outputs (O), personal characteristics (P), capabilities (C) and the interrelationships between O, P and C.

The point of this exercise has been to demonstrate that TOPC model could enable researchers and practitioners to think about the executive performance measures in a holistic and organized way. A framework for a prototype workbook for using the TOPC model (Appendix B) has been prepared to help the potential users of the model. The intention is to enable researchers and practitioners to use the model even though they may not be familiar with this research.

The executives in Companies A, B and C wishing to use the TOPC model for making sense of their executive performance measures need firstly, to identify the current set of executive performance measures by thinking about (T) measures for executive performance outputs (O) in terms of financial, customer, internal, and learning and growth perspectives. The measures include return on investment, economic value added,

customer satisfaction, customer retention, market place, market share, quality, response time, cost, new product introduction, employee satisfaction and information system availability (Kaplan and Norton, 1996) as shown in Figure 7.5.

Secondly, the executives in Companies A, B and C need to think about (T) current executive performance measures related to their personal characteristics (P) that include ambition, background, bias towards action, integrity, intuition, management style and personality. These categories were identified during the fieldwork and are shown in Figure 7.5.

Thirdly, the executives in Companies A, B and C need to think about (T) current executive performance measures related to their capabilities (C) that include commercial awareness, communication, decision making skills, empowerment, entrepreneur, focus, innovator, leadership skills, making it happen, managing change, skills of introspection, teamwork, technical competency and vision. These categories were identified during the fieldwork and are also shown in Figure 7.5.

Figure 7.5 The TOPC model for making sense of executive performance measures in Companies A, B and C
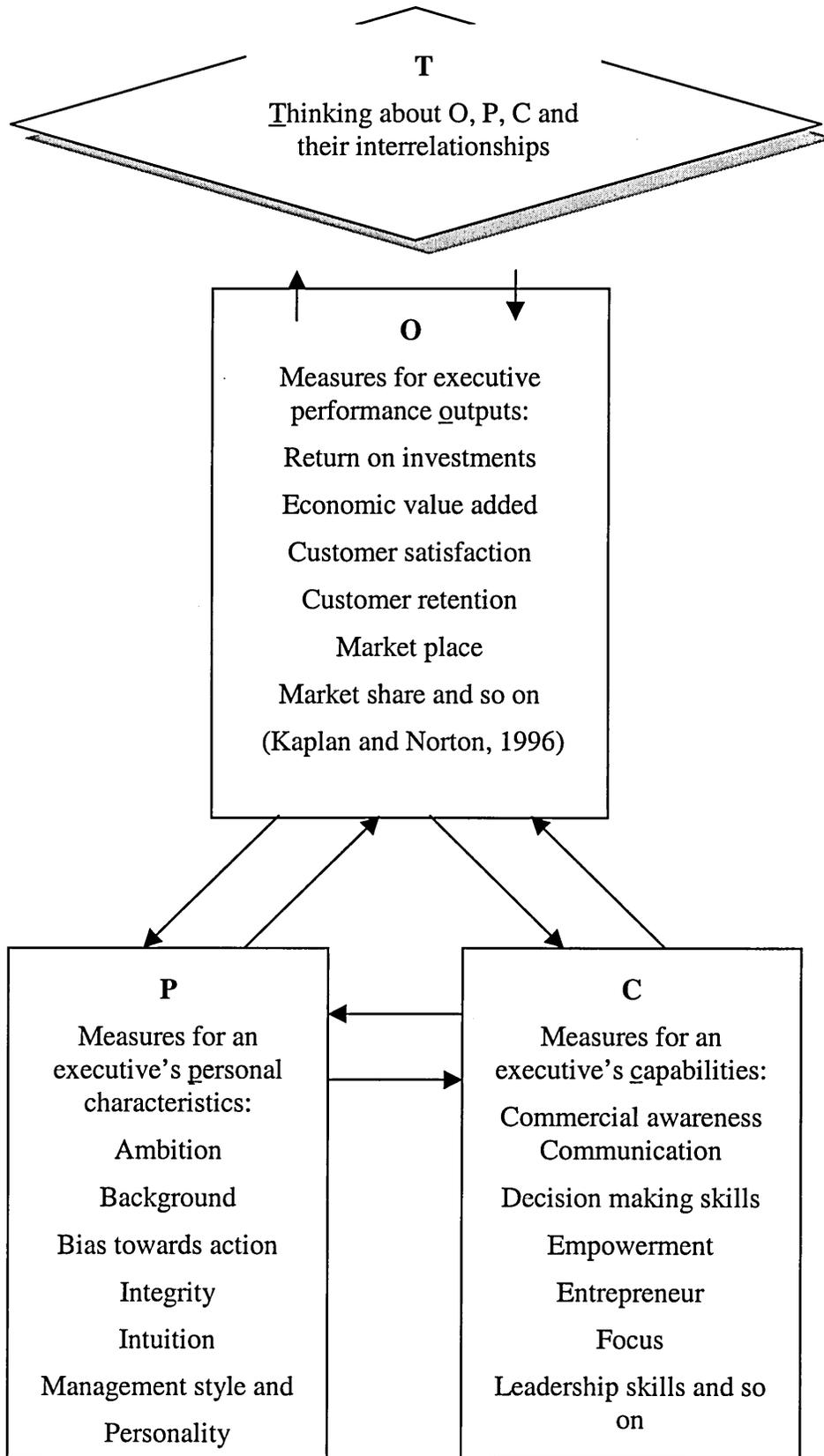
When thinking about (T) the current set of executive performance measures O, P and C the executives need to appreciate the interrelationships between O, P and C to consider that measures support each other. The executives are advised to record their thoughts regarding the current state of their executive performance measures. The process can then be repeated for a desired state of their executive performance measures. The comparison between the current and desired states of executive performance measures will highlight the differences.

The executives in Companies A, B and C can also modify the measures for O, P and C depending on the context.

In fact, any executive in any organization could, in practice, modify the measures for O, P and C depending on the context. The process will remain the same i.e. thinking about (T) executive performance measures for O, P, C and their interrelationships for the current and desired states followed by a comparison between the two to identify the differences. The measures for O, P, C and their interrelationships would always remain relevant. The model has the flexibility to be used in any context. The specific executive performance measures may change with context. The model is subtle. It is thinking about (T) element that makes the TOPC model rather subtle.

7.3.3 Discussion of the strengths and weaknesses of the proposed model

Strengths

The intention is to make the model simple and easy to use (see Appendix B: A framework for a prototype workbook for using the TOPC model). The potential users are advised to appreciate the subtle status of the model. It is a process model and not a product. The thinking about (T) element makes it a conceptual model requiring potential users to consciously think about the executive performance measures. It is to enable users to think about the executive performance measures in an organized way. It is a slightly different approach compared to menu type models with pre defined categories.

The holistic approach of the model will inform users about the 'whole' executive performance. The 'whole' includes performance outputs as well as the executive behaviours. The intention is to make the model flexible so that it can be used in almost any business context. The content of thinking about (T) executive performance measures

will be different for different contexts. For example, the element (T) will be different for different executives, different for different organization's goals and different again for an executive's different philosophical positions (Anderson, 1997). The flexibility also allows the executives to consider as few or as many executive performance measures related to O, P and C. It is possible to address quite focused questions about executive performance in devising appropriate executive performance measures. It is also possible to drill down to the details, as needed, in the executive performance measures. The model is ideally suited for examining executive performance measures in which different levels of meanings are to be explored, which is not always possible in a menu type approach and may be problematic in formal appraisal systems. In thinking about (T) executive performance measures related to O, P, C and their interrelationships, the executives can always think about 'what' do they mean to measure and also what different measures mean. However, the meanings are subject to interpretations that may be influenced by the organizational politics, personal prejudices, fear of change, admission of failure and so on. The executives may not always have time to reflect on the meanings of their performance measures.

The TOPC model could also be useful in thinking about executive performance measures as a basis for communicating with others in an organization regarding individual executive performance and/or performance of a group of executives. However, it may not always be easy to communicate weaknesses of the individual executives in their performances without sounding critical. In such instances, good interpersonal skills with sensitivity would be appropriate.

The model could also be useful in thinking about executive performance measures as a basis for learning. It may be possible to identify areas of personal development and continuous professional development. The learning could easily apply to an individual executive and also to a group of executives. "Increasingly, organizations are perceiving learning as critical element of competitive advantage, and it is said that an organization's ability to compete is only as good as its members' ability to learn." (Dalziel, 1995:107)

The model can also be used for the self-assessment and also for assessing other executives. The basis could be a balanced set of executive performance measures arrived at using the TOPC model. The balanced set of measures would include easily

quantifiable objective measures, and somewhat subjective and judgmental measures. Some measures would be assessed formally and others informally. However, in self-appraisal some executives may feel uncomfortable when analyzing their shortcomings and failures. It may not always be possible to receive honest and frank feedback from others within their organization and outside their organization. Getting meaningful feedback is always time consuming because of the amount of the reflection involved. Assessing others, in particular about their behaviours is never easy. Such assessments are subjective and contextual that require making judgements. Again, care would be essential in handling the negative feedback.

The TOPC model is an analytical tool for making sense of executive performance measures. It is hoped that it will be useful to academics as well as practitioners in formulating their enquiries into executive performance measures.

Weaknesses

The TOPC model only covers the 'what' of the executive performance measures and not the 'how'. The model will be useful in identifying what are the current executive performance measures and what might be the desirable set of executive performance measures. By comparing the two sets of measures, the executives can identify 'what' changes would be desirable. The model does not inform as to 'how' these changes can be achieved. That could be the subject of some future research.

The downside of the in-built flexibility of the model is that some executives may feel overwhelmed by the sheer number of the possible executive performance measures in certain contexts. In such cases they may prefer to consider the practical examples given in a framework for a prototype workbook for using the TOPC model (Appendix B).

However, some practitioners may need outside help in the use of the model. The outside help could be in form of a management researcher or a management consultant using a framework for a prototype workbook for using the TOPC model (Appendix B).

7.3.4 Views of the executives regarding the TOPC model

The executives who took part in this research were briefed regarding the TOPC model in the final feedback sessions in the case study companies. The briefings in case study companies were in the form of a presentation followed by a discussion about the TOPC model. It is pleasing to note that all the executives who took part in the second phase of the fieldwork were present at these presentations with just one exception. In company A, recently there has been another change in the managing director. I was introduced to the new managing director who attended the presentation. It was a good opportunity to hear the views of an executive not familiar with this research.

Every executive in the case study companies was in full agreement with the concept of the TOPC model and the rationale that executive performance measures need to be balanced to inform about executive performance outputs as well as about their personal characteristics and capabilities.

The general consensus of the executives in company A was that they would like a workbook with examples of executive performance measures for different contexts.

The same requirements were also voiced at the presentation to the executives in companies B and C. The suggestion made by one of the co-owner of companies B and C was that the workbook could contain practical examples of executive performance measures that speculate how the TOPC model can be used (see Appendix B).

Just as a footnote, it is pleasing to note that every case study company is doing well. Company A are planning to work with a American company in manufacturing a specialist type of furniture for a large market in Europe. Company B is increasing its production and has recently bought new machinery and additional factory building. Company C is enjoying good profits and increased turnover. They are also planning to manufacture a specialist type of furniture for a niche market in collaboration with an Austrian manufacturing company.

7.4 CONCLUSIONS

The holistic approach to executive performance measures is appropriate. Such an approach informs about the executive performance as a whole so that the whole

executive performance is geared to meet the challenges of the changing manufacturing environment.

The proposed TOPC model aims to encourage an organized way of thinking about executive performance measures in a holistic way. The rationale underpinning the proposed model is that the executive performance measures should inform about an executive's performance outputs as well as his or her personal characteristics and capabilities because these measures are mutually related. The underlying argument based on the fieldwork and literature is that executive performance measures should encourage the executives to do the right things in the right ways. It is also hoped that the TOPC model will encourage executives to proactively think about their performance measures.

The views of the executives, in the case study companies, who took part in this research, are also encouraging. They all agree with the concept of the proposed model and the rationale behind it. The use of the model was demonstrated using examples from the fieldwork.

The next chapter considers the conclusions of the whole research and makes recommendations for the future research in the area of executive performance measures.

CHAPTER 8 CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The chapter starts with a review of the aims of the research.

In section 8.2, the main research findings are summarized in terms of the key findings from the literature, fieldwork results and the TOPC model.

In section 8.3, implications of the research findings are discussed. The intention is to take the theoretical argument forward by considering executive performance measures holistically. The measures include a balanced set of measures for an executive's personal characteristics and capabilities as well as the measures for performance outputs.

In section 8.4, the issues of reliability and validity are discussed in justification for limited generalization of the research findings.

In section 8.5, the essence of this research is encapsulated in the theoretical contribution to knowledge.

Finally, recommendations are outlined for the future research in the area of executive performance measures.

8.1 REVIEW OF AIMS

The aims of this research are to examine current practices in executive performance measures in manufacturing organizations and to propose a model for executive performance measures that reflects both the aspirations of practitioners and the issues raised in the academic literature.

The justification, for the research aims, is that manufacturing has changed (Drucker, 1990; Harvey-Jones, 1993; Storey, 1994; Hill, 1995) and as a result executives have to manage differently. Traditionally, executives in manufacturing have concentrated on productivity (Hill, 1985, 1995; Skinner, 1986). In modern manufacturing, the socio-technical issues are becoming increasingly important (Roth and Miller, 1992). There is a difference in emphasis and the way manufacturing is run. The change in emphasis is presenting executives in manufacturing with new challenges. Executives can meet these

challenges successfully by ensuring that their performance is geared to meet those challenges. It was found that the executives feel a need for improved executive performance measures.

The literature suggests that the executive performance measures cannot usefully be regarded in isolation because they are part of the description of the executive performance. It is evident from this research that the executive performance measures need to include measures for an executive's performance outputs as well as his or her behaviour in achieving those outputs.

The proposed model for executive performance measures aims to reflect the aspirations of practitioners and the issues raised in the academic literature by informing about executive performance as a whole so that the whole can survive in a changing environment. This argument is based on the evidence from the fieldwork and the relevant literature review.

Allied to this aim is a requirement for the model to be simple to use and flexible enough to be used for any executive in any business situation or in any organizational context. Executives are busy people with a demanding work schedule who deal with situations that are uncertain, unstable, unique and often involve value conflict: a rigid model that presupposed certain working patterns would not be completely adequate.

8.2 SUMMARY OF THE MAIN RESEARCH FINDINGS

In this section, the summary of the key findings from the literature is outlined before moving on to the summary of the fieldwork results and the TOPC model. The objective is to show how the research argument is taken forward.

8.2.1 Summary of the key findings from the literature

Executives in modern manufacturing need to appreciate that manufacturing context is complex, multidimensional and dynamic (Hill, 1985, 1995; Skinner, 1986; Hayes et al, 1988). Their decisions regarding manufacturing structure (facilities and equipment), and infrastructure (systems and policies) are interrelated. In today's manufacturing the most important success factor is the socio-technical arrangement of work. (Roth and Miller, 1992).

The pattern of decisions concerning a company's manufacturing structure and infrastructure determine a company's manufacturing strategy (Hayes et al, 1988). The goal of strategy should be flexibility based on evolving capabilities to meet the changing demands of dynamic manufacturing (Hayes and Pisano, 1994). Today's executives have new wave manufacturing strategies at their disposal (Storey, 1994). The main features of these strategies are that they emphasize non-price factors, waste reduction in broadest sense, flexibility in technology, flexibility in organizational structure, and changing relationships between organizations (Smith et al, 1995). The manufacturing strategy of a company should complement the company's business strategy (Davis, 1984; Sun, 1996).

Executives formulate, develop and implement a company's strategies. Appropriate performance measures are essential in the successful implementation of a company's strategy (Kaplan and Norton, 1996).

Executives in manufacturing can use a balanced set of performance measures that focus attention on factors, which are important to achieving company goals. Kaplan and Norton (1992, 1996) propose a Balanced Scorecard which translates a company's strategy into objectives and measures which are organized into four different perspectives of financial, customer, internal, and learning and growth.

The set of performance measures, which are used to quantify the efficiency and effectiveness of actions, represent the company's performance measurement system (Neely et al, 1994). Emerging performance measures in successful companies address the areas of quality, delivery, process time, flexibility and costs (CIMA, 1993). Good performance measurement systems encourage continued improvement by aligning strategy, measures and actions (Dixon et al, 1990). Executives need to encourage feedback to make performance measurement systems effective (Harrington, 1991).

A good performance measurement system should encourage communication, informing and learning (Kaplan and Norton, 1996). Executives can set example through their own performance and performance measures.

Executives in this research are the leaders of their organizations, who exercise strategic management not only through common management practices but also through their behaviour. In this definition of executives there are three aspects to executive

performance. The first aspect relates to the strategic management in terms of an executive's strategic objectives for performance outputs. The second aspect relates to an executive's personal characteristics as a leader in terms of qualities and traits, which are manifested in his or her behaviour. The third aspect relates to an executive's personal capabilities in terms of skills and competencies, which are also manifested in his or her behaviour. Therefore in considering executive performance as a whole - one needs to consider an executive's performance outputs alongside with his or her personal characteristics and capabilities.

The current literature in manufacturing establishes the changing emphasis in manufacturing from productivity to socio-technical issues. This has implications on executive performance and their measures. The current literature in executive performance measures seems to adopt a positivist goal oriented approach, concentrating on executive performance outputs. There seems little critical evaluation of executive performance measures related to their behaviours in practice. This research aims to fill that gap.

8.2.2 Summary of fieldwork results

In each of the case study companies, executive performance measures were examined in terms of executive performance outputs, executive personal characteristics and capabilities.

Measures for executive performance outputs were considered using the Balanced Scorecard framework covering financial, customer, internal, and learning and growth perspectives (Kaplan and Norton, 1992, 1996).

Measures for personal characteristics of executives were considered in terms of executive qualities i.e. charismatic, inspiring and flexible as proposed by Burke (1986).

Measures for personal capabilities of executives were considered in terms of executives' skills and competencies. Executive skills considered were peer skills, leadership skills, conflict resolution skills, information processing skills, skills in decision making under ambiguity, resource allocation skills, entrepreneurial skills and skills in introspection as proposed by Mintzberg (1973). Executive competencies considered were vision;

communication and alignment; persistence, consistency and focus; empowerment; and organizational learning as proposed by Bennis (1983).

The pattern of executive performance measures in each of the case study companies was found to be similar. Most of the perceived executive performance measures are concerned with output measures.

The pattern of executive performance measures for performance outputs was also found to be similar in each case study company. The measures relating to the financial perspective account for the majority of performance output measures, followed by the measures for internal business process. However, measures relating to the customer, and learning and growth perspective are lagging behind.

It is evident from the fieldwork that in case study companies A, B and C the emphasis in perceived executive performance measures is on financial and internal perspectives. The current state of executive performance measures seems to represent the views expressed in the traditional approach of concentrating on cost and efficiency in manufacturing (Skinner, 1986: Hill, 1985, 1995).

But, although the financial measures were found to be the core measures in every case study company, there seems to be growing recognition amongst the executives interviewed that non-financial measures are just as relevant in today's dynamic and highly competitive manufacturing environment. The subjects feel that these non-financial measures needed to address not just executive performance output measures (related to customer, internal, and learning and growth perspectives) but also the measures for the executive behaviours in achieving those outputs. They also recognized that non-financial measures were difficult to quantify because of their subjective and judgmental nature. More often than not these were assessed informally in the collaborating organizations.

The main thrust of the research findings is that existing executive performance measures seem to concentrate on financial and internal perspectives. However the executives in the collaborating organizations agree that they need to take a more holistic approach to their performance measures that is appropriate to modern manufacturing environment. They feel a need for measures that inform about their performance as a whole. They seek

measures that inform about their performance outputs and objectives as well as their behaviours.

It was evident from the fieldwork that the executives in the case study companies would appreciate a framework of ideas or a model that could help them to identify both their current performance measures and a desired set of additional performance measures.

8.2.3 The TOPC model

The proposed TOPC model for executive performance measures is a theoretical, conceptual and process model. It entails thinking about (T), measures for executive performance outputs (O), measures for an executive's personal characteristics (P), measures for an executive's capabilities (C) and their interrelationships. The specific content of (T) will be different for different contexts but O, P, C and their interrelationships will always be relevant. For example, different contexts are: different organizations, different executives, different business situations or settings.

The inspiration for the proposed model came from "The COAT model" in the information systems field (Checkland and Holwell, 1998:233). The COAT model suggests that people considering information systems should conceptualize (C) the impact of information systems on the organization (O) where the information system is to be implemented, human agents (A) affected by the information system, technology (T) to provide informational support, and should examine the interactions between O, A and T. In the COAT model tasks and structure are combined in the organization (O). In fact, the COAT model looks very similar to Leavitt's (1964) framework of tasks, structure, people and technology.

In the present research, the intention was to create a model that is simple to understand and flexible enough to be used in any context.

In describing the development of the proposed model (Chapter 7, section 7.3.1) the intention was to take the reader with me in stages to make my own thinking process as transparent as possible. The aim was that readers understand the rationale behind the proposed model. The rationale is that the executive performance measures are to inform issues of executive performance as a whole. Executives can then use these measures in their communications and also in their learning.

The overall objective of the model is to improve the executive performance. Any improvement in the executive performance would contribute to the improvement in their organization's performance. In the case of Companies A, B and C that was interpreted as improved competitive positions in their respective manufacturing fields.

It is appreciated that the proposed TOPC model only helps in identifying the current and desired executive performance measures. It does not tell how to move from the current state to a desired state of the executive performance measures. This is the limitation of the model. It is up to the respective executive to decide the changes necessary and the ways to implement those changes. Some future action research may be appropriate to identify the best practices in implementing the desired changes in executive performance measures. The lessons then can be incorporated to extend the proposed model.

The proposed model has implications on the way executives think about their performance measures. These are discussed in the following section.

8.3 IMPLICATIONS OF THE RESEARCH FINDINGS

It is evident from the research findings that there is a need for new improved executive performance measurement systems. It is desirable that executive performance measures are balanced to reflect both the 'what' and the 'how' of executive performance. It is also desirable that measures are balanced between objective and subjective executive performance measures. The balanced set of executive performance measures needs to reflect both hard and soft measures.

It is problematic to ensure the correct balance all the time because executives are constantly involved in making value choices and "value choices always present dilemmas" (Anderson, 1997:27). Most of these dilemmas concern organizations' competing goals related to financial, customer, internal, and learning and growth perspectives (Kaplan and Norton, 1992, 1996). The resolution of the resulting dilemmas is influenced by the philosophical position of an executive regarding market forces, stakeholders, compromises, competitors and ethics (Anderson, 1997). Therefore executives are constantly involved in a sophisticated balancing act between their philosophical positions, organization goals and actions. The proposed model needs to recognize these changing and contextual dilemmas. The proposed model also needs to

reflect both the 'what' and the 'how' of executive performance i.e. the delivery of outputs as well as appropriate behaviour.

In practice, it is problematic to assess executive performance effectively (Walters, 1995). The assessment of executive performance needs to be specific and ongoing because of "the sophisticated and more ambiguous nature of their jobs, the fact that their responsibilities and priorities tend to change often, the serious organizational consequences of ineffective performance on their part, and their typically high need of achievement, recognition and career progress" (Longnecker and Gioia, 1988:46). Executives assess their performance themselves as part of self-assessment (Manpower Services Commission, 1981; Gammie, 1995). In practice, others also carry out the assessment of executive performance (Fletcher, 1993; Lawson, 1995). The proposed model for executive performance measures needs to be flexible so that assessment of executive performance is possible by the executive him or herself or by others. Self-assessment is important as an ongoing process. In some companies this may also be the only form of assessment available to executives e.g. in unsophisticated small to medium size companies. The case study companies B and C are good examples.

Effective use of the TOPC model is likely to be a cyclical process involving conceptual and experiential stages. For example, thinking about executive performance measures; deciding upon the actions to be taken concerning executive performance measures O, P and C; evaluating the relevance of measures; adapting the measures appropriate to the context; again thinking about the executive performance measures and so on. It is worth remembering that the objective is to arrive at a balanced set of executive performance measures for efficient and effective executive performance. The proposed model is to help researchers and practitioners to think about executive performance measures in an organized and holistic way.

Executives can use the TOPC model to assess their own performance in terms of performance outputs, personal characteristics, personal capabilities and their interrelationships. The TOPC model can also be used for assessing performance of other executives in a similar manner. However, it is worth remembering that "performance measurement is rarely an exact science but is often a matter of subjective judgement and imperfect compromises" (Walters, 1995:30). The important process is the thinking

process about executive performance measures. It is possible to formulate specific enquiries regarding executive performance measures using the TOPC model. Such enquiries can be for a point in time, over a period or even on an ongoing basis. The assessment of executive performance measures can then be formal or informal.

It is hoped that the model will be simple and easy to use as long as potential users appreciate its subtle status i.e. it is a process model and not a product. The approach taken is different from menu type models with predefined categories e.g. Performance Measurement Questionnaire (Dixon et al, 1990).

The model will also be useful in identifying the current and the desired state of executive performance measures for a given context. By comparing the two sets of measures, it is possible to identify 'what' changes would be desirable. The model does not inform as to 'how' those changes can be achieved: this is a limitation of the model.

The model is flexible because any executive in any business situation can use it. The down side of the in-built flexibility of the model is that potential users may at times feel overwhelmed by the sheer number of possible executive performance measures in complex contexts or may find it too vague. However, the practical examples in the workbook for using the TOPC model should be helpful (see Appendix B).

The model is an interpretive model. Therefore it is ideally suited for examining executive performance measures in which different levels of meanings are to be explored e.g. what do certain measures mean? And what is meant to be measured? However, the meanings are subject to interpretations that may be influenced by the organizational politics, personal prejudices, fear of change, admission of failure and so on. Furthermore, executives may not always have time to reflect on the meanings associated with their performance measures.

The model could also be useful in thinking about executive performance measures as a basis for communicating with others in an organization regarding individual executive performance and/or performance of a group of executives.

The model could also be useful in thinking about executive performance measures as a basis for learning. It may be possible to identify areas for personal development and continuous professional development.

The success of the model will depend on the quality of the thinking process in a given situation. Compared to academics and management consultants, the practitioners may not always find the quality time for thinking about executive performance measures. However, the experience during the fieldwork indicates that there is a growing recognition among executives that they need to find quality time for thinking about their performance and performance measures. It is intended that the framework for a prototype workbook for using the TOPC model with practical examples of executive performance measures will be helpful in organizing their thinking (see Appendix B).

All executives in this research agree that quality time for reflecting is at premium. Executives tend to reflect in action because of their busy and demanding work schedule (Schön, 1983; Clutterbuck and Megginson, 1999). So the thinking about executive performance measures by the practitioners could be problematic. The intention has always been that the proposed model will help the academic community and practitioners in such a problematic area by providing a framework for organized thinking about executive performance measures in a holistic way.

8.4 JUSTIFICATION FOR LIMITED GENERALISATION

The issues of reliability and validity of the research findings have been taken into consideration all through the research.

At the research design stage, the limited sample of the case study companies and number of executives to be studied was fully appreciated. The intention was to examine executive performance measures as well as the meanings executives attach to their performance measures. Therefore the favoured approach was the "in-depth treatment of a limited number of cases in an under researched and relatively novel area" (Gill and Johnson, 1991:150).

The chosen case study companies were diverse. Executives in companies A were quite clear about their company's strategy that was documented. Executives in B had a clear understanding of their company's strategy even though it was not documented. Executives in company C were not at all clear about their company's strategy. In company A, executives were formally appraised annually and informally on an ongoing basis. In companies B and C the only formal measure for executives were annual bottom

line profit or loss and a 'grapevine' for informal assessment. Company A, as part of a UK plc has been profitable for a long time and where the executive morale is very good. Company B, as part of family run business has been profitable for a number of years and where the executive morale is good. Company C, also part of the same family run business has been making loss in recent years and where the executive morale is low.

Every executive in companies A, B and C was studied to achieve representativeness (Miles and Huberman, 1994) in terms of functional diversity as well as the diversity in behaviours.

The intention at the research design stage was to gain multiple viewpoints about executive performance measures within a limited but diverse set of cases. Multiple viewpoints add to the validity of research findings (King, 1994). In this research multiple viewpoints about executive performance measures were obtained by studying *every* executive in the case study companies.

All through the research, the risks of possible bias resulting from "researcher's prejudices and prior expectations" (King, 1994:31) have been recognized. A serious attempt has been made at all stages to minimize any form of research bias – honestly and consistently. "The role (of researcher) should be an ethical choice, an honest choice" (Stake, 1995:103). In qualitative research, it is not essential for a researcher to distance himself or herself from the research participants. A researcher's sensitivity to 'subjective' aspects of his or her relationship can yield rich data (King, 1994).

The attempt was made to be open to data at all times. In developing the theory in this research, the data was regularly visited during data analysis and interpretations examined. Agreements and contradictions in data and the relevant literature were actively pursued. Every attempt was made in "seeking patterns of unanticipated as well as expected relationships" (Stake, 1995:41). Cross case comparisons were carried out at appropriate junctures during the data analysis. The research findings during the fieldwork were compared and contrasted with the relevant literature. Due care was taken in selecting the quotes from the interview data. The intention was to remain open to data but at the same time ensure that the conclusion drawn as a result of the analysis and the interpretation of

those selected quotes reflected what was found in the fieldwork. This was important in ensuring the reliability of the research findings.

Right from the start of this research, the intention has been to strengthen research findings by combining multiple research methods (Hammersley and Atkinson, 1983; Yin, 1984; Gill and Johnson, 1991; Hartley, 1994). Although it was appropriate to consider different research methods to answer different research questions concerning executive performance and performance measures, it was also recognized that the reliability of research findings would be enhanced by employing multiple research methods. By combining direct observation in the form of workshadowing of executives (Mintzberg, 1973), structured interviews using repertory grid technique (Gammack and Stephenson, 1994) and semi-structured interviews (King, 1994; Yin, 1984) the researcher was enabled to gather rich data to examine and explore the executive performance measures in the collaborating organizations.

Multiple research methods enabled the researcher to discover the meanings executives attach to their perceived performance measures by observing various aspects of executive performance in terms of their interactions with others, exploring tacit knowledge regarding their aspired behaviours and discussing strategic issues related to their performance.

It is appreciated that the research was carried out in Yorkshire, England; towards the end of twentieth century and during the early months of the twenty first century; and using qualitative multiple research methods. Based on the preceding arguments, it is hoped that limited generalization of the research findings is justified.

8.5 CONTRIBUTION TO KNOWLEDGE

The theoretical contribution of this research is that it proposes to take the debate on executive performance measures forward by suggesting that a holistic approach to executive performance measures is needed that includes executive performance measures for executive's personal characteristics and capabilities as well as a balanced set of measures for executive performance outputs.

A theoretical process model is proposed for executive performance measures. As mentioned, the proposed TOPC model involves thinking about (T) measures for

executive performance outputs (O), personal characteristics (P), capabilities (C) and their interrelationships. It is proposed that the content of (T) thinking about executive performance measures will be different for different context but O, P, C and their interrelationship will always be relevant.

The aim of the model is to enable its users to identify the current and a desired state of executive performance measures for any given context. The users will then be able to identify the changes needed to achieve their desired state of executive performance measures by comparing the current and desired states of executive performance measures.

No similar model, specifically for executive performance measures, has been found in the literature. Some performance measurement models can be adapted for executive performance measures. For example, the Balanced Scorecard (Kaplan and Norton, 1992, 1996) or the Performance Measurement Questionnaire (Dixon et al, 1990) could be adapted for considering executive performance measures. However, the emphasis in these models seems to be on the measures related to performance outputs.

The TOPC model goes further than any other model before by considering the measures for executive performance outputs as well as the measures for executive behaviours in achieving those outputs. The model is ideally suited to explore different levels of meanings associated with executive performance measures.

The model could also be used as a basis for learning and communicating about executive performance and executive performance measures.

It is hoped that this research will benefit both the practitioners and the academic community in the area of executive performance measures.

8.6 RECOMMENDATIONS FOR FUTURE RESEARCH

The proposed theoretical model can only identify 'what' changes are needed in executive performance measures for a given context. It does not give any guidance as to 'how' to implement those changes. Future research is recommended to identify the best practices in implementing identified changes in executive performance measures.

The proposed model is also somewhat limited in terms of guidance regarding the precise steps to take following the identification of the changes needed in the executive performance measures related to personal characteristics and capabilities. Further research is needed to identify best practices in devising, monitoring and acting upon executive performance measures related to personal characteristics and capabilities.

It will also be useful to examine current practices in executive performance measures in large manufacturing organizations in UK and abroad using the TOPC model. The research could also include the identification of the aspired executive performance measures that reflect the challenges facing the executives in a modern highly competitive manufacturing environment. The next stage in the future research using the TOPC model could also consider the best practices in implementing the desired changes in executive performance measures. The TOPC model could then be extended to include those best practices.

It will also be valuable to examine current practices in executive performance measures in other than manufacturing organizations using the TOPC model e.g. utilities, National Health Service, banks, Local Authorities, universities, government agencies. The future research in these organizations could also include the identification of the aspired executive performance measures and the best practices for their subsequent implementation.

The need for further research in executive performance measures is real and the scope considerable.

CHAPTER 9 CRITICAL REFLECTION

This chapter reflects on the research findings, myself as a researcher and the research methods used.

In section 9.1, critical reflections on the research findings include the analysis of the current state of executive performance measures and the proposed model.

In section 9.2, critical reflections on myself as a researcher include experiences during the research and the lessons abstracted as a result.

In section 9.3, critical reflections of research methods include the research methods used during the fieldwork and the influencing factors in developing the proposed model.

9.1 CRITICAL REFLECTIONS ON THE RESEARCH FINDINGS

The critical reflections concerning the research findings cover the process and the rationale during the analysis of the current state of the executive performance measures and the proposed model.

The process during the research findings was to observe the executives and talk to them in their 'action world' and then retreat in my 'thinking world' to reflect about what I had observed and heard.

The rationale underpinning the research findings was to learn and understand about executive performance measures in a holistic way. The intention was to learn 'what' executives achieved and 'how' they measured their performance achievements.

9.1.1 Analysis of the current state of executive performance measures

There were two main stages during the analysis of the current state of the executive performance measures in Companies A, B and C. The first stage was in the 'action world' of the executives and the second stage was in my (researcher's) 'thinking world'. The objective was to understand 'what' executives think about their performance measures. This proved to be extremely difficult because thinking is a dynamic process and difficult to measure in static outputs. However, executives' thinking is manifested in

their actions and behaviours. Therefore it was decided to observe the executives in their action world and talk to them about their actions and behaviours. The observations and conversations were recorded. The description of the current state of the executive performance measures is as a result of my thinking in my 'thinking world' about the executives in their 'action world'.

The intentions from the very beginning have been to understand the meanings executives attach to their performance measures because meanings are very important in management research (Mintzberg, 1973; Dainty, 1991; Gill and Johnson, 1991). It was felt that such meanings could be understood better with a holistic approach of viewing the executive performance measures supporting the executive performance. The intention was to find out 'what' outputs executives achieve, 'how' they achieve them and 'what' are the current executive performance measures?

The main findings of the current state of the executive performance measures in the companies studied are that the executives are uneasy about their performance measures; there does not seem to be any apparent link between the measures for the executive performance outputs and their behaviours in achieving those outputs; there is a lack of any systemic assessment of their performance measures; and the measures themselves tend to concentrate on financial and internal business process perspectives. These findings confirm the concerns many authors have expressed in the relevant literature (Kaplan and Norton, 1992, 1996; Walters, 1995; Fletcher, 1993; Longenecker and Gioia, 1988).

The criticism that may be directed towards the research findings may be regarding their validity because of their subjective and contextual nature. The other criticism may be regarding a limited sample in terms of case study companies and the executives studied. These criticisms would be valid for most qualitative case studies. "A case study allows for a processual, contextual and generally longitudinal analysis of the various actions and meanings which take place and which are constructed within organizations" (Hartely, 1994:212). The rich data that the case studies provided, from multiple data collection methods, certainly enabled one to learn and understand the meanings executives attach to their performance measures. One now understands not only the current state of the

executive performance measures but also the underpinning reasons for the current situations.

9.1.2 Proposed model

The emphasis in the proposed model is on the measures that are balanced for the executive outputs and their behaviours. The holistic approach in identifying a desired state of executive performance measures will require the executives to reflect not only that they do the right things but also that they do those things in the right way. It will make additional demands on them. They will have to think slightly differently about their performance measures. The executive performance measures related to their behaviours will not be easy to quantify because of their qualitative nature. Such measures tend to be subjective, judgmental and contextual. It is my judgement, based on the experiences during the fieldwork, that the additional effort is worthwhile and will inform executives in a more holistic way so that their performance is more effective. The judgement is also influenced by my own experience in management and on my understanding of the relevant literature (Kaplan and Norton, 1992, 1996; Walters, 1995; Woodruffe, 1993; Fletcher, 1993; Longneker and Gioia, 1988).

One could question the validity of the prognosis for a desired state of the executive performance measures because it is based on my interpretation of the executives' perceptions in the collaborating organizations. It was evident during the fieldwork that the executives were uneasy about their current state of the executive performance measures. One of the main concerns executives had was that they did not always know about their performance as a whole. This sentiment was repeated many times. The proposed model for a desired state of the executive performance measures addresses these issues. It helps to identify the comprehensive and balanced set of executive performance measures to inform about executive performance as a whole.

It is also recognized that the identification of a comprehensive and balanced set of executive performance measures is only the first step in achieving the desired state of the executive performance measures. It is a starting point. Executives and others can start by thinking about executive performance measures in terms of executive performance outputs and appropriate behaviours for achieving those outputs.

9.2 CRITICAL REFLECTIONS ON MYSELF

In this section, the intention is to critically reflect on the experiences during the process of doing research towards a doctorate and the lessons learnt as a result.

9.2.1 Experiences during this research

It is interesting to note that as a result of the experiences during this research there has been a notable shift in emphasis and focus of this research. In the early stages of the research I was more concerned about the relationship between the strategies of the manufacturing companies and the executive performance measures (Vikram, 1997; Close et al, 1998). As the research progressed I became more interested in the relationship between executive performance and executive performance measures. Now I am more interested in the improvement of executive performance and the way executive performance measures can inform executives about not only 'what' executives achieve but also 'how' their performance achievements are measured. This is a more focussed approach compared to my earlier thinking.

9.2.2 Lessons abstracted

The task of doing a doctoral research culminates in writing up of the thesis. It is the sum total of the main tasks of the research e.g. literature review, formulating the research questions, deciding on appropriate research methods, collecting data, analyzing data, synthesis of the main strands of the research, drawing conclusions and so on. The important lessons in doing the task of such research are the need to be methodological, focused and reflective. One needs to reflect on the limitation of the research findings, self and the research methods used.

The task of doing a doctoral research is fairly complex. The complexity is compounded because of the evolving nature of objectives. For example, in this research the research focus became sharper as the research progressed. If I were to start this research again, I would probably spend more time and effort in the early days in clarifying and justifying the research question in terms of its academic and practical importance. That would have resulted in sharper focus from the start. Nevertheless, in such an open field, it would

have been impossible to finalize the research question without at least some exploratory fieldwork.

9.3 CRITICAL REFLECTIONS ON RESEARCH METHODS

This section includes the reflections on the research methods used in the fieldwork to learn and understand the current practices in executive performance measures, and the influencing factors in developing the model that reflects both the aspirations of practitioners and the issues raised in the academic literature.

9.3.1 Research methods used during the fieldwork

At the time of starting data collection for this research, Soft Systems Methodology (Checkland and Scholes, 1990) was considered to identify the changes needed to improve executive performance measures and their subsequent implementation (Vikram, 1997). The constraints of the limited access to the executives precluded the use of Soft Systems Methodology. The initial reaction, in response to the constraints of the limited amount of access to the executives, was to use the Performance Measurement Questionnaire (Dixon et al 1990). It was soon realized that this response was for purely practical reasons and did not take into consideration the academic reasons. The Performance Measurement Questionnaire would have been somewhat superficial in learning and understanding the meanings executives attach to their performance measures. A balanced set of research methods that met the practical and academic requirements was a better proposition.

The research methods chosen were therefore document research, structured direct observations in the form of workshadowing (Mintzberg 1973), structured interviews using repertory grid technique (Gammack and Stephenson, 1994) and semi-structured interviews. In choosing these research methods one was partly influenced by the rationale used by the PECS team (mentioned in chapter 1). The PECS team's research strategy of qualitative case studies included structured interviews using repertory grid technique, document research of selected documents and semi-structured interviews. My research approach of qualitative case studies also included these research methods. In addition, direct observation in the form of workshadowing of executives was also employed during the first phase of the fieldwork. The benefits of having similar research

methods were two fold. The first benefit was that one could learn to use the chosen research methods more effectively by observing the experienced team of researchers. The second benefit was that our research methods were consistent throughout the respective organization, even though my research focus was different to PECS team.

In the fieldwork, the documents provided by the collaborating companies were only of limited value. The most useful document was a blank appraisal form used by Company A in the annual appraisal of their executives. The form outlined the criteria used in determining Key Result Areas (KRAs) and eight generic performance factors. In Companies B and C there were no documents available relating to executive performance or their performance measures.

The workshadowing of executives as a direct observation research method was useful in getting a 'feel' for their jobs. All the activities executives performed were noted down according to my interpretation. There were no real opportunities to discuss with the executives the meanings and their thinking associated with those activities. However, the data collected about their interactions with others during the day could not be gathered using any of the other chosen research methods. The intention was to get an approximate indication of the relative amount of time executives spent in different managerial roles. All the executives, workshadowed agreed that there was no such thing as a typical day in their job.

Given the constraints of limited access to the executives' time, the repertory grid technique was an efficient research method in finding out the desired executive behaviours for effective performance. I found the method efficient because it allowed me to find out about the desired executive behaviours in the allotted time and more importantly in the executives' own language. However, it took me some time to become proficient in the use of repertory grid technique. I acquired the necessary proficiency in the use of repertory grid technique by practising on my colleagues and then discussing my experiences with more experienced researchers in PECS team.

The semi-structured interviews with the executives in the first phase of the fieldwork were more structured compared to in-depth taped interviews during the second phase of the fieldwork. In the first phase of the fieldwork the focus was on executive performance

as well as on executive performance measures. These interviews covered the areas of the executive performance in terms of their roles, behaviours and outputs. The questions on executive performance measures concentrated on the current measures. The data from these interviews was useful as building blocks for the next phase of the fieldwork. The intention was to collect data related to information on every building block considered to be relevant. This was the main reason for semi-structured interviews in the first phase of the fieldwork with a higher degree of structure compared to the interviews in the second phase of the fieldwork.

The taped, in-depth semi-structured interviews in the second phase of the fieldwork had less rigid structure to them. The intention was to encourage the executives to think aloud about their performance measures. The main themes explored were the executive performance measures for their outputs and also for their behaviours. The strategy worked quite well because it provided the rich data one had hoped for. However, because of the less rigid structure during the interviews the data analysis of the transcribed tapes proved to be difficult and very time consuming. Even though template approach (King, 1994, 1998) in data analysis provided structure, one had to keep revisiting the data collected. One had to read the transcription of the tapes many times and also listen to the tapes again and again to ensure that one understood both the context and the meanings associated with every executive performance measure.

9.3.2 Influencing factors in developing the model

The TOPC model is an interpretive model. In developing the model, my interpretation is evaluative in nature. One can question the validity of the interpretation and the evaluation. "Most case studies are not evaluative studies, but some interpretations made by the researcher will be evaluative in nature, so at least in that sense the case researcher is always an evaluator" (Stake 1995:96). As a researcher, one is constantly evaluating what one is trying to do in terms of one's terms of reference and boundary. One of the research objectives has been to propose a model that reflects aspirations of the executives and the writers in the area of executive performance and performance measures. Therefore some of the interpretations have been evaluative in nature to retain that focus.

The practical influencing factors in the evaluations in developing the model have been the executives' uneasiness about the current practices in executive performance measures and their desire to improve the situation.

The influencing writers are those who have discussed the main themes running through the research. These themes are, for example, a holistic approach to performance measures (Neely et al, 1995a; CIMA 1993; Checkland and Scholes 1990; Checkland and Holwell, 1998), a balanced set of measures (Kaplan and Norton, 1992,1996; Neely at al, 1995a, CIMA, 1993; Dixon et al, 1990), the need for ongoing evaluation of executive performance (Longnecker and Gioia, 1988), evaluation of executive outputs and behaviours (Fletcher, 1993; Snape et al, 1994; Armstrong and Murliss, 1991; Walters, 1995; Woodruffe, 1993), aligning executive's philosophical position to their organisation goals (Anderson, 1997), appreciating the complexity of executive's job (Schön, 1983; Longenecker and Gioia, 1987, 1988; Mintzberg, 1973, 1975; Kotter, 1982; Srivastva and Associates, 1983, 1986, 1988).

9.4 CONCLUDING REMARKS

The main argument of this research is that the current practices in executive performance measures in manufacturing organizations favour measures for executive performance outputs and in particular the financial and internal business process perspectives. By contrast the executives themselves feel the practical need for measures, which include executive behaviours alongside with performance output measures.

The proposed model goes further than any previous model in the field for considering the measures for executive performance outputs as well as the measures for executive behaviours in achieving those outputs. The model will allow its users to consider measures to improve executive performance. The aim is that any improvement in the executive performance would contribute to the improved performance and competitive position of their organization.

APPENDICES

APPENDIX A FIELDWORK DATA

Appendix A1: Summary of the activities during workshadowing of the Production Manager of Company A

Time from - to	Minutes	Activity
AM 9.00-9.17	17*	Daily progress meeting in the Production Director's office (17 personnel present)
9.17-9.26	9*	Follow up meeting in the Production Director's office (7 personnel present)
9.26-9.33	7*	Meeting with the Production Director regarding weekend work
9.33-9.37	4	In Production Manager's - making attendance sheets
9.37-9.41	4	On the factory floor - assessing the situation
9.41-9.48	7	In office - monitoring production requirements
9.48-10.14	26	In office - doing *"the dreaded paper work"*
10.14-10.37	23	Coffee break with the supervisors in the canteen
10.37-11.00	23	Continuing with the *"paper work"*
11.00-11.18	18	'Return of goods meeting' in the Production Director's office - which is postponed to 11.30 due to unforeseen circumstances
11.18-11.30	12	Briefing the researcher
11.30-11.57	27*	Return of goods (because of faults) meeting in the Production Director's office (6 personnel present)
11.57-12.02	5	In wages department regarding the proposed new weekend shifts
PM 12.02-12.05	3	Quick look around the factory floor
12.05-12.15	10	Making phone calls to the supervisors and charge hands regarding distribution of 'holidays working conditions'
12.15-12.32	17	Briefing the researcher
12.32-12.50	18	Lunch with the researcher in the canteen
Total	230	

* The interaction between the Production Director, an executive and the Production Manager, a line manager was during the meetings to discuss the day to day operational issues. The time spent by the Production Manager in these meetings was 60 minutes out of the total of 230 minutes of workshadowing i.e. 26% of the direct observation time.

Appendix A2: Summary of the activities during workshadowing of the Distribution Manager of Company A

Time from - to	Minutes	Activity
AM 9.00-9.45	45	Telephone conversation with customers, preparing schedules of deliveries, and briefing the researcher.
9.45-10.00	15	Tour of the warehouse
10.00-10.23	23*	Daily progress meeting in the Production Director's office (16 personnel present)
10.23-10.40	17*	Follow up meeting in the Production Director's office (3 personnel present)
10.40-10.48	8	In the production control office
10.48-11.05	17	In the warehouse
11.05-11.30	25	In the office - doing the paper work
11.30-11.40	10	In the 'yard' to check on the fleet of the vehicles
11.40-12.00	20	In the office - working on this week's plan
PM 12.00-12.30	30	Briefing the researcher
Total	210	

* The interaction between the Production Director, an executive and the Distribution Manager, a manager was during the meetings to discuss the day to day operational issues. The time spent by the Distribution Manager in these meetings was 40 minutes out of the total of 210 minutes of workshadowing i.e. 19% of the direct observation time.

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Appendix A3: Summary of activities and roles of the Production Director of Company A

Time From - To	Minutes	Activity	Predominant role(s)
AM 9.00 - 9.17	17	Morning progress meeting	Monitor
9.17 - 9.30	13	Discuss projections with the Managing Director	Entrepreneur
9.30 -10.20	50	Brief the researcher regarding today's programme	Liaison
10.20-11.00	40	Meeting with Production Managers regarding this afternoon's 'conflict' situation meeting	Leader and Disturbance handler
11.00-11.45	45	Weekly Executive meeting	Monitor and Entrepreneur
11.45-12.20	35	Executive meeting - one off	Entrepreneur
PM 12.20-1.00	40	Lunch with the researcher	Liaison
1.00 -2.45	105	Meeting between the management teams of the production and the distribution departments regarding the 'conflict' situation	Disturbance handler
2.45 - 3.00	15	Discussing the 'conflict' situation meeting with the researcher	Liaison
3.00 - 3.35	35	Meeting with the Unit Managers regarding the new weekend shifts	Disseminator
3.35 - 4.00	25	Meeting with the Supervisors regarding the new weekend shifts	Disseminator
4.00 - 4.25	25	Meeting with the Joint Consultative Council (JCC) regarding the new weekend shift	Disseminator
4.25 - 4.38	13	Discussing the day's events with the researcher	Liaison
Total	458		

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Appendix A4: Summary of activities and roles of the Managing Director of Company B

Time From - To	Minutes	Activity	Predominant Role(s)
AM 8.30 - 8.35	5	Talking to the Production Manager	Monitor
8.35 - 8.38	3	Greeting/Briefing the researcher	Liaison
8.38 - 8.49	11#	Discussing progress with the Recycling Plant Manager	Monitor
8.49 - 9.01	12	Talking to a Salesman	Disturbance handler
9.01 - 9.06	5	Explaining his sales roles to the researcher	Liaison
9.06 - 9.07	1#	A journalist phones	Spokesman
9.07 - 9.10	3	Going through yesterday's post	Monitor
9.10 - 9.11	1#	Phoning the Recycling Plant Manager (Phone engaged)	Monitor
9.11 - 9.18	7#	Discussion with the Sales Coordinator	Entrepreneur
9.18 - 9.21	3#	Discussion with a Salesman of a sister company	Entrepreneur
9.21 - 9.27	6	Talking to the Quality Manager	Monitor
9.27 - 9.30	3	Dealing with today's post	Monitor
9.30 - 9.35	5	Browsing through a journal	Entrepreneur
9.35 - 9.42	7#	Conversation with the Purchasing and Technical Manager	Monitor
9.42 - 9.48	6	Browsing through a journal	Entrepreneur
9.48 - 9.54	6#	Discussing an export order	Entrepreneur
9.54 -10.01	7	Calling in the Finance Director's office	Resource allocator
10.01-10.13	12	Calling in the Account's office	Resource allocator
10.13-10.19	6	Briefing the researcher	Liaison
10.19-11.13	54	Meeting with the Finance Director regarding this afternoon's Steering Committee meeting	Resource allocator
11.13-11.15	2#	Phoned the Field Manager	Disturbance handler
11.15-11.58	43	Meeting the Field Manager	Disturbance handler
11.58-12.20	22	Traveling with the researcher to visit the Recycling Plant	Liaison

Time From - To	Minutes	Activity	Predominant role(S)
PM 12.20-12.58	38	Looking round the Recycling Plant and advising the Recycling Plant Manager	Leader
12.58- 1.30	32	Return journey to office included a stop over at a supplier company to collect a spare part for a machine	Resource allocator
1.30 - 1.53	23	Lunch with the researcher	Liaison
1.53 - 1.56	3#	Talking to a supplier	Resource allocator
1.56 - 2.00	4#	Talking to the Field Manager	Disturbance handler
2.00 - 2.30	30	Preparing a report on the Recycling Plant	Entrepreneur
2.30 - 2.37	7	Advising staff in the company offices	Leader
2.37 - 2.40	3	Photocopying some documents for this afternoon's Steering Committee meeting	Disseminator
2.40 - 2.45	5	Briefing the researcher	Liaison
2.45 - 3.00	15	Preparing quotes/estimates	Entrepreneur
3.00 - 5.35	155	Steering Committee meeting	Leader, Disseminator, Entrepreneur
5.35 - 6.00	25	Briefing the researcher	Liaison
Total	570		

\# Telephone conversations (Number of calls 10 spanning over 45 minutes i.e. 8% of total workshadowing time)

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Appendix A5: Summary of activities and roles of the Managing Director of Company C

Time From - To	Minutes	Activity	Predominant role(s)
AM 8.55 - 9.04	9	Talking to staff in the company office	Monitor
9.04 - 9.07	3	Briefing the researcher	Liaison
9.07 - 9.10	3#	Answering a query from the Wages Department	Disseminator
9.10 - 9.18	8#	Advising a sales representative	Leader
9.18 - 9.20	2#	Checking on the price of material	Monitor
9.20 - 9.22	2	Discussing an order with the Yard Manager	Monitor
9.22 - 9.26	4	Dealing with a quality problem	Disturbance handler
9.26 - 9.27	1	Signing authorization for wages/salaries	Resource allocator
9.27 - 9.32	5#	Doing estimators job (who is off ill)	Disturbance handler
9.32 - 9.36	4	Talking to a staff member from accounts	Monitor
9.36 - 9.44	8	Checking the sales figures	Monitor
9.44 - 0.49	5	Doing estimators job	Disturbance handler
9.49 - 9.57	8#	Talking to a customer	Entrepreneur
9.57 - 10.09	12#	Doing estimators job	Disturbance handler
10.09-10.17	8	Talking to the Co-owner	Disseminator
10.17-10.22	5	Delegating jobs to the staff in the office	Resource allocator
10.22-10.30	8#	Doing estimators job	Disturbance handler
10.30-10.33	3	Dealing with an order	Entrepreneur
10.33-10.39	6#	Negotiating a payment of a bill with a customer	Negotiator
10.39-10.53	14#	Negotiating new orders	Entrepreneur
10.53-10.57	4	Working on the new orders	Entrepreneur
10.57-11.02	5	Advising the Works Director	Leader
11.02-11.32	30	Weekly progress meeting	Monitor
11.32-11.46	14	Briefing the researcher	Liaison
11.46-11.51	5	Talking to the staff in the office	Monitor
11.51-12.03	12#	Talking to the customers	Entrepreneur

Time From - To	Minutes	Activity	Predominant role(s)
PM 12.03-12.12	9	Signing papers in the company office	Resource allocator
12.12-12.28	16#	Talking to the customers	Entrepreneur
12.28-12.34	6	Delegating jobs to the staff in the company office	Resource allocator
12.34-12.35	1#	Talking to a customer	Entrepreneur
12.35- 1.30	55	Lunch at home	
1.30 - 1.46	16#	Doing estimators job	Disturbance handler
1.46 - 1.48	2#	Talking to a customer	Entrepreneur
1.48 - 1.56	8#	Advising/encouraging a sales representative	Leader
1.56 - 2.00	4#	Talking to customer	Entrepreneur
2.00 - 2.17	17	Preparing for the Steering Committee meeting	Disseminator
2.17 - 2.20	3#	Talking to customer	Entrepreneur
2.20 -2.31	11	Photocopying/collecting information for this afternoon's Steering Committee meeting	Disseminator
2.31 - 2.40	9	Briefing the researcher	Liaison
2.40 - 2.42	2#	Talking to customer	Entrepreneur
2.42 - 2.51	9#	Dealing with a quality problem	Disturbance handler
2.51 - 2.57	6	Briefing the researcher	Liaison
2.57 - 3.00	3	Talking to the staff in the office	Disseminator
3.00 - 5.29	149	Steering Committee meeting	Leader, Disseminator, Entrepreneur
5.29 - 5.38	9	Briefing the researcher	Liaison
5.38 - 5.39	1#	Talking to the Quality Manager	Disseminator
5.39 - 5.52	13	Briefing the researcher	Liaison
Total	537		

Telephone conversations (Number of calls 21 spanning over 144 minutes i.e. 30% of the total workshadowing time)

Appendix A6 Repertory Grid constructs of the executives in company A

Construct (From Pair)	Executives in company A							Construct (From single one)	Executive Quality or skill or competency
	A1	A2	A3	A4	A5	A6	A7		
Laid back	✓							Very intense (1)	Flexible
Open minded	✓							Closed mind (0)	Flexible
Team player	✓							Not a team player (0)	Peer skills
Aggressive	✓							Non confrontational (1)	Flexible
Leader	✓							Has to be led (1)	Leadership skills
Professional	✓							Unprofessional (1)	Persistence, consistence and focus
Intellectual ability	✓							Limited intellect (1)	Information processing skills
Well respected by the team	✓							Disliked by the team (0)	Peer skills
Leadership skills		✓						Lack of leadership skills (1)	Leadership skills
Organizational skills		✓						Working from seat of their pants (0)	Resource allocation skills
Innovative		✓						Looking for stability (0)	Organizational learning
Technically strong on management skills		✓						Technically weak on management skills (1)	Resource allocation skills
Charisma		✓						Lack of charisma (1)	Charismatic
Good knowledge of industry on works in		✓						Wider knowledge of management but not of industry (1)	Information processing skills
Willing to implement change to improve		✓						Shun away from the change (1)	Persistence, consistency and focus
Exercised greater business control		✓						Less control of the situations (1)	Resource allocation skills
Intellectually bright			✓					Intellectually average (0)	Information processing skills

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Construct (From Pair)	Executives in company A							Construct (From single one)	Executive Quality or skill or competency
	A1	A2	A3	A4	A5	A6	A7		
Care about people			✓					Not sincere in dealings with people (0)	Empowerment
Will put in extra effort to get the job done			✓					Adequate performance without the ability of going beyond what is required (1)	Persistence, consistency and focus
Drive and ambition			✓					Lack of drive and ambition (0)	Inspiring
Ability for attention to detail			✓					Lack of ability for attention to detail (0)	Resource allocation skills
Personality one could get warm to			✓					Person one did not feel comfortable with (1)	Charismatic
Uses initiative			✓					Uses limited initiative (0)	Entrepreneurial skills
Generating team sprits				✓				Selfish (1)	Inspiring
Attention to detail				✓				Does not understands the business	Resource allocation skills
Fully understands the customers needs				✓				Does not fully understand the customer needs (0)	Entrepreneurial skills
Determination and drive				✓				Lack of determination and drive (0)	Inspiring
Thorough				✓				Lackadaisy	Resource allocation skills
Good people manager				✓				As bad as you can get (1)	Leadership skills
Dedicated and loyal to company				✓				Dedicated and loyal within certain parameters (0)	Inspiring
Shrewd				✓				Little naive in the real world (1)	Inspiring
Wide grasp of things					✓			Not got wide grasp of things (1)	Resource allocation skills
Pleasant					✓			Unpleasant (1)	Inspiring

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Construct (From Pair)	Executives in company A							Construct (From single one)	Executive Quality or skill or competency
	A1	A2	A3	A4	A5	A6	A7		
Decisive					✓			Not as decisive (1)	Skills in decision making under ambiguity
Good at managing people					✓			Not as good at managing people (1)	Leadership skills
Determined to succeed					✓			Not as determined to succeed (0)	Inspiring
Courteous					✓			Discourteous (0)	Peer skills
Assertive					✓			Not as assertive (1)	Peer skills
Gets results on time					✓			Won't get results on time (0)	Persistence, consistency and focus
Positive attitude to work						✓		Indifferent attitude to work (0)	Inspiring
Motivated by job satisfaction						✓		Totally self centered (0)	Skills of introspection
Very professional						✓		Manages to struggle along (1)	Persistence, consistency and focus
Good team player						✓		Poor team player (1)	Peer skills
Relevant knowledge						✓		Lack of relevant knowledge (0)	Information processing skills
Consider people						✓		No regard for people (0)	Empowerment
Total commitment						✓		Lack of commitment (0)	Inspiring
Will not take ownership						✓		Fully responsible for his/her actions (0)	Inspiring
Tact and diplomacy							✓	Rigid and self centered (1)	Peer skills
High level intellect							✓	Naive (1)	Information processing skills
Charismatic							✓	Austere (1)	Charismatic
Concern for task detail							✓	Has vision and wider perspective (0)	Vision
Positive solution finder							✓	Limited problem identifier (0)	Conflict resolution skills
Inflexible							✓	Flexible (1)	Flexible

Construct (From Pair)	Executives in company A							Construct (From single one)	Executive Quality or skill or competency
	A1	A2	A3	A4	A5	A6	A7		
Recognized need to learn and review							✓	Swamped with task detail (2)	Organizational learning
Lack of enthusiasm and humour in times of crisis and stress							✓	Cheerful, stable and humorous in times of trouble (1)	Conflict resolution skills
Additional constructs Results oriented drive	✓						✓		Vision
Managing change	✓								Persistence, consistency and focus
Focus	✓								Persistence, consistency and focus
Honesty		✓							Inspiring
Communication skill base		✓							Communication and alignment
Creator of team sprit				✓					Empowerment
People management				✓					Leadership skills

A1: Managing Director (Current)
A2: Managing Director (Predecessor)
A3: Production Director
A4: Sales and Marketing Director
A5: Financial Director
A6: Distribution Director
A7: Human Resource Manager

Appendix A7: Repertory Grid constructs of the executives in company B and C

Constructs (From pair)	Executives in companies B and C						Constructs (From single one)	Executive quality or skill or competency
	BC 1	BC 2	BC 3	B1	C1	C2		
Deal with detail	✓						Does not like detail (0)	Resource allocation skills
Requirement for continuous improvement	✓						Driven by moment (0)	Persistence, consistency and focus
Commercial and analytical ability	✓						Can be analytical but uncommercial (1)	Entrepreneurial skills
Very goal driven	✓						Not as goal driven (2)	Vision
Highly professional approach to everything	✓						Sometimes less than professional approach (2)	Persistence, consistency and focus
Self esteem and belief in their ability	✓						Lack of confidence (1)	Inspiring
Risk averse	✓						Risk taker (2)	Entrepreneurial skills
Generally meet the deadline	✓						Generally not meet the deadline (4)	Resource allocation skills
Self driven		✓					Needs constant motivation (1)	Inspiring
Provoking change		✓					Inability to invoke change (0)	Persistency, consistency and focus
Not a good communicator		✓					Brilliant communi-cator (1)	Communication and alignment
Lack of leadership qualities		✓					Leadership qualities (1)	Leadership skills
Focused		✓					Not target oriented (0)	Persistence, consistency and focus
Easily diverted from plan		✓					Determined (0)	Inspiring
Makes things happen		✓					Can't make things happen (0)	Persistence, consistency and focus

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Constructs (From pair)	Executives in companies B and C						Constructs (From single one)	Executive quality or skill or competency
	BC 1	BC 2	BC 3	B1	C1	C2		
Consistent in dealing with people and issues		✓					Inconsistent in dealing with people and issues (0)	Persistence, consistency and focus
Professional			✓				Gifted amateur (0)	Persistence, consistency and focus
Attention to detail			✓				Muddled (2)	Resource allocation skills
Accurate			✓				Broad brush (2)	Information processing skills
Drive			✓				Needs to be driven (1)	Inspiring
Command respect			✓				Treated as ordinary (0)	Inspiring
Awareness			✓				Naiveté (0)	Resource allocation skills
Making it happen			✓				Fudge it (1)	Persistence, consistency and focus
Tenacity							Likely to give up (1)	Inspiring
Organized			✓				Disorganized (2)	Resource allocation skills
Totally aware of their market			✓				Little feel of market (1)	Entrepreneurial skills
Charismatic quality			✓				Lackluster (1)	Charismatic
People manager			✓				Poor people skills (1)	Leadership skills
Total commitment to the business			✓				Questionable commitment (0)	Inspiring
Lacking in integrity			✓				High integrity (1)	Inspiring
Relaxed				✓			Too serious (1)	Flexible
Lacks focus				✓			Highly focused (1)	Persistence, consistency and focus
Meets deadline					✓		Needs prompting (2)	Resource allocation skills
Credible					✓		Not credible (0)	Inspiring

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Constructs (From pair)	Executives in companies B and C						Constructs (From single one)	Executive quality or skill or competency
	BC 1	BC 2	BC 3	B1	C1	C2		
Confront the issue					✓		Skirt around the issue (1)	Conflict resolution skills
Ability to deal with other people directly					✓		Weak in ability to deal with other people directly (1)	Peer skills
Good at planning					✓		Poor at planning (2)	Resource allocation skills
Factual					✓		Exaggerates (0)	Information processing skills
Arguments presented based on analysis of facts					✓		Thinks on feet (0)	Resource allocation skills
Exceeds expectation or demands					✓		Barely meets requirements (0)	Inspiring
Know their job						✓	Superficial knowledge of their work (0)	Information processing skills
Credibility						✓	Lack of credibility (1)	Inspiring
See the whole picture						✓	Short term process and deal with job in hand (0)	Vision
Not decision maker of any substance						✓	Decision maker (10	Decision making skills
Professional						✓	Less professional (1)	Persistence, consistency and focus
Loyal to company						✓	Selfish (1)	Inspiring
Almost subservient						✓	Arrogant (1)	Flexible
Adequate						✓	Talented (1)	Inspiring

Constructs (From pair)	Executives in companies B and C						Constructs (From single one)	Executive quality or skill or competency
	BC 1	BC 2	BC 3	B1	C1	C2		
Additional constructs Visionary			✓					Vision
Delegator				✓				Empowerment
Prioritizer				✓				Decision making skills
Good time manager				✓				Resource allocation skills
Ability to get things done					✓			Persistence, consistency and focus
Leadership					✓			Leadership skills
Able to get other people to do things					✓			Empowerment
Good communi-cator					✓			Communication and alignment
Need plenty of energy					✓			Inspiring
Confidence and belief					✓			Inspiring
Good listener						✓		Peer skills
Fair minded						✓		Inspiring
Objective						✓		Information processing skills

BC1: Number 1 Co-owner of companies B and C
BC2: Number 2 Co-owner of companies B and C
BC3: Finance Director of companies B and C
B1: Managing Director of company B
C1: Managing Director of company C
C2: Works Director of company C

Appendix A8: Executive strategic objectives in company A

Strategic objective	Executives in company A							Perspective
	A1	A2	A3	A4	A5	A6	A7	
Respond to sales requirements	✓							Customer
Sales led business driven by market	✓							Customer
Balance between flexibility and complexity of manufacturing	✓							Internal business prospective
Continuous improvement	✓							Internal business prospective
Cost control through structure	✓							Financial
Culture change to have some corporate identity	✓							Learning and growth
Building capabilities through training and education	✓							Learning and growth
Develop new products		✓						Learning and growth
Develop flexible manufacturing		✓						Internal business prospective
Driving costs down		✓						Financial
Ensure that quality is better than our competitors		✓						Internal business prospective
Offer value for money		✓						Customer
To be a low cost producer			✓					Financial
Deliver exceptional service to customers through delivery and quality			✓					Customer
Provide best value for money			✓					Customer
Create style people personally will buy into			✓					Learning and growth
Change culture to multi-skilled, high productivity level and relatively happy work force			✓					Learning and growth
Continue to grow with specified market				✓				Customer
Become more profitable				✓				Financial
Volume supplier who offers value for money				✓				Customer
Motivate sales people				✓				Learning and growth
Develop and training to see people move up				✓				Learning and growth
Satisfy need for customers both internal and external					✓			Customer
Training and development of employees under my charge					✓			Learning and growth
Maximize profits through minimizing debts					✓			Financial

Appendix A8: Executive strategic objectives in company A (contd.)

Strategic objective	Executives in company A							Perspective
	A1	A2	A3	A4	A5	A6	A7	
Improve core computer systems within the company					✓			Internal business process
Involve staff					✓			Learning and growth
Provide safe and friendly working environment					✓			Internal business process
Satisfying customers at the lowest cost						✓		Customer
Tight control on operations we run						✓		Internal business process
Making managers aware of what is expected of them						✓		Learning and growth
Investment in people - assisting, coordinating, fine tuning, and maintaining systems and practices							✓	Learning and growth
Maximizing development and training							✓	Learning and growth
Develop customer service plan							✓	Customer

A1: Managing Director (Current)
A2: Managing Director (Predecessor)
A3: Production Director
A4: Sales and Marketing Director
A5: Financial Director
A6: Distribution Director
A7: Human Resource Manager

Appendix A9: Executive strategic objectives in company B

Strategic objective	Executives in company B				Perspective
	BC 1	BC 2	BC 3	B1	
Researching and ultimately purchasing machinery for recycling pallets	✓				Learning and growth
Making existing parts better and the whole bigger	✓				Learning and growth
Pushing more product through the system with less people - become more efficient	✓				Internal business process
To make more money tomorrow than today	✓				Financial
Develop the new pallet design software	✓				Learning and growth
Develop the existing business and acquire new ones		✓			Learning and growth
Setting up a pallet recycling business where damaged pallets can be repaired and sold back again		✓			Learning and growth
Replace old machinery with new machinery		✓			Internal business process
Less people		✓			Internal business process
Finances in place			✓		Financial
Cash controls in place			✓		Financial
Like to see controlled organic growth with steady growth (not peaks and troughs)			✓		Learning and growth
Developing niche market to sell storage solutions			✓		Learning and growth
Control in line with customer needs			✓		Customer
Continuous improvement				✓	Internal business process
Make enough and remain major player in the market				✓	Financial
Improve our business performance				✓	Learning and growth
Acquire new geographic sites				✓	Learning and growth
Become more automated				✓	Internal business process
Expand				✓	Learning and growth
New machinery				✓	Internal business process
Plough profits back into business which makes the profit				✓	Financial
Deliver on time				✓	Customer
Right quality				✓	Customer
Produce efficiently and as effectively as possible				✓	Internal business process
Maintain company culture to help the customer				✓	Customer
Stay focused				✓	Learning and growth

BC1: Number 1 Co-owner of companies B and C
BC2: Number 2 Co-owner of companies B and C
BC3: Finance Director of companies B and C
B1: Managing Director of company B

BC1: Number 1 Co-owner of companies B and C
BC2: Number 2 Co-owner of companies B and C
BC3: Finance Director of companies B and C
B1: Managing Director of company B

Appendix A10: Executive strategic objectives in company C

Strategic objective	Executives in company C					Perspective
	BC 1	BC 2	BC 3	C1	C2	
Making existing parts better and the whole bigger	✓					Learning and growth
Pushing more product through the system with less people - become more effective	✓					Internal business process
To make more money tomorrow than today	✓					Financial
Replace old machinery with new machinery		✓				Internal business process
Less people		✓				Internal business process
Management improvement		✓				Internal business process
System improvement		✓				Internal business process
Finances in place			✓			Financial
Cash control in place			✓			Financial
Like to see controlled organic growth with steady growth (not peaks and troughs)			✓			Learning and growth
Try to survive but try to manufacture in profitable way			✓			Internal business process
Improve communication and discipline			✓			
Improve management			✓			Internal business process
Carry out company strategy and hit the company objective				✓		Internal business process
Make profit now in future				✓		Financial
Control revenue and costs				✓		Financial
Right sales volume at high margin				✓		Financial
Decisions based on clear understanding of jobs and roles				✓		Internal business process
Culture change - change in people attitudes				✓		Learning and growth
Strengthen production management				✓		Internal business process
Quality control				✓		Internal business process

Appendix A10: Executive strategic objectives in company C (contd.)

Strategic objective	Executives in company C					Perspective
	BC 1	BC 2	BC 3	C1	C2	
Investment in new machinery				✓		Internal business process
Improve systems				✓		Internal business process
Improve planning				✓		Internal business process
Make more money					✓	Financial
Be more effective					✓	Internal business process
Be more profitable					✓	Financial
Be more slick					✓	Internal business process
Avoid quality problems					✓	Internal business process
Work towards ISO-9000					✓	Internal business process
Maintain bottom line - not in red					✓	Financial
Broaden product base					✓	Learning and growth
Quality customer service					✓	Customer
Invest in new machinery					✓	Internal business process

BC1: Number 1 Co-owner of companies B and C
BC2: Number 2 Co-owner of companies B and C
BC3: Finance Director of companies B and C
C1: Managing Director of company C
C2: Works Director of company C

Appendix A11: Current executive performance measures as perceived by the executives in company A

Executive performance measures as perceived by individual executive	Executives in company A							Executive role or executive quality, skill or competency, or executive strategic objective perspective
	A1	A2	A3	A4	A5	A6	A7	
Produce as efficiently as possible	✓							Competency
Sales volume	✓							Financial perspective
Sales mix	✓							Financial perspective
Labour cost/standard hour	✓							Financial perspective
Overheads	✓							Financial perspective
Bank account balance/cash	✓							Financial perspective
Break even profit	✓							Financial perspective
Intangible continuos appraisal	✓							Competency
'Gut feeling' if executive team is moving as required by the Managing Director's agenda	✓							Leadership skills
Improve housekeeping	✓							Resource allocation skills
Reduction in returned goods	✓							Customer perspective
More management opportunities	✓							Learning and growth perspective
Balance between continuous improvement, sustainability and bottom line profit	✓							Competency
Sales volume		✓						Financial perspective
Sales mix		✓						Financial perspective
Labour cost/standard hour		✓						Financial perspective
Overhead		✓						Financial perspective
Bank account balance cash		✓						Financial perspective
Break even/profit		✓						Financial perspective

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Appendix A11: Current executive performance measures as perceived by the executives in company A (contd.)

Executive performance measures as perceived by individual executive	Executives in company A							Executive role or executive quality, skill or competency, or executive strategic objective perspective
	A1	A2	A3	A4	A5	A6	A7	
Cost/standard hour			✓					Financial perspective
Material costs			✓					Financial perspective
Cost/unit			✓					Financial perspective
Overhead budgets			✓					Financial perspective
Is business making profit?			✓					Financial perspective
Is style of management right?			✓					Competency
Investment In People (IIP) progress			✓					Learning and growth
Adding value to company in intangible way e.g. is he/she taking the company forward			✓					Competency
Sales volume				✓				Financial perspective
Product mix				✓				Financial perspective
Net profit				✓				Financial perspective
Relationships with top ten customers				✓				Customer perspective
Relationships with top ten suppliers				✓				Interpersonal roles
Product knowledge				✓				Skills
Understands customers				✓				Customer perspective
Can use computers				✓				Skills
Accounts					✓			Financial perspective
Financial 'books' of the company					✓			Financial perspective
Credit control					✓			Financial perspective
Product costing on new computer system					✓			Informational roles
'Return of goods' information on database					✓			Informational roles

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Appendix A11: Current executive performance measures as perceived by the executives in company A (contd.)

Executive performance measures as perceived by individual executive	Executives in company A							Executive role or executive quality, skill or competency, or executive strategic objective perspective
	A1	A2	A3	A4	A5	A6	A7	
Training issues					✓			Learning and growth perspective
Unit cost of delivery						✓		Financial perspective
Distribution cost/unit						✓		Financial perspective
Distribution cost/set						✓		Financial perspective
Number of failed deliveries						✓		Internal business process perspective
Transport costs						✓		Financial perspective
Cost control						✓		Financial perspective
Labour turnover						✓		Internal business process perspective
Management team performance						✓		Competency
Benchmarking of events e.g. disputes							✓	Internal business process perspective
Grievances							✓	Internal business process perspective
Labour turnover							✓	Internal business process perspective
Absence							✓	Internal business process perspective
Sickness							✓	Internal business process perspective

Appendix A11: Current executive performance measures as perceived by the executives in company A (contd.)

Executive performance measures as perceived by individual executive	Executives in company A							Executive role or executive quality, skill or competency, or executive strategic objective perspective
	A1	A2	A3	A4	A5	A6	A7	
Discipline							✓	Internal business process perspective
Motivation							✓	Internal business process perspective
Commitment to training e.g. number of people with appropriate training							✓	Learning and growth perspective
Climate to implement changes							✓	Competency
Resistance to changes							✓	Competency
Base credibility e.g. used by people and responded to quality and soundness to advice							✓	Competency
Integrity							✓	Quality
Confidentiality							✓	Quality
Problem solving							✓	Skills
Avoiding unnecessary expanses through tribunals							✓	Skills

A1: Managing Director (Current)
A2: Managing Director (Predecessor)
A3: Production Director
A4: Sales and Marketing Director
A5: Financial Director
A6: Distribution Director
A7: Human Resource Manager

Appendix A12: Current executive performance measures as perceived by the executives in company B and C

Executive performance measures as perceived by individual executive	Executives in companies B and C						Executive role or executive quality, skill or competency, or executive strategic objective perspective
	BC1	BC2	BC3	B1	C1	C2	
Budgets	✓						Financial perspective
Targets - internal	✓						Internal business perspective
Sales throughput value	✓						Financial perspective
Business up on stream		✓					Financial perspective
Ability to invoke change		✓					Competency
Make things happen		✓					Competency
Relationships with the Managing Directors		✓					Interpersonal roles
Finance and accounts			✓				Financial perspective
Financial plans for a recycling plant			✓				Financial perspective
Reporting system			✓				Informational role
Accounting system			✓				Informational role
Remuneration information			✓				Informational role
Performance reporting system			✓				Informational role
Through per month			✓				Financial perspective
Bottom line profit				✓			Financial perspective
Throughput measures				✓			Financial perspective
Annual targets on sales				✓			Financial perspective
Labour efficiency					✓		Internal business process perspective
Cost of labour					✓		Financial perspective

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Appendix A12: Current executive performance measures as perceived by the executives in company B and C (contd.)

Executive performance measures as perceived by individual executive	Executives in companies B and C						Executive role or executive quality, skill or competency, or executive strategic objective perspective
	BC1	BC2	BC3	B1	C1	C2	
Quality					✓		Internal business process perspective
Number of incidence of non conformity					✓		Internal business process perspective
Due date performance i.e. delivery to customer and completion time					✓		Customer perspective
Strength of relationships					✓		Interpersonal role
Feedback from other people					✓		Interpersonal role
Teamwork					✓		Skill
Enthusiasm for the job					✓		Quality
Annual targets on sales					✓		Financial perspective
Bottom line performance i.e. break even					✓		Financial perspective
Operation plan delivery					✓		Internal business process perspective
Culture change (to tight-loose, disciplined and self driven, tight infrastructure)					✓		Learning and growth perspective
Management structure (there should be tangible signs of accountability)					✓		Learning and growth perspective
Due date performance						✓	Customer perspective
Quality						✓	Internal business process perspective
Cost of labour						✓	Financial perspective

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Appendix A12: Current executive performance measures as perceived by the executives in company B and C (contd.)

Executive performance measures as perceived by individual executive	Executives in companies B and C						Executive role or executive quality, skill or competency, or executive strategic objective perspective
	BC1	BC2	BC3	B1	C1	C2	
Through put generated					✓		Financial perspective
Developing new bonus systems						✓	Learning and growth perspective
General bottom line profit						✓	Financial perspective
Budget						✓	Financial perspective
Credibility						✓	Competency

BC1: Number 1 Co-owner of companies B and C
BC2: Number 2 Co-owner of companies B and C
BC3: Finance Director of companies B and C
B1: Managing Director of company B
C1: Managing Director of company C
C2: Works Director of company C

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APPENDIX B FRAMEWORK FOR A PROTOTYPE WORKBOOK FOR USING THE TOPC MODEL

Introduction

This appendix outlines the structure of a prototype workbook that could be developed for the users of the proposed TOPC model.

There will be a brief description of the TOPC model in the workbook.

The workbook will explain in practical terms the process of identifying the executive performance measures for any given context. This will be a 'how-to' guide to enable practitioners and researchers to use the TOPC model even though they may not be familiar with this research.

The workbook will be divided in six parts. Each part will have a series of practical worksheets or forms. These worksheets or forms will be designed so that the user is clear of the aims of completing a particular worksheet or a form. There will also be tips for how to complete the worksheet or forms with relevant practical examples.

The following worksheets and forms for each part of the prototype workbook are based on the experiences during the fieldwork of this research. The practical examples are drawn from the fieldwork and the relevant literature.

The thinking about (T) element of the TOPC model involves thinking about measures for an executive's performance outputs (O), personal characteristics (P), capabilities (C) and their interrelationships. There is no separate worksheet for the element (T). The element (T) covers O, P, C and their interrelationships. The six parts of the workbook are:

Part one: Context

Part two: Thinking about measures for an executive's performance outputs (O)

Part three: Thinking about measures for an executive's personal characteristics (P)

Part four: Thinking about measures for an executive's personal capabilities (C)

Part five: Thinking about mutual relationships between O, P and C

Part six: Individual executive performance measure record sheet

If you are planning to use the TOPC model in your organization, the first stage is to complete worksheet for part one, in order to define the organizational context in which executive performance is measured. Then use worksheet for part two, thinking about measures for an executive's performance outputs (O). Repeat the process for part three and four, thinking about measures for an executive's personal characteristics (P) and capabilities (C). Once you have completed worksheets for parts two, three and four, you can use worksheet for part five to consider mutual relationships between O, P and C. This is to ensure that measures are compatible with each other.

If you propose to consider broader issues about individual executive performance measure then you can use worksheet for part six, individual executive performance measures record sheet.

Worksheet for part one: Context

Aim To help the user to be clear about what is to be achieved in a given context and how best to achieve that.

How By thinking about the context and making notes on the following form:

Name of company	
Name of the executive	
Title of the executive	
Date of thinking about the executive performance measures	
Name of the individual thinking about the executive performance measures	
Business objective(s) relevant to the context	
Personal objective(s) relevant to the context	
Likely outcomes according to the individual thinking about the executive performance measures for the given context	
Desired outcomes according to the individual thinking about the executive performance measures for the given context	
Any other information considered relevant for this context	

Tips Context will be different for different companies, different for different executives, different for different organization goals, different for different business situations and so on.

Worksheet for part two: Thinking about measures for an executive's performance outputs (O)

Aim To identify the current and the desired measures for executive performance outputs for a given context.

How By thinking about the relevant measures and noting them in the following table:

Perspective	Generic measure	Relevant current measure	Relevant desired measure	Remarks regarding the difference between the current and the desired measure
Financial	Return on investment		Bottom line profit	
	Economic value		Perceived value for money	
Customer	Customer satisfaction		Due date performance	
	Customer retention		Building stronger partnerships with customers	
	Market share		Changes in market place	
	Account share		Top ten customers	
Internal	Quality		Quality of products	
	Response time		Quick delivery	
	Cost		Costs are competitive	
	New product introduction		Development of new products	
Learning and growth	Employee satisfaction		Investment in people initiative	
	Information system availability		Management of knowledge	

Tips
- The examples listed for various categories in the relevant desired measure column are from the fieldwork in the case study companies. These can be used as practical examples.
- The measures can be either formal or informal.
- The users need to think about other relevant current and desired executive performance output measures appropriate to the given context. Such measures can then be considered accordingly.
- Remarks column can include, for example, thoughts about possible actions to be taken by the user.

Worksheet for part three: Thinking about measures for an executive's personal characteristics (P)

Aim To identify the current and the desired measures for an executive's personal characteristics.

How By thinking about the relevant measures and noting them in the following table:

Personal characteristic	Relevant current measure	Relevant desired measure	Remarks regarding the difference between the current and the desired measure
Ambition		Drive, energy, motivation, initiative and enthusiasm	
Background		Experiences of life and job relevant for a given context	
Bias towards action		Well thought out action	
Integrity		Morally and intellectually honest	
Intuition		Reliance on intuition in uncertain situations	
Management style		Suitable management style for a given context	
Personality		Approachable and respected	

Tips
- The examples listed in the relevant desired measure column are from the fieldwork in the case study companies. These can be used as practical examples.
- The measures can either be formal or informal.
- In addition, users need to think about other relevant current and desired measures for an executive's personal characteristics in terms of the qualities or traits appropriate to the context. Such measures can then be considered accordingly.
- Remarks column can include, for example, thoughts about possible action to be taken by the user.

Worksheet for part four: Thinking about measures for an executive's personal capabilities (C)

Aim To identify the current and the desired measures for an executive's personal capabilities.

How By thinking about the relevant measures and noting them in the following table:

Personal capability	Relevant current measure	Relevant desired measure	Remarks regarding the difference between the current and the desired measure
Commercial awareness		Functional efficiency and effectiveness	
Communicator		Good listener and communicator	
Decision making skills		Making right decisions	
Empowerment		Creating environment for others to excel	
Entrepreneur		Being innovative and taking risks	
Focus		Focus on contribution	
Leadership skills		Turning vision into reality through people	
Making it happen		Successfully implementing company's strategy	
Managing change		Knowing what to change and how to change	
Skills of introspection		Learning through recent experiences to improve performance	
Teamwork		Working effectively in a committed and happy team	
Technical competency		Continuously updating knowledge, skills and competencies	

Tips
- The examples listed in the relevant desired measure column are from the fieldwork in the case study companies. These can be used as practical examples.
- The measures can either be formal or informal.
- In addition, users need to think about other relevant current and desired measures for an executive's personal capabilities in terms of the skills and competencies appropriate to the context. Such measures can then be considered accordingly.
- Remarks column can include, for example, thoughts about possible action to be taken by the user.

Worksheet for part five: Thinking about mutual relationships between O, P and C

Aim To consider mutual relationships between the chosen measures for performance outputs, personal characteristics and capabilities for a given context.

How By thinking about whether the measures are compatible with each other and noting them in the following table:

Chosen measures for performance output(s) for a given context	Chosen measures for personal characteristics for a given context	Chosen measures for personal capabilities for a given context	Remarks regarding whether the measures are compatible with each other
From worksheet for part two	From worksheet for part three	From worksheet for part four	

Tips
- The user needs to think about whether the chosen measures are compatible in terms of that they support each other i.e. chosen measures for personal characteristics and capabilities will be appropriate for a particular performance output.
- The user can also think about whether the chosen measures are balanced and comprehensive.
- In the remarks column the user can note his or her thoughts of any possible action he or she may take to ensure satisfactory relationship between chosen measures.

Worksheet for part six: Individual executive performance measure record sheet

Aim To complete one record sheet for each measure.

How By thinking about broader issues related to an individual executive performance measure and noting them on the following form:

Measure	The title of the measure preferably self- explanatory
Purpose	To identify the purpose in terms of what the measure is supposed to achieve
Relates to	To identify the business and/or personal objective
Target	To specify the levels and the time-scale within which improvements need to be achieved
Formula	To define how the measure would be measured
Frequency	To specify how often the measure would be considered
Who measures?	To identify the person who measures the measure
Source of data	Where would the data related to the measure come from?
Who acts on data	To identify the person who would act on the data
What do they do?	Resulting action
Notes and comments	Any other relevant information not covered above

Tips Individual executive performance measure record sheet should also enable users in appreciating the relative importance of different measures.

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