

Chapter 4

Performance and accountability in tertiary education

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ABSTRACT

In this chapter we turn to the third of the four main elements which are implicated in corporatisation: performance and accountability. As in the case of the other reforms, the use of explicit, quantitative performance measures and a greater emphasis on 'output' or 'productivity' are strategies which have recently been introduced into the public sector not only in New Zealand but in Britain, Australia and Canada. A strategy borrowed from the private sector, 'management by objectives' has such wide international currency, and is applied across such a diverse range purposes and organisations, it has been described as a 'management policy for all seasons.' (Hood, 1991).

Introduction

In the two previous chapters we examined the issues surrounding the introduction of user pays and competition in tertiary education. In this chapter we turn to the third of the four main elements which are implicated in corporatisation: performance and accountability. As in the case of the other reforms, the use of explicit, quantitative performance measures and a greater emphasis on 'output' or 'productivity' are strategies which have recently been introduced into the public sector not only in New Zealand but in Britain, Australia and Canada. A strategy borrowed from the private sector, 'management by objectives' has such wide international currency, and is applied across such a diverse range purposes and organisations, it has been described as a 'management policy for all seasons.' (Hood, 1991).

The use of performance measures is an important element in the devolution or delegation of responsibility from the central state to individual Government institutions or departments. Despite the ideology of 'community' control of educational institutions, 'devolution' can be seen as a strategy designed to provide chief executives, vice-chancellors or principals with the 'right to manage.' This reform is an essential ingredient in any competitive system. The most important elements of devolution, therefore, have involved imparting to the vice-chancellor of each university the powers to hire and fire staff, and negotiate contracts for conditions and salaries. The freedom to manage, however, has been tempered by the Government's requirement that new accountability and performance measures be observed.

The use of performance measures is generally said to bring about two benefits. First, it informs evaluators of the effectiveness with which an organisation achieves its goals and, second, it provides some measure of the resources used to achieve those goals (*Report of the Performance Indicators*

Task Force, 1989:12). In this paper we examine these arguments and question whether the new reporting mechanisms are able to deliver what is required of them.

Performance and accountability

The new emphasis on performance and accountability in the state sector reflects a reconceptualisation of the relationship between ministers and state institutions which has occurred since 1984. In the first instance, ministers are conceived as the de facto 'owners' of state assets who are concerned with the 'return' on their investment. In the second, ministers are conceived as the 'purchasers' of services on behalf of the New Zealand public and therefore have an interest in the quality of the 'output' provided by state institutions. In either case, a rationale is provided for the collection of a much greater array of information.

This type of thinking informs the *Hawke Report* (1988), *Learning for Life II* (1989) and the Education Amendment Act (1990). According to the *Hawke Report* (1988:40) accountability can be achieved through an assessment of the charters of individual institutions. Charters, in this view, set out 'intended outcomes and performance measures between funders and providers.' Audits of performance are conducted in order to establish whether or not the objectives within the charters are met. The formulation of performance indicators is important, according to the *Hawke Report* (1988:36), especially when linked to the measurement of quantitative 'outputs' such as publications, copyrights and the number of graduates. In essence, this was an entirely new accountability framework designed to link the 'output' of tertiary institutions as closely as possible to their finance.

In *Learning for Life II* (1989), the finer details of these new accountability mechanisms are spelt out. In particular, a distinction is made between charters and corporate plans. Charters are essentially statements of mission negotiated between tertiary institutions and the Government which convey, in general terms, the guiding principles of higher education in New Zealand. Such principles would include a definition of tertiary education, the principles of the Treaty of Waitangi, parameters for entrepreneurial activities as well as a 'proactive statement on socio-economic, gender and ethnic equity' (*Learning for Life II*, 1989:26). Additionally, each institution must include a list of its distinctive characteristics.

Corporate plans include a statement of resources required by the institution, a description of its organisational structure and most importantly, a set of objectives and a list of performance indicators. The corporate plan would be developed by the chief executive officer (vice-chancellor) in conjunction with his or her staff but would have to be consistent with the principles set out in the charter. In essence, the corporate plan would be a 'management tool by which operational objectives derived from the charter goals are identified and specified' (Ministry of Education, 1990: 12). These operational objectives would then be submitted to the Government along with an annual report. The information contained in the annual report would determine whether the institution successfully met its financial and equity objectives (*Learning for Life II*, 1989:28).

While the universities were supposed to develop their own corporate plan, complete with targets and performance indicators, it is evident that the Ministry of Education had different ideas about the development and use of this accountability mechanism. This became apparent when the *Report of the Performance Indicators Task Force* (1989) became publicly available. While the corporate plan according to one view was to be 'developed by the CEO and staff' (*Learning for Life II*, 1989:27), the Ministry of Education had at a very early stage defined and developed its own set of performance indicators in order to 'monitor the performance of tertiary institutions.'

These performance measures are set out in the *Report of the Performance Indicators Task Force*, (1989). Although, the report states that performance measures can be 'qualitative,' emphasis is placed on quantitative measures. Objectives, for example, 'must be quantified' and their purpose 'is to enable progress towards the attainment of each goal to be measured or monitored.' Performance

indicators accompany objectives in order to 'measure progress towards the attainment of objectives' (*Report of the Performance Indicators Task Force*, 1989: 11). These measures include, for example, costs per equivalent full-time student (EFTS) per department, number of students completing programmes and moving to employment (ibid: 13-17).

With the introduction of the Education Amendment Act in October 1990, the requirement for corporate plans was dropped. Nevertheless, the requirement for charters was maintained and section 203 of the Education Amendment Act (1990) brought universities under the Public Finance Act 1989. Thus, while there was no requirement for corporate planning in name, it was included in practice by the requirement that universities submit to the Government a 'statement of objectives' and 'list of performance indicators' for the purposes of service performance.

An assessment of performance measures

The notion of a mission statement is not new to universities. For example, the University of Canterbury Act 1961 states that the objective of the university is '... the advancement of knowledge and the dissemination and maintenance thereof by teaching and research' This definition of the role of the university is similar to that found in the Education Act 1990 and the individual charters of each university. What is new is the notion that objectives like this can be turned into quantitative measures. And this is precisely where the difficulties begin. The main problem here is one of validity. Do the performance indicators actually measure what they are supposed to measure?

The *Report of the Performance Indicators Task Force* (1989:14) suggests a number of indicators which are supposed to measure the extent to which universities achieve their purpose. The number of possible explanatory variables in each case, however, means that it is difficult to determine whether the university itself is responsible for producing a certain outcome. Take for example the simple measure of the number of people enrolled in an institution. This measure, apparently, is supposed to reflect 'the institution's response to expressed needs.' In other words, if EFTS are increasing, the university is performing its teaching task well. There are many external factors, however, which could explain variations in EFTS equally well. Labour market fluctuations, demographic changes, or Government policies, for example, could conceivably alter the number of EFTS. These same factors could also dictate numbers moving to employment and further education - two other suggested indicators of university performance (*Report of the Performance Indicators Task Force*, 1989: 1315). Furthermore, in regions where tertiary institutions must compete for students, changes in travelling costs and living expenses could tip things in favour of the institution closest to the population mass. The problem here amounts to this: if performance measures are to mean anything at all, some effort must be made to separate out factors over which universities have no control. This is recognised in the Report but no strategy is suggested to deal with this complex problem.

Similar issues emerge when attempting to quantify research efforts by, for example, counting the number of research publications. The main limitation of such a method is that the number of research papers says little about their actual value. This is noted by the authors of the *Report of the Performance Indicators Task Force* (1989:28). Nevertheless, they insist on including this as a measure of 'productivity.' Attempts to extend bibliometric techniques, of which publication counts are a part, have involved the use of citation frequency analysis. According to this argument, the quality of a publication is reflected in the number of times it has been cited by other researchers or scholars. Experts in the area of science review, however, have argued that the terms 'impact' and 'recognition' are more adequate terms for describing the results of citation analyses (Luukkonen, 1989; King, 1987:266). This is because of the wide variety of factors, other than quality, which can influence citation rates. Differences in citation frequencies occur, for example, across disciplinary fields, between applied and basic research, and are influenced by the reputations of particular scientists and institutions and the journal and language in which the papers are published (Luukkonen, 1989).

In general, it is recognised that bibliometric measures, such as publication and citation counts, should not be given undue weight in assessing research and that they must be complemented by an 'independent' panel of practicing researchers. Again, while this issue was recognised by the Performance Indicators Task Force, no real attempt has been made to come to terms with it. Furthermore, the Task Force gave no attention to the widening body of international literature on the evaluation of scientific research (see for example, Sizer, 1979; McKelvie, 1986; Norris, 1978). A deeper understanding of the debates surrounding performance measures would surely have led to a more considered approach.

In particular, no attempt was made to examine the costs and benefits of research evaluations which have been conducted overseas for many years. The results of introducing performance measures, such as publication counts, are not always favourable. They have, for example, been associated with 'gratuitous conferring of coauthorship' and a tendency for increasingly shorter papers (Peters, 1991:82). Others have voiced fears that evaluations could, over the longer period, result in an emphasis on short term results and an overly competitive research environment (Luukkonen & Stahle, 1990:365-367).

Critics have also drawn attention to the fact that an externally-imposed accountability system runs against the organisational culture of highly professionalised providers. Pollitt (1988) for example, draws a distinction between managerial and professional development models of accountability. Professional development typically occurs within the context of collegial relationships where individuals are presumed to have a high level of motivation to improve their own performance. Managerial appraisal, on the other hand, is a strategy based on a low-trust situation between the employers and employees and is a 'top-down' strategy designed around surveillance and the threat (or actual use) of externally-applied punishment to achieve organisational goals. Since imposing a generally managerialist form of appraisal into a collegial setting is likely to create suspicion, a loss of morale and attempts to subvert the system, the scheme is unlikely to achieve its objectives (Pollitt, 1988:14-15).

Furthermore, the applicability of management by (measurable) objectives in the field of education is the subject of some debate. In the private sector, strategies designed to promote efficiency and effectiveness are inevitably judged against the yardstick of profit and loss. Arguably, in education, no such unambiguous, single, and easily quantifiable goal is available. Rather than singular and straight forward, goals in tertiary education are often complex and sometimes conflicting. As Peters (1990: 17) notes:

Some objectives may be mutually inconsistent - for example, seeking to increase participation in higher education while trying to avoid a surplus of graduates or attempting to produce high quality basic research while responding quickly to the needs of industry.

While questions can be posed about the effectiveness of the accountability practices now being implemented, something should also be said about their efficiency. The *Learning for Life II* reforms resulted in a whole new battery of middle-level bureaucracies concerned with the measure of performance in schools and tertiary institutions. Given the expense and time required to establish and maintain these institutions it is surprising that their 'value for money' is not the subject of intense scrutiny. In the language of the current reforms, the question must be asked whether these quality control institutions are producing an 'output' which is commensurate with their 'input.' Overseas researchers suggest that the answer is likely to be no. As Luukkonen and Stahle (1990:365) note, in the Scandinavian context, it is likely that evaluation is used not so much as a means of quality control, but as a political tool to legitimate Government cut backs or changes in priorities. They argue, moreover, that if factors such as these are taken into account, the actual positive effects are likely to be quite small.

One of the possibly more progressive features of the new accountability framework is the requirement of institutions to implement equal employment opportunities programmes and programmes for increasing the recruitment and success rate of disadvantaged groups. A brief

description of these programmes must be provided in charters, and institutions must include in their annual report data which shows the extent to which institutions have met their equity objectives. Equity objectives are the principle concern of one of the new monitoring bodies established under *Learning for Life II* - the Education Review Office (ERO). Initially the Education Review Office had a considerable staff and had the capacity to conduct wide ranging, thorough assessments of equity objectives every two years (Picot Report, 1988:60-61). However, this aspect of the accountability system has been de-emphasised. Following a report on the education reform implementation process, staffing at ERO was halved, its focus was narrowed and the time period for reviewing institutions was extended (*Lough Report*, 1990:32-33). Under the National Government the staffing of ERO has been reduced again.

Finally, nothing has been done to resolve the ambiguous nature of the new accountability system. Couched in terms as a tool for self-management at one time, and in the language of an external monitoring device at others, disagreement between the Government bodies, like the Audit Office and universities about the precise role and nature of objectives and performance indicators has yet to be resolved. While the Government sees management by objectives mainly as a means of external monitoring, more considered approaches (eg. McKelvie, 1986; Patterson, 1989) view the development and use of performance and accountability measures mainly as practices conducted within universities themselves. In any case there is a distinct danger that the issue could be resolved on the side of increased state control of tertiary education.

Conclusion

In this chapter we have provided a brief description and critique of the accountability system under which tertiary institutions have been operating since 1990. Most of the information which is used for reviews of performance has been collected by universities for many years. What is new, and problematic, is that attempts are being made by the Government both to associate this information with a particular value (Peters, 1990:33-34; Peters, 1991:278-279) and to apply rewards or sanctions based around what is interpreted to be positive or negative outcomes. Once this stance is taken it raises a number of questions: Are the interpretations of the measures valid? What are the possible negative side effects? Will it lead, for example, to the reification of easily quantified goals and the demise of less measurable, but possibly more important goals? Will it fail because of the resistance and resentment it causes? How applicable is this management system to the education sector and finally how effective and efficient is it likely to be?

At present, it is unclear what constitutes poor performance and how and to what extent penalties will be applied. In fact, the only outcome which appears to make any difference to university finances at present are EFTS enrolments. And as a rough guide to university resource requirements they are probably adequate and justifiable. However, the questions raised above about the efficacy of the scheme as a whole suggest that it will be of little use except as a means of justifying the imposition of Government priorities or cost cutting.

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