

Performance measurement beyond best practice: tools for tomorrow's organisation

As researchers well used to production frontiers of best practice, we were curious about extending the frontiers beyond current best practice and how this could be done. The papers in this Special Issue all focus on systems and processes to achieve this or how to measure it. The organisations covered range from public sector organisations such as education and health to private for-profits such as banks. We also wanted to explore whether authors could communicate their ideas and findings in a paper of much shorter length than the standard journal article. When an eminent management accounting researcher from the UK was visiting us a few years ago, his favourite saying at our management accounting seminars was “tell us about your work, not other peoples’ work”, especially when the presenter had already spent 15 min going through lengthy literature reviews. We therefore asked that papers be restricted to a word limit of 4,000 and that only a limited literature review be included. Interestingly, accounting researchers struggled with this word limit, as did reviewers. Time and time again, a reviewer would criticise a paper on the basis that the literature review was too limited and/or omitted what they considered to be essential literature. Further, some papers simply did not fit this model, and we suggested to authors that they transfer their papers to the more conventional PAR format with an 8,000-word limit. However, we eventually arrived at ten papers which make up this Special Issue, and we thank most sincerely the reviewers and authors who have assisted us in this process. One major advantage of shorter papers is that they take less time to read! Thus, we hope that readers will appreciate a more condensed format for communicating the ideas and findings in the following papers that explore performance measurement beyond best practice to provide new tools for tomorrow's organisations.

An ethical dimension to performance measurement is examined in the paper by Narayan and is a timely reminder of the dysfunctional behaviour than can be provoked by performance measurement systems (PMMs) aligned to outcome-based reward systems. The author provides examples familiar to many academics of potential unethical behaviour and uses concepts of bounded ethicality, ethical blind spots and ethical fading to “illuminate the dark side of performance measurement”.

Ng and Li consider the role of service dominant logic in extending the application of case-mix systems from a traditional hospital setting to a primary healthcare setting. Case-mix provides a classification approach to managing clients in health care that could address many of the most challenging problems of primary care: ensuring equality of care and managing funding constraints.

Two papers examine productivity using frontier-based methods. Moradi-Motlagh, Jubb and Houghton use data envelopment analysis to evaluate the productivity of Australian universities to see whether they have been able to improve efficiency in response to tighter government funding. A Malmquist index is used to decompose productivity change into changes in efficiency and changes in technology for a seven-year period ending 2013.

The second productivity paper by Ngo and Tripe use stochastic frontier analysis (SFA) to measure the performance of Vietnamese banks and New Zealand banks

thereby enabling comparison of banking systems at different stages of development. Two SFA models are constructed using core cost (interest expense, occupancy expense, personnel expense) with total cost (interest expense, noninterest expense and personnel expense).

Recent studies have challenged the commonly held belief of causal relationships in PMMs. Instead, finality and logical relations may underlie PMMs, and Islam describes these arguments and outlines potential research opportunities to investigate these phenomena, especially situations where a combination of all three may exist.

Information assets are an increasingly important part of the modern economy, and Adler, Stringer and Yap examine their valuation and pricing around a three-part tree comprising the risks of piracy, information asymmetry and rivalry. Depending on the characteristics of an asset in relation to each node of the tree, different pricing methods are identified. We enjoyed thinking of various examples and testing them out on the tree which suggests future research opportunities to empirically test this framework.

The growing use of the internet by firms to communicate their corporate social responsibility performance is examined by Chong, Ali and Lodhia who provide a model with five components to capture a firm's performance in their Web-based disclosures. Each component is scored either by a binary evaluation or using a continuous variable such as word count. This enables a comparison between firms in sensitive industries (e.g. energy, mining) with those in less sensitive (e.g. health care, financial services), as well as comparisons based on the medium used to communicate performance (e.g. pictures, annual report).

The use of a stage-gate product development process to support a governance relationship between two organisations in an open innovation setting is described by Biswas and Akroyd using a New Zealand organisation that deals with the development and sale of fruit. Early relationships between the firms were at times dysfunctional affected by a lack of trust. Changes to the governance structure improved the relationships by raising the level of trust, through the use of the stage-gate process.

In Institutional Entrepreneurship and Management Control Systems, Sardesai describes how institutional entrepreneurship was used to bring about change in an Australian university moving it well beyond its previous performance as a predominantly teaching institution into a high-performing research university. The entrepreneur, the vice chancellor in this instance, used management control systems to effect changes in response to externally imposed research performance monitoring and evaluation by the Government.

Lechner looks at the MCS as a package of controls and how this approach can be operationalised in the non-traditional business model of an annual festival. She shows how controls can overcome problems created by the cyclical nature of such events, thereby introducing elements of time and intensity of use of controls in a time dependent scenario.

We asked for fresh, interesting and innovative ideas for this special edition. We think these papers embody these requirements and hope that readers do too.

Julie Harrison and Paul Rouse

*Department of Accounting and Finance, The University of Auckland,
Auckland, New Zealand*