Routes to Excellence: Performance Management Strategies for Organisational Improvement in General Further Education Colleges

Reg Chapman and Nadine Cartner
Association of College Management

“The culture of second best is not acceptable to me. It is a culture of excellence that we want to achieve...Where there is toleration of second best my motto will be: fail no more, second best no more, tolerating failure no more.”

Prime Minister Gordon Brown
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John Dishman, Dean, Leeds Metropolitan University, provided not only helpful background literature, but also offered valuable insight and comment to this project. We are very grateful for his contribution and ongoing support.
Executive Summary

This project explored how general further education colleges use systematic performance management to help progress their ambition of excellence. Most colleges we surveyed are now committed to excellence, yet no single conception of excellence prevails. Three conceptions were explored: learner value, employability value and public value.

Colleges have absorbed learner value as the driving conception in their search for excellence but they are not merely compliant with the demands of government agencies. Learner value is being combined with other broader economic and social obligations which allow colleges to meet the contending demands of stakeholders. The agenda of employability is being used creatively to deliver broader economic and social objectives and to avoid colleges being reduced to ‘skills factories’.

Systematic performance management was a central part of successful colleges’ journey to excellence. A common approach to performance management emerged comprising: college targets cascaded down to units/teams and individuals; support, training and development to achieve targets; on-going monitoring; challenging underperformance; celebrating success and high performance, sometimes linked to financial rewards. In many colleges performance management is relatively new and still evolving but managers seem increasingly confident in working with it. At least among managers, there seems to be a strong commitment to performance management as essential to achieving excellence. Some implementation difficulties were identified in most colleges and in some cases lecturers and unions have shown resistance, especially when performance is linked to pay. It was noticeable, however, that this resistance was relatively muted compared with other areas of public service. Staff seemed to accept that a high performance culture drives up service standards to learners, parents, employers and communities.

The research highlighted the critical role of middle managers and the need to build their confidence and skills in this area. Performance management did not work in isolation and successful colleges nurtured the climate, culture and values required to support it. Change in this direction was initiated through strong leadership from the principal and senior team but leaders recognised that to sustain progress in the longer term more distributed leadership was needed based on a shared set of values. Principals did not see their colleges as mere agencies of government but as forces for change and regeneration in their localities and beyond.
Introduction

“The culture of second best is not acceptable to me. It is a culture of excellence that we want to achieve...Where there is toleration of second best my motto will be: fail no more, second best no more, tolerating failure no more.”

Prime Minister Gordon Brown outlining his approach to public services, House of Commons, December 2007.

Today an increasing number of general further education colleges are committed to striving for excellence. Even five years ago few institutions had public ambitions to become ‘excellent’ or ‘world class’. Today many colleges aspire to excellence, though their emphasis may be on their journey of continuous improvement.

This change in the aspirations of colleges has been conditioned by three broad policy drivers.

1. **Public sector reform**: after the return of the Labour Government in 1997 the Prime Minister’s Delivery Unit accelerated a reform process which begun in the 1980s with a National Audit Office review. The brief from the Blair government was to improve consumer knowledge and choice and drive up standards across the public services. A complex infrastructure of top-down target setting, monitoring, inspection, audit, and league tables was set up to hold leaders and managers accountable for organisational performance.

2. **Investment in human capital**: improving our national capacity to compete in the knowledge-based global economy has driven greater investment in broadening access to learning and skills. Colleges are seen as central to the delivery of employability for their learners, and skills for their employers and communities. Colleges are steered to conceive of their mission in terms of their economic function, in particular the skills agenda as articulated in the Foster (2005) and Leitch (2006) reports.
The core proposition in these reports is that colleges should be supplying employers with the skilled workforce that they need to achieve economic success in the global market. This direction has been further reinforced by funding policies which have switched resources towards skills and employment-related learning.

3. **Quality and standards**: always high up on colleges’ agenda, quality and standards have been accorded a higher policy priority since Incorporation in 1993. A formal sector wide approach to quality was initiated by the Further Education Funding Council inspection arrangements from 1994. These placed a strong emphasis on self assessment and its role in driving improvement and standards. By contrast Ofsted’s *Common Inspection Framework*, and the performance measures used by the Learning and Skills Council (LSC) focus strongly on measurable outcomes, and in particular student success rates (defined as the proportion of those who start a programme who go on to achieve their intended qualification). Increasingly these accountability processes have been aimed at exposing ‘failing colleges’ and removing poor quality provision. In recent years the bar has been raised: ‘satisfactory’ performance is no longer viewed as acceptable but is interpreted as ‘coasting’ and not good enough. The words of Prime Minister Gordon Brown at the top of this paper illustrate the continuing drive to communicate that not only is ‘satisfactory’ not satisfactory, but ‘good’ is not good enough. Only excellence will do. It is apt then that the LSC’s latest quality management framework is entitled *Framework for Excellence*.

This research set out to examine how those in leadership positions in general further education colleges (hereafter referred to as colleges) conceive of excellence and how they manage the performance of their staff to progress towards this ambitious goal. Performance management is now well established in the public sector and increasingly within colleges. We set out to identify: the prevalent features of performance management in colleges; how performance management contributes to the goal of excellence; how it is shaped by the three policy drivers above. We conclude with a summary of how our findings might aid other colleges as performance management is adopted more widely.

The research was undertaken under the auspices of the Association for College Management (ACM). Reg Chapman, former Principal of Blackpool and the Fylde College and ACM National Council member was the lead researcher with support from Nadine Cartner, ACM’s Head of Policy. This final report was written by Reg Chapman and edited by Nadine Cartner.
Theoretical Approach and Research Framework

There is comparatively little published research on excellence in colleges and even less on their arrangements for managing staff as a key resource in their excellence journey. Using published sources, questionnaires and visits to selected colleges this research set out to explore:

- Conceptions of excellence.
- Elements of performance management in colleges.
- Impact of performance management.

IN THIS RESEARCH THE TERM PERFORMANCE MANAGEMENT IS USED THROUGHOUT TO MEAN A SYSTEMATIC FRAMEWORK FOR MANAGING THE PERFORMANCE OF COLLEGE STAFF.

Conceptions of Excellence

A review of 15 years of public policy literature on ‘quality’ and ‘excellence’ suggests three main views of excellence which may inform a college’s mission and purpose.

1. The learner value conception of excellence is central to the policies of inspectors, funding bodies and government; colleges have long recognised that student success (qualifications and progression) is at the heart of their work. This conception focuses on measurable outcomes for learners, in particular qualifications, progression, student satisfaction, and the provision of a safe, personalised and stimulating learning experience. This emphasis is manifest through league tables and inspection grades. The learner value conception is the dominant model of excellence used in colleges today, is supported by government and its agencies and is the basis of judgements on colleges’ overall effectiveness and value for money. Although often characterised as wholly qualifications-driven, this view of excellence encompasses the core educational value of colleges that everyone should be able to achieve their full potential.

A possible danger of this model is that it may encourage a narrow compliance model which reduces excellence to whatever satisfies external bodies, and neglects broader objectives and values.
2. The employability value conception of excellence is rooted in the technical college tradition. In the middle decades of the twentieth century the primary purpose of technical colleges was to train people, usually on a part time or day release basis, in the skills demanded by the local economy. More latterly colleges broadened the range of their provision and the general further education college emerged. Foster and Leitch gave new life to colleges’ economic mission setting the contemporary skills agenda which prioritises employers’ and employment needs. The supporters of the employability conception of excellence maintain that skills for long term employment are the best defence against disadvantage, and are associated with better health, community, cultural and political engagement. In this way the employability value conception of excellence plays to colleges’ broader social objectives. While a wide range of evidence points to the benefits of long term employment for individuals and the negative effects of worklessness on families, the most recent delivery model has not convinced the profession – though the new Standard for Employer Responsiveness may be valuable on this count.

3. The public value conception of excellence has its roots in the social inclusion tradition of further education and embraces a commitment to adult education and lifelong learning. It recognises colleges’ tradition of reaching out to disadvantaged individuals and groups. Perhaps the clearest articulation of public value in this context is to be found in the report by Baroness Helena Kennedy, Learning Works (1997). The transformatory power of learning is central to this conception, and is not confined to vocational or even qualification based learning. The public benefits of learning are viewed as wider than employability skills and include good health, cultural engagement, individual and community flourishing and well being. Most recently emphasis has been placed on the propensity of education to promote community cohesion, active and informed citizenship and a tolerant pluralistic democracy. While this account of excellence is the least easy to measure, work is now in hand to provide evidence for the public value benefits.

It is not our contention that these conceptions of excellence are mutually exclusive. Clearly provision that brings work to communities where worklessness is widespread advances the goal of social inclusion. High rates of student achievement will increase the pool of skills people bring to their jobs. Providing the skills for a local employer will help improve the prosperity of that business and thus its impact on the locality in terms of job creation and consumption. However each conception, in spite of its overlap with the others, has a markedly different impact on government policy and therefore on the steers government gives to colleges. Our research seeks to discover how these differing conceptions of excellence influence colleges’ ideas about their mission, and how leaders manage the tensions between competing claims.
Elements of Performance Management in Colleges

In our work we employed the following definition of performance management:

“a means of getting better results from the organisation, teams and individuals by understanding and managing performance within an agreed framework of planned goals, objectives and standards.”

(Armstrong and Murlis, 1994: 205)

OFSTED explicitly endorses this approach, judging that outstanding leadership and management will include:

“Systems to appraise the performance of staff, identify their training needs and ensure these are met, are comprehensive and effective.”

(OFSTED, 2006: 95)

Below we set out an account of performance management in the colleges that engaged with our research together with analysis of how performance management has been shaped by external factors. Specifically we consider:

- Excellence – how conceptions of excellence shape college performance management arrangements.
- Target setting – which targets are set, how and by whom, how performance is monitored against those targets.
- Tackling underperformance – how this is undertaken through and supported by performance management.
- Professional development – how training, development and support are used to assist staff and the college to achieve performance goals.
- Pay and performance – if and how colleges have linked these.
- Valuing staff – how colleges value staff and celebrate achievements.
- Overall impact – how performance management has assisted colleges’ ambitions, together with some pointers to the potential pitfalls.
The Impact of Performance Management

One view of performance management in colleges is that it represents an unwelcome and corrosive process which undermines professionalism and strengthens management control. On this view performance management breeds a culture of performativity and compliance which undermines morale and trust, and damages the goodwill colleges need. On this account typical ‘performative’ practices such as target setting, performance measures and indicators suck the soul out of teaching and convert creativity into compliance with measurable outcomes. The lecturer is deprofessionalised by a preoccupation with bureaucratic measurement and assessment, which signals a lack of trust in staff as professionals (Whitehead, 2005). This negative view is challenged by Smith and Bailey (2006). Our research sought to discover whether the widespread introduction of performance management has brought about such negative consequences and how colleges have sought to deal with them if they have.

Research Methods

Our research draws on the authentic experience of managers in colleges, is informed by the relevant policy literature and by the overall context. Our survey population was the membership of the Association for College Management (ACM) the trade union and professional body which represents managers in colleges and which has consistently focused on how best to support managers aiming to offer an excellent service to students and employers.

During the research John Dishman of Leeds Metropolitan University provided us with a literature survey conducted specifically for this project. The survey focussed on developments and research findings relating to quality frameworks and systems in the UK and USA over the last decade.

John Dishman also acted as a critical friend for the project, reading and commenting on early findings and early drafts of the report.

Stage 1: A questionnaire was emailed to ACM members on their experience of performance management. This survey yielded 19 responses from managers in English and Welsh colleges sufficiently detailed to inform our research. These came mainly from academic managers at various levels of seniority in a wide range of colleges. Four of the completed questionnaires, chosen because their responses revealed a rich seam of experience to mine, were followed up with thirty minute telephone interviews. This initial sample provided sufficient raw material to generate seven initial hypotheses for further investigation.
**Stage 2:** Seven English colleges were visited in order to carry out in depth interviews. These were selected on the criteria that they were already good or outstanding by OFSTED / LSC criteria, and that each viewed performance management as critical to success. Our sample of seven included: small (annual turnover of under £15m) colleges in remote areas of the North West; large (annual turnover over £30m), diverse and expanding colleges in Yorkshire and Humberside and the North East; a large multi site college in a city in the West Midlands; two large, successful colleges in the South East one in outer London, the other to the west of London. While one of the colleges was in a relatively prosperous area, the others were in areas of significant disadvantage where economic and social regeneration were major local issues. In each college semi-structured, in-depth interviews were held with managers to learn of the college’s excellence ambitions and their strategic approach to this goal especially with regard to the role of their performance management arrangements. In the request we made to colleges we asked to speak to: the senior person with strategic responsibility for performance management; the senior person with operational responsibility for performance management; middle managers closely engaged with implementing performance management arrangements. We were seeking different perspectives on the experience of performance management in each college. In total 40 interviews were conducted with managers in seven colleges. Such interviews depended on the hospitality of the principal and it is likely that managers selected would tell a positive story. Nevertheless, the interviews were frank, open and colleagues were generous with their time and commitment. This was probably aided by two factors: we promised all colleges that no comment or experience would be attributed to a particular college or colleague; we conducted the research under the auspices of ACM and this helped to promote an open, professional dialogue.

**Stage 3:** The hypotheses and emerging conclusions from the earlier stages of the research were tested with a focus group of eight senior college managers from the Education Committee of ACM. Some members subsequently provided performance management documentation from their colleges.

It is important to emphasise that we cannot claim that our findings reflect the state of performance management in the college sector as a whole. Since the research was titled as investigating systematic performance management it is likely that colleagues without a story to tell about performance management (that is those in institutions without such a system) were less likely to respond. Further, since we chose to visit successful colleges with strong track records in performance management it is likely that our findings reflect best practice rather than the practice of colleges as a whole.

**Time line**

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<tr>
<th>November/December 2007</th>
<th>Electronic survey through questionnaire</th>
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<tr>
<td>December 2007</td>
<td>Follow up telephone interviews</td>
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<td>January 2008</td>
<td>Focus group</td>
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<tr>
<td>January /February 2008</td>
<td>In depth face to face interviews in Colleges</td>
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Research Findings

Commitment to Excellence

The replies to our questionnaire demonstrated a high level of commitment to achieving excellence. Of the 26 colleges involved in the questionnaire or visits only 3 did not have an explicit commitment to becoming or remaining excellent. As we have noted above, the size of our initial sample and the criteria by which we chose the colleges to visit limits the claims we can make for the sector as a whole. That said when we tested our findings with our focus group our conclusions met with general agreement.

Conceptions of Excellence

We found no consensus on the nature of excellence. Following Alton et al (2007) and Jowitt and Westerman (2007) many college managers emphasised the centrality of the learner value conception of excellence, of success rates, OFSTED grades and learner satisfaction. All these were understood to contribute to a strong local brand. Excellence in this sense was viewed as a bankable asset. It was not the case that successful colleges felt compelled, reluctantly, to comply with external benchmarks of excellence. Rather colleges willingly subscribed to the idea of the centrality of student achievements and satisfaction and strove to perform well in these terms. For all the colleges in our survey while learner success was not the only criterion of excellence it was certainly seen as the most central and most important.

All the colleges in our survey accepted the importance of a focussed economic mission. This acceptance may mark a shift in colleges’ self identity. To a question in a 2005 NIACE survey ‘what is FE for?’ only 9% of managers prioritised supporting the economy compared with 80% who believed FE’s purpose was to develop individuals (NIACE, 2005, 16). Our research suggests that more managers may have shifted towards the ‘support for the economy’ response.

Some colleges saw what we have termed the employability conception of value as opening new markets, partly to compensate for lost work with adult students. The new Standard for Employer Responsiveness was seen as an essential kite mark of excellence in working with employers, a requirement for securing contracts, and a template for colleges to use to self assess and improve.

Some critics have claimed that the focus on employability is at the expense of broader educational and social objectives with adverse consequences for society. Typical of this was the Times Educational Supplement poetic warning that:

“the butterfly of creative adult education is being crushed under the wheel of the government’s brave new educational policy – vocation, vocation, vocation.”

(TES, January 2008)
The colleges which participated in our research are sharply aware of this danger: during the two years following the switch of funding away from broad programmes of adult learning the number of adult learners fell by 1.4 million nationally. In the face of this these colleges had to develop innovative strategies to retain some adult and community learning provision and sustain the public value concept of excellence.

These strategies included:

1. Restating their mission of social responsibility. A large Yorkshire college redefined its mission to include environmental impact, community impact, ethical conduct and partnership development as drivers to take it beyond government or Learning and Skills Council imperatives.

2. Securing funding from Europe, Regional Development Agencies, Local Education Authorities and a range of project funding to enable a reduced volume of adult and community learning to survive in bleak times. This strategy often entailed partnership based programme delivery, usually in association with other public and voluntary sector bodies.

3. Creative reinterpretation of programmes to combine employability with other learning objectives. Most colleges reported that their adult curriculum offer was now more job related than in the past, but saw this as promoting social inclusion by opening up job opportunities and choice. An inner London college recast its programmes for adults with learning difficulties to emphasise practical skills, reducing the classroom based flavour and opening up employment into entry level jobs.

4. Establishing themselves as a force for economic and social renewal by joining and leading major regeneration strategies for their area. For example we encountered colleges that:

   - Relocated campuses into areas identified for regeneration providing job opportunities, demand for goods and services, and learning opportunities. Acted as lead sponsors for Academy schools in their area in order to raise aspirations and increase progression.

   - Brought 4 colleges together with 2 prominent local training providers to raise the profile of employment skills and dominate the market in their area.
Performance Management

Our research indicated that performance management was well established in the colleges in our survey. Of the 19 colleges that responded to the questionnaire, 15 claimed to have a performance management system, though a quarter of the respondents admitted that although well documented and structured, their systems were not always consistently and comprehensively applied. Of the group of colleges visited during this research, all had made very strong progress towards a systematic and comprehensive performance management framework, though in several cases there was still work ongoing to ensure complete consistency across the organisation.

While comprehensive performance management systems are relatively new to colleges, most of them are built on existing arrangements for appraising staff. However the new arrangements differ from the earlier ones in the following ways:

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<tr>
<th>Earlier appraisal systems in GFE colleges</th>
<th>New performance management systems</th>
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<tr>
<td>• Focus on individual needs</td>
<td>• Focus on college needs</td>
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<tr>
<td>• Focus on staff development</td>
<td>• Assessment of performance as well as development needs</td>
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<td>• Rarely target-based</td>
<td>• Target-driven</td>
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<tr>
<td>• Permissive / optional</td>
<td>• Regular monitoring</td>
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<td>• Informal</td>
<td>• Compulsory</td>
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<td>• Not tied to pay</td>
<td>• Systematic</td>
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Many colleges used the national *Joint Agreement on Guidelines for Performance Management* (July 2004) to lever in changes in working practices. As part of an overall programme of Modernising Pay a series of agreements between the Association of Colleges (AoC), the employers’ body, and the Trade Unions in 2003-2004 recommended to colleges improved pay for lecturers, harmonised pay spines linking academic and support staff and changes in working practices. Many colleges used this package of agreements to introduce systematic performance management in return for better pay, especially for lecturers. The national agreement on performance management was not mandatory but rather offered a possible framework. A number of key principles were suggested together with a model that covered performance planning, managing performance, and reviewing performance. The intention was that colleges would develop tailored schemes around these three elements, but the agreement emphasised five key values which should underpin any scheme:
- Transparency
- Respect for individuals
- Procedural fairness
- Honesty and objectivity
- SMART targets and objectives
  (Specific, Measurable, Achievable, Relevant and Timed)

Many performance management frameworks in colleges are products of this agreement and the demand that colleges should be more focussed on success and excellence. Because colleges are independent corporations there is no robust data on the extent to which the 2003-2004 Agreement has been implemented.

Our colleges were chosen on the basis of their purposeful pursuit of excellence and their strong institutional performance. It is perhaps not surprising then that all the colleges we visited had sophisticated performance management schemes in place. The research identified the following common elements:

- An annual cycle of individual performance review encompassing target setting for the coming year.
- A process for deriving individual and team targets from the college’s strategic plan and targets.
- Arrangements for monitoring progress and performance, and providing feedback within the annual cycle, usually on a termly basis.
- Training, development and support to help staff to achieve their targets.
- Arrangements to tackle underperformance.
- Arrangements to recognise and reward high performance sometimes including financial rewards.

Alongside these common features of their performance management systems we discerned important differences which reflected the leadership style and culture of the college. At one end of the spectrum, a college couched performance management in terms of a strong business planning ethos which emphasised growth and enterprise and rewarded managers accordingly and with bonuses. By contrast, another highly successful college avoided individual targets, which were felt to be divisive, stressed team targets and celebrated high achievement with relish but without using financial rewards.
We concluded that while performance management systems in colleges demonstrate some common characteristics there is a good deal of room for colleges to tailor their arrangements to the culture and climate of their institution. Since we chose to visit thriving institutions we are not able to draw conclusions about the prevalence of systematic performance management in the college sector as a whole. We tentatively suggest however that successful colleges are likely to have adopted rigorous performance management arrangements and that such arrangements are positively correlated with the success of their organisation.

**Target Setting**

Setting targets is an intrinsic element of systematic performance management and the research investigated how targets were set and monitored and the kinds of issues the process raised. The colleges visited all set annual targets for each individual member of staff in face to face meetings with the line manager. Usually targets were a combination of those specific to the individual and those shared by the team. All colleges recognised that SMART targets do not always capture valuable objectives. Indeed some of the most successful colleges accepted that imperfect but valuable ways of assessing performance (e.g. student and staff ratings of the cleanliness of the college or courtesy of colleagues) were essential for a rounded assessment of performance. Colleges wanted to avoid the trap of only valuing that which is easily measurable.

The colleges viewed target setting as an integrated process linking individuals to strategic plans and objectives. Targets in the college’s development plan (often based on targets agreed with the LSC) are articulated with those set for teams and individuals. Measures for learner success, employer engagement, stakeholder satisfaction, continuous professional development and others set at college level are cascaded down to units/teams and then individuals.

Target setting, while constrained by the demands of the college plan, is not only a top down process: it is influenced by improvements and developments identified by team members as part of their self assessments. Colleges maintained that target setting with individuals is a negotiated process. One Director of Human Resources expressed the importance of negotiations thus:

> “the backbone of performance management is the ability to have good one to one conversations.”

Other resources used in target setting included professional standards developed by Lifelong Learning UK or locally generated standards tailored to particular institutions.
Respondents who were most confident of the integrity of the college performance management system stressed the importance of robust data being available to monitor performance throughout the year. One of the colleges with the longest experience in this area maintained that vice principal oversight of monthly performance data was the critical factor in their success as it ensured ‘there are no dark corners’. When performance needed to be challenged it could be done impartially on the basis of clear evidence.

In most of the colleges the critical measures of lecturer performance were learner success rates measured against national benchmarks, and teaching observations. These were seen as the key levers to raise standards in this core area of college activity and to challenge the lecturer to raise performance standards. For two of the most successful colleges a priority target was that the observed lessons of all lecturers must be rated good (2) or outstanding (1); lower grades triggered swift re-observation with support. Persistent grade 3 or 4 performance led to intensive programmes of professional support. Just a little further down the line the college would invoke the capability procedure and in some cases encourage people to leave.

Given the importance of targets and target setting, the research examined how colleges monitored the process to ensure fairness, consistency and effectiveness. In most of the colleges we looked at, the line manager has considerable flexibility within the agreed college guidelines and consequently respondents recognised that inconsistency was possible. Examples of how colleges monitored performance management included:

- The human resources department of one college audited a sample of the targets set to ensure they were fair and SMART. This was followed by coaching and constructive feedback.
- In another college a panel of senior managers reviewed the performance of all those rated outstanding.
- One college introduced an appeals system so that aggrieved individuals could challenge the process or decision.

**Developing and Supporting Staff**

Respondents in our survey emphasised the critical role training and development of all staff plays in launching performance management, together with the need for continued development and support for managers who have to operate the system.

Briefing and training sessions for all staff were held in many colleges so that staff knew what was expected of them and how they could contribute to and benefit from performance management. This was usually seen as an opportunity to advance a high performance culture and sell the excellence message.
The colleges argued that although the support and example of senior managers was vital, the delivery of performance management rested with middle managers and team leaders who needed appropriate development and support. Common areas for training and development were:

- Handling conflict and underperformance.
- Coaching skills.
- Communicating persuasively the college and team/unit ambitions.
- Articulating requirements and setting SMART targets.
- Handling and presenting benchmark data.

Even with training many managers found the processes stressful and continuing support was needed to bolster their skills and confidence. Creative responses included:

- Using trained observers/mentors/subject coaches to work alongside managers and relieve them of some of the assessment and support work.
- Appointing project managers or a senior manager to oversee the whole performance management scheme and intervene to support and coach managers who were struggling.
- Investing heavily in data systems to provide managers with accurate, timely data.
- Developing peer support arrangements and joint problem solving workshops where managers can share experiences.

Target setting and review was the area of performance management most likely to cause anxiety especially when underperformance was uncovered.

**Tackling Underperformance**

Our questionnaire suggested that tackling underperformance was the most frustrating and challenging aspect of performance management. Although almost every college was said to have a range of procedures for tackling underperformance over a third of managers in our wider sample (questionnaire) complained that they were not applied consistently, were not supported by senior managers and were too often ineffective.
Two typical comments were:

“As a college we seem to stay away from managing underperformance – particularly in support areas but also in parts of the curriculum.”
Faculty Manager

“Managers are not familiar enough or trained in the tools we have (for performance management)… and there is a high rate of new staff passing probation by default.”
Vice principal reporting to Governors

The reasons for this failure to challenge underperformance were explained by the human resources director in one of the colleges as:

- Inexperience – it may be a relatively new expectation.
- Practical knowledge – they may lack detailed knowledge of the substance of appraisee’s work.
- Inadequate training.
- Lack of courage.
- Emotional involvement getting in the way of objective review.

Striking the correct balance between ‘tough’ and ‘tender’, and ‘challenge’ and ‘support’ is not easy and in many colleges in the past the self image of caring, supportive institutions may have tipped the balance away from effective challenges to underperformance. Jim Collins’s observation on management in the social sectors worldwide is pertinent to many colleges where it seems there is

“often a culture of “niceness” that inhibits candour about the brutal facts.”
Collins, 2006: 32

Conversely, some colleges, though not those within this research, are still experiencing elements of the culture of bullying and macho management of the 1990’s. ACM’s experience as a trade union suggests that this can sometimes arise when managers struggle to achieve targets but lack the coaching and influencing skills required to lead sceptical or uncooperative staff. Nevertheless it was clear in the colleges in our survey that managers’ intentions were to get under-performing staff back on track to deliver a good service, rather than to punish under-performers. One Principal lamented to us:

“I don’t like myself as much as I used to. All I seem to do now is bang on to staff about retention and achievement.”
The managers in the 7 successful colleges we visited presented a consistent message that performance management made a real difference to tackling underperformance which was now more likely to be uncovered and acted upon. The reasons cited for these changes were:

- A clear, loud, official message from the top that the college was striving for excellence and high standards.
- Clear expectations about the performance of all staff.
- An emphasis, through performance management, on how the individual contributes to college success and the use of SMART targets.
- A clear framework of procedures for managers to follow.
- The enhanced confidence and competence of managers, especially middle managers, due to investment in training, development and support.
- An expectation that managers, including team leaders and first line managers, would manage and be held accountable for delivering excellence.

Also implicit in some of the discussions with managers was Jim Collins’s warning that

“In a good-to-great transformation people are not your most important asset. The right people are.”

Collins, 2001: 51

The frequent restructuring and high turnover of staff, including senior managers, in colleges over recent years have been used to ease out many of those who were judged to be underperforming and not in tune with the new high performance culture.

Pay and Performance

There has been a significant shift in colleges over recent years towards linking pay with performance. Prior to Incorporation colleges were maintained by local authorities with pay and conditions of service negotiated nationally. The pay package comprised annual incremental progression up pay scales for all (except manual) employees and a mandatory annual cost of living increase agreed between local authorities and unions. There was no direct relationship between pay and performance. The 1990’s saw years of conflict with teacher unions as newly independent colleges shook off what they felt were restrictive conditions especially for teaching staff. The deep wounds from this decade from the hostility between teacher unions and employers forms part of the background to understanding attempts to link pay and performance. Nowadays as independent corporations colleges are not bound by national bargaining or agreements. As a result there are now no common national pay rates in colleges and indeed a good deal of variation in conditions of service.
The research suggests that since the 2003-4 national agreements to modernise pay, colleges may increasingly link pay and performance. Of the 23 colleges covered by the research, 10 now have some link between pay and performance. Although the national agreements explicitly rejected using performance management to determine salary increases or bonus payments (Association of Colleges, Circular, 2004, Annex 3, paragraph 2) local officials have often accepted such a link.

Some colleges link pay to overall college performance. The annual cost of living increase recommended by the employers’ body, the Association of Colleges, is not mandatory and the recommendation is always made “subject to colleges’ ability to pay”. Many colleges choose to diverge from the recommended increase based on their financial outturn and general college performance. A difficult year may lead to a lower increase while a good year can mean an increase above the national recommendation. Some colleges have further sharpened the link between pay and college performance by withholding annual pay awards, normally effective from 1 August, until later in the year when financial results and other key data are validated to show that targets have been met.

Many colleges also used the 2003-4 national agreements to link incremental progression to satisfactory (or better) results in performance review. Prior to incorporation incremental progression was usually automatic. Several of the colleges in the research now make progression conditional on annual performance and seemed to experience few problems in making it work. Introducing pay into the annual performance review can influence how seriously staff approached the review. Other colleges observed that introducing pay decisions into the performance review process led to a focus on overly narrow measurable targets. Colleges that supported a pay-performance link claimed that the main benefit was to dramatically increase the take up of performance reviews and helped to embed performance management.

If linking incremental progression to performance has become established and for some colleges at least as fair and transparent, the position on bonus payments is more divided. Although common for principals and senior postholders the payment of annual bonuses to more junior staff is still rare. Within the colleges researched only two used performance bonuses. In one college non-consolidated bonus payments were well established and in tune with the business planning and entrepreneurial ethos. Bonuses of up to £2,000 could be earned by managers and this was seen as a “huge motivator” for confident managers in a very competitive climate. Following a performance bonus trial a college sought the opinions of the staff on the value of the scheme. Staff were evenly divided as to its desirability due largely to worries about whether such a scheme could be entirely transparent and fair. In most colleges bonus payments are seen as divisive and likely to undermine trust and the team ethos.
RCU Ltd, a respected national leader in college market research, conducts annual national surveys of staff opinions which throw some revealing light on staff attitudes to pay. In a 2005-6 survey of 54 items staff rated their salary top of their list of ‘discontents’. Top of their list of what mattered most to them were ‘giving a good quality service to customers’ and ‘working effectively with immediate colleagues as a team’. For themselves the main wish of staff was to be treated fairly and with respect (RCU Ltd, 2006, 8-10). Thus there is not a straightforward link between pay, motivation and performance: even if pay levels improved managers need to show they value staff in other ways if staff are to give of their best.

Valuing Staff

Although colleges had mixed views on linking pay with performance there was unanimity on the need for senior managers to find other ways to show they valued staff and respected them for their contribution. After the industrial strife of the 1990’s many principals still need to rebuild trust and motivation. All colleges saw celebration of success as critical to the excellence journey but most admitted they could do more and be more systematic in celebrating staff achievements. Many of the successful colleges identified creating a first rate and positive working environment as a defining feature of an endurably excellent organisation and were committed to creating such an environment.

Managers in all of the 7 colleges visited stressed that valuing staff needed to be part of the daily routine and cited small personal actions of managers. Cards of congratulations and thanks from the Principal figured as prominently as large celebratory events. The list below from one college captures the range of ideas employed.

How do we reward excellence?

- Telling someone they are doing a good job
- Have pictures of grade 1 teams in reception
- Praise an individual publicly at a team meeting
- Provide a career structure with opportunities for progression
- Give grade 1 badges and chocolates
- Give ‘distance travelled’ badges
- Write ‘unsung heroes’ articles in the staff bulletin
- Give new and challenging projects
- Value other teams who contribute to your team’s excellence.
Colleges often have awards ceremonies, social events, promotion of submissions for national awards and other high profile celebratory events. Some also provide other ‘benefits’ which show them as a good employer such as nursery provision, discounts for health clubs, family friendly and work-life balance practices. Most colleges were comfortable and enthusiastic with these kinds of activities.

But actions to single out individuals for high performance were sometimes more problematic. Some managers felt awkward about highlighting individual achievement perhaps reflecting a cultural value of self depreciation. Yet managers were less reticent about celebrating student success and were eager to highlight individual student achievement. Reluctance on the part of managers to praise individual staff may reflect their discomfort about just how to say ‘thank you’ to their colleagues. Research by Collinson and Collinson (2006, 9) identified the top motivators for staff in colleges as praise, recognition, and acknowledgement for a job well done. While many colleges left it to chance whether managers openly valued their colleagues, several of the successful colleges explicitly emphasised and promoted valuing, praising and respecting staff as part of their core values. Moreover, several colleges claimed that the most important single benefit of performance management is the opportunity it provides to value and praise colleagues.

**Overall Impact of Performance Management**

Respondents to the questionnaire and the colleges we visited were asked to rate the overall impact of performance management in achieving excellence. They were also asked to identify any negative consequences. The response was overwhelmingly positive. The 7 colleges visited all saw performance management as integral to their success. The view revealed through the questionnaire from 19 more varied colleges was more mixed:

- Strongly positive – 10
- Positive but hard to measure /not consistently positive – 5
- Nil impact – 1
- No view – 3

The positive impact was fairly uniform across the cohort of colleges we visited. Positive aspects of performance management include:

- Direction provided by clear negotiated goals and targets based on robust data.
- Focus on individual performance and feedback was a strong motivator for staff.
- Focus on how the individual contributes to college success – the wider picture.
- Focus on performance improvement.
- An opportunity to spot, develop and reward rising talent.
The research uncovered a range of concerns and dissatisfactions with operational aspects of performance management though rarely with the basic philosophy which managers endorsed:

- Operational problems. Some managers worried about a failure to conduct performance management professionally: inconsistent treatment of individuals and across different parts of the college; poor target setting – sometimes too many and often too vague; poor organisation of annual reviews; poor data for target setting and measurement; managers without the skill or confidence to conduct reviews professionally.

- Not cost effective. Some managers suggested that performance management was too bureaucratic and took up too much time with no real return to them as individuals or their learners or customers. This may have been in colleges where the formalities of performance management are in place but the ethos and culture meant it did not have real impact.

- Ideological concerns. Managers sometimes encountered a fundamental objection to performance management as an unwelcome business practice and rejection of the ‘performativity culture’. Lecturing staff were most likely to articulate this view and resent attempts to measure their performance. This hostility might be strongest where performance is linked to pay. Local union branches have sometimes resisted the introduction of systematic performance management. In one college where incremental progression required a ‘good’ performance rating the union argued that a ‘satisfactory’ rating should be accepted thus indicating its limited support for performance management as a way to promote excellence. However until recently antagonism to performance management was widespread across the college sector; our research together with broader soundings suggests that there is now greater acceptance of performance management and its improvement role.
Conclusions and Recommendations

Our research revealed a wide range of models, views and assessments of systematic performance management in our survey cohort of 57 managers in 23 colleges. For reasons explained above our sample of respondents, especially in the successful colleges, was likely to be more favourable towards performance management than the sector as a whole. Nevertheless it has enabled us to offer an account of how some of the best colleges are using systematic performance management to achieve excellence.

Although we did not find unanimity on the definition of excellence, what we have termed learner value appears to be widely accepted as the core indicator of a successful college: offering first rate learning experiences that enable students to achieve their qualifications and desired progression is the top priority for all our colleges.

Nevertheless the best colleges do far more than comply with external demands and forces. Under the banner of employability a creative blend of skill-based and adult and community learning is emerging, often in partnership with employers or other public and voluntary bodies. While there have been damaging, serious and large scale losses of adult learning provision, colleges are now finding new ways to continue their commitment to public value and widening participation within the skills agenda of employability and regeneration. Good colleges are able to absorb external pressures towards a narrow economic mission and combine these with broader values to meet a broader range of social and community needs. The best have seized ownership of performance management and shaped it to aid their own excellence aspirations. Such colleges have risen to the challenge articulated by Lynne Sedgmore, Chief Executive of the Centre for Excellence and Leadership.

“We must choose what we are for. This is a personal matter for leaders, not a system issue, and we must relentlessly challenge the poverty of ambition that results from trying to achieve strategic outcomes within the confines of central policy.”

(Sedgmore, 2008: 4)
Systematic performance management is now well established in the sector's better colleges and is integral to their success. Some colleges have still to recognise the value of performance management in challenging and motivating staff towards high performance. After committing to the introduction of systematic performance management the next challenge is to implement a model that is effective for the particular institution. For example, colleges will make different decisions with regard to linking pay and performance. Some colleges have made a link between pay and individual performance work but more often this strategy is seen as divisive and a majority of colleges in our survey is opposed to a pay-performance link.

In some colleges lecturers were resistant to the whole concept of a performance culture believing it to be a business practice inappropriate to education. At local level teaching unions have often resisted the introduction of performance management and especially when linked to pay. However, compared with the vociferous criticisms of target setting in other public services notably schools, health care and the police, resistance to targets in colleges has been muted. Perhaps this suggests that college professionals are persuaded by the need for attention to recruitment, student success and excellent teaching. Certainly there appears to be support for the belief that performance management has driven up standards and improved the service to learners, employers and communities. Providing a great service is a strong motivator for college professionals at all levels.

Our research suggests that there are several critical conditions necessary for successful performance management:

- A climate of high aspirations and standards ("good is not good enough") led by managers but shared by all staff.
- An open, transparent set of procedures secured by involvement and consent.
- Clear targets for teams and individuals based on robust data and derived from college targets (top down) and locally identified improvements (bottom up).
- Training, development and support for managers, especially middle managers.
- Training that nurtures the ability of managers to have frank, supportive and professional conversations about performance.
- Systematic monitoring of individual performance.
- Challenges to underperformance accompanied by training and support.
- A willingness to take further action where underperformance persists.
- Celebration of the individual and collective achievements of staff.
The above requirements do not offer a quick fix. To work they require outstanding leadership and a culture which resolutely focuses on achieving excellence. The colleges visited all exhibited outstanding leadership with four notable characteristics:

1. The commitment to excellence was kick started by senior leaders, usually the principal. However, principals avoided the ‘heroic leader’ path, realising that to sustain the excellence journey required distributed leadership and buy-in from all staff. In particular successful performance management frameworks will take account of the key role of middle managers and team leaders.

2. Senior leaders recognised they were addressing a major challenge which conflicted with the collegial and comfortable ethos of their colleges, and with the traditional notion of the professional autonomy of the lecturer. Used well, performance management can be a powerful tool for cultural change. It helps to achieve the right balance between the institution’s needs for excellence and the professional autonomy of the individual member of staff. As a senior manager in a top ranking American college expressed it:

   “We adopt a ‘tough and tender’ approach. It’s like working out in a gym. You need to push staff, but not too far. The secret is getting the right balance through dialogue.”

   (Improvement Director, American Quality Award winning college)

Successful colleges found strategies to achieve this balance.

3. Principals voiced a moral narrative aimed at inspiring college staff for the excellence journey. This was usually expressed in terms of the benefits the college brought to its local community, and the transformation that learning can bring to the lives of individuals. A narrative about ‘changed lives’ rather than one about targets and performance monitoring has greater purchase with staff because it is one which is consistent with a widely shared professional commitment. This value-based leadership resonated with managers and helped legitimise their own performance management practice.

4. The principals were strong, effective leaders, highly visible to their staff, sharing their concerns and recognising as Binney et al (2005: 38) observe, “People work for people – not visions or strategies or targets – and give of their best when they feel connected with their leader and the leader feels connected with them.”

Finally our research suggests that in high performing colleges managers do not feel themselves the victim of the ‘new managerialism’ so often criticised in many areas of the public sector. Rather to some significant extent they have subverted the demands of compliance and ‘performativity’ and turned them to the college’s own goals. In the successful colleges we visited modern leadership has introduced systematic performance management underpinned by a culture with aspirations to excellence, which trusts and values staff and recognises the imperative of encouraging and celebrating their professionalism. This is where our strong colleges have reached: the challenge remains for all colleges to attain this same standard.
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We recognise that there are many innovative and effective leaders and leadership practices in the Sector that warrant investigation, analysis and wider dissemination of best practice. We would like to engage with existing networks within the Sector and develop a wider practice-led research community contributing to current debates on leadership and other related issues.

If you would like to receive further information on the Research Programme, please contact:

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