

Performance: its meaning and content for today's business research

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Abstract

Performance, as a concept, is a subject open to wide variability as it is a somewhat imprecise word when it functions as a placeholder in research. By using definitions from the Oxford English Dictionary and other research disciplines, this paper provides a wide-ranging discussion of the meaning and content of the term performance in the business performance research. The paper reviews numerous characteristics of performance, such as its being a subjective entity that is non-random in character; while it is governed by its relevance to a particular environment, and operates from a particular objective, by virtue of a set of chosen characteristics. It contains elements that are both static and dynamic; and it is possible to characterise via three states: unformed or random, formalised or systematic, and deformed or over-bureaucratic. Also, an encapsulating model of performance, whereby performance acts as a frame around performance management, performance assessment and performance measurement is proposed. Studies of performance as a concept in itself are practically non-existent in the business research; the value of this paper, therefore, lies in its attempt to explicate previously undocumented models of performance.

Keywords: Performance, Performance management, Performance assessment, Performance measurement

1. Introduction

Performance is a fact of life. In work or in play, indeed in any activity where we input even momentary attention, performance can be felt or, at least, deduced if necessary. Yet of all the concepts that reside in the business research at the moment, the idea of performance itself is probably one of the least understood, or certainly the one where the greatest leap of intuition is used, as the initial starting-point for the researcher. We daren't assume that everyone understands what we mean when we say performance measurement, performance management, or performance assessment, or any other two-word conjunction that includes the word performance; however the variability is usually seen to reside in the secondary term and not in the word performance; this alone, we seem to suggest, needs no explanation whereas we may be at pains to differentiate the other variables. Performance—we have come to think, often unconsciously—needs no introduction as everyone knows what performance is.

But do they? Have we honestly stopped at any point to consider the word performance and its meaning, and, more importantly, the content that each researcher has applied to the word? Do we know what our readers will understand when we use the word performance; in other words will they take it up in the correct sense—that is, the sense in which we have written it down? There is no way of knowing, and, as studies of the meaning of the word performance in a business context seem to be practically non-existent, this dilemma may be set to continue.

But is there really a case to answer here?—are we not making too much out of the word performance and the implications of its widespread application? Can we not blithely assume that the context in which we use the term is obvious every time? Performance has been described by Lebas [1] as a frustrating term to define, with few people agreeing on what performance really means. When we consider the meaning of performance for ourselves and try to find correlatives for it, we very quickly run into intangibles, or a number of associated meanings that are not quite equivalent to each other. Performance seems to imply both the immediate past, and the present simultaneously (i.e. performed and performing), although the word is frequently used to represent only one of these by many. Further, the use made of performance by non-English speakers is not widely known and may be having an un-assessed impact upon the English meaning. Past inquiries into the nature and scope of the term performance as represented vicariously through the performance measurement literature (for example) can reveal an amazing, multi-faceted use of the term: from its having different levels (measurement for individual performance to group performance, or personal performance to impersonal performance, or specific performance to vague performance), and different realisations (good performance and bad performance, improved performance etc.), or different contexts that can transform contemporary “performance” into future “non-performance”. This kaleidoscoping effect of performance has contributed to a greater need to define its meaning, although this requirement is not widely recognised—a perverse trick of the term itself it seems, whereby the apparent simplicity of performance as a term with an apparently obvious connotation, means that it is usually passed over without comment. In the present climate, therefore, where the re-evaluation of previous-held performance

beliefs in measurement [2] and management [3,4] are continuing, it seems appropriate to add a consideration of the term performance itself to the agenda.

In the next section we will examine an “official” definition of the word performance as supplied by the Oxford English Dictionary (OED), and discuss the meanings located in this definition; this exploration is completed by a brief consideration of the use of the word made in the Performance Studies discipline, where the elasticity of the term continues to fascinate. Following this, we offer examples of the use of the word performance from the performance measurement literature, as it is employed by some of the authors in the field. After this evaluation we draw a general picture of the term in the business literature, providing a number of models of the different meanings of performance; and finally, we determine briefly the practical consequences of this study as it applies to the teaching of performance measurement, management and assessment.

2. Defining performance—the Oxford English Dictionary and Performance Studies

Widespread studies of the word performance are not known to exist outside of its use in dictionaries and in a small number of recently evolved disciplines; this despite an extensive application of the word in the business literature in connection to issues of measurement, assessment and management. Indeed, the topics of performance measurement/ management/ assessment/ evaluation—whatever the exact designation we choose for performance—have received relatively little examination from initial foundations that consider the terms that comprise the concepts themselves in the context

in which they are placed. Indeed, the concepts, as we use them, are different one from another; they all, however, contain the common denominator term performance, which suggests that some similarity is to be expected if only because of the appearance of this common term among all, as their relation to one another may be encapsulated in this singular word as part of the two-word expression that represents each concept. This way of assessing the common relations between performance measurement/ management/ assessment/ evaluation however has not been seriously examined heretofore; research into issues of performance, be they measurement, management, assessment or evaluative in construction, are usually carried out in isolation from each other, suggesting that the commonality of the term performance is not an immediate consideration in performance research development.

This in itself is not at all surprising; the term performance seems to be taken as something of a given, especially in its contextual use; it can have a ubiquitousness that suggests that it has become something of a semantic shorthand, similar in its all-pervasive generality to terms such as “model”, “framework”, or “development”—all terms richly scattered throughout the research literature without having, it seems, many limiting effects. The variety of meanings connected with performance have arisen partly from our own carelessness or looseness of usage, partly from the natural developments of living languages and the influence of other languages, partly from the novelty of human thought, and partly from the defects of the language which has allowed words such as performance to be appropriated and then stretched, so to speak, so that its definition is made to accommodate more than one meaning.

The characteristics of the term performance that inhibit its investigation are its all-encompassing nature and its extreme popularity as an expression in regular speech. Being an all-accommodating term allows many vagrancies to enter the fold of an expression, and consequently blunts its objective use as a placeholder with specific duties in research: for instance, whatever a person's initial preconceptions regarding the term performance, upon entering the research at any angle that may be available, these initial preconceptions may be made to fit the existing scheme of things reasonably well, no matter how wrong-headed they may actually be. In this preconception of performance, we are encouraged by the relatively popular use of the term in regular speech—a situation that does not impose itself on other research terms that we use, to the same extent¹.

Let us see, then, whether it is possible to re-capture some of the spirit and essence of the term performance as it is used in everyday speech, so as to re-apply its meaning to the business of performance measurement/ management/ assessment/ evaluation. Turning, therefore, to the latest version of the Oxford English Dictionary (OED) as a guide to current usage², we see that the term performance has four nested entries associated with it, while its related terms perform and performing (as adjective and noun) have two main entries each respectively. We will examine the entries for performance first and revert, where necessary, to the related terms for any missed entries that might throw more light

¹ In performance measurement, terms such as “indicator” (as in performance indicator), “measurement”, “assessment”, and “management”, are referred to here; although regarding the latter term it is interesting to note the creeping imprecision that may be associated with it as it becomes confused with *administration*.

² In this instance, the online version of the OED was consulted; this is located at: <http://dictionary.oed.com/>. Other dictionaries that were cross-checked included the online version of Merriam-Webster's English dictionary (<http://www.m-w.com/>), which contains, for our purpose here, a virtually equivalent range of meanings.

on performance itself. The entries for performance, and their sub-entries, are specified in Table 1.

Insert Table 1 here

Table 1: Current usage of the term performance as abridged from the OED

Upon initial examination of Table 1, we can immediately discount the meaning of performance in entry B, “a set of (fur) trimmings”, as not being to our purpose here. This allows us to focus on the other three entry sets A, C and D. It will be immediately noted that the entry C is closely related, in this context, to A, in that both are reliant on a “command, duty, promise, purpose, responsibility” for the operation of the entity that is termed performance; in other words, performance in this context requires an initial element that supplies the resultant performance, a close similarity to the use of performance in performance measurement/ management/ assessment/ evaluation being unmistakable here, in that all of these concepts are reliant on an existing infrastructure upon which to apply the techniques of measurement/ management/ assessment/ evaluation, so as to reach performance.

Closer investigation of some of the sub-entries in A, however, reveal a problem that often appears to manifest itself in terms of a consideration of the meaning of performance: viz. its attempted encapsulation of the whole issue, from initial infrastructural elements, to their eventual deployment. Take for example the meaning of performance as inscribed in sub-entry 4 of entry A; here performance becomes equated with “a composition” of some form, with no very distinct line drawn between the author, the tools and work processes undergone to produce the composition itself, and the composition being made manifest in

actual operating conditions; we have, essentially, a blur between the initial and resultant in this definition, as performance sets about to claim the whole process. In principle it comes close to the meanings of sub-entries 1 and 3 in entry D, where performance can mean both the action of execution, and a particular instance of this action occurring; in other words, performance comes to mean the operation of the composition, plus the fact that the composition was used in itself. Sub-entry 3 of entry D goes further, indeed, and throws in the artist themselves, dryly observing any public appearance by the said artist as being a performance in itself, and any interpretation of a work, which is similar in meaning to sub-entry 1 (entry D). Thus we can derive the illustrative meaning of performance as potentially encapsulating everything about the artist and their work. Similar problems are met in performance measurement/ management/ assessment/ evaluation, when we have difficulties determining when performance actually starts and stops and what it entails. Performance, being abstract, we like to invest its mystique in related objects: sometimes in the tools of the trade (according to the above discussion, the interpretation of a popular performance measurement tool, such as the Balanced Scorecard, can be a performance in itself); maybe the performance manager (the artist?— with all those performances (i.e. public appearances) at meetings to explain company performance); or then again the actual process of periodic strategising and the associated exercises that are used to move from one strategy to another can constitute performance.

This last suggests another peculiarity of the term performance: its close association with the meaning of progress. Since, as we have seen above, the meaning of performance may be determined by an initial objective (see entry C in Table 1), the use of the term

performance itself can come to mean “positive progress” in itself, without any qualifying adjective applied to the term. The meanings of performance, given in sub-entry 3 of entry A, where performance is used to denote an “exploit” or an “achievement” is analogous to this. “The company is performing”, for example, captures the spirit of this peculiarity, whereby the emphasis is placed on the verb “is”, to denote the fact that the company’s performance is progressing satisfactory. Of course, to progress is to imply the existence of a goal towards which we must proceed, and in this usage of performance the goal against which performance is to be captured is assumed to exist already and to be easily quantifiable in practice. In a similar sense the adoption of specific methodologies or tools for performance measurement/ management/ assessment/ evaluation in a business can have a similar effect on the company, in the sense that the company can suddenly be seen to “perform”, with all the connotations given above, whereas, before adoption, the performance of the business may seem non-existent simply owing to the absence of performance gathering tools. Of course this effect is illusory; a company continues to “perform” whether it is aware of this fact or not; it is just that “performance” does not become “performance” until it is actively sought by the company, with prior performance being considered unimportant.

Other definitions of performance in entry A, however, stray closer to what we may recognise as performance in our own research. In sub-entry 2, the characteristics of the performer are brought into consideration in what many would typically see as a list of performance measurement characteristics: quality, effectiveness, capability, productivity, and success. Note how, to counterbalance this, the compilers of the OED have picked up

on the use of performance in a business sense (sub-entry 6)—primarily a financial sense, that relates to performance from the point of view of economics and accounting. Taken together, sub-entries 2 and 6 of entry A cover most aspects of measurement—both financial and non-financial—that is, deriving quantifiabiles upon which to develop the construct performance. Other research strands have also clearly attracted the attention of the OED compilers, particularly psychology (sub-entry 5, entry A) and linguistics (sub-entry 7, entry A). Performance in experimental situations covers the psychological definition, which also clearly has resonance with other fields of research, particularly the use of performance measurement; while, in linguistics, actual versus theoretical usage of language is denoted as performance—again we have the pre-set standard or strategy (knowledge of a language) against which performance is judged (actual language use), thus this definition is equivalent to those already examined.

Turning to entry D of Table 1, and ignoring sub-entries 1 and 3, which have already been discussed in connection with the artist, we come to two usages that are not readily associated with performance in a business context. The first, sub-entry 2, equates performance to a ceremony, rite or ritual; again there are similarities between the “composition” of sub-entry 4 of entry A and this definition of performance, in that the ceremony itself represents the composition, and thus—as we discovered previously—the operation of the ritual of the ceremony can be denoted performance. In sub-entry 4 performance is depicted as a scene of anger, or exaggerated behaviour, or as an annoying action or procedure. Here performance is used in a negative, derogatory sense, but has been formalised for the occasion; in its first guise—the scene of anger, or exaggerated

behaviour—the term performance elevates the action to the level of a formal ritual and then applies the ceremonial usage of performance as noted above; in its second guise—that of the annoying action or procedure—performance again requires the action to be formalised: this time the act may even be a random piece of repeating irritating behaviour; however the use of the term performance attempts to standardise this randomness into something akin to a ritual and from thence to apply all the usual connotations of performance.

This last usage of the term performance is noteworthy in that it displays a characterising feature upon which the application of the term performance is dependent throughout all its connotations, viz. the institutionalisation of the action or composition under consideration. Performance as a concept requires the object or operation under investigation to be formalised, as it is impossible to assess the performance of an entity imbued with randomness. A random entity has no formal logic about it: it has no objective against which we can measure performance, it has no discrete procedure or body that can be standardised, and it has no goal towards which it means to progress; all of these characteristics are anathema to the application of performance. Performance requires prior formalisation, and this is true for all usages made of performance, including performance measurement/ management/ assessment/ evaluation.

If we examine the related term perform, and weed out those connotations of performance already discussed above, we can see that it has two major meanings: “to carry out”, and “to complete or finish”—the second meaning now, apparently, obscure. If perform is “to

carry out”, then what is performance? Is it “how it was carried out”—that is, a determination of how the issue under consideration was performed? If so, performance as a term takes in evaluation and assessment³, and assessment pulls in measurement and, subsequent to this, the application of decisions based on measurement and assessment pulls in management. Performance, in this analysis, becomes a term of great voracity, pulling in all the nicer distinctions that have been made in the performance research. Thus, in this context, a term such as “performance assessment” becomes something of a tautology, since performance already implies the evaluative part, and by extension the measurement part is implied by assessment and so on—whence we end up with all the fine niceties that we usually distinguish in our research being reduced to one term. This, of course, is to push the analysis of the term performance, derived from perform (“to carry out”), to a logical dead-end. The exact meaning of the terms assessment, measurement and management, of course imply certain aspects of performance in the research; however it is useful to reflect on the fact that the independent use of any of these terms always implies the existence of a common picture of performance somewhere in the background.

The meaning of performing, as both a noun and adjective, is already implied in the above discussion on the meanings of perform and performance, and so we need not be detained by a closer examination of it here.

³ The exact difference between “performance evaluation” and “performance assessment” is extremely difficult to determine, and for most purposes seems to be virtually equivalent in practice; we will, therefore, drop the term evaluation as a separate entity from this point onwards.

The above examination of performance should make it sufficiently clear that one, all-pervading definition of the term does not exist in common usage in English; inflections and niceties of expression have widened the possibilities of meaning and range of definitions of the word. Add to this the existence of additional meanings for performance that may be located in languages other than English, and we have a situation whereby we must put faith in the supposition that we understand the term performance, as the original author intended, across a broad spectrum of international research that is often pulling in multiple directions simultaneously. This situation can lead to subtleties and precise designations of the word performance, especially when it is coupled with an additional term, such as measurement, management, and assessment. It is already notable, for example, in the research how authors differ over the content and practice of performance management and its precise delineation from performance measurement [3,4]; this is due, in no small part, to the activity level of the term performance as the original author employs it: some are content for performance to be relatively passive, such that management, for example, only includes immediate officiatory capabilities with administrative responsibilities; while others view performance as encompassing both assessment and measurement facilities also.

In the recently evolved discipline of Performance Studies, we can see the use of the term performance in a wider range of contexts including, but not exclusive to, “theatrical practitioners and critics, anthropologists, folklorists, sociologists, and cultural theorists” [5]; although, it should be noted that Performance Studies recognises that the term performance is essentially boundary-less and is open to numerous interpretations, which

means that the use of the term in a business context may also, eventually, be of interest to these practitioners. Currently many researchers in this field comprehend performance to cover “a broad spectrum of activities including at the very least the performing arts, rituals, healing, sports, popular entertainments, and performance in everyday life” [6]; or to be more precise, performance is seen to exist in a liminal state that straddles both “transgression” models (i.e. between theatre and ritual) and models of “resistance” (i.e. both in theory and practice) [7]. Within this acceptance of the multiplicity of meanings of performance, individual researchers have taken disparate definitions to task.

Goffman [8] has queried the public persona that allows individuals to put on “performances”, that is to form a social mask to hide behind, whether on stage or in reality; a sort of performance for public consumption, in order to regulate the public’s behaviour and acceptance of them [9]. This notion of performance certainly has resonance for businesses, especially if we consider the need for the public image; the publishing of company accounts and the contemporary desire to be seen as caring, equal-opportunities employers, and environmentally-concerned practitioners—all of these facets may reside in a typical business image that could be deemed, partially, as a “performance”, depending on whether or not it is true (and whether the company believes it true). It is interesting to speculate on how the new non-financial performance measurement “revolution” [10] is contributing to this dark side of performance, which may be equated with “pretence” or “sham” definitions of performance (see entry D, sub-entry 3 in Table 1). Such a reading of performance has been related by Read [11] to psychoanalysis by virtue of the placebo effect: that is, seeking ways “to please, to be

acceptable”; and by Connor [12] who has pointed to “the closeness of the word “perform” to the word “act”” that can both mean “to act, make or do something, [but] it also means to dissimulate or to pretend to act, to feign action”. In a postmodern sense, therefore, as Connor [12] has implied, performance may have two connected senses: one of “acting”, perhaps for the private benefit of the firm in a business context (i.e. by the application and interpreting of performance procedures); and the other by “enacting, in the sense of playing out, or impersonating” these to the public at large (i.e. by suppressing, enlarging, emphasising, or ignoring various aspects of the discovered performance).

Carlson [13] considers performance to be “an essentially contested concept” where there is only “futility...[in] seeking some overarching semantic field to cover such seemingly disparate usages as the performance of an actor, of a schoolchild, of an automobile”; while Bell [14], examining performance theory, has noted the “slippery implications of an extended metaphor, specifically the analogy between ritual activities and the acts of performing and dramatizing”. There seems to be a continual fascination in the Performance Studies discipline between the ritualistic, pre-defined, static or inflexible part of performance on the one hand, and, on the other, the creative, dynamic, active, interpretative part of performance; this is manifested by different researchers, using different words, who examine how one part impacts upon the other, and how we may appropriately move from one to the other, if at all, in practice without compromise. On one side we have Phelan [15], where “performance cannot be saved, recorded, documented, or otherwise participate in the circulation of representations of

representations”; instead “performance implicates the real through the presence of living bodies”. On the other we have ritual theorists such as Rappaport [16] who consider the ritual as “unique in at once establishing conventions, that is to say, enunciating and accepting them, and in insulating them from usage”; ritual performance, on his terms, is dominant with all other forms being subordinate [17]: rather “they [i.e. the participants] substantiate the order as it informs them” [18] (my emphasis)—hence they are reliant on ritual performance first and foremost, and only interpretative performance afterwards. Either of these contending viewpoints, the extremes of which are given here, may be deemed correct, however the real research ground of the Performance Studies discipline lies in discussions that operate somewhere in between and draw from both sides of the debate. These two points will be utilised later in the discussion of business performance as we come to terms with both ritualistic and creative roles in performance in firms.

3. The use of performance in measurement research

We must revert to the literature to see actual examples of the use of the term performance in the business research; for this purpose we have chosen to concentrate on some of the most popular authors in the field of performance measurement, which represents, by far, the most proliferating field of research in studies of contemporary business performance. Authors in this research field are drawn from an increasingly diverse set of research fields, each drawing upon different customs and meanings, and with differing requirements from the term performance, as Table 2 demonstrates. Table 2 depicts a number of contemporary and past performance measurement writers (or co- or joint-

authors), specific quotes from their works, and a designation of this quote as per the discussion of the definitions of performance given above, and from the definitions given in the OED. It must be immediately emphasised in connection with Table 2 that we are not trying to constrain the contexts of performance as used by these authors: to do so would be to set up an immediate resistance from the authors themselves so that they try to disprove any general propositions made in the table; we fully accept that the term performance is supple and can change in their hands (as in the hands of others) throughout their articles, which only confirms the diversity of the word itself. In essence Table 2 only wishes to draw the attention of the reader to how different usages of performance are readily accessible in the performance measurement literature, without in any way suggesting that the author(s) of any particular work is limited to their chosen usage as displayed; we have, therefore, intentionally confined ourselves to categorising sample quotes from their works.

Insert Table 2 here

Table 2: Performance in performance measurement—sample quotes from authors

The table involves examining quotes of sample literature from both well-known and new authors, and trying to abstract the meaning that performance holds in each quote. During its compilation we examined many papers where the term performance was either tacitly ignored, or worse, where the term seemed to be actually surplus to requirements; for many in practice, for example, there seems to be little difference between the expression “performance indicator”, and the one-word meaning implied in “indicator”, suggesting an indifference, or draining of meaning, from the term performance, with a consequent added inflexion in the second term. The same could be said for many two-word

performance expressions. For other papers, the discussion on performance topics was written in such a manner that it was hard to extract the exact meaning of the term performance, which seemed to be added in something of a cursory way without lending itself to extraction and analysis. This fact alone implies that many authors are often working on common assumptions regarding the meaning of performance, without, unfortunately, having worked-out exactly their own standpoint with regard to the term.

In the table itself, it is interesting to note—despite the relatively small number of papers examined—the growth and dispersal of meaning that can be engendered in the term performance. The dominant performance association which exists throughout the period covered by the table seems to be related to the doing of an action, in particular, in a performance typology that sees the carrying-out of a specific purpose as important; such definitions dominate the quotes by [10,19–27]—all of which, in varying ways, and emphasising performance by differing methods, imply a functional ethos to performance in an operative role: sometimes as a duty to be discharged, and at other times as a purpose to be executed. Keeping with this range of meanings is the “benchmarking” of performance: that is, where performance is reliant on a pre-set standard to judge outcomes [21,24,27–30], although varying levels of discretion may be applied.

Meanwhile the interpretative nature of performance is brought out in concerns over the application of procedures for performance measure selection or evaluation [29,31–33], role responsibility [22,33], accountability to the public [22,27], and to individuals concerned in performance appraisals [30]. Berrah et al. [23], by their insistence on the

action plan, embody a sort of artistic definition in performance, in the sense that performance becomes something similar to an instance of performing a composition—in this case, the action plan. Again, such an assessment of performance ties into concepts of interpretation (i.e. an interpretative artist) discussed above.

Finally, both Bourguignon and Chiapello [25] and Robson [26] imply a ceremonial aspect to performance through, in the former, the establishment of routines that successively deduce performance from initial premises, and, in the latter, by the institutionalisation of performance as a cultural ethos in the firm. Indeed, ceremonial performance measurement is a widely dispersed concept, successfully employed, for example, in the development of performance measurement frameworks of both a structural and procedural nature [34]: what are these but specific methods for capturing a picture of performance by the implementation of standardised rites, pre-defined by individual researchers? Further ritualisation is found in the procedures utilised in performance management to outline precisely how the collection, reporting and transmission of performance results should operate inside the firm.

In the performance measurement research itself we find two explicit analyses of the term performance, one by Lebas [1] and the other by Wholey [35] which may be quoted at length. For Lebas [1], who tries to answer the question by positing an initial definition of performance and by using this to analyse functions of management and measurement, performance is defined as:

...about deploying and managing well the components of the causal model(s) that lead to the timely attainment of stated objectives within constraints specific to the firm and to the situation [1].

Thus for Lebas [1] performance is characterised as a post-operative function, dependent upon pre-determined and specific causal models that are subjectively chosen for the time and place that the firm finds itself in. Further, although he recognises that “performance per se may not be definable in the absolute”, he is particularly interested in performance as a “capability; performance is about the future”. In this vision of performance, performance measures act as surrogates that allow for the collection of past data to serve, if it is helpful, our understanding “of the potential for success in the future”. Performance, he says, “is never objective, it is only a way of defining where one wants to go”; this allows him to be pragmatic in his definition, as applied to the manufacturing facility:

Performance of a manufacturing facility can therefore be defined by different parameters by each firm, defining it to match its strategy and vision, subject to external constraints of the market [1].

Lebas's [1] definition clearly resides in the territory of entry A and entry C in Table 1: performance as related to the doing of an action (here as per a “causal model”), and as a discharge of an important function. Moreover, performance is not objective and is thus subjective or interpretative: interpretation enters his definition through the selection of performance measures as surrogates for true performance. Performance characterised as being “about the future” depicts performance as opening a path from the activities of the past to some as-yet undetermined state; it is a denominator resulting from his view of

performance as related to the doing of an action—indeed he later depicts, over time and into the future, how performance management both precedes and follows performance measurement.

The rather process-oriented definition offered by Wholey [35] may be quoted at length (emphasis as in the original):

“Performance” is an interesting concept. “Performance” is not an objective reality out there somewhere waiting to be measured and evaluated. “Performance” is socially constructed reality [36]. “Performance” exists in people’s minds if it exists anywhere at all. We have to define what “performance” means before attempting to measure performance.

“Performance” may include *inputs;.....outputs;.... ..intermediate outcomes;.....end outcomes;net impacts;unintended outcomes....* Performance may relate to *economy, efficiency, effectiveness, cost-effectiveness, or equity* [35].

Alongside Lebas [1], Wholey [35] adopts the attitude that performance is subjective and is interpretative. He proceeds to list the areas where the results of performance may be located: again, the definition is reliant upon an action or operation being carried-out; this provides the impetus for the output of the action to be analysed and categorised as per the list of areas he stipulates. An action or operation has inputs to initiate it and outputs that announce its conclusion; it has a number of different outcomes that can be categorised as different sorts of performance: performance-in-progress (intermediate outcomes), unexpected-performance (unintended outcomes), consolidated-performance (net impacts), and the performance result (end outcomes). Finally, he relates performance to a family of mainly cost-related headings; these may have been prompted by the need to

disclose the entity's final position after the operation in cost-related terms, harking back to accounting practices, which has held "the duty of defining performance since the early historical times" [1].

In summary of this section, the above has shown how divisive the term performance can be in practice in the business performance research. Table 2 has presented quotes from a selected number of performance measurement papers and has ascribed a form of performance to each as deemed appropriate; these clearly show a continuing division as to the meaning of performance, and, indeed, as time has moved on, we may begin to see more serious questions being asked of the term performance and its implications, especially when performance measurement starts to lose its novelty aspect and consolidates its position as an established discipline within the business firm. More than ever then, we need to look at the application and meaning hidden in the term performance as applied to the business; both Lebas [1] and Wholey [35] have made fair attempts at defining the term, but more can yet be said on the subject. We tackle the issue in a number of ways in the discussion in the next section.

4. Performance in the business research—content and meaning

Illustrating the potential of performance in a business context means a careful balancing of the many shades of definition given above. The above section has shown in simple examples just how mercurial the word performance is in practice; and, indeed, we can echo Carlson's [13] remark and suggest that an over-arching, all-embracing definition of

performance is not to be expected even within the relatively limited business environment. This does not mean, however, that we cannot draw out some lessons from the above and from our own experiences with the business performance research; there are, to be sure, some dominant forms or peculiar frameworks that performance as a construct takes on when considered in businesses, and these warrant comment.

We can start from the review given above. Our review of the use that performance receives in common usage has brought to light its commonalities. There is little doubt that its most widely-accepted usage in the business literature, including the literatures on performance measurement/ management/ assessment, is contained in Table 1 in entry A—particularly in sub-entries 1, 2, 3 and 6. In a business sense, performance is concerned with the “carrying out of an action” and the subsequent determination of performance based upon this action as carried out. However the other meanings of performance give useful intimations of how this is to be put into effect; the action “carried out” must be standardised, non-random, and it must be quantifiable; and it must retain a relevance to the performer or artist. We can encapsulate this teaching in a number of priorities that govern the useful employment of performance in the business literature.

Performance may be said to be governed by the following three priorities.

1. It is always made as per the deemed **relevance** of an entity to a particular environment (thus, we commonly assess a company on its impact, for example, in a particular market, and not on its impact, in a place that is unlikely to be relevant to its operation).

2. It is always made with a relevant **objective** in mind (thus, we commonly assess a company as per some set future vision on what the company wants to achieve, not on the objectives of some other body that is not the company).
3. It is always reduced to relevant, recognisable **characteristics** (thus, we commonly assess a company on competitive parameters, such as cost, quality, time etc., and more harder-to-measure competitive priorities, such as flexibility, or sustainability, because they are relevant and recognisable; but we do not assess on irrelevant, unrecognisable characteristics (thus, we don't assess a company on its performance in terms of its "ability to use office stationery"))).

In order to produce the suitable conditions for performance, these three priorities have a specific relationship with each other. First, the entity must choose a specific environment in which to operate, and in which it wants to know how it will perform; that is, the entity's relevance is set to the requirements of a specific, non-random environment, which, in turn, produces a limited set of possible objectives exclusive to the chosen environment. Secondly, then, the entity chooses an objective, or at most a small set of objectives, which it calls its own; these are the objectives to which it will strive towards, and these objectives may be consciously and unconsciously selected by the entity. This produces the need to characterise the chosen objectives, and from an array of possible characteristics, we choose those we deem to be most representative of each objective chosen in its relevant environment. With the formal arrangement of these characteristics—including the arrangements made for performance management, performance measurement and performance assessment—and the active employment of

the entity towards its objective, we can thus determine performance. This concept of performance is depicted in Figure 1.

Insert Figure 1 here

Figure 1: The priorities of performance

To give a simple example of this. A company wishes to enter the automotive industry, and chooses as its relevant environment the position and responsibilities of a third-tier component supplier of engine components—this choice immediately limits its possible objectives to those of its position, and removes innumerable random objectives that are no longer feasible. From the range of available objectives, the company may choose, for example, to be the “best in class at producing aluminium components for its customers in terms of quality, time and cost”—an objective that places specific responsibilities on them to perform in a specific way. To perform this objective well, the characteristics of the objectives are chosen from a range of possible characteristics; those chosen including, obviously, quality, time and cost characteristics—but also, maybe, customer responsiveness characteristics, and characteristics of flexibility and sustainability and innovation to meet future customer requirements. The formalised implementation of these, in a performance apparatus that includes appropriate procedures for performance management, performance measurement and performance assessment, allows the company to determine their performance as the objective proceeds in operation.

But to return to the three governing objectives of performance outlined above (relevance, objectives and characteristics), these have always had a place in the literature dedicated to performance in some form or other. Winstanley and Stuart-Smith [37] have specified

these three priorities slightly differently when they put the term performance to work in their model of performance management, which consists of: 1) setting the objectives; 2) managing performance to objectives; and 3) measuring performance against objectives. It will be seen that setting objectives is equivalent to priority 2 above, keeping a relevant objective in mind, while measuring performance against objectives incorporates the recognisable characteristics from priority 3; finally, managing performance against objectives needs to account for the continual maintenance of the relationship between the entity's objectives and its dynamic performance—that is, to retain its relevance, as in priority 1. Outside of these confines, the term performance becomes unprincipled and unmanageable: if we do away with the “socially constructed reality” [35,36] of performance, we produce nothing but unmeaning data; if we remove its objective, we take from its direction and consequently its usefulness; if we subtract its relevance, we leave it without foundation; and if we dispose of its recognisable characteristics, we will be unable to operationalise it practically.

There is, however, another way of examining performance in the business context, without having recourse to conscious issues of selection and arrangement as formulated above; the way the performance construct itself is treated as an entity inside the firm, and the way its processes become institutionalised, are also extremely important issues to consider in the business context. This view of performance relies on the internalisation of the concept itself to succeed.

In this guise, performance becomes interesting as it is only seen to exist as a product of an entity's consciousness—what Wholey [35] terms “socially constructed reality”—and is a result of the suspension of continuity in favour of discrete event “snapshots”, used to determine the success or failure of an entity: the key is the transformation of pure performance from uncaptured, continuous, outcome measures—ever-changing and ever-changeable—to adulterated performance from discrete, periodic, capturable, snapshot measures used as the basis to develop a subjective picture of “performance”. In short, performance occurs only when we stop to evaluate it, and does not exist if we do not stop (or rather it exists at a level that is so large, continuous, holistic and non-quantifiable that we have no particular consciousness of its existence). Performance, in essence, is the function of a bounded rationality, which means we must take notice of, and set limiting parameters for performance to be captured—that is, we must put our own individual stamp on performance to enable its capture. Performance, thus, becomes reliant upon the type of parameters set, which is apt to blunt and disperse its evaluative powers, by making the pure concept of performance favour one (or more) limited set of subjective viewpoints, over others equally as valid, but deemed not to be of as much relevance in this particular instance.

The true capture of pure performance never implies any particular viewpoint, rather this subjectivity is encapsulated in the methods used to capture the adulterated version of performance. Performance is, ultimately, impossible to capture in its entirety: it is abstract (performance only exists because of the mental efforts put into developing a picture of the past, and using this as an indicator for current form; this picture can be

developed at any level we choose, from detailed to aggregated); it is continuous in its pure form, which means that trying to take discrete-event snapshots results in different “performances”, both in content and context, as we proceed (indeed, the very process of trying to capture performance itself probably flaws the snapshot taken); and it is a social construct in an exponential world of competing social visions. So much then for performance inside the business firm—it is doomed to subjectivity and adulteration despite our best efforts. In fact, our attempts to reduce performance to authoritative formula is a sign that we are content to forego “pure” performance for its more workable, flexible formation—that is, subservient, subjective performance. It implies that we can’t adequately teach about pure performance, especially empirically, in a structured format so that all initiates receive the same “performance” education; rather we must be content to formulate performance subjectively through courses on different facets of performance, such as accounting/ performance management/ performance measurement/ assessment techniques etc., all of which are vehicles for a specific type of performance subjectivity.

Subjective performance, therefore, is entirely appropriate for the firm; indeed it has no choice but to accept this form of performance, as performance purity implies an expensive impracticality, which must remain merely theoretical as it would become violated in action. “Pure” performance must exist free of interference and is a constant; on the other hand, methods to capture performance, as sponsored by entities such as individuals, teams, firms, or inter-organisational groups, can only result in a diluted, pluralistic consensus concerning the appropriateness of performance of the entity itself in

any particular context. This however is to be expected: we are not interested in “pure” performance, the type of performance that implies an impossible level of objectivity and is to be sought without regard to any familial ties; rather we are interested in the impure, politically-motivated latter formation, as “impure” (or adulterated) performance, by definition, is one that retains the services of a sponsor, or to be more precise, it is made subservient to the sponsor’s bounded rationality and subjectivity in order that performance is delivered on its (the sponsor’s) terms. This is why “pure” performance remains essentially changeless, while “impure” performance delivers a performance viewpoint that changes according to the initial starting-points of those involved, and according to the resources undergoing the evaluation.

Inside the firm, then, we find that performance is inimical to fixed periods and stultifying structures: it is favourable, however, to evolving processes, flowing time intervals and ever-changing business principles. Indeed it could not be otherwise; if each business period was the same as the last, in terms of its structures, resource and personnel usage, and time allotment, then developing a picture of performance may become redundant as no recognisable evolution from one position to another might be discernible, and we would retain one static picture of performance. Thus performance, by its very nature, must assume a changing, ideally an evolving, environment with performance as the element that traces the firm’s evolutionary path from the past to the present, and by extrapolation, moots possibilities for the future. But there must be some fixity, some underpinning unalterables from whence performance can be contextualised: without these it may be impossible to discern an “evolution” from a random change in performance.

Performance has also been described (see above entry D, number 2 in Table 1) as the process of a ceremony, or ritual—a very static representation. Just as in a religious ceremony there are certain prescribed formulations to be carried out, or in a theatrical play the dialogue and playwright's directions are unalterable as they form the scripted text, so performance in businesses may prescribe ritualistic reporting procedures, a performance hierarchy of administration and command, and relatively fixed macro performance methodologies for measurement, assessment and management; these being unchangeable (or only changeable slowly, over time, as discussed below), evolution must come from the priest in the variable part of the religious ceremony (for example the sermon), from the stage setting and from the actor's delivery in the play, and, in the business, from the time periods used to determine performance, from the strategy employed in the performance infrastructure, and from the variable parts of the macro performance methodologies employed, for example, the performance measures used.

This being so, we can see that performance has both static and dynamic elements, which must be held in balance as the firm evolves, else the picture of performance obtained may become sub-standard. Evolution, to be recognisable from simply random behaviour, must retain some traditional outlines (static principles, unchanging in their essence although the invested meaning of these may be elaborated over time) and progressive factions (dynamic principles, ever-changing and moving, sometimes, unfortunately, without an adequate consideration of established goals). Performance, thus, being a tool in the armoury of the firm's consideration of its evolution, is a combination of stable and

fluctuating constituents mutually counter-balancing each other. The over-emphasis of either of these two elements, in theory or practice, will result in the overall reduction in the effectiveness of the performance picture produced. This balanced, elemental picture of performance is depicted in Figure 2.

Insert Figure 2 here

Figure 2: Balancing the elements of performance

An over-reliance on static, stable entities can lead to a stultified system of determining performance; examples of this over-extension of the stability principle in performance includes: the unchanging use of the same, perhaps long-outdated, performance measures; unchanging strategy underlying the performance system (although this strategy may be different from the one actually thought to be in use); fixed reporting procedures incapable of change; and inflexible administrative and performance management procedures unable to cope with sudden transitions or impacts on the performance system. Alternatively, an over-reliance on dynamic, fluctuating entities can lead to a system of determining performance with no apparent basis, random in action, ineffective in its job because of the diversity it allows, and ultimately unreliable and unaccountable; examples of this over-extension of the dynamic principle in performance includes: liberalism in the selection, deletion, re-selection, and ways of measuring and frequency of measuring performance measures (particularly included here is the arbitrary selection of fashionable performance measures); the uncontrolled changing of principle performance structures (for example, the performance measurement system, system of performance management, and performance assessment procedures) for no well-thought-out reason; the ceding of centrally-controlled performance development procedures to decentralised

performance development (often to teams, individuals, or other pressure groups in the firm); and, by extension, the rejection of one picture of performance, chosen as representative of the company, in favour of multiple pictures of performance that are incompatible and irreducible to unity.

The static elements of performance usually reside in the policies and traditional work structures of the firm, and unsurprisingly, in well-established departments such as accounting with its fixed rules of conduct and operation; the dynamic elements of performance usually reside in the thoughtful and exuberant intellects of individuals throughout the firm that find the existing infrastructures inhibiting and desire change. Each may be harnessed effectively so that the performance picture produced will have a balanced blend of both elements: where possible, a conservative outlook, coupled with a cautious acceptance of innovations after sufficient examination of the firm's underlying performance principles, is probably ideal; however the rapidly-changing business environments that many companies wish to operate in may make this time-for-reflection difficult to uphold unless they have put together performance mechanisms for rapidly assessing the feasibility of new, dynamic performance suggestions against established, static performance principles.

This, of course, requires a firm to commit to a picture of performance which is defined clearly enough to allow them to: 1. ascertain what performance means to them; 2. ascertain the fixed, static principles in operation in this performance picture; 3. ascertain those elements that are variable and open to innovation in the performance picture; and 4.

determine how the static and dynamic elements interact with each other. Once defined, this performance picture signally influences the selection of appropriate systems of performance measurement, management and assessment; indeed, it actually operates as a closed structure around these systems which, in consequence, must interact with each other so as to satisfy the performance picture chosen. In this vision, therefore, performance itself becomes the chief driver for the appropriate selection of assessment, measurement and management tools. This may be contrasted to the rather piece-meal selection procedures that are implicitly encouraged in the business research, which rarely considers the underlying context in which it resides (for example, a performance measurement paper rarely gives sufficient attention to the contexts of performance management and performance assessment—at most they may be bundled confusingly together into the performance measurement procedure under consideration); nor is adequate consideration given in actual practice when a company selects a performance measurement system (for example) first, and then tries to piece all the other elements required around this. Here we are suggesting the development of the performance picture first; from this will follow the appropriate selection of assessment, measurement and management infrastructures simultaneously as we come to terms with the elements used to compose the performance picture.

To develop a framework that fully captures the above vision of performance, we must briefly introduce those constructs that it is dependent on for its capture, namely performance management, performance measurement, and performance assessment. As discussions elsewhere have implied (see [4]), we need to be careful to be fully distinct

with the terms performance management and performance measurement, which are apt to be confused. Andersen et al. [38] comment on the lack of a performance management definition in the literature, and the continual process of linking performance measurement to performance management in a number of “light weight” definitions. Where definitions do exist, they are likely to be diverse in their focus, however a useful one for our purpose is that proposed by Folan et al. [4]: “performance management is the management of the system put in place by an entity (with a pre-determined socially constructed reality) that has chosen a relevant viewpoint of itself (its objective) towards which it means to progress, using a set of recognisable characteristics as its measurement apparatus (performance measurement) to monitor this progress”. This definition makes the requisite distinction between performance management and performance measurement, and utilises Lebas’s [1] contention of the successive nature of performance management.

For performance assessment we can input the analysis of Bourguignon and Chiapello [25], who, using a trial-inspired model, worked to develop a three-step model of performance assessment, consisting of:

1. Instrumentation—the step used to determine the preconditions of assessment;
2. Evaluation—the step for the actual production of a value judgement; and
3. Consequences—where the value judgements reached result in numerous consequences.

From their analysis it is clear that performance assessment implies more than simple measurement; indeed, measurement only physically occurs in their three-step model in the second step “evaluation”, after the preparatory seeds have been sown in the first step

“instrumentation”. In its turn we can conjecture that performance assessment itself is an actively employed tool of the performance management environment, which, as we determined earlier, encompasses performance measurement and results in an evolving performance management arena, progressively changing as the strategic objective is evaluated and updated (or reset) for the future.

These views are encapsulated in Figure 3, which offers a model of the relationships between the three terms performance management, performance assessment, and performance measurement, plus the position that performance holds in relation to these—a combination of the research of Lebas [1], Bourguignon and Chiapello [25], Folan et al. [4] and the performance discussion in the sections above.

Insert Figure 3 here

Figure 3: Relationships of performance management, performance assessment and performance measurement inside the performance box

The figure traces the terms performance, performance management, performance measurement and performance assessment, their interactions and meanings, together and separately. Note the position of each in the figure: the large arrow represents the omnipresent nature of performance management—it is often holistically conceived and hence exists often in an unconscious state in the organisation (or inter-organisation); the curved descending arrow represents the periodic nature of performance assessment, a tool actively employed in the performance management environment when the performance objective is set and reset—note it comes to an end once it delivers its assessment report, and comes to life once a new objective is set—hence, it is periodic in nature; and the

position of performance measurement itself in the evaluative box of performance assessment—this also occurs periodically as part of performance assessment.

Note also the encapsulating box denoted performance, which is depicted as promoting one coherent vision of performance inside of which performance management, performance measurement and performance assessment all reside. This performance box is important, as it not only assures us that it is erroneous to assume that we can treat any one term—performance management, performance measurement or performance assessment—separately from the rest of the performance system; but it also informs us that the choice of any one of these immediately places constraints upon the others to be chosen. The choice of a particular performance measurement technique, for example, immediately constrains our choice of assessment and management techniques, and even impacts upon the type of performance adduced inside the performance box; in much the same way, management, measurement and assessment techniques must be considered en masse, so to speak, and aligned with performance aspirations, and not chosen separately as implicitly recommended in the research. Considering tools for performance management, performance measurement and performance assessment together helps to streamline the performance system implemented inside the performance box; considering them separately causes many integration problems for the entity trying to implement their view of performance, as each tool may suffer from inadequate or irregular integration with the others.

This model, we consider, is novel for its approach to the problem of performance it takes: it begins with determining the meaning and content of the term performance itself; and using discoveries from this, it stipulates appropriate methodologies and tools accordingly. To treat performance in such a manner is to keep measurement, assessment and management integrated with each other, without recourse to the usual methods of piecemeal adaptation formerly favoured.

5. Conclusions

As the firm operates and expands, it cannot refrain from the attempt to analyse how this is to be represented to itself and others, and the object in which this representation centres, that is its performance; nor does it stop till it has, in some sort, succeeded in expressing in words and quantities, what has all along been a principle both of its operation and of its future strategic possibilities. But the firm is immediately faced with a dilemma as the object for which it seeks, and to which it means to parallel its operation, is by its nature intangible and subjective, and, in fact, is quite dissimilar to those tangible and easily quantified physical resources in which the firm may abound. Consequently the firm is left with little option but to try and express performance by proxy, as it were, by using the available tangible and physical resources as the source of those ideas that are the common currency of the firm's experience; this is why performance is usually expressed through the existing infrastructure and resources that the firm holds, as they are the tangible elements of the company that comprise its common language. However, unless the link between the tangible resources of the firm and the intangible performance

that we wish to elucidate is appropriately handled—both as to the selection of tangible representatives to denote intangible performance, and to the correct application of these—there is a tendency for the picture of performance that evolves to be inaccurate and to re-act adversely upon the firm.

This is exemplified in the case of the firm that chooses for itself inadequate objectives and performance characteristics based upon an improper analysis of their tangible capabilities, which produces an unsatisfactory picture of performance; all the while an acceptable picture of the firm's performance may lie hidden owing to the inadequate selection procedures applied. Sometimes it is possible to meet with firms that have managed to pervert the performance idiom so much that they regard localised, rather trivial statistics as being somehow intimately linked with their strategic directives. How this may be so they themselves are uncertain, but they have managed to convince themselves that the link between tiny operational statistics is always going to influence the strategic implications of their firm. In this error, which is an error of trying to be too exacting with the general rule that suggests a casual hierarchical link between operational performance measures to strategic performance measures at a higher level, the performance measurement literature, it must be confessed, must take some blame as it seems to have popularised a general principle that can easily be perverted in practice. Indeed, to suggest that a performance measure such as “the number of pencils used in the sales department per year” is redolent of anything other than itself is nonsensical. While the general principle of moving from groups of operational performance measures to a strategic representative may be true, we must be careful how we apply the rule, and

indeed as we argue here, if the incorrect objectives or firm characteristics are chosen to represent the firm's performance, then the problem is not one of streamlining performance measures at all, but that of trying to reconcile the adequate picture of performance to the inadequate one that we are left with.

In other words, discussions concerning the proper selection and relations of performance measures may be masking an entirely different problem, namely that we have begun with the wrong objectives at the start. There is an implicit assumption in the performance measurement literature that performance is somehow a constant, and that we must not question this; we are subsequently left, by this reasoning, with trying to solve an ever-recurring problem by juggling performance measures, instead of questioning the basic requirements that constitute performance for us. This problem cannot be solved by just examining how we move from operational to strategic performance measures, but by determining first exactly what we mean by performance.

In this paper we have attempted to discuss the concept of performance in terms of the business context. This has led us from an examination of the general definition of performance in the OED, and from the Performance Studies discipline, to a detailed examination of the many shades of meaning that can be apprehended in the business performance research when applied to the firm. In the discussion above, models of performance that have depicted its selection and arrangement characteristics (see Figure 1), its elemental qualities (see Figure 2), and the principle of encapsulation (see Figure 3), whereby performance acts as a constraining frame around issues of management,

assessment and measurement, have been displayed and discussed. This paper will be completed by the addition of one more performance model that, somewhat, incorporates the variable nature of performance outlined in the models above; in this model the states that performance can reach are explicated; where by the term state, we mean its level of formation.

The basic, or first, state of performance in this model is where it does not exist as a palpable entity in the firm; its characteristics are random and thus performance at this state may be termed unformed. As has been mentioned above, if we don't stop to evaluate our performance it remains unformed and outside our bounded rationality, with performance being impossible to assess in a random entity. The second state is where performance is evaluated and correctly formulised; this is the ideal state for a firm to be in: the dynamic and static elements of performance are in balance, and the chosen performance picture has been internalised successfully into the company; in short, the company has a systematic picture of performance in place, where the management, assessment and measurement aspects are all correctly chosen to accommodate this performance picture. The third and final state is where the performance picture has become unbalanced: as we have seen from above, too much emphasis on static elements can cause this situation to happen; or, on the other hand, over-formalisation of the performance picture from a stultified program of institutionalisation can lead to this, especially where the performance picture becomes over-bureaucratic, or deformed by attention being overly-paid to one performance issue only—an issue readily met with in

empirical studies. These three states of performance are depicted in a cyclical pattern in Figure 4, and are discussed further below.

Insert Figure 4 here

Figure 4: The states of performance

In expressing how developed we think the picture of performance is within a company, we can examine the state to which we think it belongs. However, it is of radical importance to note that the states of performance that we outline generically here are not evolutionary in one direction only, and regressions are possible in both directions. As we said above, the formalised / systematic state of performance is the ideal that a company must direct its efforts towards; this may, however, quite quickly evolve into either an over-bureaucratic nightmare whereby the company pursues a policy of trying to document everything that is performance-related inside the firm, from the collection of trivial statistics, to the implementation of rigid performance infrastructures that are not necessary. On the other hand, as we have already seen when over-liberal performance policies are applied and the dynamic elements of performance are dominant, developing the picture of performance that the company is to use can become something of a free-for-all; in this guise, and perhaps under the mistaken impression that an emphasis on dynamic performance procedures will help them remain competitive in an ever-changing business environment, a company opens the door for the development of multiple pictures of performance that are irreconcilable to each other. Thus the firm's performance picture, which is irreducible to unity, becomes unformed and, in effect, random in nature, as multiple visions of performance compete for supremacy.

There is little to choose from between this state and the state of a company totally unaware of its own performance: both must begin to apply performance infrastructures that can allow for the development of one picture of performance; hence it is possible to progress from performance in a random and formless state, to one that is deformed and over-bureaucratic all at once, by the application of procedures that are too rigid or too proscribed for a firm that has not previously experimented with its performance view. Alternatively, the relaxation from excessive bureaucracy can result in the firm slipping into unformed performance, as part of an over-reaction to the previously deformed regime. In essence, while the formalised / systematic state of performance is the ideal, it is also the most difficult to obtain and consistently hold as time passes; as an ideal, performance requires the mutual interaction and integration of the performance picture chosen by the firm, and its management, assessment and measurement procedures; one application incorrectly implemented, or improperly operating, may tip the balance into either of the other two states. Hence, in periods of transition, when performance is most likely to be affected, a change of state is most likely to occur, as the mechanisms of performance can become disrupted, or be annulled by the changing business environment. It is to be expected, therefore, for a company to oscillate between states, although the goal is always to return to the stability of the formalised / systematic state as soon as possible.

It is also interesting to consider the subjective nature of performance that can be seen with this model. At any one time, performance may seem to exist in all three states, depending upon who you discuss the situation with in the firm. For example, the CEO of

a particular firm may believe the performance of the company is somewhat random or formless, as they find it difficult to locate the performance picture they want, perhaps owing to the existence of multiple measures, and multiple procedures for navigating these—thus performance can take on the appearance of being somewhat subjective and formless; on the other hand, the middle manager, with direct control over mechanisms of performance management, assessment and measurement may be perfectly content with the state of performance, finding it formal and systematic, and exactly to their purpose; whereas individual operators, with responsibilities for collecting performance information, reporting these, filling in data-sheets and so on, may find the overall performance process time-consuming, and unnecessarily bureaucratic. That these conflicting views are subjective there is little doubt; however they remain valid even if the context of the model given above concentrates on the performance of the firm as if it is one all-embracing entity. The chief point is that the company's picture of performance, although subjective, must be of a nature that comprehends these different viewpoints within the firm's structure; however, at the highest level, the company must choose one picture of performance and work with this only, and not forfeit its right to develop this picture to individual, subjective, viewpoints in the organisation.

Conformity to one view of the company's performance state, ideally the formalised / systematic state, may be fostered by increased education and training concerning the performance picture chosen by the company. This does not mean that simple training on the mechanisms that are used to produce this performance—management, assessment and measurement mechanisms, for example—can decrease this subjectivity; rather the

organisation's personnel must be encouraged to accept the performance picture chosen for the firm itself, perhaps in the form of a performance statement, similar in effect to a mission, or vision, statement. The key for the reduction of subjectivity on the issue of performance in a firm is, necessarily, education on the holistic endeavours that the firm wishes to perform in; this form of extended education can make performance chores seem more palatable, and the difficulties of viewing performance more acceptable, without a consequent rejection of the overall ideal state of performance. Thus, the ideal state of performance can operate with contending, subjective viewpoints, as long as the overall performance picture has been extended to include all conflicting parties who agree, in principal, with its contents; these contents have been mentioned already in connection with the balancing of the elements of performance in the above section.

Performance is likely to remain a contested topic. Its continued dispersal among research disciplines, well beyond its original application, means that the boundaries of accepted definitions can only be pushed further and further; and this, coupled with the definitions of performance that may be coming from other languages, makes it impossible to determine the last appearance of the concept of performance in a new guise in the business research literature. Here we have examined performance as it impacts as a topic on the firm, with help from external studies that confirm us in our opinion of the mercurial nature of performance as an idea, under analysis, and as a viewpoint, in its elemental nature, and as a research concept that has multi-faceted characteristics, or meanings, that result in numerous performance models, all of which are equally valid.

Perhaps the most important model outlined here is that of the encapsulating nature of performance, which suggests that the term performance in the two-word expressions performance management, performance assessment, and performance measurement denote the same thing, with the variability between these concepts existing only in the second word. In this model, we postulate that the best approach to the performance research may be through the common term “performance”, and, once a firm has developed its all-encompassing picture of what this performance should be, it will be possible to determine the appropriate management, assessment and measurement procedures that should be used to reach this picture. In a time when Neely [2] has suggested that the future of the performance measurement research requires theoretical verification, and with the growth in calls for more “robust empirical and theoretical analysis”, there certainly exists a gap in the research for a consideration of the term performance. Future studies of the meaning and implementation of performance infrastructures in empirical cases may help to balance articles, such as this one, which have looked at performance as a research construct; the possibility of new meanings for the word performance coming from the empirical environment should not be dismissed. Furthermore, examinations of the word performance, and its meanings, in non-English contexts would provide fascinating insights into just how mechanisms of performance—such as performance measurement frameworks—are being used in environments not easily investigated by native English-speakers, who have tended to dominate the discussion on performance thus far. Performance, therefore, although a well-researched topic as part of investigations into issues of measurement, management and assessment,

individually contains numerous research opportunities for the future performance researcher.

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Table 1: Current usage of the term performance as abridged from the OED

Keyword	Entry	Sub-entry
Performance	A. Related to the doing of an action or operation.	<ol style="list-style-type: none"> 1. The accomplishment or carrying out of something commanded or undertaken; the doing of an action or operation. 2. The quality of execution of such an action, operation, or process; the competence or effectiveness of a person or thing in performing an action; especially the capabilities, productivity, or success of a machine, product, or person when measured against a standard. 3. Something performed or done; an action, act, deed, or operation; occasionally a notable deed, achievement, or exploit. 4. A literary, artistic, or other creative work; a composition. 5. (From Psychology) The observable or measurable behaviour of a person or animal in a particular, usually experimental, situation. 6. (From Business) The extent to which an investment is profitable, especially in relation to other commodities; an instance of this. 7. (From Linguistics) A person's actual use of a language, as opposed to his or her knowledge of it.
	B. A set of (fur) trimmings.	
	C. The carrying out, discharge, or fulfilment of a command, duty, promise, purpose, responsibility, etc.; execution, discharge. Frequently opposed to "promise".	
	D. The action of executing or interpretation.	<ol style="list-style-type: none"> 1. The action of performing a play, piece of music, ceremony, etc.; execution, interpretation. 2. A ceremony, rite, or ritual. 3. An instance of performing a play, piece of music, etc., in front of an audience; an occasion on which such a work is presented; a public appearance by a performance artist or artists of any kind. Also a rendering or interpretation of a work, part, role, etc. In extended use: a pretence, a sham. 4. A display of anger or exaggerated behaviour; a fuss, a scene; (also) a difficult, time-consuming, or annoying action or procedure.

Table 2: Performance in performance measurement—sample quotes from authors

Researcher(s)	Quote	Designation
[10]	<i>...senior executives have been rethinking how to measure the performance of their businesses. They have recognized that new strategies and competitive realities demand new measurement systems.</i>	Related to the doing of an action or operation / Discharge of responsibility
[19]	<i>The balanced scorecard includes financial measures that tell the results of actions already taken. And it complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement activities—operational measures that are drivers of future financial performance.</i>	Related to the doing of an operation / Quality of execution of such operation / Extent to which investment is profitable, especially in relation to other commodities
[20]	<i>Performance measurement...is the process of quantifying action, where measurement is the process of quantification and action leads to performance.</i>	Related to the doing of an action
[28]	<i>Recent research into manufacturing systems integration has identified the need for effective deployment of business objectives down through the organisation and the subsequent measurement of performance in critical areas as key elements of sustainable competitive advantage.</i>	Discharge of responsibility / Success of an entity when measured against a standard
[31]	<i>When analyzing system performance, qualitative evaluations such as "good", "fair", and "poor" are vague and difficult to utilize in any meaningful way. ...the chosen numerical performance measure may not adequately describe the system's performance, and may therefore be as vague and difficult to utilize as the above qualitative evaluations.</i>	The action of interpretation
[29]	<i>...assessing process performance is essential because it enables individuals and groups to assess where they stand in comparison to their competitors. In addition, assessing process performance provides the opportunity of recognizing problems and taking corrective action before these problems escalate.</i>	Success of an entity when measured against a standard / Action of interpretation
[32]	<i>...world class manufacturers recognise the importance of metrics in helping to define the goals and performance expectations for organisations. Organisations adopt or develop appropriate metrics to interpret and describe quantitatively the criteria used to measure the effectiveness of the manufacturing system and its many interrelated components.</i>	The action of interpretation
[21]	<i>...there is also a growing concern in performance measurement that measuring performance is not enough. Measurement has to lead to insight and insight to action—hence the term corporate performance management has been born to differentiate between management at the level of the individual and the corporation.</i>	Discharge of purpose / The competence or effectiveness of a person or thing in performing an action / Success of an entity when measured against a standard
[33]	<i>...most companies have made little attempt to identify areas of nonfinancial performance that might advance their chosen strategy. ...many companies seem to have adopted boilerplate versions of nonfinancial measurement frameworks.....businesses often fail to establish such links partly out of laziness or thoughtlessness. As a result, self-</i>	Quality of execution of an operation / Competence of a person performing operation / Action and instance of

	<i>serving managers are able to chose—and manipulate—measures solely for the purpose of making themselves look good and earning nice bonuses.</i>	performing a “play” in front of an “audience” / Interpretation of a role / Pretence—sham
[22]	<i>...recent efforts to improve governmental performance have also placed considerable emphasis on performance measurement as a means to increase accountability and improve decision-making.</i>	Discharge of responsibility / Interpretation of a role
[23]	<i>...as performance depends on the production processes, it must be deployed within the various production activities according to a defined action plan.</i>	Execution of a purpose / An instance of performing a composition
[24]	<i>...”performance” implies predetermined parameters and “measurement” implies an ability to monitor events and activities in a meaningful way.</i>	Doing an operation / Quality of execution of such a process / The capabilities of an entity when measured against a standard
[25]	<i>...each step of the process operates a transmutation from one “level of reality” to another. ...instrumentation turns action (performance) into its representation (performance measures); then the representation is turned into a judgement, and finally the judgement is “translated” into an outcome.</i>	Discharge of a purpose/ Something performed or done / A ceremony or ritual
[26]	<i>In a high performance culture, it would seem likely that people would perceive that, in addition to their everyday operational activities, part of their job was to continually assist in improving the performance of the organisation.</i>	Ceremony, rite / Fulfilment of a duty
[27]	<i>By setting up a system that keeps longitudinal data, companies can identify trends in performance, compare their performance with other firms, and set stretch goals for performance in these areas. This effort at improving performance in environmentalism, social accountability, employee health and safety, and ethics will benefit the organizations involved.</i>	The capabilities of an entity when measured against a standard / Execution of a notable deed / Measurable behaviour of an entity in a particular situation / Interpretation of execution (pretence?)
[30]	<i>Although increasing the number of performance measures and using subjective performance measures can provide more efficient incentives, it also provides the principle with more discretion in performance evaluation.</i>	The capabilities of an entity when measured against a standard / Measurable behaviour of an entity in a particular situation / Interpretation of execution (pretence?)

Figures

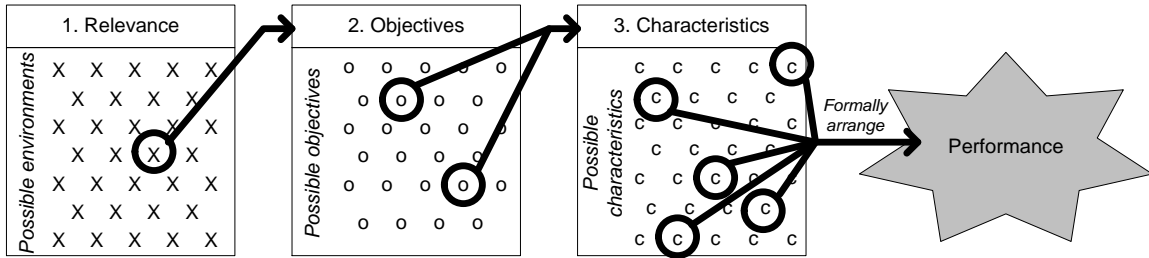


Figure 1: The priorities of performance

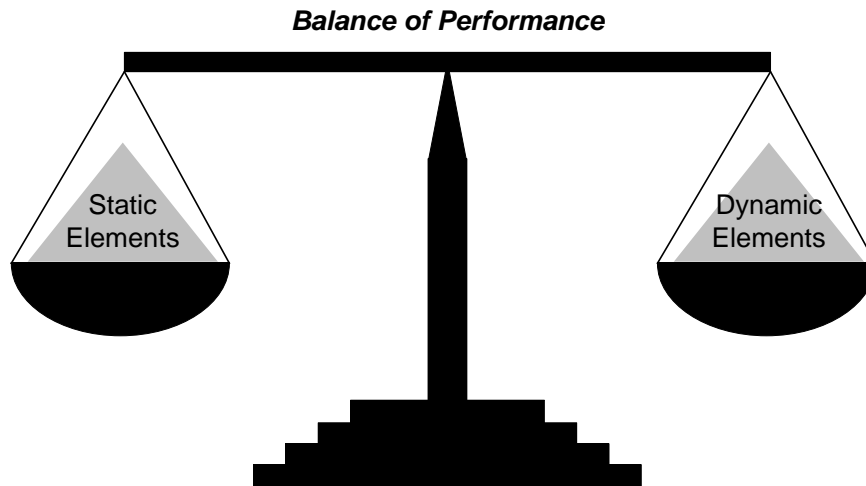


Figure 2: Balancing the elements of performance

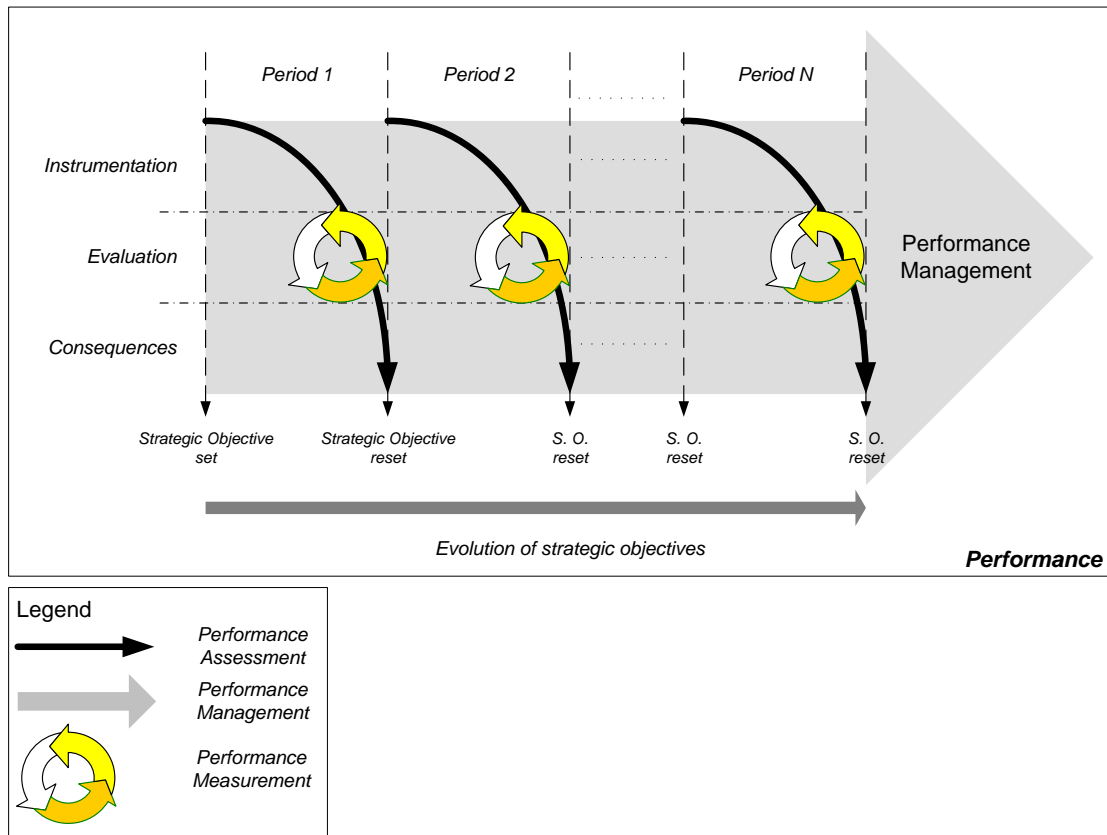


Figure 3: Relationships of performance management, performance assessment and performance measurement inside the performance box

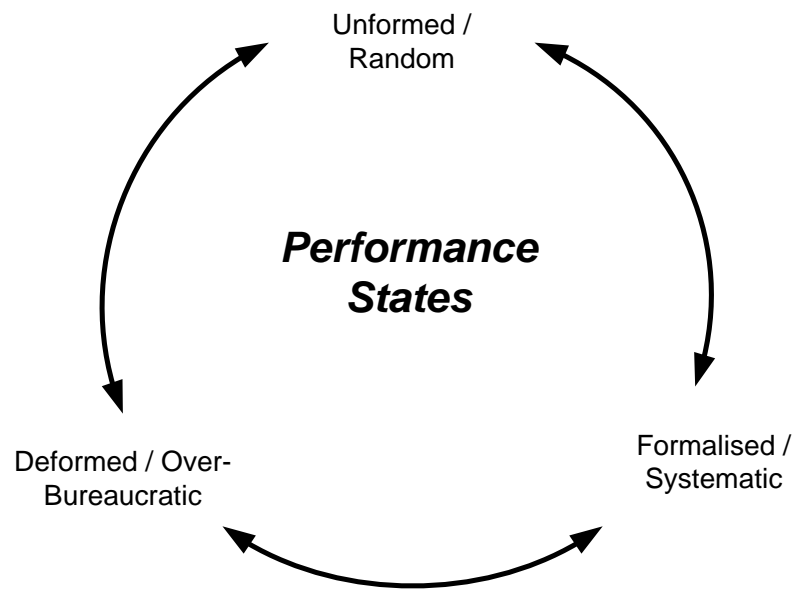


Figure 4: The states of performance

Biographies



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Paul Folan received his BE, in 2002, and MEngSc degrees from National University of Ireland, Galway in 2004, and is currently a PhD student at the same university. His main research interests include performance measurement, the extended enterprise, product lifecycle management and reverse logistics.



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Jim Browne is registrar and deputy president of the National University of Ireland, Galway, as well as the founder of the Computer Integrated Manufacturing (CIM) Research Unit there. He has many years experience of working in applied research and development, including extensive experience of EU and industrially funded projects. His research interests are in the design, analysis, modelling and operation of Extended and Virtual Enterprises. He holds Bachelors and Masters degrees from NUI, Galway and PhD and DSc degrees in engineering from the University of Manchester Institute of Science and Technology. His most recent book, co-authored with Dr Hari Jagdev and Dr Attracta Brennan is entitled 'Strategic Decision Making in Modern Manufacturing' and published by Kluwer Academic Publishers in 2004.

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