Applicability of Performance Management Systems Framework in public sector: A case study of a Teaching Hospital in Nigeria

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go to the King Eternal, Immortal, Invisible, the only wise God.

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Dedication

This thesis is dedicated to

My Husband
George Nicholas Uadiale
For his endless love, sacrifice, encouragement and prayers

and

My Children
Praise, Oseogie and Obehi
For giving me true happiness, confidence and strength during this journey

Abstract

This study seeks to examine the applicability of performance management systems (hereafter, PMSs) framework in public sector. Using a teaching hospital as a case study, this thesis provides empirical evidence on how PMSs are functioning from the context of Nigeria. It demonstrates the extent to which performance management can be understood/explained using a framework developed in the western context. To maintain anonymity the hospital is termed the Nigerian State Hospital (NSH). The study draws on the contingency theory of management accounting to identify and explain contextual factors which could influence the design and operation of PMSs in the NSH.

Data were collected using a triangulated approach. Interviews were the main sources of evidence and were conducted with various members of staff of the NSH. The interview evidence was supplemented with observation and document analysis. Various documents on health policies, newspaper articles were analysed. Furthermore, a number of observations were made and documented. The case findings were analysed using Ferreira and Otley's (2009) PMSs framework and interpreted using the lenses of contingency theory.

The study revealed the implication of contextual factors on the operation and structure of PMSs from an emerging economy context. It showed that the application of PMSs framework cannot be generalised but needs to be contextually understood and adapted to local structural conditions. Based on the findings, the study proposes an extension to Ferreira and Otley's (2009) PMSs framework to incorporate contingencies which are likely to implicate its application in healthcare settings in EEs. Overall, the study contributes to PMSs literature in emerging economies by providing empirical evidence on how PMSs are functioning from the context of Nigeria. The findings have implications for the design and use of PMSs in public sector in Nigeria and emerging economies.

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List of Abbreviations

ABC	Activity Based Costing
BCC	Budget Call Circular
BPSR	Bureau of Public Service Reforms
CMD	Chief Medical Director
CPO	Community Participation and Ownership
CTMA	Contingency Theory of Management Accounting
DOTS	Directly-Observed Treatment Short-Course
DPRS	Department of Planning, Research and Statistics
EEs	Emerging Economies
ERP	Enterprise Resource Planning
FGN	Federal Government of Nigeria
FMOH	Federal Ministry of Health
GCP	Global Computerization Project
GHI	Global Health Initiative
GNI	Gross National Income
HDI	Human Development Index
HIS	Health Information System
HRH	Human Resources for Health
HSRP	Health Sector Reform Program
ICT	Information Communication Technology
IEO	Independent Evaluation Office
IFSNs	Information Flows, Systems and Networks
IGR	Internally Generated Revenue
IHP	International Health Partnerships
IMF	International Monetary Fund
IS	Information System
IT	Information Technology
KPIs	Key Performance Indicators
KPMs	Key Performance Measures
KSFs	Key Success Factors
LASG	Lagos State Government
LGA	Local Government Area

LOC	Levers of Control
LSMOH	Lagos State Ministry of Health
MAS	Management Accounting System
MCSs	Management Control Systems
MDAs	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MED	Monitoring and Evaluation Department
MEPB	Ministry of Economic Planning and Budget
MOH	Ministry of Health
MMR	Maternal Mortality Ratio
MRCN	Medical Research Council of Nigeria
MSR	Market Survey Report
MTBF	Medium-Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NCH	National Council on Health
NEEDS	National Economic Empowerment and Development Strategy
NHB	National Health Bill
NHIS	National Health Insurance Scheme
NHMIS	National Health Management Information System
NIMR	Nigeria Institute for Medical Research
NPC	National Planning Commission
NPG	New Public Governance
NPM	New Public Management
NSH	Nigeria State Hospital
NSHDP	National Strategic Health Development Plan
NSHIP	National Strategic Health Investment Plan
NSPSR	National Strategy for Public Service Reform
NSTDA	National Science and Technology Development Agency
NYSC	National Youth Service Corps
OECD	Organization for Economic Cooperation and Development
PBB	Performance-Based Budget
PE	Performance Evaluation

PFM	Public Financial Management
PHC	Primary Health Care
PHSs	Primary Health Services
PM	Performance Management
PMSs	Performance Management Systems
PPBS	Planning, Programming and Budgeting Syatem
PPP	Public Private Partnerships
PWC	Price-water House Coopers
ROI	Returns on Investment
S & P	Strategies and Plans
SAP	Structural Adjustment Programme
SERVICOM	Service Compact
SHA	State House of Assembly
SOE	State Owned Enterprises
SPARC	State Partnership for Accountability Responsiveness and Capability
STO	State Treasury Office
TA	Transformation Agenda
TCPC	Technical Committee on Privatization and Commercialization
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
WB	World Bank
WHO	World Health Organization

CHAPTER 1: INTRODUCTION TO THE THESIS

1.1 Background to the Research

The aim of this study is to examine the applicability of performance management systems (hereafter, PMSs) framework in the public sector of Nigeria. Studies on performance management and the consequences of applying different control systems' designs in the public sector of emerging economies are scarce (Van Helden and Uddin 2016, Hopper et al. 2009). This study attempts to fill this gap.

Over the past two decades, the ideas of New Public Management (hereafter, NPM) has attracted significant interest and attention of policy makers, practitioners and academics around the world (Silva and Ferreira 2010, Ikeanyibe 2016, Hood 1995, Hood 1991). The foundations of NPM emanated from the changes experienced by the public sector in the United Kingdom during the 1980s (Hyndman and Lapsley 2016, Cairney 2002, Hood 1995). NPM ideas were later embraced by other developed countries such as the United States of America, New Zealand and Australia. The NPM has been proposed as a mechanism for achieving a higher level of efficiency and effectiveness in the public sector, a common goal for parties across the political spectrum (Silva and Ferreira 2010, Hood 1995). NPM emphasizes professional management, the introduction of explicit measures of performance, a focus on outputs and private styles of management practice, leaner and better government, decentralisation, empowerment, customer satisfaction and better mechanisms of public accountability, partnership between the state, the private sector and civil society organisations in different activities (Adcroft and Willis 2005, Elias Sarker 2006, Larbi 1999, Hood 1991, Hood 1995). A major part of NPM is the adoption of private-sector style of management such as performance management (hereafter, PM) to ensure efficiency and accountability in order to control costs and hold public institutions accountable for their

measured work performance and increasingly basing resource allocation on performance (Hyndman and Liguori 2015, Silva and Ferreira 2010, Hood 1995). Consequently, the use of PM has been one of the enduring legacies of the public sector reforms (Andrews 2014, Poister et al. 2013). Within the public sector, PM may also be useful to politicians and a focus on "managing for results" has become an important complement to the traditional emphasis on managing inputs (budgets and staff) and managing processes (rules and structures) (see e.g. Andrews, 2014, Propper and Wilson, 2003). Thus, PMSs were introduced in government agencies and ministries as means of getting results from individuals, teams, and the organization at large within a given framework of planned goals, objectives, and standards (see Hope 2001, Smith 2002).

In emerging economies (hereafter EEs), NPM ideas were strongly advocated by international organizations such as the World Bank (WB), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and international aids agencies. These institutions, together with donor agencies, have encouraged and directed NPM reforms in EEs through loan conditions and structural economic adjustment such as free trade, competition, privatization, and limited state intervention (De Waal 2007, Uddin and Tsamenyi 2005, Asaolu et al. 2005, Elias Sarker 2006, Hopper et al. 2009, Ikeanyibe 2016, Van Helden and Uddin 2016). These international organisations assume that better controls, improved efficiency and effectiveness, and economic development will emerge through the adoption of NPM reforms. However, NPM has delivered less in EEs than expected as evident in previous studies (Uddin and Hopper 2003, Wickramasinghe et al. 2004, Sa'id 2010, Elias Sarker 2006, Manning 2001). It has been argued that the very nature of the politics, institutional development, and socio-economic dynamics of EEs make it difficult to implement the NPM initiatives successfully (Zafarullah and Huque 2001, Lodhia and Burritt 2004, Zafarullah and Sarker 2016, Sa'id 2010, Okeke-Uzodike and Chitakunye 2014, Van Helden and Uddin 2016). In addition,

some studies have reflected on the general context of EEs and have questioned the appropriateness of the Western-centric private-sector management repertoire (Van Helden and Uddin 2016, Mserembo and Hopper 2004). Some studies, drawing on social theories, have focused specifically on culture and politics to demonstrate the unrealistic assumptions of NPM-driven management accounting tools in the public sector (Sharma et al. 2012, Uddin and Tsamenyi 2005).

In sub-Saharan Africa, NPM reforms have been influenced by specific factors which are derived from the crisis of governance which has been plaguing most of the countries in the region (Hope 2001, Hope Sr and Chikulo 2000, Alawattage et al. 2007b, McCourt 2008, Bangura 1999). These factors include economic/fiscal crises, political forces, complex institutional mechanisms, etc. Particularly, the wind of change toward market reforms and political pluralism that swept across the Western nations in the 1980s, and the collapse of the Soviet Union, had the sobering effect on crisis states, such as those in Africa, hence, public management reforms became inevitable (Larbi 1999). Although the direct application of NPM has been limited and has achieved little in Africa, the reaction to the claims associated with it has significantly altered the public management debate for governments and for development agencies (Manning 2001). However, after many decades of NPM reform efforts, the delivery of public services in most sub-Saharan African states remains in crisis (Crook 2010, Hope 2001).

NPM reforms in the Nigerian public administration became pronounced with the introduction of the Structural Adjustment Programme (SAP) in 1986. The introduction of SAP was triggered off by obvious need to withstand the intense economic crisis faced by the country following the collapse of the world market price of oil that began in 1981 and the resultant external debts (Ikeanyibe 2016, Asaolu et al. 2005). The introduction of NPM reforms in Nigeria was renewed

in 2003 through the National Economic Empowerment and Development Strategy (NEEDS). In relation to public administration, NEEDS focused on efficiency, economy, responsiveness and service delivery, decentralization, and performance management. However, it has been argued that NPM reforms have not been able to achieve its objectives in Nigeria (Ikeanyibe 2016).

The health sector is one of the major governmental sectors that have faced numerous changes due to implementation of NPM (Simonet 2008, Memişoğlu and Gül 2013). Health sector reforms in many countries have focused on structural change, cost containment, the introduction of market mechanisms and consumer choice (Simonet 2015, Cassels 1995, Sen and Koivusalo 1998, Acerete et al. 2011). PM in healthcare has been prompted by the increased devolution of responsibilities and the associated need to develop explicit models of accountability and performance measurement (OECD 1996). It has been argued that PM in healthcare does not solely aim at the systematic generation and control of an organization's economic value but also the optimization of the efficiency and effectiveness of service delivery (see for example, Mettler and Rohner 2009). As PM is becoming increasingly relevant for public healthcare services, there is the need to understand its application in EE's context, as this context can be more dynamic and be completely different from a developed country's context (De Waal 2007). The review of public sector performance management literature in healthcare organizations presented in chapter 3 of this thesis indicated that previous studies in the developed countries have focused on the application of PM framework in health services; while others have investigated the impact of new PMSs. However, there are limited studies on PM in healthcare on EEs. This study aims to fill this gap. Using the Nigerian State Hospital (hereafter, NSH) as a case study, this study provides evidence on the applicability of PMSs framework in the public sector.

In order to achieve the aim of this study, two research questions are put forward:

(i) What are the contextual factors enabling and/or constraining the applicability of PMSs framework in healthcare services in Nigeria?

(ii) How do these factors influence the applicability of PMSs framework in the NSH?

1.2 **The State of Healthcare in Nigeria**

Nigeria is the largest economy in Africa and the 26th in the world, this was established by the rebasing of Nigeria's gross domestic product (GDP) that was estimated to be US$ 510 billion (PWC 2014, NBS 2014). According to the WB (2017) Nigeria is Africa's biggest oil exporter and has the largest natural gas reserves on the continent. Nigeria accounts for 47 percent of West Africa's population with approximately 184 million people and has one of the largest populations of youth in the world (WB 2017). However, Nigeria is one of the emerging economies faced with the "double burden" of persisting high prevalence of communicable diseases and rising prevalence of non-communicable diseases (MSR 2015). Nigeria shoulders 10% of the global disease burden and failed to achieve the 2015 targets for the health related Millennium Development Goals (MDGs)[1] (FMOH 2010). Nigeria's health indicators are among the worst in the world, especially when compared to other countries with similar income per capita. Nationally, the maternal mortality ratio (MMR) is 560 per 100,000 births, infant mortality rate is 74 per 1000 live births; neonatal mortality rate is 37 per 1000 live births and child mortality rate is 117 per 1000 live births (UNICEF 2015). Nigeria is still one of the few polio endemic countries and has been a source of re-infection in neighbouring countries. Vaccine-preventable diseases coupled with infectious and parasitic diseases continue to exact a heavy toll on the health and survival of Nigerians. According to the World Bank Report the overall life expectancy in Nigeria is 55years with Nigeria being ranked 187th of 190th (WHO 2015).

[1] The MDGs range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015. These goals were agreed to and adopted by all the world's countries and all the world's leading development institutions at the UN Millennium Summit in September 2000. Nigeria, like most other nations of the world, signed this treaty and promised to work towards the realization of these goal.

Nigeria's Human Development Index (HDI)[2] value for 2015 was 0.527 which is in the low human development category thereby positioning it at 152 out of 188 countries and territories (UNDP 2016). Though the country's HDI is above the average of 0.497 for countries in the low human development group and above the average of 0.523 for countries in Sub-Saharan Africa, when the value is discounted for inequality, the HDI falls to 0.328, a loss of 37.8 percent due to inequality in the distribution of the HDI dimension indices. Nigeria continues to depend on foreign-aid and grants[3] and foreign investors to provide education, healthcare and infrastructure.

Despite considerable investment in the health sector over the years, health services are delivered through a weak and understaffed public sector healthcare system (GHI 2011). There is also a lack of political will and an absence of strong bureaucratic support on the part of the government for primary healthcare. In addition, health services are characterized by inequitable distribution of resources, decaying infrastructure, poor management of human resources for health, negative attitudes of healthcare providers, weak referral systems, poor coverage with high impact cost-effective interventions, unavailable or shortages of essential drugs and other health commodities, a lack of integration, poor supportive supervision, and financial barriers experienced by the population that prevent access to services (FMOH 2010). Hence, the public sector healthcare system is unable to provide basic, cost-effective services for the prevention and management of common health problems especially at Local Government Area (LGA), ward and community levels (GHI 2011). The federal budget allocation to health accounts for 5.4% of the total federal budget and 0.7% of the national gross domestic product (Uzochukwu et al. 2015). This budget allocation to health falls short of the Abuja declaration target of 15% of the national budget. Also, the per capita health expenditure of $10 is far below the $34 recommended by the macro-

[2] HDI combines achievements in income, health and education.
[3] For example, Nigeria had an external debt of US$7.6 billion (multilateral) and US$ 1.7billion (Bilateral) as at 31st December 2015 (CBN, 2015).

economic commission on health as required for provision of basic package of essential health care services (FMOH 2013).

The Nigerian healthcare system is in transition and going through significant changes in terms of priorities, policies and challenges. One of such changes is the adoption of a new performance management system in the public service as a means of promoting good governance and achieving effective service delivery in line with the government's transformation agenda. Despite the numerous changes in the healthcare sector, there are limited studies on PM in healthcare in Nigeria. This study aims to fill this gap by investigating the applicability of PMSs framework in a public healthcare organization in Nigeria. This is an important area worth investigating, considering that the consequences and effect of applying a control system depends on the context and setting in which the healthcare system operates. In addition, given the contextual differences between western and emerging economies, it is increasingly important to understand how PMSs are functioning in EE context.

1.3 **Research Methodology**

This section presents an overview of the methodology for this research study and justifies the research methodology adopted. The study adopted the contingency theory of management accounting as the theoretical lens to find other contingencies in the Nigeria public sector. Detailed discussions on how the theory was applied are provided in Chapter Four.

This study adopted a case study design in order to understand the context, content and processes of PM in the public sector of Nigeria. A single organisation was selected as the case study for this thesis to provide a more in-depth analysis and a rich theoretical insight. The thesis's empirical findings rely on a combination of data sources: semi structured interviews,

documentary evidence and non-participant observations. These methods complemented one another during analysis to develop the research findings. This way it was expected that deficiencies of one method would be alleviated by the strengths of the other and vice versa. Yin (2003) suggests that multiple sources of evidence allow an investigator to address a broader range of historical, attitudinal and behavioural issues and allow triangulation. In addition, Birnberg et al. (1990) argue that multiple methods should be used in investigating management accounting problems. The sampling frame, which combined purposive and convenience sampling techniques, was designed to ensure adequate representation of staff across the organization. A detailed explanation of data collection methods is presented in Chapter five of the thesis. Ferreira and Otley (2009) PMSs framework (see Figure 3.4) was used in analysing the research data.

1.4 **Contributions of the study**

This study will contribute to PMSs literature in EEs by providing empirical evidence on how PMSs are functioning from the context of Nigeria. In addition, the study will contribute to the literature by demonstrating the extent to which performance management can be understood/explained using a framework developed in the western context. Further, this research will contribute to our understanding of the appropriateness of private sector management style in public sector organizations.

Theoretically, the study will provide an avenue to further extend the application of contingency theory in the context of EEs. This will support the argument that contingency theory should be considered in a much more dynamic context. Also, this research will contribute to theory-building on performance management in public sector by proposing an extension to Ferreira and Otley's (2009).

This research will contribute to methodology by utilizing control systems packages (such as Ferreira and Otley's framework) to provide explanations that will be useful for managers, organizations and society. In addition, the study will contribute to methodology by adopting a case study approach to assess the adequacy of the framework.

1.5 **Structure of the Thesis**

The thesis is organised in nine chapters as shown in Figure 1.1 below. Following this introductory chapter, chapters two and three constitute the literature review of the study. Chapter two presents an overview of NPM and the current debate on its relevance. Also, it examines NPM reforms in public healthcare in developed and emerging economies. In addition, the chapter provides an overview of the Nigerian public sector and discussed the various phases of NPM reforms. Further, it reviews healthcare reforms in Nigeria. The review showed that NPM is still relevant and very much alive in public sector organizations and healthcare services. The review suggested that the context of the healthcare system is a necessary condition for successful implementation of NPM reforms in healthcare services, thus calling for country specific studies.

The second part of the literature presents a comprehensive review of literature and research studies on PMSs. It starts with the discussion of the concept of PMSs and its components. It then explores PM in the public sector. Thereafter, the chapter discusses PM studies in healthcare in developed and emerging economies. Also, a review control systems frameworks relevant to the study are presented in order to provide justification for the framework adopted in the study.

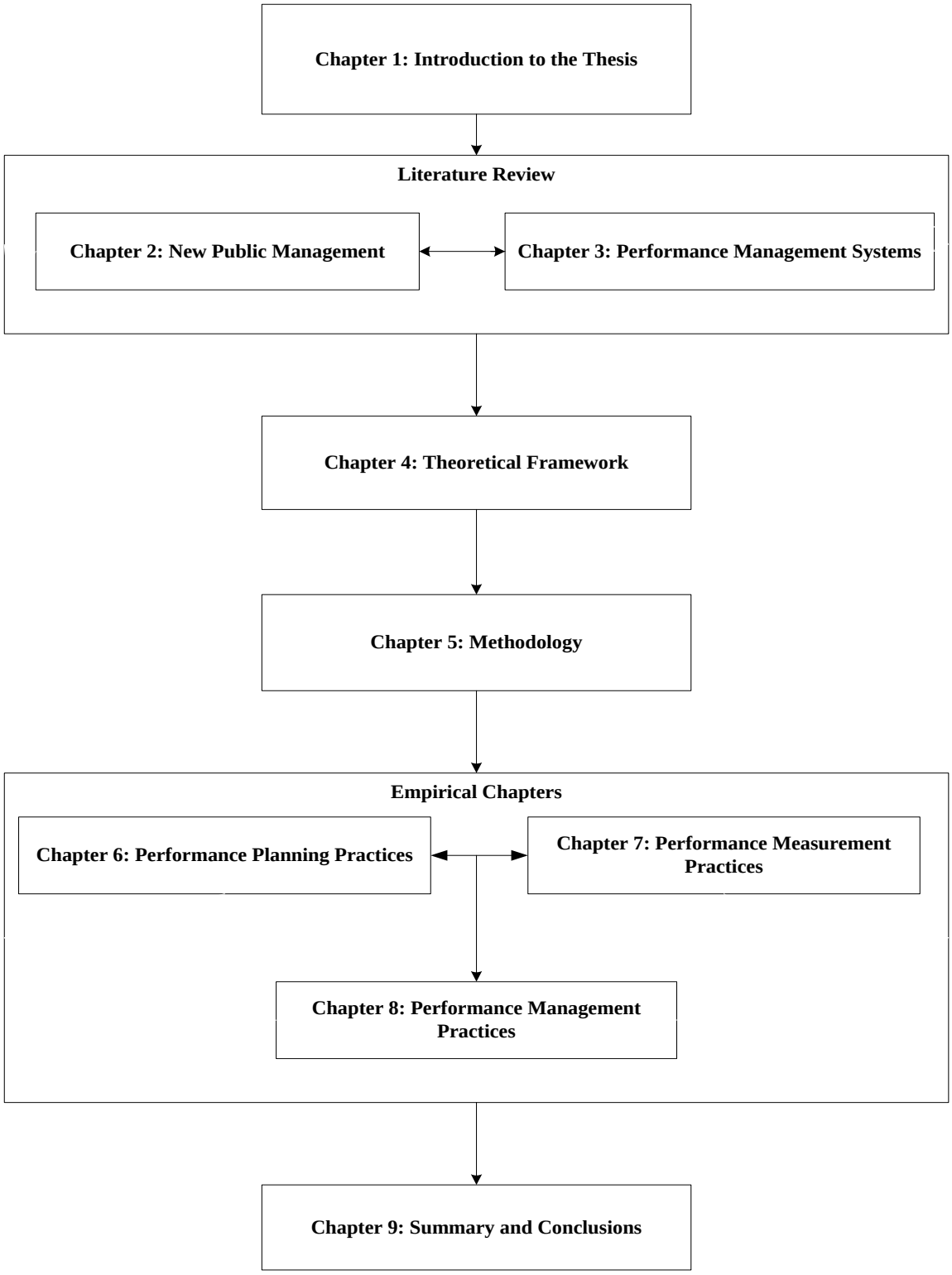

Figure 1.1: Structure of the Thesis

The chapter provides justification for the application of Ferreira and Otley (2009) framework in the current study. The review revealed that PMSs are relevant in achieving organizations objectives, thereby emphasising their usefulness. Also, the literature indicates that existing PMSs frameworks have been developed and applied extensively in the western context. In addition, the review of PM in healthcare in EEs suggests dearth of research hence the need for this study.

The theoretical framework of this thesis is presented in Chapter four. It discusses the theory and research-practice gap in management accounting research. The chapter explains how theory was incorporated to offer greater understanding of the subject of discussion. An overview and evolvement of contingency theory of management accounting was also presented. The chapter further discusses some of the limitations and criticisms of contingency theory. In addition, it demonstrates the way contingency theory has been used in previous management accounting studies. Also, the chapter discusses the relevance of contingency theory to the study.

Chapter five presents the methodological approach adopted for this research study. It provides discussions on different philosophical assumptions that constitute a particular research philosophy. This was followed by a discussion of the main philosophical perspectives in accounting research. The chapter justifies the chosen philosophical perspective within which this study is located. In addition, it presents the research design and argues for its appropriateness in the study. Also, the planning of the study and how access was negotiated was described. Further, the chapter discusses the data collection methods and analysis procedures. A brief section is provided on the issues of validity and reliability of the research before concluding the chapter.

Findings and analysis of the thesis are presented in Chapters six, seven and eight. Chapter six presents the analysis of performance planning components of the framework. The chapter

analyses and presents the findings on the vision and mission of the NSH. Also, it provides the analysis of NSH's key success factors (recruitment of qualified allied and healthcare professionals, infrastructure and equipment upgrade and improved service delivery). In addition, the chapter presents an analysis of the organization structure and its impact on the design and use of PMSs. The strategies and plans adopted by the organization were analysed and discussed. The findings revealed that contextual factors (political and socio-cultural) influence performance planning practices in the NSH and consequently on the applicability of PMSs framework.

Chapter seven is the second empirical chapter and focuses on the analysis of performance measurement practices of the NSH. It analyses key performance measures of the NSH and how they are specified and communicated. It highlights significant omissions in performance measures. Also, the chapter presents findings and analysis on the level of performance that the organization needs to achieve (target setting). Further, it presents an analysis of the performance evaluation processes and their outcome (rewards) in the NSH. It was found that political and economic context of the NSH influence the applicability of PMSs framework.

Findings and analysis of the performance management practices which focuses on information flows, systems and networks, performance management systems (PMSs) use, performance management systems (PMSs) change, strength and coherence are presented in chapter eight. The findings showed that the economic and socio-cultural context within which the organization operates influence the applicability of PMSs framework.

Chapter nine concludes the thesis. It provides an overview of the study and summarises the key findings. Also, it provides a discussion of findings and implications. In addition, the chapter

presents the contributions of the study and the proposed PMSs model for the NSH. The chapter concludes with recommendations for further studies.

1.6 **Summary of the Chapter**

This chapter provides the background to the research and laid the foundation for the thesis. It presents the intent to examine applicability of PMSs framework in public sector of Nigeria. The chapter highlights the NPM ideas and its emphasis on the adoption of private sector style of management (such as PM). It reflects on the role of international financial organizations on the adoption of NPM ideas in EEs. Factors that have influenced NPM reforms in Sub-Saharan Africa were highlighted. The chapter provides a brief discussion on NPM reforms in the public sector of Nigeria. It highlights the health sector as one of government sectors which have experienced changes since the implementation of NPM ideas. In addition, a summary of previous PM literature was presented to locate the research gap which the thesis intends to fill. The chapter also presents the state of healthcare in Nigeria and argues for the need for research in this sector; thereby, providing justification for the study. It provides an overview of the methodology and theoretical approach that will assist in achieving the objectives of the study. In addition, the chapter highlights the contributions of the study and presents the structure of the thesis. The next chapter reviews the literature on NPM.

CHAPTER 2: NEW PUBLIC MANAGEMENT

2.1 Introduction

This chapter presents a broad review of the New Public Management (hereafter, NPM) literature and the current debate on its relevance. The review provides a synthesis of NPM reforms in public healthcare. The chapter discusses the implication of NPM reforms in healthcare in EEs. In addition, the chapter presents a review of NPM reforms in the public sector of Nigeria. The purpose of doing this is to provide the foundation for applying PMSs framework in public sector. Thus, understanding NPM principles and implementation in the public sector and healthcare in particular (especially in EE) is important in developing and locating the research area to which the thesis will contribute.

NPM has aroused significant interest amongst academics, policy makers and practitioners. The literature shows that NPM is not a homogenous whole, but consists of varieties of practices and techniques (Mongkol 2011, Larbi 1999). The literature suggests that NPM adoption in many countries varied in preferences (see e.g. Simonet 2011). It has been argued that NPM had run its course (see e.g. Dunleavy et al. 2005). However, (Pollitt et al. (2007)) observed that the NPM is not dead. It is argued that NPM is relevant and alive, hence the need to investigate how its principles (for example, performance management) are being implemented in the public sector particularly in healthcare in EEs.

The chapter is divided into five sections. After the introduction to the chapter, the next section presents an overview of NPM, its features and origin. Section three considers NPM reforms in public healthcare services. In addition, it explores the implementation of NPM in EEs. The following section presents NPM reforms in the public sector of Nigeria. It provides an overview of the various reforms as well as healthcare reforms in Nigeria. Section five provides a chapter

summary and situates the current thesis within the literature. Figure 2.1 depicts the structure of the chapter.

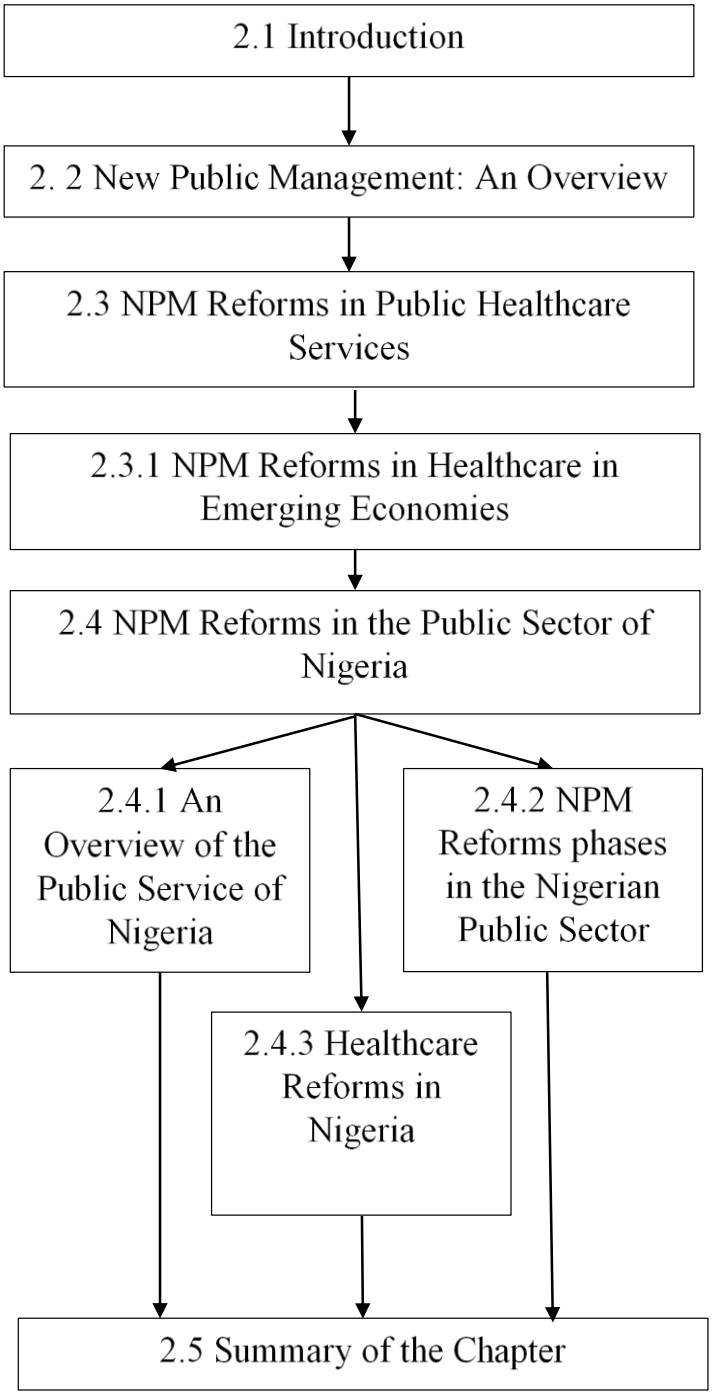

Figure 2.1: Structure of Chapter 2

2.2 **New Public Management – An overview**

The term NPM refers to a broad set of beliefs, doctrines and codified experiences that collectively serve as a frame of reference in the evaluation and redesign of the public sector (Verbeeten and Speklé 2015). NPM is based on the premise that many of the practices of the private sector can be transferred to the public sector (Hood 1991, Hood 1995, Mongkol 2011, Hyndman and Lapsley 2016) including the important performance management practices (Jacobs 1995, Christopher and Hood 2006). It has been argued that NPM reforms are a common response to common pressures. Such pressures include public hostility to government, shrinking budgets, and the need for globalisation. In general, there is a consensus in the literature in relation to the rationale (s) for the development of NPM reforms. These include reduction in spending and staffing (Dunsire and Hood 1989); privatization (Dunleavy 1989); performance-based accountability, particularly through contracts; and competitive mechanisms such as contracting-out and internal markets (Aucoin 1990, Hood 1991). It can be implied that NPM reforms have been driven by a combination of economic, social, political and technological factors.

The concept encompasses a wide array of implementation policies including market instruments to serve public interests; competition (i.e., "contestability" of local public services) via a system of bidding open to both private and public players, e.g., "the market model of government" (Argyriades 2007), thereby signalling that competition in service delivery is more important than provider status (Cassen 1994, Engberg-Pedersen et al. 1996). NPM also entails the decentralization of decisions within public services (Secretariat and Bora 1995, Ferlie 1996), incentivization or economic motivations to enhance public sector efficiency, and desegregation or splitting large bureaucracies into smaller more manageable entities (Hood 1991, Pollitt 1993). Other NPM tools include a greater emphasis on explicit standards of performance for public

agencies, for example, the US Government Performance and Results Act in 1993, on managerial autonomy (Dunleavy and Hood 1994), on new ways of using resources to increase efficiency, this includes sharing governance functions with other entities to avoid costly duplications (Ford and Zussman 1997), and effectiveness (Osborne and Gaebler 1992). Further, NPM is attained by fostering the professionalism of top management of public sector organisations, choosing clear and measurable performance standards, and emphasising output control. In addition, contracting out of public services, the devolution of management control with improved reporting and monitoring mechanisms were fundamental to achieving the objective of NPM (Bale and Dale 1998, Aucoin 1990). Thus, NPM ideas were so widely taken up by countries of the world that they now have the status of an international orthodoxy (Archer 1994).

Extant literature shows that the concept of NPM has widespread appeal for two main reasons. First, as Hood (1991) notes, it is transferable across different countries, from New Zealand (Newberry and Pallot 2004) to Spain (Torres and Pina 2004) and to EEs (Uddin and Tsamenyi 2005) across different types of public services, from police (Hoque et al. 2004) to healthcare (Cairney 2002, Harrison and Smith 2003, Pettersen 2004) and across different government levels from central government (Newberry and Pallot 2004) to local government (ter Bogt 2003, Budding 2004, Rouse and Putterill 2005). Second, NPM is considered to be non-ideological to the extent that it is used by all political parties (Boden et al. 2006). The NPM framework has been proposed as a mechanism for achieving a higher level of efficiency and effectiveness in the public sector, a common goal for parties across the political spectrum (Silva and Ferreira 2010). Therefore, it has been argued that improvements in efficiency and effectiveness can be achieved through innovation in performance management techniques, processes, and procedures (Jackson and Lapsley 2003, Lapsley and Wright 2004).

However, Simonet (2011) argues that though NPM has universal features, its application has been particularly prone to shifts. He posits that NPM adoption in many other countries varied in preferences. For example, in the United States, priority was on federal administrative reforms rather than privatization; while in the UK, NPM led to radical market-based mechanisms. Similarly, New Zealand and Singapore also adopted market-based approaches and contract-like arrangements. However, in Denmark and Norway there was a preference for improving management practices and privatizing publicly-owned enterprises. Moreover, studies acknowledge that the type and intensity of NPM vary significantly from country to country (Guthrie et al. 1999, Pollitt 2001a, Pollitt and Bouckaert 2011). In addition, it has been noted that NPM public discourse differs across countries (Simonet 2011). In some countries, NPM was portrayed as being mainly about the creation of "executive agencies" and market-based reforms, as in the UK, Australia, and Canada. In others, it is about decentralization (Olowu and UNRISD 2001) and autonomy in agricultural research organizations, as in Africa (Ives 1998, Nickel 1998), public-private partnership, as in Argentina (Nickson et al. 2006), "professionalizing" and giving more discretion to public managers, as in Japan (Flynn 1998), improving efficiency and rebuilding legitimacy, as in Hong Kong, and strengthening the public sector and state leadership, as in Singapore (McLaughlin et al. 2002). This led Christensen et al. (2007) to describe NPM as a loose concept. Similarly, Pollitt et al. (2007) observed that NPM had a chameleon-like capacity to change. However, commentators on the NPM phenomenon have argued (Pollitt et al. 2007) that the basic ideas of NPM (marketization and the adoption of private sector management ideas) remain the same, but the local context may change the specific nature of policies adopted.

The NPM reforms have been adjudged as both necessary and successful (Pollitt and Bouckaert 2011). Previous studies in emerging (as well as developed) countries have revealed a number of cases where either the efforts at reform did not produce any results, i.e., the conditions remained exactly the same, or the reforms produced unintended and undesired results (Junaid Ashraf and

Uddin 2013, Lapsley 2009). The concept of NPM has not been without criticisms (Diefenbach 2009, Lapsley 2009, Simonet 2015, Pollitt and Bouckaert 2011, Mongkol 2011, Polidano 1999, Manning 2001, Carnegie et al. 2012). Researchers claim that NPM has not been successful in promoting economic growth and stability, reducing poverty, and generating employment (Harvey 2005, Hopper et al. 2009, Morales et al. 2014). In addition, studies acknowledge that the type and intensity of NPM vary significantly from country to country (Pollitt and Bouckaert 2011, Pollitt 2001b, Guthrie et al. 1999). According to Diefenbach (2009) the concept of NPM has been criticized because of its many inconsistencies. For example, on the one hand it aims to institutionalize the idea of change as an organizational capability ('change for the sake of change'). On the other hand, it also strives for standardization and formalization of strategic and operational management. Also, the principles of empowerment and subsidiarity are announced while at the same time more hierarchical structures and tailored processes and formalized surveillance- and control-systems are being implemented. Further, employees are expected to develop 'business-like', pro-active, if not entrepreneurial, attitudes. At the same time, employees' tasks, attitudes and performances are systematically defined, closely monitored and regularly appraised. In addition, core values of the NPM, for example, competition, choice, and service differentiation often clash with public values such as social and cultural equity, homogeneity, and universality of service (Fotaki 2010). It has been argued that despite its intention to be more citizens or patient-centred, NPM application suffered from a "representational deficit" with the population being increasingly concerned about layoffs, the loss of a "public enterprise culture," and higher individual costs, such as higher co-payments for health services (Simonet 2015). In addition, this author argues that not every recipe of the private sector can be transposed to the public sector due to structural differences. For example, private sector budgets are short-term and can be adjusted any time by management or shareholders,

public sector budgets on the other hand must be planned well in advance of the spending year. Despite its criticisms NPM continues to gain relevance in the public sector in many countries.

A number of studies have reflected on the general context of EEs and have questioned the appropriateness of NPM reforms (see e.g Junaid Ashraf and Uddin 2013, Mserembo and Hopper 2004). Lack of political commitment, inability to handle reforms, informality and clientelism has been considered to be the main structural obstacles to the introduction of NPM reforms (Mimba et al. 2007, Roberts 2004, De Renzio 2006). Lack of accounting infrastructure has also been identified as a critical element in reforms (Dollery and Graves 2009, Iyoha and Oyerinde 2010). Similarly, several empirical studies have emerged with insightful findings about how local structural conditions counteract the implementation of private sector management styles in the public sector. These include a traditional administrative culture, economic and natural calamities such as economic uncertainty and drought, and a governmental structure dominated by central government (Sulle 2010, Mserembo and Hopper 2004, Uddin and Hopper 2001). For instance, Mserembo and Hopper (2004) argue that structural conditions in Malawi, such as the presence of many refugees, drought and flood, and a lack of trained and adequately rewarded staff, severely hindered the implementation of a planning, programming and budgeting system (PPBS). The above research has demonstrated that the necessary structural conditions for an 'appropriate' adoption of NPM reforms are often absent in EEs.

While arguments have been made against the appropriateness of NPM reforms in EEs few studies have advocated unquestioning adoption of private sector management styles in the public sector. These studies have presented accounts of changes that have occurred in the public sector in EEs since the adoption of private sector management styles in the public sector (see e.g. Serra 2005, Saltmarshe et al. 2003, Hong 1991). For instance, the study of Hong (1991) in Singapore

demonstrates how the new system generated apparently 'relevant' information for decision-making. Similarly, other studies indicate the adoption of private sector styles of performance measurement systems in the Malaysian public sector (Tooley et al. 2010, Ng 1997). A similar conclusion was reached by Chan and Lee (1997). Chan and Lee (1997) reported that western accounting systems are relevant in the Chinese companies they studied.

There is a debate which suggests that the era of NPM is in the past (Osborne 2006, Jones 2001, Dunleavy et al. 2005, Levy 2010). According to Jones (2001) comprehensive experimentation with NPM reforms was drawing to a close. Thus, he argues that NPM had run its course. Dunleavy et al. (2005) argued that the impact of the internet has resulted in a post-NPM world for citizens. Levy (2010) has advanced the case that the global financial crisis has led to the demise of NPM. Contrarily, there are scholars who see the NPM as of continuing significance and claim that the phenomenon is very much alive (Hood and Peters 2004, Drechsler 2005). According to Drechsler (2005) NPM is 'alive and kicking'. Similarly, Pollitt et al. (2007) observed that the NPM is not dead, or even comatose. Lapsley (2008) suggests that while there has been resistance to NPM ideas from professional groups, the concepts of NPM are now embedded in public services. Recently, Hyndman and Liguori (2016), in analysing the political debate regarding accounting changes over a period from 1991 to 2008, identify NPM ideas as pervasive in discussions, and persistent over time. The authors conclude that political deliberations surrounding accounting-related public administration issues over recent years have largely presented an NPM landscape which is contoured with different aspects of NPM coming to the fore at different times (as particular changes are debated in the political arena). Similarly, Hyndman and Lapsley (2016) investigate the manner in which NPM has penetrated public policy in the UK. It was concluded that NPM has penetrated the UK public services, virus-like over a lengthy period, with little sign of policy makers being immune to its attractions. In addition, the

authors argue that though the presence of NPM may be contested, particularly by professional groups, it is embedded within UK government services. It was emphasised that the multiplying machine characteristics of NPM make its spread ever deeper in public services.

Researchers argue that the public sector is experiencing a post NPM era. The New Public Governance (NPG) has been heralded as one among the possible post-NPM paradigms (Almquist et al. 2013, Osborne 2006, Hesse-Biber and Johnson 2015). The NPG advocates horizontal accountability and citizens' participation in public sector decision-makings. However, the extant studies in the public sector demonstrate that the very ideas of NPM are still alive and being implemented across different contexts in various forms (Christensen et al. 2007, Pollitt et al. 2007, Pollitt and Bouckaert 2011). In particular, the NPM is very much alive in EEs in which international organisations proactively participate in public sector accounting reforms (Van Helden and Uddin 2016, Van Helden and Ouda 2016). This thesis supports the debate that NPM is relevant and alive, hence the need to provide more understanding of how its principles are being implemented in the public sector. An important sector where NPM principles have been introduced is healthcare. The next section presents a review of NPM reforms in public healthcare services.

2.3 **NPM Reforms in Public Healthcare Services**

Healthcare service is one of the areas where the NPM reforms have been implemented in the public sector (Malmmose 2012, Simonet 2014, Memişoğlu and Gül 2013, Macinati 2010, Simonet 2015). NPM reforms have been applied to health care because funding for health care is a growing expenditure in most developed states, due to technological progress and an aging population (Connell et al. 2009, Simonet 2015, Acerete et al. 2011). The public healthcare sector differs in structure, availability and governmental influences across nations (Curristine et al.

2007, Malmmose 2012). Hence, the implementation of NPM in public healthcare has revealed several differences in perception, application, usage and knowledge, which has resulted in various dilemmas and paradoxes of NPM, particularly the conflicts between opposing core values such as service quality treatment and financial objectives (Malmmose 2012). Therefore, it has been argued that the consequences and effects of introducing NPM vary depending on the context and setting in which the healthcare system operates (Simonet 2008, Malmmose 2012). One of the main arguments against the introduction of NPM in the health sector is the emphasis on economic discursive ways of thinking and the neglecting of social relations (Glennerster 1994, Llewellyn et al. 2005, Llewellyn and Northcott 2005, Malmmose 2015). Nevertheless, worldwide increases in healthcare costs along with the increasing demand forecasts caused by ageing populations as well as limited and/or reduction in public funds force healthcare managers to constantly review procedures and organisation (Malmmose 2012).

NPM approach brought about a transformation process in the healthcare field (Memişoğlu and Gül 2013, Acerete et al. 2011). The transformation is being shaped through the NPM policies such as contracting-out of services, compulsory competitive tendering (best value), and public infrastructure privatization through public-private partnerships. Similarly, Simonet (2011) notes that healthcare reforms inspired by NPM meant opening up to competition and revamping service provision to improve organizational performance. He argues that NPM reforms also lay emphasis on outcomes measurements to improve insurers and providers' accountability, demanded greater decentralization of the decision-making process (e.g., planning, investment and financing of healthcare services), and encouraged contracting-out of public services and partnerships between the public and the private sector. According to Simonet (2008) the application of NPM to the healthcare sector has several features which include: (i) using market forces to serve public purposes; (ii) demanding organizational performance; (iii) fostering greater

accountability and transparency from providers; (iv) increasing patient financial responsibility; (v) looking for savings; (vi) providing higher-quality services; (vii) bringing resource allocation closer to the point of delivery; (viii) using contracting-out; (ix) enlarging the coalition of players.

A number of studies have assessed the impact of NPM in healthcare services (Simonet 2014, Simonet 2015, Connell et al. 2009). In a study, Simonet (2015) analyses health care reforms in the United Kingdom following the introduction of NPM theory–inspired reforms. The author looks at its impact on health care markets on the performance of health care organizations and on patients. The study concludes that NPM reforms have failed to deliver on their own goals. It was noted that there have been significant undesirable side effects and misfits between policy announcements and NPM implementation. A similar finding was reported by Connell et al. (2009). Their study argues that NPM claims are a fallacy and that nursing and nursing care have been affected adversely and severely in Australia. It was reported that the general management structures have replaced established nursing management structures and the distance between politicians and health service managers has narrowed to the extent that there is now an unprecedented level of political interference in the daily management of health services, which is contrary to the tenets of NPM. In another study in Spain, there was no evidence that NPM hospitals are more efficient than traditionally managed ones. It was argued that what actually matters may be the management itself, rather than the management model (Alonso et al. 2015). In sum, it can be argued that NPM reforms in healthcare appeared not have improved the performance of the healthcare systems.

2.3.1 **NPM Reforms in Healthcare in Emerging Economies**

The term ‘emerging economies’ is being continually redefined to account for changing economic development worldwide (Van Helden and Uddin 2016). According to the World Trade Organization’s World Trade Report (2014), EEs account for the majority of world exports. The

World Bank classifies EEs as those whose Gross National Income (GNI) is $12,475 or less.[4] EEs have all experienced or are experiencing a different level and rate of development, and have a varied level of economic and political development, population size, literacy level, natural resources and different social, political and economic systems (Wallace 1990).

The literature on NPM reforms in EEs has cited many reasons for healthcare reforms. According to Cassels (1995) while the range of options for effecting reforms may be changing, the problem faced in EEs remain constant. He noted that scarce resources are used inefficiently with public funds being spent on inappropriate and cost-effective services. It was also argued that people cannot access healthcare they need due to poverty, geographical location, etc. The prevailing arguments are often based on an assumed consensus that reform of public services is essential because the public sector is either unable, or cannot be allowed, to operate as an effective provider of services (Sen and Koivusalo 1998, Cassels 1995). However, it has been argued that understanding the context of the healthcare system is a necessary condition for successful implementation of NPM reforms in healthcare in EEs (Sen and Koivusalo 1998, Cassels 1995). In addition, NPM reforms in healthcare in EEs depend on the support of groups outside the government (for example, Non-Governmental Organizations, research institutions, user groups, community organizations and private sector providers), who can influence the environment in which the health system operates. There is therefore, the need to analyse carefully the political, economic and institutional contexts in which the health system operates (Cassels 1995). This study contributes to the literature by providing evidence on the applicability of PMSs framework in healthcare in EEs context.

[4]The World Bank classifies economies into four categories: low-income economies are defined as those with a GNI per capita of $1,025 or less in 2015; lower middle-income economies are those with a GNI per capita between $1,026 and $4,035; upper middle-income economies are those with a GNI per capita between $4,036 and $12,475; high-income economies are those with a GNI per capita of $12,476 or more.

In EEs NPM reforms in healthcare have been an integral component of the structural adjustment policies devised by the international financial organizations (for example,WB and IMF) (Sen and Koivusalo 1998, Kentikelenis et al. 2015, Turshen 1999, Berman and Bossert 2000, Lambo and Sambo 2003). From the mid-1980s onwards, the IMF began including new and intrusive conditions that came to be known as 'structural adjustment' policies (Woods 2006). Consequently, borrowing countries were expected to reforms on wide-ranging policies, such as privatization of state-owned enterprises and liberalization of trade and finance (Summers and Pritchett 1993, Toye 1994). First, in the mid-1990s, the IMF began to introduce conditions designed to protect social expenditures in the light of adjustment (Gupta et al. 2000). Second, the policies moved beyond spending conditionality to a more active reshaping of the health sector. These include enhancing the role of the private sector in healthcare provision (Benson 2001, Gupta et al. 2000, Loewenson 1993, Turshen 1999, WB 1997), introducing cost-sharing for the use of health services (Sen and Koivusalo 1998, IEO 2003, Konadu-Agyemang 2000), and decentralizing health services (Kentikelenis et al. 2015, Bossert 1998). Overall, the NPM reforms in healthcare have introduced increasing market mechanisms into healthcare provision and opened the way for private providers generally. The following sub-sections briefly discuss the above-mentioned structural adjustment policies on healthcare services in EEs.

2.3.1.1 Private sector in healthcare provision

The private sector is an important source of healthcare provision. Private healthcare provision in EEs is very extensive and very heterogeneous, ranging from itinerant medicine sellers, through millions of independent practitioners - both unlicensed and licensed - to corporate hospital chains and large private insurers (Mackintosh et al. 2016, Rahman 2007). Although most private healthcare enterprises operate for profit, many non-profit organizations also exist, avowing religious and charitable motivations (McIntyre 2010). However, the heterogeneity and complexity of the sector make any judgement about performance complex and nuanced

(Mackintosh et al. 2016). Despite these difficulties, a number of studies have explored the contribution of private healthcare providers to healthcare delivery (Obuobi et al. 1999, Brugha and Pritze-Aliassime 2003). In their study, Obuobi et al. (1999) explore the contribution of private healthcare providers to healthcare delivery in Ghana. The findings revealed that all socio-economic groups patronize private healthcare service and that clients' perception of services provided by private practitioners was generally more favourable than the services provided by public facilities. The study recommends policy development that supports and regulates the private sector and that which responds to the different types of private healthcare in the region.

2.3.1.2 Decentralisation of healthcare services

Decentralisation is defined as a socio-political process that transfers authority and responsibility in planning, management and decision-making from central government to local authorities (Khaleghian 2004, Blas and Limbambala 2001, Collins and Green 1994). The literature have documented that decentralisation could be useful in supporting and developing health services closer to citizens (Regmi et al. 2010, WB 2004, WB 2008). Decentralisation has been considered a key means of improving the performance of health sectors and generally promoting socio-economic development (Peckham et al. 2005, Regmi et al. 2010, WB 1993) contributing to equity, social justice and the end of exclusion (WHO 2008). However, decentralisation in public service management continues to invite controversy and debate (Regmi et al. 2010, Shah et al. 2004). Proponents of decentralisation consider it a panacea for reforming public sector in EEs (Shah 1994, Shah 1998) whereas opponents consider it as a road to wrecks and ruins (Tanzi 1996). These disagreements primarily arise from perspectives on the potential impact of such policies in the institutional environment of EEs (Shah et al. 2004).

Previous studies have documented the effect of decentralisation on health services. Mohammed et al. (2016) investigate the decentralization of health services in Fiji. Using a modified decision

space approach developed by Bossert (1998), the study measures decision space created in five broad categories (finance, service organisation, human resources, access rules, and governance rules) within the decentralised services. The analysis shows that Fiji's current decentralisation process involves little more than the transfer of workload for ambulatory care from hospital to health centre. It was argued that the level of decision space created following the decentralisation in the form of de-concentration has been minimal. In another study, Regmi et al. (2010) assess the effect of decentralisation on health services in Nepal. The findings suggest that decentralisation is associated with increased service access and utilisation and improved service delivery. It was concluded that decentralisation creates both opportunities as well as challenges for health service provisions in the context of Nepal. The study suggests that the successful implementation of decentralization requires a broader context of institutional capacity building and resource management.

2.3.1.3 Cost-sharing for the use of health services

Cost sharing, or user fees is one of the main strategies used by government in EEs to recover some of the costs of health services (Burnham et al. 2004). Cost recovery was promoted by the World Bank and others to help bring expenditure in line with revenues (Akin et al. 1987, Korte et al. 1992). Considerable debates exist about the benefits and harms of implementing this strategy, particularly in Africa (Gilson 1997, Asante et al. 2016, Leone et al. 2016, Singh 2003). The widespread adoption of user charges as a financing mechanism started in the 1980s under the Bamako Initiative[5]. Proponents in favour of user charges suggest that fees could make the health system more efficient by guiding demand to cost-effective healthcare and at the appropriate level. Further, they argue that charges could also improve equity if revenues raised (or freed up) are reallocated to addressing the health needs of the poor (see for example, Griffin

[5] The Bamako Initiative was a formal statement adopted by African health ministers in 1987 in Bamako, Mali, to implement strategies designed to increase the availability of essential drugs and other healthcare services for Sub-Saharan Africans.

1988). The opinion on the other side argues that effective reallocation is in fact administratively and institutionally difficult to implement and therefore, in practice, user charges price the poor out of the market with potentially dire consequences for their health status (Arhin-Tenkorang 2001, Xu et al. 2006).

A number of studies have examined the consequences of introducing or removing user fees, particularly in sub-Saharan Africa (Lagarde and Palmer 2011, Moses et al. 1992, Steinhardt et al. 2011). The findings generally suggest increased utilization with the abolition of user fees, or conversely a reduction in utilization with their introduction. For example, Watson et al. (2016) examined the effects of the introduction and removal of user fees on outpatient attendances and new diagnoses of HIV, malaria, and tuberculosis in Neno District, Malawi, where user fees were re-instated at three of thirteen health centres in 2013 and subsequently removed at one of these in 2015. The findings revealed that the introduction of user fees led to large, significant declines in outpatient attendances, which also translated into an indirect effect of reductions in new diagnoses of malaria and HIV. The removal of user fees largely reversed this effect. It was concluded that user fees for outpatient healthcare services present a barrier to patients accessing healthcare and reduce detection of serious infectious diseases. Using data from Demographic and Health Surveys conducted in ten African countries between 1997 and 2012 McKinnon et al. (2015) estimate the causal effect of removing user fees on the proportion of births delivered in facilities, the proportion of births delivered by caesarean section (CS), and neonatal mortality rates (NMR). The findings suggest that removing user fees increased facility-based deliveries and possibly contributed to a reduction in NMR. In another study, Leone et al. (2016) measure the impact of user fee reforms on the probability of giving birth in an institution or undergoing a CS in Ghana, Burkina Faso, Zambia, Cameroon and Nigeria for the poorest strata of the population. The findings show a clear positive impact on access when user fees are removed, but

limited evidence for improved availability of CS for those most in need. More women from rural areas and from lower socio-economic backgrounds give birth in health facilities after fee reforms. The following section reviews NPM reforms in the public sector in Nigeria.

2.4 NPM Reforms in the Public Sector of Nigeria

NPM reforms in Nigeria gained momentous ground in 1988 with the government setting up the Technical Committee on Privatization and Commercialization (TCPC) via Decree No. 25 of 1988. The committee was inaugurated in July 1988. One of the cardinal objectives was to adjust on the capital restructuring needs of enterprises to be privatized or commercialized under the Act, in order to ensure good reception in the stock exchange market for those to be privatized as well as to facilitate good management and independent access to the capital markets (Philip and Daganda 2013, Obadan and Ayodele 1998, Zayyad 1996). The above objective of privatization and commercialization policy clearly depicts the beginning of the implementation of some tenets of NPM which talked about contracting government enterprise to private hands for efficient and prudent management (Philip and Daganda 2013). In order to understand NPM reforms in Nigeria an overview of the public sector is provided below.

2.4.1 An Overview of the public service of Nigeria

The public sector in Nigeria includes the federal government, the 36 states, the 774 local government councils, all government corporations, commissions and institutions. (Olusanya (1997)) posits that the public sector is charged with the provision of people's needs through the representation of government resources. Hence, the intellectual capability of the public services is explored in achieving the short, medium and strategic goals of the nation in creating a virile economy, improved social and political network and drive through enhanced productivity and egalitarian society. The public service of Nigeria encompasses the civil service (ministerial departments), statutory corporations or parastatals, judiciary, legislature, educational institutions,

financially wholly or principally owned by government at the State, Local and Federal levels, Nigeria Police or Armed Forces and other organizations in which the Federal or state governments owned controlling share or interest (section 277subsection 91 of the Federal Republic of Nigeria of 1979 now section 169 of the 1999 constitution as amended). According to Ajayi (1998) the public service is charged with the responsibility of public direction and vehicle for creating government policies and programmes targeted at improving the welfare of the citizens through provision of employment, creation of roles, maintaining orderliness, equity, basic infrastructural facilities and promotion of ethics, norms and efficiency. This suggests that the public sector plays a very significant role in the socio-economic development of the nation.

It has been argued that public sector organizations generally in Africa differs largely due to background, historical and cultural differences, but the common problem facing most countries regardless of the culture and history, is weak or poor performance in terms of service delivery (Okeke-Uzodike and Chitakunye 2014, Osawe 2015). The Nigeria public sector has operated at suboptimal level since its independence (Ene et al. 2014). Adeyemo and Salami (2008) opine that the performance of the public sector in Nigeria has been replete with varying contradictions. This view has been supported by researchers who opined that that the Nigerian Public Sector has become an epitome of all that is corrupt, mediocre and fraudulent (Imhonopi and Ugochukwu 2013, Ene et al. 2014). Further, Osawe (2015) argues that the Nigerian public service has been bedevilled with lots of unfavourable environmental factors such as corruption, favouritism, nepotism, constant political interference and other primordial factors such as geographical, ethnic, cultural and religious affiliations with its constitutional consequence of federal character principle or quota system. For example, almost a third of Nigerian adults (32.3 per cent) who had contact with a public official between June 2015 and May 2016 had to pay, or were requested to pay, a bribe to that public official (UNODC 2017).

The Nigerian government just like others operate in an increasingly complex environment and must deliver on an expanded set of policy objectives in a world characterized by macroeconomic uncertainty, rapid social changes, and technological innovations and rising citizens' expectations of what government ought to deliver (Ene et al. 2014). On the other hand, governments are hampered by unsustainable debt burdens and shrinking budgets. Meanwhile, public trust in government is decreasing. This suggests that not only must governments do more with less they must do so in highly visible ways, if they are to regain the confidence of the citizens (Ene et al. 2014). According to Arowolo (2012) the environmental context of public service determines, to a large extent, the character and the nature of such public service. Therefore, the performance of public service is measured within the socio-political context of the environment in which it operates. This author argues that a public service can neither be separated from, nor superior to, the environment in which it finds itself and so its environment continually impacts either positively or negatively on its operations.

In Nigeria for instance, performance management is always viewed in relation to the actual organizational performance of the ministries, departments and agencies (MDAs) at both Federal and State governments levels (Esu and Inyang 2009, UNDP 2014, Abernethy and Chua 1996). Public sector organizations in Nigeria and many African countries have been stigmatized with inefficiency leading to weak and dysfunctional performance management practices (Owusu 2012, Okeke-Uzodike and Chitakunye 2014). This challenge has encouraged governments to rediscover the age-long need for performance management in government agencies and institutions (Owusu 2012, Ene et al. 2014). There is therefore the need to investigate the extent to which PMSs can be understood in the Nigerian public sector. The next section presents the various NPM reform phases in the public sector of Nigeria.

2.4.2 NPM reforms phases in the Nigerian public sector

The Nigerian government embarked on public service reforms in 1986 by implementing the Structural Adjustment Programme (SAP). SAP was a socio-economic adjustment policy designed by the IMF and the World Bank for countries that have benefitted from their loans, especially in Africa, Asia, Latin America, and former socialist countries of Europe, to tackle the effects of economic recession and globalization (Ikeanyibe 2016). According to Archer (1994) the conditionalities given by these international financiers were mainly in terms of adjustments to shrink the public sector, privatize publicly-owned enterprises, reduce regulation of foreign trades, end consumer subsidies (including subsidies on food and basic needs), and promote the production of goods for export. The main measures of the SAP were currency devaluation and exchange deregulation, trade liberalisation, deregulation of financial sector, lifting price control on goods and services, commercialisation and privatisation of public enterprises, cut in public expenditure and appropriate pricing policy (Obadan 2004, Jega 2000, Umoren 2001, Iyoha 2004). It was reported that the remedy expected from SAP[6] did not materialise, as market orientation was not achieved; this caused the naira to continue to depreciate. The interest rate increased, inflation and unemployment rose as well as fiscal deficit and the external debt (Irukwu 2005, Jega 2000, Obadan 2004). Thus, the economic growth remained low and the general decline in living standard of an average Nigerian continued. This suggests that the SAP did not succeed in revitalising other sectors of the economy (Lewis 1994).

In 1988, the civil service reform was implemented to address the privatization and other economic stabilization programmes (such as decentralization, empowerment of units and managers, and professionalization) of the SAP reform. For instance, there was increased decentralization of personnel functions to line ministries and attempt at professionalizing the

[6] SAP was introduced in Nigeria in 1986 to reformed its foreign exchange system, trade policies, and business and agricultural regulation.

service by abandoning the practice of pooling officers and deploying them centrally. Similarly, public officers were expected to spend their career in specific ministries in order to acquire life-long expertise in the business of the ministry (Olaopa 2008). These practices support the views of Larbi (1999) who noted that decentralizing management, disaggregating, and downsizing of public organizations are strands of NPM derived from managerialism. However, due to inconsistencies in implementing these programmes and the attendant consequences, the reform was discontinued by the military regime of Sani Abacha in 1993.

The return of democratic governance in Nigeria[7] in 1999 facilitated the radical breakthrough in the implementation of the NPM principles in the public sector. For instance, the introduction of Medium-Term Expenditure Framework (hereafter, MTEF) is one of the budget management reforms of the public sector from the inception of civilian administration in 1999. According to Wildavsky (1986) cited in (David 2007), MTEF constitute an approach to budgeting and public financial management (PFM) that addresses well-known shortcomings of annual budgeting, including short-sightedness, conservatism, and parochialism. The MTEF provides the "linking framework" that allows expenditures to be "driven by policy priorities and disciplined by budget realities" (Cassen 1994). It consists of a top-down resource envelope, a bottom-up estimation of the current and medium-term costs of existing policy and, ultimately, the matching of these costs with available resources in the context of the annual budget process (Cassen 1994). According to the (David (2007)) the MTEF is more than the elements, such as strategic planning, multi-year estimates, and expenditure ceilings, which characterize its more advanced stages. It is even more than a key component of the budget process. Rather, it constitutes a different approach to budgeting. The benefits of an MTEF are fully realised only by the parallel preparation of

[7] The first election under the current democratization process in Nigeria took place in 1999.

medium-term fiscal projections and a medium-term budget framework (MTBF)[8]. The specific objectives for the adoption of MTEF in Nigeria were to improve the allocation of resources to strategic priorities among and within sectors, as well as provide MDAs with a hard budget constraint among others (Olomola 2009).

The introduction of NPM reform in Nigeria was renewed with some vigour in 2003 through the National Economic Empowerment Development Strategy (NEEDS) under President Obasanjo's Administration (May 1999-May 2007). NEEDS is a 4-year medium-term development plan, which articulated multi-sector interconnected socio-economic reforms of the country. The NEEDS aimed to restructure the government to make it smaller, stronger, better skilled, and more efficient at delivering essential services. The number of government jobs declined, and the cost of running the government reduced drastically such as subsidized housing, transport, and utilities which have been monetized. Reforms and regulations were implemented to ensure greater accountability, and corrupt practices were outlawed. Government activities and budgeting were informed by a framework that connects policy with government income and expenditure (NPC 2005). The reform focused on (i) economic management, (ii) governance, (iii) public service, (iv) transparency, accountability, and anti-corruption. The reform also dealt with related issues of public administration, the public service reform in particular focus on efficiency, economy, responsiveness and service delivery, decentralization, and performance management. In sum, NEEDS covers the following areas: budget and financial management, accountability, human resource management, operations and systems, and value re-orientation and ethics.

[8] A medium-term fiscal framework (MTFF) refers to projections of the fiscal resource envelope for future budgets, based on projections of revenues, grants and deficit funding. A medium-term budget framework (MTBF) refers to forward estimates of sector ceilings consistent with the medium-term fiscal framework and government planning documents.

Yar'Adua's administration (May 2007 – May 2010) focused on administrative reforms which produced the medium-term plan document called the Seven-Point Agenda. The agenda adopted a four-pillar strategy for the continuation of the socio-economic reforms in 2008. These include: deepening democracy and the rule of law, building an economy driven primarily by the private sector, displaying zero tolerance for corruption in all its forms, and restructuring of government to ensure efficiency and good governance. These programmes automatically led to a commitment to the transformation of the civil service as the engine room for the implementation of the reform programme. This led to the development of a strategic document named the National Strategy for Public Service Reform (NSPSR) by the Bureau of Public Service Reforms (BPSR).

The Transformation Agenda (TA) was pursued by the Goodluck Jonathan's Administration (May 2010 - May 2015). It was largely founded on the basic premises and institutional framework existing since the Obasanjo reforms. Also, the agenda was a commitment to a result-oriented civil service which aimed to assist the government in achieving its macroeconomic and social policies. The TA aimed for a public service that is manned by public officers of impeccable character and integrity, with the right skills mix, sufficiently challenged and motivated to be efficient managers of resources and talents (NPC 2011). The various reforms presented above have focused on the application of NPM principles at the institutional level. This thesis contributes to the literature by providing empirical evidence on the applicability of one of NPM principle (performance management) at the organizational level (healthcare service in this case). The following section discusses healthcare reforms in Nigeria.

2.4.3 Healthcare Reforms in Nigeria

The economic reforms of the mid-1980s resulted in a structural shift from government-dominated to market-driven paradigms in economic and social development policies in Nigeria

(Ahamefule Amaghionyeodiwe 2009). The structural adjustment policies were carried over to the provision and access to social service, healthcare inclusive. The focus was to cut public spending on health, hence the adoption of user charges in health services (Sen and Koivusalo 1998) which led to a proliferation of private sector health facilities in Nigeria, mostly in the urban areas (Ahamefule Amaghionyeodiwe 2009). Thus, out-of-pocket expenses became a major way of paying for healthcare services in Nigeria. It was reported that about 70 percent of healthcare payments in Nigeria are from out-of-pocket (FMOH 2003). This imposes considerable and uneven burdens on households, especially the poor, who in most cases have to over-stretch their limited income before they are able to consume modern healthcare services. In recent years, the health sector is characterized by lack of effective stewardship role of government, fragmented health service delivery, inadequate and inefficient financing, weak health infrastructure, mal-distribution of health work force and poor coordination amongst key players (FMOH 2010). Consequently, the federal government of Nigeria has implemented reform measures to address these issues.

In 2004 the Federal Ministry of Health (FMOH) developed and implemented the Health Sector Reform Program (HSRP) under the Obasanjo Administration. The HSRP describes the direction for strategic reforms and investment in key areas of the national health system (FRN 2004). The strategic thrusts of the HSRP (2004-2007) have six targets: improve the performance of the stewardship role of government, strengthen the national health system and improve its management, improve availability of health resources and their management, improve the access (including physical and financial) to quality health services, reduce the disease burden attributable to priority health problems, promote effective public-private partnership in health and increase consumers' awareness of their health rights and health obligations (FRN 2004). The HSRP recorded several policy and legislative initiatives, including the National Health Policy

review, the National Health Bill (NHB) and strengthening the National Health Insurance Scheme (NHIS).

Between 2007 and 2009 there were some health initiatives. The National Strategic Health Investment Plan (NSHIP) was developed in 2007/2008 to succeed the HSRP and to serve as the tool to articulate a strategic health development agenda geared towards achieving the MDGs, new international commitments for improved efficiency in health systems including the Paris Declarations and the International Health Partnerships and other related issues (IHP+) Global Compact. The process for developing a NSHIP were initiated in 2007 and endorsed by the National Council on Health (NCH) in November 2007. However, considering the need to align the initiatives of the Federal Ministry of Health, with the National Development initiatives including the 7-point agenda, Vision 20:2020, and National Development Plan, the NSHIP was expanded and later developed into a National Strategic Health Development Plan (NSHDP) (FMOH 2010).

The NSHDP was the first of its kind in the history of the development of the Nigerian Healthcare Delivery System which served as the overarching, all encompassing, reference document for actions in health by all stakeholders[9] to ensure transparency, mutual accountability for results in the health sector (FMOH 2010). It was developed using a participatory bottom-up approach to ensure ownership by all the three tiers of government (federal, state and local). The major objective of the plan was to transform the health sector to enable it to better implement and institute results-oriented programmes within the context of the MDG and national targets as enshrined in the National Vision 20:2020, and a new national health plan. The NSHDP has eight strategic priority areas including: (i) leadership and governance for health (ii) health service

[9] Among these are the honourable minister of health, representatives of multilateral and bilateral development partners, representatives of private health care providers, representatives of professional groups, representatives of civil society organisations, representatives of the community.

delivery (iii) human resources for health (iv) financing for health (v) national health management information system (vi) partnerships for health (vii) community participation and ownership, and (viii) research for health. These priority areas are discussed below.

2.4.3.1 Leadership and Governance for Health

Frequent changes in leadership at all levels, corruption, lack of accountability and transparency characterize poor leadership systems and crises in governance structures in Nigeria's health system. The poor performance of the health system is not helped by the lack of clearly defined roles and responsibilities which results in duplication of efforts. This is compounded by inadequate political commitment especially at lower levels, poor coordination, lack of communication between various actors, lack of transparency and poor accountability. In addition, the private sector, a major contributor to healthcare delivery in Nigeria, is poorly regulated due to weak capacity of State governments to set standards and ensure compliance. All these factors have led to the lack of strategic direction and an inefficient and ineffective healthcare delivery system.

This priority area seeks to streamline and empower the ministries of health at the federal and state levels as well as local government area (LGA) health departments to reposition their organisational and management systems to provide the strategic and tactical leadership and governance for health. In addition, it recommends interventions to enhance mutual accountability and transparency in the use of health development resources, particularly through results-based management approaches (FMOH 2010). For example, the National Health Bill (NHB) was enacted to clarify the structure, roles and responsibilities of the different levels of government. Also, the bill provides for the establishment of a National Health System that defines and provides a framework for standards and regulation of health services in Nigeria (FGN 2014).

2.4.3.2 Health service delivery

Healthcare services are activities geared towards the provision of a comprehensive package of integrated care to beneficiaries through the primary, secondary and tertiary levels. This includes increasing both demand and supply of services with the goal of expanding coverage for improving the health status of the citizenry. It is recognized that healthcare services in Nigeria are provided by a multiplicity of healthcare providers - public, private including for profit and not-for-profit, patent medicine vendors and the traditional healthcare providers (FMOH 2010). However, health service delivery in Nigeria is characterized by inequitable distribution of resources, decaying infrastructure, poor management of human resources for health, negative attitude of healthcare providers, weak referral systems; poor coverage with high impact cost-effective interventions, lack of integration and poor supportive supervision (Adeniyi et al. 2001). This priority area seeks to revitalize integrated service delivery towards a quality, equitable and sustainable healthcare. The interventions recommended include implementing the ward minimum healthcare package; increased access to quality health services; rehabilitation of health infrastructure, attitudinal reorientation through Service Compact (SERVICOM) agreement. For instance, in relation to increased access to healthcare services by all Nigerians, the NHIS was amended to allow wider coverage such as financial protection for the vulnerable groups (e.g. pregnant women, children under five years, orphans and the aged) (FMOH 2010).

2.4.3.3 Human resource for health

In Nigeria, human resources for health (HRH) comprise trained health personnel in the public and private sectors (doctors, nurses/midwives, pharmacists, relevant technicians, and community health workers, etc.), untrained informal health workers, including community-based healthcare providers e.g. herbalists, traditional birth attendants and volunteers, who play complementary roles in healthcare service delivery (FMOH 2010). The planning and management of HRH still poses a major challenge to health development in the country as evidenced by absence of a

human resource plan, especially at lower levels, lack of coordination, alignment and harmonization of HRH needs at all levels of government. In addition, dearth of skills, problems with HRH mix, poor motivation, differential conditions of service, remuneration and work environment; negative attitude to work and poor supervision are added challenges, some of which contribute to inequitable distribution to the disadvantage of lower levels of care, rural areas and northern parts of the country, and high attrition rates observed (FMOH 2010, FMOH 2007). This priority area focuses on the implementation of strategies to address the human resources for health needs in order to enhance its availability as well as ensure equity and quality of health care. The interventions include the development and institutionalization of the human resources policy; reappraisal of the principles of health workforce recruitment at all levels; review and adaptation of relevant training programmes for the production of adequate number of community health-oriented professionals based on national priorities, periodic curriculum reviews by the training institutions and regulatory bodies (FMOH 2010). For example, mandatory rotation of health workers to underserved rural areas, for example, through National Youth Service Corps (NYSC) scheme for doctors, pharmacists and appropriate scheme for midwives and nurses has been promoted.

2.4.3.4 Health financing

Healthcare is financed in Nigeria from a mixture of budgetary allocations from the Federal, States and LGAs, private out-of-pocket expenditure, external development funding, grants from corporations and charities and a small but growing social health insurance contributions (FMOH 2010). Health financing in Nigeria has remained unpredictable, insufficient and uncoordinated with limited attempts to provide safety nets for vulnerable populations towards achieving universal access to healthcare. The goal of this priority area is to ensure that adequate and sustainable funds are available and allocated for accessible, affordable, efficient and equitable health care provision and consumption at LGA, State and Federal levels. In order to achieve the

level of funding required for meeting the health needs of the whole population, the country has put in place mechanisms for increasing funding both in absolute terms and as a proportion of the total budget. These include increasing government allocation to health at all levels, expanding the NHIS coverage and regulatory functions, implementation of the community-based health insurance schemes, pooling funds using common basket approaches by all actors involved in financing health in Nigeria.

2.4.3.5 National health management information system

Health information system (HIS) is defined as a set of components and procedures organized with the objective of generating information which will improve healthcare management decisions at all levels of the health system. The existing gaps in the national HIS include non-adherence to reporting guidelines, poor availability and utilization of standardized tools, dearth of skills for interrogation of data, non-involvement of private providers (FMOH 2010). This priority area provides an effective National Health Management Information System (NHMIS) by all the governments of the federation which is used as a management tool for informed decision-making at all levels. The interventions include modernization of the HIS; increased funding to HIS; capacity building at all levels for data collection and interpretation; availability of data collection tools at all levels; monitoring and evaluating the NHMIS, collaboration with the private sector; institution of sanctions for defaulters; harmonization of data collecting systems with key indicators; utilization of data to inform policy formulation and programming (FMOH 2010).

2.4.3.6 Community participation and ownership

Community participation and ownership (CPO) is central to the sustainability of the health system. It is defined as the process of enabling individuals, families and communities to take greater control over their health, on health promotion interventions to prevent disease, and take actions in the event of ill-health on what to do and when and where to seek healthcare. CPO

enables partnership between government and local communities in the planning, implementation, utilization, monitoring and evaluation of services so that the community can benefit from increased self-reliance and social control over the infrastructure and technology of primary healthcare (PHC) (FMOH, 2010). The Alma Ata declaration identified community participation as a key principle of PHC and central to the attainment of the goal of health for all. The goal of this priority area is to attain effective community participation in health development and management, as well as community ownership of sustainable health outcomes. Interventions to empower and engage the communities include using community-based organizations and kinship groups as platforms to promote community participation; implementation of bottom-top approach planning methods, implementation and monitoring; and demand creation through health promotion and behavioural change communication.

2.4.3.7 Partnerships for health

Partnership with the private sector, non-governmental organisations, communities and development partners (donors) as well as other social and economic sectors is essential to deliver health services that can meet the needs of the population on a sustainable basis. Partnerships for health provide synergized efforts for improving the performance of the health system and addressing the social determinants of health if properly harnessed (FMOH, 2010). This priority area aims to enhance harmonized implementation of essential health services in line with national health policy goals by ensuring that collaborative mechanisms are put in place for involving all partners in the development and sustenance of the health sector. Interventions recommended include effective Public Private Partnerships (PPP); inter- and intragovernmental collaboration; coordination mechanisms with health development partners, including multilaterals, bilateral and the civil society; equally partnerships with professional groups, traditional care providers and the community are critical.

2.4.3.8 Research for Health

Over the years successive government have introduced various initiatives to promote research for health in Nigeria. Various health research agencies were established to generate knowledge that can be used to promote, restore, maintain, protect, monitor or conduct surveillance of the health of populations. For example, the Medical Research Council of Nigeria (MRCN), the National Science and Technology Development Agency (NSTDA), the Nigeria Institute for Medical Research (NIMR). There is now a Department of Planning, Research and Statistics (DPRS) at the Ministries of Health at the Federal and State government levels. According to the Global Forum Report (2006) funding for health research in Nigeria is meagre with evidence indicating at most 0.08% of health expenditure at the federal level with hardly any funding at lower levels. This is contrary to the 2% allocation to research for health prescribed by African Health Ministers and agreed to by the National Council on Health. The paucity of these allocations to the health sector has affected the quality and depth of health research in particular. Several factors have been identified for inadequacies in health research in Nigeria lack of coordination in research, lack of regular fora to discuss health research, poor linkage between research and policy, as well as between international and national research agenda. Research for health as a priority area focuses on utilization of research to inform policy, programming, improve health, achieve nationally and internationally health-related development goals and contribute to the global knowledge platform. Interventions recommended include strengthening the capacity for research at all levels through training, increased funding and networking within and outside the country; formalization of a forum for interaction and coordination of health research; and formation of institutional review boards (Ethical committees).

Nigeria's National Health Act 2014 (NHA 2014) was signed into law on October 31, 2014. It provides a legal framework for the regulation, development, and management of Nigeria's Health systems as well as sets standards for rendering health services in Nigeria. The seven parts of the

NHA covers responsibility for health and eligibility for health services and establishment of National Health System, health establishments and technologies, rights and obligations of users and healthcare personnel, national health research and information system, human resources for health, control of use of blood, blood products, tissue and gametes in humans, and regulations and miscellaneous provisions. In sum, the Act has potential to influence and re-shape Nigeria's health system and professional practice. Nevertheless, successful implementation will require active participation by all health stakeholders. The commitment to achieve the universal health coverage and sustainable health development through the strengthening of primary healthcare and provision of access to suitable financial protection mechanisms coupled with other issues[10]necessitated the development of National Health Policy in 2016. The policy provides direction to support the achievement of significant progress in improving the performance of the Nigerian health system (FMOH 2016).

2.5 **Summary of the Chapter**

This chapter has reviewed literature on NPM due to the foundation it provides for the subject of this thesis. The chapter began by providing an overview of NPM: its principles and how it has emerged were discussed. The review identifies the NPM concept and its universal features. In addition, the chapter discusses the NPM reforms in public healthcare sector. The review also concentrates on NPM reforms in EEs particularly within the ambience of the structural adjustment policies. The chapter discusses NPM reforms in Nigeria and healthcare in particular. It is argued that NPM is relevant and very much alive in public sector organizations and healthcare services.

[10]These include emerging and re-emerging epidemic diseases, developments in the political economy affecting health (such as downward trend in donor aid), and changes in the epidemiological transitions of Nigerians.

In addition, the review indicates that the level of implementation of NPM reforms varies according to the priorities of governments in different countries which have resulted in various dilemmas and paradoxes on NPM. Also, the review shows that the basic tenets of NPM remain the same but the local context may change the specific nature of policies adopted.

The review on EEs suggests that NPM reforms in healthcare have been an integral component of the structural adjustment policies devised by the international financial organizations. Such structural policies include the involvement of the private sector in healthcare provision, decentralisation of healthcare services and cost-sharing for the use of health services. Part of the review questioned the implementation of private sector management styles in public sector. In general, a case could be made against such importation; however, few studies have found that these imported systems actually work in EEs.

The above review has identified gaps that need to be filled. First, the review suggested that the context of the healthcare system is a necessary condition for successful implementation of NPM reforms in healthcare services. There is therefore, the need to analyse carefully contextual factors in which the health service operates. This study contributes to the literature providing evidence on contextual factors likely to influence the applicability of PMSs framework in healthcare in EEs context.

Second, the review indicated conflicting evidence on appropriateness of NPM reforms in EEs. For example, while some studies found that NPM reforms are appropriate and useful others found that they do not. These conflicting results therefore warrant further country specific studies to examine the impacts of private-sector management style in public sector in EEs. Specifically, it can be argued that the application of NPM reforms cannot be generalised but

need to be contextually understood, hence the need for this study. Therefore, a study on the applicability of private-sector management style such as PMSs framework in healthcare setting in EEs would provide useful evidence and extend the literature in this regard.

Understanding the concept of performance management systems and previous studies is important in developing and locating the research area to which the study will contribute. The next chapter reviews literature that focuses on performance management systems.

CHAPTER 3: PERFORMANCE MANAGEMENT SYSTEMS

3.1 Introduction

The previous chapter reviewed the literature on NPM and the arguments on its relevance. It argues that NPM reforms (such as PM) cannot be generalised but need to be contextually understood. In other words, the review provided justification for the study of PMSs particularly in emerging economies which are socio-political and culturally heterogeneous. This chapter reviews the literature on conceptualization of PMSs specifically in the public sector. Further, it reviews previous studies on performance management in healthcare from both developed and emerging

Over the years, the conceptualisation of PMSs has been broadened with considerable increase in the volume of literature on PMSs. The literature in the area of PMSs increasingly recognises the need for research to be based on more coherent theoretical foundations (Chenhall 2003, Covaleski et al. 2006). In addition, there has debate on the practical relevance of performance management research. The review of previous studies shows that there is limited research on performance management in healthcare particularly in emerging economy's context which can be more dynamic and completely different from a developed economy.

The chapter is divided into six sections. After the introduction to the chapter, the next section presents a review of PMSs literature. Section three presents a critical evaluation of some performance management frameworks relevant to the study and provides justification for the application of Ferreira and Otley's (2009) framework in this research. Section four reviews the literature on performance management in the public sector. Previous studies in healthcare in both developed and emerging economies are discussed in section five. The last section provides a summary of the chapter. Figure 3.1 depicts the structure of the chapter.

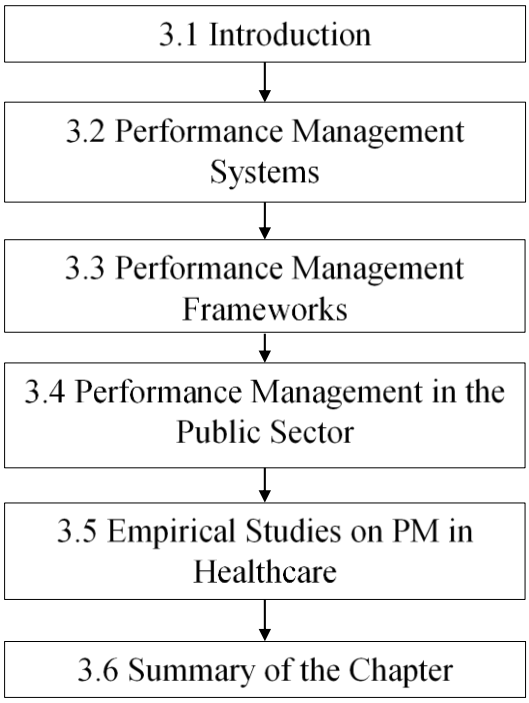

Figure 3.1: Structure of Chapter 3

3.2 **Performance Management Systems**

The term performance management system (PMSs) has been conceptualized differently by researchers. The centrality among them is that PMSs describe a range of managerial actions aimed to monitor, measure and adjust aspects of organisational performance through different management controls. According to Bititci et al. (1997) PMSs is a process by which the company manages its performance in line with its corporate and functional strategies and objectives. Otley (1999) argues that PMSs comprise set of organizational activities employed by managers to focus employee attention and motivate behaviour for the ultimate purpose of implementing the organization's strategy. According to Govindarajan and Anthony (2007) PMSs are intended to help organizations plan and coordinate what they should do, provide accurate and timely feed forward and feedback on how they are doing, and encourage corrective behaviour as and when needed Broadbent and Laughlin (2009) argue that "PMSs are concerned with

defining, controlling and managing both the achievement of outcomes or ends as well as the means used to achieve these results at a societal and organisational, rather than individual level" (p. 195). According to Ferreira and Otley (2009) p. 264 "PMSs include formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change."

Different components of PMSs ranging from strategic direction, deciding the desired level of performance, structure design, development of performance measurement instruments to reporting or communicating performance information have been identified in the literature (Melnyk et al. 2014, Carroll and Dewar 2002, Smith and Goddard 2002, Manning and Agere 2002, Franco-Santos et al. 2007, Ferreira and Otley 2009, Broadbent and Laughlin 2009). These components have been classified into three namely: 'performance planning', 'performance measurement' and 'performance management' (Santos et al. 2008, Mackie 2008, Broadbent and Laughlin 2009, De Leeuw and van den Berg 2011, Abdel-Kader and Wadongo 2011). These are discussed below.

3.2.1 Performance planning practices

Performance planning practices include defining and communicating organization's vision and mission, identification of key success factors, formulation of strategies and plans and configuration of organization structure.

3.2.1.1 Vision and Mission

Vision and mission statements are critical in the design and use of performance management systems (Chenhall 2003, Otley 2008, Ferreira and Otley 2009). According to Otley and Berry (1980), vision and mission are fundamental requirements for control in organizations because

they are used to evaluate performance. Vision and mission statements are landmarks that guide the process of deciding what to change and what to preserve in strategies and activities in the face of changing environments (Collins and Porras 1996). According to Stallworth Williams (2008) organizations are encouraged to create vision and mission statements for many reasons: (i) to assert leadership (Klemm et al. 1991), (ii) to inform employees about the company's goals and unify their efforts toward accomplishing them (Ireland and Hirc 1992, Bart 1998), (iii) to serve as an effective public relations tool (Bart 1998), (iv) to provide a rationale for allocating resources (Bart et al. 2001), (v) to guide current, critical, strategic decision-making (Drohan 1999), and (vi) to inspire enthusiasm about the firm (Bartkus et al. 2000, Ireland and Hirc 1992)

Researchers have suggested that most organizations have vision and mission statements (Coats et al. 1991, Collins and Porras 1996, Darbi 2012). This assertion is supported by the study of Klemm et al. (1991) who found that 67 per cent of the companies in their UK study had vision and mission statements. Similarly, Pearce and David (1987) also found that approximately 60 per cent of the US firms in their sample had vision and mission statements. To make vision and mission statements effective, it has been argued that they have to be communicated and shared (Kotter 1995, Harrison and John 1994). Harrison and John (1994) argue that vision and mission statements must be communicated and shared, in order to convey the meaning and intent of the organization to internal and external stakeholders. Similarly, Bartkus et al. (2004) posit that communicating vision and mission statements guide strategic planning. The above reviews on vision and mission statements emphasised their importance in organizations. There is the possibility that vision and mission may function differently in EEs hence the need for this study.

3.2.1.2 Key success factors (KSFs)

KSFs have been highlighted as critical pre-requisites for the success of organizations (Thompson and Strickland 2001, De Vasconcellos et al. 1989) According to Ferreira and Otley (2009) KSFs

are fundamental in the design and use of PMSs. KSFs represents major factors on different timescales that would indicate whether the vision and mission are being successfully pursued (Ferreira and Otley 2009). KSFs need to be achieved if the organization is to progress towards achieving its vision (Rockart 1979). Identification and monitoring KSFs are essential for the fulfilment of strategic goals (Rangone 1997). Extant literature supports the existence of KSFs in organizations. For example, Pinto and Slevin (1989) concluded that 10 factors were critical to the success of research and development projects. Clarke (1999) shows how, by focusing on a number of key success factors, organizations can overcome or minimise issues and problems concerning project management in practice.

In a study of successful local, state and federal e-government initiatives in the USA, Chircu and Lee (2005) identify and discuss six reusable key success factors that can help maximise the e-government value. They explain why these key success factors are appropriate for e-government initiatives in the light of the specific needs of government organisations and summarise the results with a framework for e-government value discovery and realisation. In their review Fryer et al. (2007) found that public sector organisations concentrate on KSFs about processes and employee empowerment, service sector organisations on a quality culture and manufacturing organisations concentrating on training and learning. The KSFs for the public sector follow quite a different pattern from the manufacturing, service and mixed sectors. In the context of the public sector, KSFs are monitored in order to increase success rate and reduce cost (Fryer et al. 2007). This study will enhance our understanding of how KSFs are functioning in the organization of study.

3.2.1.3 Organization structure

The importance of organization structure in the design of PMSs has been highlighted in the literature (Shields 1995, Johnson et al. 2008, Chenhall 2003, Ferreira and Otley 2009).

According to Chenhall (2003) organization structures are means of establishing formally the specification of individual roles and tasks to be carried out. This view is consistent with Ferreira and Otley (2009) who state that organization structure determines the responsibilities and accountabilities of organizational participants; it equally defines the activities that individuals with specific roles should pay attention to. This implies that employees are endowed with authority to act by virtue of the specific organizational roles they occupy (Adler 2011). Researchers have asserted that organization structure can be an important control device, as by using a particular structural type an organisation can encourage certain types of contact and relationships (Emmanuel et al. 1990, Abernethy 1996, Alvesson and Kärreman 2004). Flamholtz (1983) argued that organization structure is a form of control which works through functional specialization, and contributes to control through "reducing the variability of behaviour and, in turn increasing its predictability" (p. 158).

Organization structure decisions are linked to KSFs as well as to strategic decisions. The identification of KSFs requires organizations to assess the suitability of the existing structures (Ferreira and Otley 2009). According to Chenhall (2003) strategy is likely to be implicated in the relationship between control systems and structure. The author recommends that researchers should examine them together. There is also a relationship between organization structure and strategy, but this appears to be bi-directional (Ferreira and Otley 2009). Some research suggests that structure needs to be matched to strategy (Chenhall 2003, Chandler 1962, Thompson and Strickland 2001), for example, matching diversification strategies with divisional structures. Other research suggests that structure precedes strategy to the extent that it limits the scope and the authority of managers to develop strategies (Donaldson 1987).

According to Adler (2011) organization structure is commonly communicated through organization charts. He argues that organization charts convey, at a glance, the line of decision-making authority from the top management of an organization down through its divisional managers and departmental managers. This suggests that organization structure is mainly important for decision-making process because it includes the characteristics of authority centralization, hierarchy levels and horizontal integration (Hao et al. 2012).

3.2.1.4 Strategies and plans

Strategies and plans (S&Ps) are required to ensure that the effectiveness of the PMSs is achieved (Ferreira and Otley 2009, Adler 2011, Otley 1999). S&Ps are the directions the organization chooses to pursue over the long term as the means of achieving organization objectives (Langfield-Smith 1997, Thompson and Strickland 2001, Johnson et al. 2008). The interaction between PMSs and strategy has been explored in the literatures (Ferreira and Otley 2009, Langfield-Smith 1997, Langfield-Smith 2011). According to Simons (1995) and Langfield-Smith (1997) PMSs affect strategy and vice versa. A significant body of literature has explored the effects of strategy on PMSs and to a lesser extent, the effects of PMSs on strategy (Langfield-Smith 1997, Shields 1997, Dent 1990). Previous literature suggests that a match between the environment, strategy and internal structures (such as PMS) is associated with higher performance (Govindarajan and Gupta 1985, Govindarajan 1988).

Various strategy typologies have been proposed over the years (Ferreira and Otley 2009, Peljhan 2007). These include Miles et al. (1978) defender, analyser, prospector and reactor strategies, Porter (1998) cost leadership and differentiation strategies, Miller and Friesen (1982) conservative and entrepreneurial strategy, and Govindarajan and Gupta (1985) build, hold, harvest strategies, which were based on the eight types i.e. aggressive build, gradual build, selective build, aggressive maintain, selective maintain, competitive harasser, prove viability and

divest proposed by MacMillan (1982). All these typologies represent a useful way of looking at a particular organization's strategy and a way to reflect on how they are translated into the PMSs (Ferreira and Otley 2009).

The need to communicate S&Ps has also been advocated in the literature (Merchant and Van der Stede 2007, Ferreira and Otley 2009). Kim (2002) reported that effective supervisory communications in the context of the strategic planning process were positively associated with high levels of job satisfaction. Ferreira and Otley (2009) noted that failure to communicate strategies and plans to organization members may result in a lack of understanding of how individual actions contribute to the overall strategy. Similar view was expressed by Merchant and Van der Stede (2007) who argue that failure to communicate strategies and plans to organization members lead to lack of direction which is one of the key control problems observed in practice. Researchers have examined the relationship between the participation of managers in strategic planning and job satisfaction (Kim 2002, Rainey 2009). For instance, Kim (2002) examined the relationship between perspective management in the contexts of strategic planning and job satisfaction in local government agencies in Nevada, USA. The author reported that the use of a participative management style and employees' perceptions of participative strategic planning processes were positively associated with high levels of job satisfaction. In sum, S&Ps are designed to achieve organizational objectives and effect improvement. In the public sector, the continuing need to justify the use of resources produces similar pressures for improvement and efficiency. This study intends to provide evidence on the strategic process in the organization and how this is integrated into the PMSs.

3.2.2 Performance measurement practices

Performance measurement practices involve identification and definition of key performance indicators/measures, performance targets, performance evaluation and reward systems. These components are discussed below.

3.2.2.1 Key performance measures (KPMs)

The importance attached to key performance measures (KPMs) in most organizations and the influence that such measures have on the design and use of PMSs have been emphasized in the literature (Simons 1995, Ittner and Larcker 2001, Johnson et al. 2008, Ferreira and Otley 2009). According to Simons (1995) KPMs are directly linked with the success of the organization.[11] It has been argued that KPIs will need to be established for each goal at various organisational planning levels (Funck 2007), and it is crucial, especially in public health settings, that the KPIs selected are appropriate, otherwise overall organisation performance could be negatively affected (Flowers et al. 2005). The literature gives numerous guidelines for selecting such KPIs: however, it is generally suggested that they should be well-designed: specific, measurable, achievable/attainable, relevant/realistic and time-bounded (Iveta 2012, Badawy et al. 2016). Once a KPI is determined, planned initiatives and appropriate programmes and/or actions need to be developed to accomplish its target (Mesabbah and Arisha 2016).

Scholars have opined that the identification of suitable performance measures is part of the strategic implementation process and that performance measures are derived from objectives, KSFs, and strategies and plans (Johnson et al. 2008). This suggests that there is alignment between operations and strategy. This idea of alignment is consistent with Chenhall (2005), who refers to the links between operations and strategy and goals as one of the features of integrative strategic performance measurement systems. Griffin (2004) pointed out that there should be a

[11] Key performance measures are sometimes referred to as key performance indicators or simply KPIs. KPM and KPI are used interchangeably in this study.

direct link from KPIs to goals, from goals to objectives and from objectives to strategies. According to Ittner and Larcker (2001) “the choice of performance measures is a function of the organization’s competitive environment, strategy, and organizational design” (p. 379). There is evidence that alignment between performance measures and strategy affect performance; in particular, the pairing of quality-based manufacturing strategies with the extensive use of subjective non-financial performance measures was found to have a positive performance effect (Van der Stede et al. 2006).

Researchers have investigated KPMs in organizations. For instance, Ogunlana (2010) investigated the perception of the KPIs in the context of a large construction project in Thailand. The findings indicate that the traditional measures of the iron triangle (on-time, under-budget and according to specifications) are no more applicable to measuring performance on large public sector development projects. In another study Khalifa and Khalid (2015), using qualitative survey methods described the complete process of developing a group of strategic KPIs to monitor and improve the performance of a tertiary care hospital in Saudi Arabia. The study found that identified KPIs have specific value(s); some reflect the effectiveness or efficiency of healthcare provision, such as re-admission rate and average length of stay, some reflect timeliness, such as waiting time for admission, for an outpatient appointment or in the emergency room, and some reflect safety and patient-centeredness, such as infection rates and mortality rates. This study intends to enhance our understanding of how KPMs are functioning in the case organization.

3.2.2.2 Target setting

Target setting has been described as a critical aspect of performance management systems (Otley 1999, Walsh 2000, Ittner and Larcker 2001, Stringer 2007, Ferreira and Otley 2009). According to (Covaleski et al. 2006) the issue of setting targets and using them for evaluating and rewarding

performance has been the subject of discussion in the literature and is likely to continue to receive attention in years to come. Targets are expected to be SMART: specific, measurable, accurate, realistic and time bound (Van Herten and Gunning-Schepers 2000). If well-designed, targets can help organizations and practitioners focus on a manageable number of achievable goals, which thereby lead to system improvements (Smith et al. 2008). Careless target setting, however, based on inadequate data or unrealistic short term objectives can be counterproductive in that the resulting targets may discourage action and place unnecessary stress on those expected to achieve them (Wilkinson 1992, Wilkinson 2002, Judge 1995). This view was supported by Walsh (2000) who argue that if targets are set arbitrarily they can evoke frustration amongst the people who have to achieve them, especially when insufficient resources are available to do so.

There is evidence to suggest that performance improves when clear, defined, quantitative targets are provided (Berry et al. 1995). Research has found that target levels have effects on performance, with moderately difficult goals enhancing group performance (Fisher et al. 2003). In their study of the impact of performance targets on behaviour, Franco-Santos and Bourne (2008) found that the use of performance targets, performance measures and incentive systems cannot be considered in isolation when examining the influence on sales people's behaviour. The authors argue that performance targets, performance measures and incentive systems are all interrelated and their specific design must be aligned with the organisational and environmental conditions of the company if they are to positively influence behaviour. Dekker et al. (2012) findings suggests that in order to understand the setting of performance targets within organizations and how they affect managerial behaviour, it is imperative to understand the context within which targets are determined, how they are linked to incentive provision, and on

which information sources they are based. This study seeks to further enhance our understanding of how target setting is integrated into control systems in the public sector.

3.2.2.3 Performance evaluation

Performance evaluation (hereafter, PE) represents a critical nexus in control activities (Guerra-López 2008, Ferreira and Otley 2009). According to Guerra-López (2008), PE provides information for making decisions to improve the performance of both the organisation and the individual. Similarly, Ferreira and Otley (2009) argue that PE includes the evaluation of the performance of various groups of individuals (e.g. departments and units) and, more generally, the organization as a whole. Performance evaluations provide employers with an opportunity to assess their employees' contributions to the organization and are essential to developing a powerful work team (Capko 2003).

PE can be objective, subjective, or fall in-between these two extremes (Gibbs et al. 2004). While subjective PE allows employers to determine compensation and job assignments, and to provide feedback, objective PE assessment is based only on the actual results (Baker et al. 1993). Gibbs et al. (2004) opine that the use of subjective evaluations is positively related to the level of spending on training, the severity of the consequences of missing targets, the extent of interdependency between sub-units, and increased pay satisfaction and productivity. However, objective PEs are likely to be acceptable in situations where the input-output relationship is clear, the performance is controllable or, when it is accepted as part of institutionalised practice (Gibbs et al. 2004).

A number of studies have investigated PE practices in organizations. Overall, it has been argued that performance evaluations of business units that use balanced scorecards place greater emphasis on common measures than on unique measures (Banker et al. 2004, Lipe and Salterio

2000) and that they are influenced by strategically linked measures only to the extent that business unit strategies are communicated in detail to evaluators (Banker et al. 2004). Research has also found that managers who are evaluated on the basis of company profits achieve higher joint outcomes when following a team orientation than an individualistic orientation (Schulz and Pruitt 1978).

Performance appraisal is a planned and organised process that evaluates each employee's performance in physical, technical, behavioural or physiological terms to determine their strengths and weaknesses and find ways in which they can improve their performance (Prowse and Prowse 2009, Manoharan et al. 2009). Bias in performance appraisals continues to be found in various forms as seen through the efforts of researchers (Landy and Farr 1983, Murphy and Cleveland 1991, Milkovich and Wigdor 1991). Performance appraisal bias based on personal or demographic characteristics such as race, ethnicity, gender, age, disability, pregnancy has been documented by a number of scholars (Ferris et al. 1985, Pulakos et al. 1989). In their study Eremin et al. (2010) examine performance appraisal ratings from three federal agencies (U.S. Department of Education, U.S. Department of Housing and Urban Development, and the Environmental Protection Agency) to learn whether the evaluation processes are free of a systemic bias based on an individual's position in the hierarchy. The analysis suggests that such a bias does exist and that this bias presents challenges to those who design, implement, and use performance evaluations to support their performance management systems and overall organizational performance. Therefore, further evidence is required on PE in public sector organizations.

3.2.2.4 Reward systems

A reward system is an important aspect to consider in the analysis of PMSs (Aguinis 2009, Ferreira and Otley 2009). According to Aguinis (2009) one of the purposes of a PMS is to make

decisions about employees' compensation. For many employees, this is perhaps one of the most meaningful consequences of a performance management system (Aguinis 2009). Reward systems are designed with the objective of increasing organizational productivity, and rewarding those who achieve an expected level of performance (Furtado et al. 2012). A reward system is the set of mechanisms for distributing both tangible and intangible returns as part of an employment relationship (Aguinis 2009, Malhotra et al. 2007). Tangible returns include cash compensation (i.e., base pay, cost of living and merit pay, short-term incentives, and long-term incentives) and benefits (i.e., income protection, work/life focus, tuition reimbursement and allowances). Intangible returns include recognition and status, employment security, challenging work and learning opportunities. Thus, the recognition of individual talents, strengths, capabilities and competencies by the organization enhances the employee performance at work (Ogundele 2006).

The relationship between reward systems, motivation and performance is complex, perhaps more so than it appears at first sight (Ferreira and Otley 2009). According to Hopwood (1972) reward systems are used to motivate individuals to align their own goals with those of the organization. Thus, desired behaviours that are not rewarded tend to be neglected (Kerr 1975). Researchers have categorised reward into two: extrinsic and intrinsic. While extrinsic motivation represents the quantifiable benefits that are provided to the employees through financial rewards (Stringer et al. 2011, Weibel et al. 2010), intrinsic motivation is the psychological satisfaction that individuals gain through unquantifiable approaches (Ferreira and Otley 2009, Stringer et al. 2011, Weibel et al. 2010). These unquantifiable approaches may include; recognition, fairness and equity, inclusiveness and praise of the employees (Ferreira and Otley 2009). Extant literature suggests that most organizations employ the extrinsic motivation methods while intrinsic approaches are hardly used (Stringer et al. 2011).

Group reward practices have attracted increased attention from both academia and practice in recent years (Ferreira and Otley 2009). Such rewards are based on collective achievement and come under many guises, including profit-sharing schemes, team-based incentive schemes, and gain-sharing plans. However, the use of group reward faces several challenges, including the potential for free riders, for individuals to see themselves as detached from the group and for a lack of equity. Despite these challenges, group rewards can create an ownership culture and research suggests that they are often effective (Rosen et al. 2005, Merchant and Van der Stede 2007). In fact, group rewards have been strongly endorsed by some researchers due to the difficulty of identifying the marginal contribution of individuals to overall performance, and when organizations are viewed as a complex network of interdependent relationships (Hope and Fraser 2003). Kramar and Syed (2012) suggest that group rewards or incentives are more likely to yield a collaborative approach to performance and thus be more effective in reaching their shared goals. They also argue that collective incentive schemes may encourage more organisational buy in from employees compared to those schemes of an individual nature. There is therefore the need for further evidence on the reward system in public sector in order to extend PMSs literature.

3.2.3 Performance management practices

Performance management focuses on information systems, performance information use, PMSs change and PMSs strength and coherence. These components are discussed below.

3.2.3.1 Information flows, systems and networks

The importance of information flows, systems and networks (hereafter, IFSNs) to any performance management systems has been advocated in the literature (Ferreira and Otley 2009, Kanthi Herath 2007). According to Ferreira and Otley (2009) IFSNs are like the nervous system in the human body, transmitting information from the extremities to the centre and from the centre to the extremities. Organizations need information flows to function, and strive to create

efficient information flows to be effective (Jin and Levitt 1996). Information flows in organizations have been classified into two: feedback and feed-forward information. Feedback information is used to enable the undertaking of corrective and/or adaptive courses of action while feed-forward information is used to enable the organization to learn from its experience, to generate new ideas and to recreate strategies and plans (Ferreira and Otley 2009, Henri 2006).

Systems are used to organize accounting and other control information (Ferreira and Otley 2009). Enterprise Resource Planning (ERP) systems, for example, are considered to be a vital tool for organizational excellence because it integrates varied organizational systems and enables flawless transactions and production (Framinan et al. 2004). According to Baxendale and Jama (2003) the popularity of ERP systems stems from the fact that "they typically integrate financial accounting, managerial accounting, cost accounting, production planning, materials management, sales and distribution, human resource management, quality management, and customer service using a relational database" (p. 55). Though ERP systems provide a platform for accounting and control information to flow, but they may also create impediments to the design and implementation of control systems (Granlund and Mouritsen 2003).

A number of studies have investigated the benefits of ERP systems to organisations (Davenport 1998, Gattiker and Goodhue 2000, McCausland 2004). According to McCausland (2004) ERP systems are important because they help organisations to capture, edit and process accounting and other related transactions. In addition, they enable firms to undertake comprehensive audit trail, automated inventory management system, automated billing systems, and integrated payroll systems. As argued by Gattiker and Goodhue (2000) ERP implementation reduces the administrative costs of sharing information, since it eliminates manual activities involved with keying information from one system to another.

Despite its obvious importance, research on the relationship between ERP systems and PMSs is still in its infancy (Granlund 2007, Granlund 2011, Kallunki et al. 2011). Researchers have focused on describing either ERP systems as an implementation process (Rose and Kræmmergaard 2006) or the effects of ERP systems adoption on management accounting and the accounting profession (Caglio 2003, Granlund and Malmi 2002, Sánchez-Rodríguez and Spraakman 2012) and there seems to be some agreement in the literature that ERP adoption brings changes to management accountants' responsibilities (Caglio 2003, Berry et al. 2009). Therefore, there is the need for more research to provide evidence on whether and how ERP implementations have impacted on performance management practices in public sector organizations.

3.2.3.2 PMSs Use

The importance of performance information use has been advocated in the literature (Simons 1995, De Waal 2003, Henri 2006, Widener 2007, Moynihan and Pandey 2010, Moynihan et al. 2011). The use of PMSs has been categorized into two: diagnostic and interactive (Bisbe and Otley 2004, Henri 2006, Bobe and Taylor 2010, Gond et al. 2012). The diagnostic use of PMSs represents the traditional feedback role as PMSs are used on an exception basis to monitor and reward the achievement of pre-established goals while the interactive use of PMSs represents a positive force as PMSs are used to expand opportunity seeking and learning throughout the organization. While a diagnostic use provides motivation and direction to achieve goals by focusing on and correcting deviations from pre-set standards of performance, the interactive use focuses attention and forces dialogue throughout the organization by reflecting signals sent by top managers (Henri 2006, Langfield-Smith 1997).

Researchers have demonstrated diagnostic and interactive use of PMSs (Bisbe and Otley 2004, Bobe and Taylor 2010, Henri 2006). For example, Bobe and Taylor (2010) in their study investigate the diagnostic versus interactive uses of PMSs by Deans/Pro-Vice Chancellors of

Faculties/Colleges (hereafter called Faculty PVCs). The study seeks to identify how the professional and experiential characteristics of these senior academic executives and the structure of their Faculty, impact on their managerial and collegial orientation as reflected in their approach to using management controls. The study evidence suggests that PVCs who have had a longer career in higher education tend to use PMSs more interactively (or collegially). There is also evidence that as PVCs hold their current position for longer periods; they tend to move from an early diagnostic use of PMSs to a subsequent interactive use.

A similar finding was reported by Su et al. (2015), in a study of 343 General Managers in Australian manufacturing business units. It was found that the interactive approach was positively (negatively) associated with organisational performance in the growth (revival) stage. The use of the diagnostic approach was positively (negatively) associated with organisational performance in the revival (maturity) stage. The above evidence suggests that PMSs are used diagnostically and interactively in organisations. Hence, further evidence is required to extend our understanding of information use in public sector settings.

3.2.3.3 PMSs change

Environments change, organizations change, and so PMSs also need to change in order to sustain their relevance and usefulness (Ferreira and Otley 2009). Researchers have focused on explaining PMSs change. Some researchers have focused on explaining changes in the performance management techniques, while others have investigated the drivers and processes of change (Burns and Scapens 2000, Burns and Vaivio 2001, Baines and Langfield-Smith 2003, Scapens and Jazayeri 2003, Busco et al. 2007, Dambrin et al. 2007, Lukka 2007, Guven-Uslu and Conrad 2011, Conrad and Guven-Uslu 2012). Factors of change discussed include global competition, advancement in information technology and production, new public management, economic grouping and international organisations and changing organisational forms (Cobb et

al. 1995, Libby and Waterhouse 1996, Granlund 2001). In a longitudinal study of a bank changing its PMSs, Cobb et al. (1995), reported that pressures such as new competitors, developments in information technology, bad debts experience, reducing profits margins and the introduction of new products initiated the changes in the PMSs. Similarly, Libby and Waterhouse (1996) examined the effects of intensity of competition, decentralisation, size and organisational capacity to learn about change in PMSs. The authors reported that change in PMSs was positively associated with highly competitive environments and organisational capacity to learn. According to Burns and Vaivio (2001), advancement in information technology has promoted innovation and changes in the collection, measurement, analysis and communication of information within and between organisations. The paper argues that PMSs change is facilitated by technologies such as enterprise resource planning systems, e-commerce, the internet, electronic data interchange and electronic meetings.

Another aspect of PMSs change examined is the process of change (Innes and Mitchell 1990, Burns 2000, Scapens and Roberts 1993, Guven-Uslu and Conrad 2011, Dambrin et al. 2007). The studies that have examined the process of PMSs change have explored issues such as the factors that have influenced change, for example motivators, facilitators and catalysts and the resistance to the change (Tsamenyi et al. 2006, Dambrin et al. 2007). For example, Dambrin et al. (2007) studied the process by which a change in the institutional logic of an organisational field diffuses through the MCSs of a firm. They argue that both the process by which institutional changes are implemented inside organisations and the process of decoupling are two aspects of the same issue. The findings revealed that change is either slowly implemented or rejected by actors, or ceremonially accepted, depending on the elements of the MCSs under consideration. In their study Guven-Uslu and Conrad (2011) posit that the process of change indicated slow shifts in clinical-accountant-managerial relations, partly driven by changes in

financial flows within the organisations. This study seeks to extend the literature by providing evidence on PMSs change in the case organization.

3.2.3.4 Strength and coherence

The importance of ensuring strength and coherence in the elements of PMSs has been emphasized in the literature (Ferreira and Otley 2009). The authors argue that a PMS is greater than the sum of its parts and there is a need for alignment and coordination between the different components for the whole to deliver efficient and effective outcomes. This suggests that consideration should be given to the links in the PMSs as they are fundamental in understanding how the system operates. For example, the extent to which KPMs link back to strategies (Van der Stede et al. 2006), and how strategies link back to KSFs and to the over-arching objectives of the organization (Ferreira and Otley 2009). It has been argued that individual components of the PMSs may be apparently well-designed, but when they do not fit well together (either in design or use) control failures can occur (Ferreira 2002).

When examining the strength and coherence of the PMSs, Chenhall (2003) suggests that judgements should be made about the extent to which the control system "consider(s) multiple stakeholders; measure(s) efficiency, effectiveness and equity; capture(s) financial and non-financial outcomes; provide(s) vertical links between strategy and operations and horizontal links across the value chain; provide(s) information on how the organization relates to its external environment and its ability to adapt" (p. 136). It is also worth considering the inter-relationship between the design and use of a PMS and whether these are mutually supportive (Ferreira and Otley 2009). For instance, the information flows, systems, networks and techniques used need to be considered in the light of the overall objectives that are desired in the organization. This study intends to highlight the links between the different parts of the PMSs and how well they played

out together. The next section discusses some performance management frameworks believed to be relevant to this study.

3.3 **Performance Management Frameworks**

The terms, frameworks, models and systems, were often used interchangeably in the literature. According to Rouse and Putterill (2003) argue that frameworks are starting point for the development of PMSs. Over the years researchers have developed and utilized various frameworks to understand PMSs in organizations. This section provides a review of some existing frameworks on PM and provides justification for the framework adopted in this study.

3.3.1 Simons' (1995) levers of control framework

Simons' (1995) levers of control (LOC) framework were developed as a tool for the implementation and control of business strategies. Simons (1995) described the framework as an 'action-oriented theory of control' (pp. ix) that resulted from over 10 years of work, including case studies and related discussions with senior executives and managers. The framework highlights four key concepts: core values, risks to be avoided, critical performance variables and strategic uncertainties. However, researchers have identified a number of strengths and weaknesses of Simons' LOC framework. In terms of strengths, it has been argued that the framework strongly focuses on strategic issues and on its implications for the control system (Ferreira and Otley 2009). In addition, the framework provides a typology for alternative uses of the MCS that is widely viewed in the literature as meaningful and helpful (Widener 2007, Bisbe et al. 2007, Henri 2006, Bisbe and Otley 2004, Abernethy and Lillis 2001). Given its strengths, researchers have drawn on Simons' LOC framework to structure and interpret evidence regarding MCSs issues (Widener 2007, Tuomela 2005, Ferreira 2002). For example, it was reported that Widener (2007) found evidence of interdependence and complementarity between all four LOC. In addition, it was observed that the full benefit of performance management arises

when they are used diagnostically and interactively. Supporting Simons' argument, Widener (2007) noted that 'the result suggests that managers must consider all four control systems when designing their control system' (p. 782).

However, this control typology has been criticized for several weaknesses. First, Collier (2005) argues that the framework failed to address informal control processes such as group norms, socialization and culture. The author considers these as important elements of management control systems, though they are not shown on organization charts, in policies and procedures, nor are they reflected in financial and non-financial performance reports. Second, Ferreira and Otley (2009) argue that the framework focused strongly on the top level management and that it does not cope well with the range of informal controls that exist in organizations, particularly in small ones. Third, the meanings of the concepts embedded in the LOC (e.g. core values) are diffused, leaving a lot of scope for subjective interpretation (Ferreira 2002). Based on the above weakness, Simons' framework is unlikely to adequately satisfy the objective of this study.

3.3.2 Otley's (1999) performance management framework

Otley (1999) proposed an inductively generated framework for studying the operation of MCSs, drawing upon the extant body of knowledge in the field and on his research experience. The framework highlights five central issues which he argues need to be considered as part of the process of developing a coherent structure for performance management systems. The framework was intended to aid the description of MCSs and to be a first step towards developing a more comprehensive framework (Ferreira and Otley 2009).

The first area addressed by his framework relates to the identification of the key organizational objectives and the processes and methods involved in assessing the level of achievement in each of these objectives. The second area relates to the process of formulating and implementing strategies and plans, as well as the performance measurement and evaluation processes

associated with their implementation. The third area relates to the process of setting performance targets and the levels at which such targets are set. The fourth area draws attention to rewards systems used by organizations and to the implications of achieving or failing to achieve performance targets. The final key area concerns the types of information flows required to provide adequate monitoring of performance and to support learning (Otley 1999).

Prior research has identified several strengths and weaknesses in Otley (1999) framework. Few studies have used the framework to analyse management issues in organizations. For example, Silva and Ferreira (2010) used the framework to examine performance management practices in public primary healthcare services (PHSs). It is found that the PMSs of the studied primary healthcare services were disjointed and lacked consistency and coherence. In addition, Stringer (2007) used the framework to evaluate research published in two major journals. She found that less than one tenth of the studies examined displayed an integrated approach to the study of performance management and that research is generally fragmentary. Further, Ferreira (2002) used the framework to structure the evidence from four case studies, as well as the basis for interpretation and identification of key issues. In addition, Tuomela (2005) has drawn on this framework to present the findings of his case study that investigated the introduction of a new PMSs. Further, there are few studies have fully explored this framework by building upon it to propose an extended framework (Ferreira and Otley 2009, Ferreira and Otley 2005).

However, the framework has not been without criticism. It has been noted that the framework does not explicitly consider the role of vision and mission in PMSs, despite the fact that these may be key elements of the process of control in organizations. Similarly, it has been argued that the framework does not stress the ways in which accounting and control information is used by organizations. In addition, the framework tends to look at control systems from a static

perspective, perhaps giving a 'snapshot' at a point in time, but equally ignoring the dynamics of control system change and development (Ferreira and Otley 2009). Finally, it has also been noted that the interconnections between different parts of the performance management system are not explicitly addressed (Stringer 2007, Malmi and Brown 2008). In relation to the focus of this study, Otley (1999) PM framework is unlikely to provide an understanding of the dynamics of control change and development.

3.3.3 Malmi and Brown's (2008) MCS package

The framework aims to facilitate and stimulate discussion and research in control systems rather than suggesting a final solution to all related conceptual problems. This typology was developed by analysing and synthesising nearly decades of MCS research in order to provide a sufficiently broad, yet parsimonious, approach for studying the phenomenon empirically. The framework consists of five different control elements; planning, cybernetic, reward and compensation, administrative and cultural controls. The framework is presented in Figure 3.2.

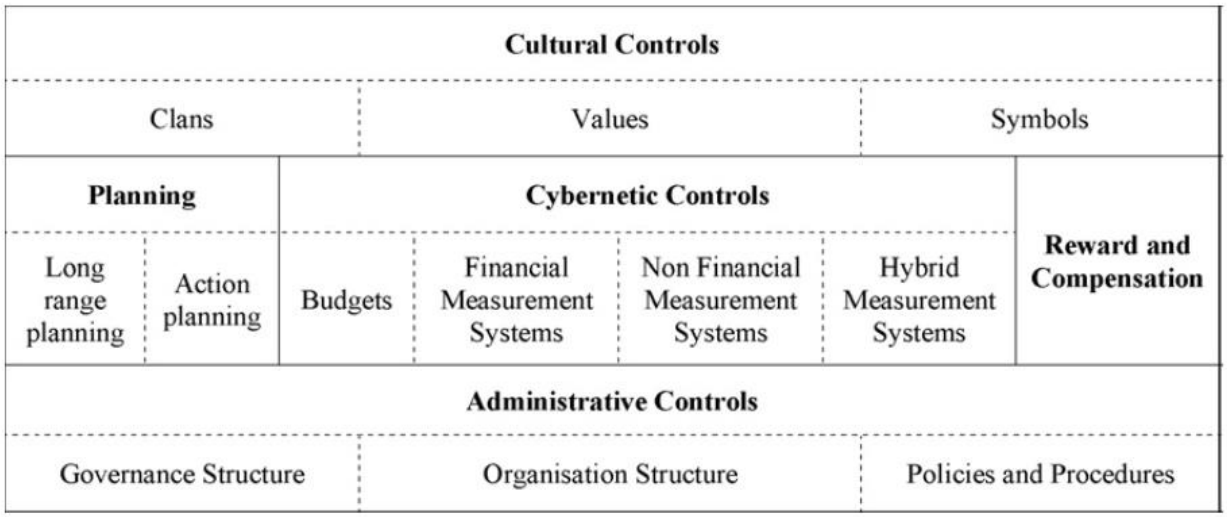

Figure 3.2: Management control systems package (Malmi & Brown, 2008 p.291)

Researchers have identified a number of strengths and weaknesses of Malmi and Brown's control package. With respect to strengths, it has been argued that the control package explicitly illustrates the cultural and administrative control elements in addition to the usual control elements (Järvenpää and Länsiluoto 2011). In addition, Johansson and Siverbo (2011) argue that the framework is applicable to different contexts because it is not developed for a specified context. However, the framework has been criticised on the account of the following: firstly, it neither implicitly nor explicitly indicates the role of vision, mission and information flow in the organization. Secondly, the role of intrinsic incentive system, which is necessary for some social settings (Stringer et al. 2011) have not been taken into account. Based on the above criticisms, Malmi and Brown's framework is unlikely to adequately satisfy the objective of this study.

3.3.4 Adler's (2011) framework of performance management

Adler's framework is intended to both unify existing taxonomies, as well as ensure that the often-overlooked elements of organizational culture and employee selection and training and development are more fully specified and recognized. In addition to unifying the previous performance management taxonomies, Adler's framework seeks to use descriptors more likely to resonate with practicing managers. Figure 3.3 portrays the four main external factors (Industry, global economy, natural environment and national culture) as the outside frame of the performance management framework. Operating inside the frame provided by these external contextual factors is an organization's strategy formulation and control system. This system is represented as an iterative process of strategic analysis, strategy formulation, and strategy evaluation. Internal contextual factors affect the organization's strategic control process and use four main components of performance management: operating systems and procedures, organizational structure, organizational culture, and selection and training and development. Since the ultimate purpose of performance management is to encourage employee implementation of the organization's strategy, figure 3.3 displays the arrows connecting the

components of performance management and strategy implementation as passing through employee behaviour. This thesis recognizes the role of employees as agents in the implementation of performance management but this is not the aim of this study.

However, there exists ample empirical evidence that private and public employees differ, in particular with respect to their motivation (Rainey 2009, Brewer and Selden 1998). It is argued that in the public sector motivation plays a bigger role than in the private sector, due to different selection effects and job designs (Festré and Garrouste 2008, Crewson 1997). In addition, in the public sector it may be difficult to identify a principal because different actor(s) have different interests.

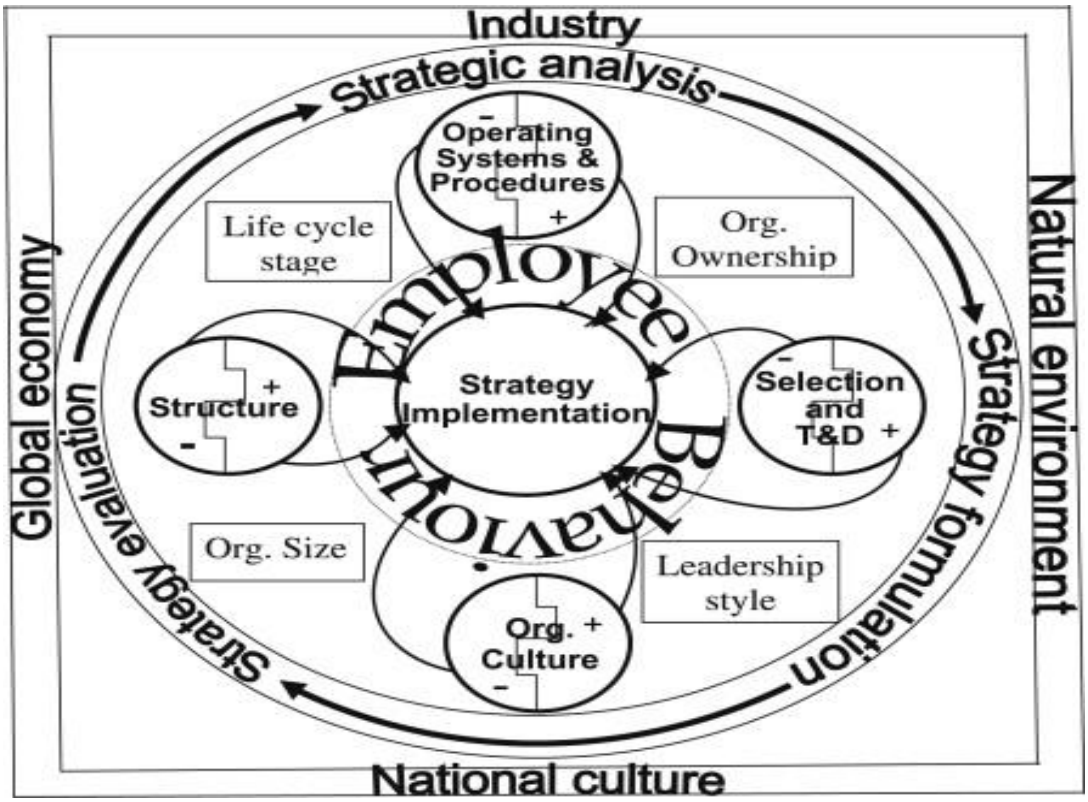

Figure 3.3: A revised framework of performance management (Adler, 2011 p.253)

3.3.5 Ferreira and Otley's (2009) performance management systems framework

Ferreira and Otley (2009) PMSs framework reflects a shift from the traditional compartmentalised approaches to control in organizations to a broader perspective of the role of control in the managing organizational performance. The framework uses plain, concrete, and practitioner-relevant language. It proposes that twelve key areas need be considered in order to understand the structure of performance management within organisations (see Figure 3.4). "The 12-question performance management systems framework is presented below" (p.266-267).

1. What is the vision and mission of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?
2. What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?
3. What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?
4. What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?
5. What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?

6. What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?
7. What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?
8. What rewards - financial and/or non-financial - will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?
9. What specific information flows - feedback and feed forward - systems and networks has the organization in place to support the operation of its PMSs?
10. What type of use is made of information and of the various control mechanisms in place? Can these uses be characterised in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?
11. How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?
12. How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

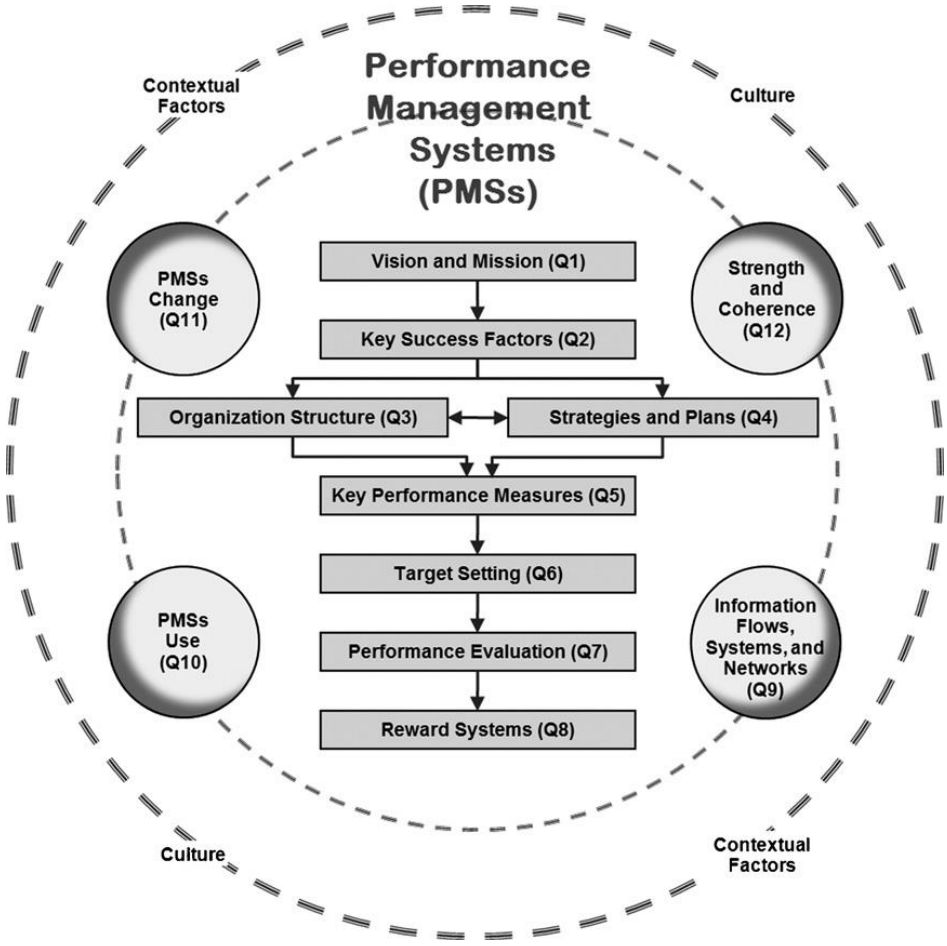

Figure 3.4: Performance Management Systems Framework (Ferreira & Otley 2009, p.268)

Researchers using the framework in its earlier version considered it to be useful (Collier 2005, Broadbent and Laughlin 2007, Merchant and Otley 2007, Otley 2008, Stringer 2007, Berry et al. 2009). For example, Collier (2005) used the framework in his longitudinal study of an owner-controlled multinational company. He concluded that the framework was useful in a rational-instrumental sense. Similarly, Stringer (2007) observes that the framework makes the interconnections between the different components of the PMSs explicit. Further, Merchant and Otley (2007) noted that the PMSs framework offers a useful checklist of issues to be considered in a comprehensive analysis of control systems. Similarly, it is argued that the framework offers a logical structure to enable the identification of the various components of a PMS as well as the links among those components (Otley 2008). Other researchers proposed an extension of the

framework to incorporate their findings (Broadbent and Laughlin 2007). Having examined some PMSs frameworks, it is essential to provide justification for the framework adopted in this study.

3.3.5.1 Justification for the applicability of Ferreira and Otley's (2009) PMSs framework

This thesis utilizes Ferreira and Otley (2009) PMSs framework to provide an understanding of the functioning of PMSs in public healthcare services in Nigeria. It has been argued that the generic nature of the framework makes it appropriate for exploring PMSs both in for-profit and not-for-profit organizations (Yap and Ferreira 2010, Wadongo and Abdel-Kader 2014). Scapens (2009) noted that the framework has the capacity to impact on thinking and research in the area of performance management and control. According to Adler (2011) the framework is an improved tool over earlier performance management taxonomies. Also, it has been argued that the framework facilitates data collection of a broad scope of data, whilst offering the possibility to explore certain issues more deeply (Yap and Ferreira 2010, Broadbent and Laughlin 2009). There is a growing concern that researchers should utilize control systems packages to provide explanations that are useful for managers, organizations and society (Malmi and Brown 2008). Thus, the justification for adopting Ferreira and Otley (2009) PMSs framework in this study is that it focuses on managerial emphasis, by integrating various dimensions of managerial activity[12] with the control system. Unlike Malmi and Brown (2008) which did not indicate the role of vision, mission and information flow in the organization and Adler's framework which focuses on iterative strategic process. Based on the above, it can be concluded that Ferreira and Otley's (2009) PMSs framework is the most appropriate in understanding the functioning of PMSs.

[12] These include setting of organization's vision and mission, development of key performance measures and targets, use of performance evaluation and reward systems.

3.4 **Performance Management in the Public Sector**

Over the past 20 years, some of the biggest questions of public management have revolved around performance management (Poister et al. 2013, Andrews 2014, Mesabbah and Arisha 2016). Governments across the world have promoted several initiatives to stimulate the use of performance management in public sector organizations (including central government, local governments and other public sector organizations such as hospitals, educational institutions, police forces, etc. (see e.g. Van Helden 2005, Cavalluzzo and Ittner 2004, Hood 1991, Hood 1995, Van Thiel and Leeuw 2002, Silva and Ferreira 2010). These governments have implemented an array of instruments intended to encourage public managers, and citizens, to drive public service performance upwards, from the use of target-setting, league tables and performance information across entire policy fields to the promotion of performance planning and management techniques (Andrews 2014). Performance management has been defined as the process of defining goals, selecting strategies to achieve those goals, allocating decision rights, and measuring and rewarding performance (Heinrich 2002, Ittner and Larcker 2001, Otley 1999). According to Poister (2010) performance management in the public sector refers to engaging in strategic planning to establish a direction and major goals, setting more specific objectives and perhaps targets at multiple levels in the organization, and then using performance measurement to help focus on achieving them.

Despite the widespread use of PM in public sector organizations worldwide, there has been criticism of its efficacy in fostering performance improvement (Goh et al. 2015). Research has shown that the presumed benefits remain questionable and that there are many barriers, challenges and problems in implementing PM. For example, Sanger (2008), in a study of local and state governments in the USA, suggests that there are still obstacles to the effective implementation of PM such as suppressing and manipulating negative data leading to the

perception that there is a lack of transparency in the public reporting of performance. Radnor and McGuire (2004) illustrate this problem in the UK. It was reported that despite the implementation of a PM system, including balanced scorecards, there was lack of ownership and accountability for the system and most managers were "working the system" to meet externally imposed requirements for reporting on performance.

Beyond the conceptual, philosophical and value interpretations of PM in the public sector, an increasing amount of empirical work has been undertaken to better understand the benefits (Kelman 2006), impacts (Wichowsky and Moynihan 2008), and challenges (Moynihan and Pandey 2010, Ho 2005) of this process. These studies have employed different methodologies such as case examples (Hoque 2008), experience-based observations (Sanger 2008) surveys (Folz et al. 2009) and archival secondary data sources (Boyne and Chen 2006). However, the results are still largely inconclusive.

The use of performance management in health services provides a framework that can ensure that the organization's strategy is successfully executed and the results are as expected. Thus, PMSs are vital instrument to management, serving multiple purposes (Paulino and Daniel 2016). PM has helped implement many innovative and effective clinical practices in healthcare organisations for the benefit of patients. However, its application in healthcare settings has been subject to some concerns and criticisms (Walshe and Smith 2011). Mettler and Rohner (2009) analysed PM adoption and how healthcare organizations will develop their PM in future. The authors argue that adoption of PM is influenced by a wide range of factors such as the regulatory setting where the healthcare organizations are embedded, the complexity and compatibility of new technologies, the strategic targets of the organization, the attitude of the employees, and the organizational structure. It was found that especially the changing regulation and the increased

market dynamics are major drivers for the PM adoption. The study recommends that future research work should be directed at prioritising areas for action in the sense of a roadmap for optimizing PM quality, efficiency, and effectiveness of the healthcare organizations. This study responds to this call. The next section presents a review of previous studies on PM in healthcare.

3.5 Empirical studies on PM in healthcare

The review of previous studies on PM in healthcare across countries is presented in this section. The reason for this is to identify existing coverage and to establish the contribution of this research.

The studies from developed countries are examined first followed by those from emerging economies. The outcome of the review will be linked to the research objectives as highlighted in chapter one of this thesis.

3.5.1 PM in healthcare in developed economies

A number of studies have focused on the application of PM framework in health services; while others have investigated PM practices and the impact of new PMSs. Researchers have also assessed the impact of PM instruments in health services. Studies have been conducted in different countries (Mesabbah and Arisha 2016, Paulino and Daniel 2016, Conrad and Guven-Uslu 2012). For instance, Mesabbah and Arisha (2016) review the application of the Health Service Executive (HSE) PM framework in Irish Hospitals and Emergency Services. The findings revealed that PM and performance measurement systems used by the HSE include many performance reports designed to monitor performance trends and strategic goals. Issues with the current PMSs include inconsistency of measures and performance reporting, unclear strategy alignment, and deficiencies in reporting (e.g. feedback and corrective actions). It was also noted that, PM processes have not been linked adequately into Irish public hospitals' management systems.

Paulino and Daniel (2016), using a PMSs framework investigated PM in the Portuguese public primary healthcare. The study provides an understanding of staff assessment in comparison with the requirements of the current written legal framework. It was argued that the framework contributes to a better understanding of the performance management tools implemented in primary healthcare. However, in an earlier study which focussed on three public primary healthcare services (PHSs) in Portugal, Silva and Ferreira (2010) used Otley (1999) performance management framework to examine the data. The findings showed that PM practices in the healthcare services lacked consistency and coherence. It was also found that the organisations studied suffered from lack of direction and experienced difficulties in motivating their staff. The study also indicates that vertical controls were very weak and accountability was limited, contributing to a lack of goal clarity and ultimately affecting performance.

PM studies in healthcare have also explored theoretical assumptions and PM practices. For example, Hewko and Cummings (2016) examine the underlying theoretical assumptions and implications of current micro-level performance management practices, within healthcare organizations in Canada. The study uses Habermas' theory of communicative action to highlight some of the questions that arise in looking critically at PM. Findings revealed that existing micro-level PM systems in health-care organizations have the potential to create a workforce that is compliant, dependent, technically oriented and passive, and to support healthcare systems in which inequalities and power imbalances are perpetually reinforced. The study advocates the needs to support innovative PM practices in health organizations.

In their study on UK health sector performance management, Conrad and Guven-Uslu (2012) examine the impact of a new performance management system imposed from a distance by regulatory bodies on the English Hospital Trusts. The study integrates structuration and

institutional theories in order to understand how practices are institutionalised or changed at three levels, emphasising the crucial role of agency in structuring organisational and institutional practices. The study reveals the potential for conflict, crisis and unintended consequences in organisations where instrumental approaches are adopted.

Smith (2002) assesses critically the performance management instruments introduced into the British National Health Service. The study demonstrates that the bewildering array of managerial instruments introduced into the NHS does constitute an intellectually coherent system. However, it is argued that to maximize the effectiveness of the new arrangements, careful attention must be given to implementation and capacity issues. Propper et al. (2010) examine whether high profile targets to reduce waiting times met their goals of reducing waiting times without diverting activity from other less well-monitored aspects of healthcare. The study finds that targets led to a fall in waiting times without apparent reductions in other aspects of patient care. Similarly, Mason et al. (2012) evaluate the effect of the mandated Emergency Department (ED) care intervals in England. Using fifteen acute hospital trusts' ED data, it was reported that the introduction of a time target reduced the proportion of patients staying greater than 4 hours. More patients departed within 20 minutes of the target 4-hour interval after the mandate, notably, the elderly.

Buetow (2008) describes the introduction of pay-for-performance in New Zealand primary health care. The study compares this policy development with analogous English initiatives; discusses the risk of unintended adverse consequences of the New Zealand programme; and considers key lessons for the policy development of pay-for-performance in healthcare. The author argues that the New Zealand Programme does not appropriately reflect the values and goals of primary healthcare providers. It was noted that the programme encourages slow,

incremental change by paying bonuses to primary health organisations (PHO), rather than practices, for meeting targets on a small number of performance indicators. In addition, the study found that the bonuses account for a tiny proportion of the total income of PHOs and in general are for service improvement rather than to supplement practitioner incomes. The study recommends the need to align performance incentives with stakeholders' values and goals.

Lega and Vendramini (2008) trace the history and development of performance measurement and management systems in the Italian National Health System (INHS), to identify their key characteristics, and to provide a critical assessment of their implementation. The study found that PM has grown considerably in the INHS over the years. Explanations for this growth include normative, coercive and mimetic isomorphism, the introduction of quasi- markets, the adoption of Diagnosis Related Groups (DRGs), an increased focus on clinical governance and innovative practices in human resource management. The study argues that the introduction of PMSs has stimulated greater accountability and promoted a more cost conscious culture in healthcare organizations. However, it was noted that there are a number of challenges that remain to be solved for PM arrangements to deliver the desired improvements in service delivery in the western setting let alone in EEs. The next section discusses PM studies in EEs.

3.5.2 PM in healthcare in Emerging Economies

This section aims at reviewing the literature on PM in EEs, looking at some specific issues in much greater depth in order to provide the rationale for the thesis. As indicated earlier, in EEs PM is implicated by NPM reforms in the public sector through the various transformation agenda (such as SAP) as demanded by international financial institutions. However, researchers have argued that implementation of PMSs in many of these countries has been affected by a number of institutional and capacity constraints such as culture, institutional fragmentation,

public apathy, and leadership support, thus making it difficult for many of them to realize the 'benefits' of such a system (Ohemeng 2010, Ohemeng 2009, Abubakar et al. 2016).

The review of the literature suggests that there are little on PM in healthcare on EEs, and these studies are mainly on the challenges faced in the implementation of PMSs. Using a provincial hospital in Zimbabwe, Mahapa et al. (2015) assess the challenges face in the implementation of performance management systems. The findings revealed that the organization uses the Results Based Management (RBM) system as its performance management tool. The challenges identified include lack of motivation, lack of knowledge, insufficient human and financial resources, difficulties in identifying performance indicators and that there was no link between performance gaps and training programs. It was noted that these challenges have impacted negatively on service delivery. The study recommends further training on how RBM is implemented and that resources should be made available for effective implementation of PM. A study by Lutwama et al. (2013) examine the implementation of performance management of healthcare workers in order to propose strategies for improvement. The findings show that to some extent performance management is implemented in the health sector; however, there were loopholes in its implementation. It was found that there were inadequacies in setting performance targets and performance management planning was hardly done. In addition, the findings revealed that although many healthcare workers had job descriptions, the performance indicators and standards were not clearly defined and known to all workers and managers. Further, it was reported that the schedules for performance assessments were not always adhered to. Also, there were limited prospects for career progression, inadequate performance feedback and poor reward mechanisms. The study recommends enhanced health sector performance management in the districts. The authors are optimistic that if these suggestions are implemented, the performance of health care workers is likely to improve.

The above reviews have demonstrated that there is the need for more studies on PM in healthcare in EEs. Scholars argued that studies which provide the link between context-specific circumstances and PMSs would provide a better understanding.

3.6 **Summary of the Chapter**

This chapter has reviewed literature pertinent to the issues under discussion in the thesis. The chapter began by discussing MCSs and its relevance in organisations. The review reveals that the definitions of MCSs have developed over time and these definitions are influenced by the ontological and epistemological assumptions of researchers. The review also suggests that organizational control can be achieved through formal or informal controls or a combination of both.

The review has also revealed that although there is no one agreed definition of PMSs in the literature, it argued that PMSs include all aspects of organizational control including those under the heading of management control systems. Overall, the review suggests that PMSs are relevant in achieving the objectives of the organization. In addition, the review identified various components of PMSs ranging from strategic direction, deciding the desired level of performance, structure design, and development of performance measurement instruments to reporting or communicating performance information. Specifically, the review focused on the components of PMSs framework applied in this study.

The review also concentrated on PM studies in healthcare across countries. The review suggested that the applicability of PMSs framework in EEs though may be similar in form to those in developed countries are likely to operate differently because of differences in social,

economic and political contexts. PMSs are more likely to be loosely coupled in organisations in EEs because of the influence of these contextual factors particularly in public sector.

The above review has identified gaps that need to be filled. The review of studies on the implementation of PMSs in EEs has suggested the likely influence of institutional and capacity constraints. This warrants further country specific studies to investigate the impact of contingencies on PMSs in EEs. Hence, this study extends the literature in this regard.

Having reviewed the pertinent literature for this study, the next chapter presents the theoretical framework for the study.

CHAPTER 4: THEORETICAL FRAMEWORK

4.1 Introduction

This chapter presents the theoretical framework adopted for this study. It discusses how theory was incorporated to offer greater understanding of the subject of discussion (Llewelyn, 2003). Theory and/or theories offer insights into contextual factors which serve as the basis for PMSs design and use in organizations. Contingency theory is adopted in this study in order to identify other contingencies and their impact on the applicability of PMSs framework in the case organization.

A theoretical framework is important in any research, as it helps the researcher to understand things which s/he might have otherwise overlooked (Macintosh 1994). According to Humphrey and Scapens (1996) a theoretical framework is an essential starting point for any case study research; however, they warned that researchers should hold the framework loosely, so that it can be challenged and refined as a result of the research process. The empirical evidence from this study lends support for contingency theory as appropriate theoretical framework for the study. The study shows that PMSs in the organization of study is influenced by contextual factors such as socio-cultural, economic and political factors. Based on the findings, the study attempts to propose an amended version of the Ferreira and Otley's PMSs presented in the conclusion chapter of this thesis.

The chapter is structured into six sections. Following the introduction, the next section discusses the theory and research-practice gap in management accounting research. The following section presents an overview of contingency theory including its origins and foundations. It discusses the evolvement of the contingency theory of management accounting and the concept of fit in contingency theory. Further, the section presents some of the limitations and criticisms of

contingency theory. Section four demonstrates the way contingency theory has been used in prior management accounting studies. The next section discusses the relevance of contingency theory to this study followed by a chapter summary. Figure 4.1 depicts the structure of the chapter.

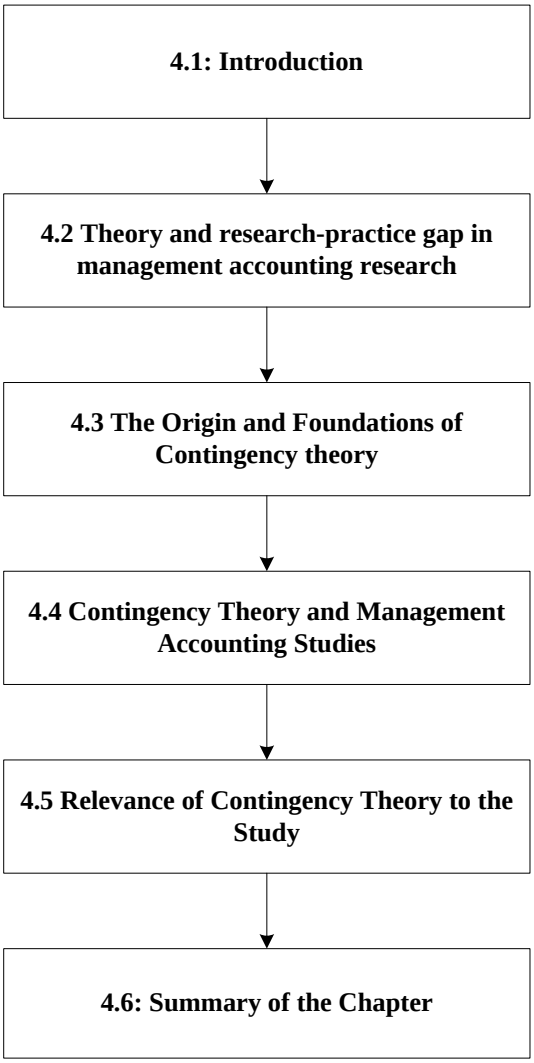

Figure 4.1: Structure of Chapter 4

4.2 Theory and Research-Practice gap in Management Accounting Research

Theory is a very powerful tool for organising and communicating thought (Chapman and Kern 2012). It makes available a deeper level of understanding of the phenomenon being studied and capable of being regarded as essentially practical (Chua and Mahama 2012). According to

(Ahrens and Chapman 2006) "doing qualitative field studies is not simply empirical but a profoundly theoretical activity" (p. 820). This suggests that theory and theorising are very significant to the ability to contribute to knowledge through qualitative research (Chua and Mahama 2012). There has been a burgeoning growth in management accounting research and the theories that accounting researchers have drawn on to study various aspects of management accounting (Zimmerman 2001, Malmi and Granlund 2009, Chapman et al. 2006, Luft and Shields 2002) over the past decades. Zimmerman (2001) justifies the importance of management accounting theory by referring to a number of interest groups that have to make investment decisions. He argues that one important criterion for a theory's success is the value of the theory to users. Similarly, Malmi and Granlund (2009) suggest that theories in an applied field such as management accounting should provide explanations to managers in the facilitation of day–to-day organizational and social activities. They argued that researchers should develop theories in management accounting to address issues relating to social inequality, sustainability and value maximization.

There are apparently, divided views among researchers with regards to both conceptualising and implementing theories in management accounting (Chua and Mahama 2012, Ahrens and Chapman 2006, Parker 2012, Richardson 2012). According to Richardson (2012), one of the interesting attributes of qualitative management accounting research is the multiple ways in which it uses and is connected to theory. As Parker (2012) notes: "…theory and theoretical insights can either inform empirical data collection and analysis, or emerge from that very process of qualitative data analysis." Similarly, Llewelyn (2003) outlined an array of possibilities for conceptually framing research, extending well beyond the traditionally abstract schema typically recognised as 'theory'. Thus, the qualitative tradition in management accounting has a record of facilitating a rich array of theoretical perspectives and insights (Parker 2012).

However, researchers have identified inconsistencies between management accounting research and practice (Parker 2012, Nixon and Burns 2005, Hopper et al. 2001, Van Helden and Northcott 2010, Parker et al. 2011, Tucker and Parker 2014). According to Hopper et al. (2001) majority of management accounting researchers have largely been content to observe and theorise rather than to directly engage in practical innovation and its application. Thus, management accounting research has arguably failed in its role and potential impact on society and have become disconnected from the world of organisations and professional practice (Ittner and Larcker 2001, Merchant and Stede 2006, Otley 2008, Vaivio 2008). For instance, Van Helden and Northcott (2010) documented how management accounting research in the public sector has moved towards increasing theoretical sophistication whilst remaining relatively mute about how research findings may be translated into more specific guidelines for practice. Similarly, it has been argued that theoretical refinement over practical usefulness are reinforced by research training, publication standards and the broader incentive and governance structures permeating accounting academia (Merchant 2012, Kaplan 2011). In a bid to narrow the research-practice gap, this thesis attempts to propose an amendment to the PMSs framework adopted in this study (see chapter 9 of this thesis).

4.3 **The Origin and Foundations of Contingency Theory**

The concept of contingency was first developed in the organisation theory literature in the early to mid-1960s through the empirical work of researchers such as Burns and Stalker (1961), Woodward (1965) and Lawrence and Lorsch (1967) as a response to the rapid changes and increasing environmental uncertainty (Kreitner 1998). According to Watson (1974) the early theories of organisation adopted a universal approach to determine the best method for carrying out special tasks, regardless of the surrounding circumstances. These traditional management theories (for example, scientific management theory, administrative theory and bureaucratic

theory) consider that there is only one way to structure an organisation, suggesting that there is no significant relationship between organisational structure and contextual variables (Watson 1974). However, over time, these theories became inadequate in their prescription concerning how organisations should be administered that they began to seek to link their prescription to a more specifically defined situation (Emmanuel et al. 1990). As a result, contingency theory became a promising alternative (Kreitner 1998) and have been conceptualized differently by researchers. Covaleski et al. (1996) defined contingency theory as: "a theoretical perspective of organizational behaviour that emphasizes how contingent factors, such as technology and the task environment affected the design and functioning of the organizations". Kreitner (1998) defined contingency approach as "an effort to determine through research which managerial practices and techniques are appropriate in specific situation". In sum, contingency theory suggests that there is no best way of organizing; the appropriate form depends on the nature of the firm's task environment (Donaldson 2001).

4.3.1 Contingency Theory of Management Accounting

The idea of a contingency theory of management accounting (hereafter, CTMA) began to develop in the 1970s in an attempt to explain the varieties of management accounting practice that were apparent at that time (Rejc 2004, Otley 2016, Otley 1980). The CTMA drew heavily on the contingency theory of organizations to identify and codify the forms of organizational structure, which are considered to be most appropriate for a specific circumstance (Otley 2016). The contingency theory approach to management accounting is based on the premise that there is no generally appropriate system of accounting, management or control that can be applied equally to all organizations in all situations and there may be a match between factors specific to the organization and the design of the organization's management accounting and control system (Rejc 2004, Otley 1980, Lawrence and Lorsch 1967, Gordon and Miller 1976, Hayes 1977, Waterhouse and Tiessen 1978, Govindarajan 1984, Drazin and Van de Ven 1985, Ferreira and

Otley 2005). The approach attempts to identify specific characteristics of an accounting system which are associated with certain external and internal factors surrounding organizations such as environment, technology, organizational structure, age, size and power (Otley 1980, Haldma and Lääts 2002, Chenhall 2003, Chenhall 2006). In his overview of the contingency theory of management accounting, Otley (1980) specifies that "a contingency theory must identify specific aspects of an accounting system which are associated with certain defined circumstances and demonstrate an appropriate matching" (p.413). He highlights the importance of a contingency framework in explaining how management accounting is affected by various factors and how it is integrated into a wider context of organizational control systems.

The context in which management accounting and control is practised has also undergone substantial change (Otley 2016). It has been argued that organizations have become less hierarchical and many have restructured themselves to focus on their 'core businesses', leaving more peripheral activities to be outsourced (Rainey 2009). Thus, organizations need to develop new forms of control in this situation. The idea of the role of contingency theory is also beginning to change with research over the past four decades extending the list of possibly significant contingencies that are faced by organizations, many of which suggest conflicting recommendations (Otley 2016). He argues that it is unlikely that an overall contingency model could be developed to suggest optimal control configurations in all possible combinations of circumstances. This suggests that contingency theory has to be considered in a much more dynamic context than previously, which leads to the need to use more process-based models which examine the mechanisms of change and the implementation of modified forms of management and control.

4.3.2 Limitations of Contingency Theory

As with most theories in management accounting research, contingency theory is however not without some limitations (Betts 2011, Chenhall 2006, Alawattage et al. 2007a). The main focus of the criticism has been on the way contingency theory has neglected the importance of social processes and subjective meanings of actors within the context of management control (Chenhall 2003, Hoque and Hopper 1997, Otley 1980). Donaldson (1996) argues that the business environments/organisations have specific relationships and that generalisation of the link between a context and management form cannot be made across different kinds of organizations. Similarly, Chenhall (2006) notes a lack of replication of studies to other context like the public sector. This study addresses this criticism by applying a PMSs framework developed in a private setting to public sector. Contingency theory has also been criticised regarding the listing and classification of variables (Fisher 1995, Haldma and Lääts 2002). According to Fisher (1995) studies that adopt contingency theory only examine a single relationship between contingent factors and management accounting attributes, rather than examining multiple contingent factors and multiple management accounting attributes. Similarly, Otley (1980) states that there is not a single study whose framework includes all contingent variables. In addition, contingency theory has been criticised regarding how individual statistical techniques have been used in management accounting research (Gerdin and Greve 2008, Dunk 2003). Gerdin and Greve (2008) argue that each model of interaction effects between context and management accounting requires a specific statistical technique. In spite of its criticism, contingency theory has provided a framework for considerable study of management accounting systems and contributed to our knowledge of management accounting processes and controls (Covaleski et al. 1996).

4.3.3 The Concept of Fit in Contingency Theory

Central to contingency theory is the notion of ‘fit’. According to Drazin and Van de Ven (1985) the definition of fit that is adopted is central to theory development, data collection and statistical

analysis of the proposition. It has been argued that understanding the concept of fit will lead to more reliable research results and explain much of the vagueness in contingency research (Drazin and Van de Ven 1985, Schoonhoven 1981, Venkatraman 1989). The extant literature indicate that in the development of contingency theory, at least three different conceptual approaches to fit have emerged namely, the selection, interaction, and systems approaches (Drazin and Van de Ven 1985, Gerdin and Greve 2004).

Under the selection approach, the interpretation of fit is that, organizational context (whether environment, technology, or size) is related to structure (centralization, formalization, complexity) without examining whether this context-structure relationship affects performance (Gerdin and Greve 2004, Drazin and Van de Ven 1985). This implies that if an organization wants to survive or be effective, it must adapt to the characterizations of its organizational context. In this view, organizational design is to a large extent constructed by organizational context.

Under the interaction approach, fit is an interaction effect of the context which has an impact in structuring organizational performance (Drazin and Van de Ven 1985). The focus here is not so much on understanding the congruence between context and structure as in the selection approach, but rather on explaining variations in organizational performance through the interaction with organizational structure and context (Gerdin and Greve 2004, Van de Ven and Ferry 1980, Khandwalla 1977).

Under the systems approach, the interpretation of fit is that, one can understand organizational design only by simultaneously investigating the contingencies, structural alternatives and performance criteria that prevail in an organization. Unlike the selection and interaction

approaches to fit, the systems approach consists of several novel alternative methods characterizing the patterns of interdependencies present in organizations (Drazin and Van de Ven 1985). Overall, the concept of fit is critical in the development and extension of contingency theory. Therefore, researchers are urged to be aware of the mean fit so as to realise the right statistical tests for their fit choice (Drazin and Van de Ven 1985, Schoonhoven 1981). In relation to the issue of fit, it is argued that contingency theory needs to be extended to capture specific contextual factors which are inherent in the public sector in EEs.

4.4 **Contingency Theory and Management Accounting Studies**

Contingency theory has been drawn on in management accounting studies that seek to explain the effectiveness of PMSs. These studies seek to examine management control designs that best suit the nature of the environment, technology, size, structure, strategy and national culture (Chenhall 2003). The focus of contingency theory in management accounting has been on the ability of the contextual factors to explain why management control systems design differ from one organisation to another. These contextual factors will affect the organisation's structure, which will then influence the design of the control system (Ismail et al. 2010).

The review of prior studies in management accounting shows that contingent factors have been classified as internal and external factors (Jones 1985, Haldma and Lääts 2002, Kattan et al. 2007). Central to the external factors, as highlighted in the extant literature are external environment (Anderson and Lanen 1999, Agbejule and Burrowes 2007, Patiar and Mia 2008) and national culture (O'Connor 1995, Hofstede 1984, Henri 2006, Tsui 2001). In a similar vein, the major internal factors include technology (Chenhall and Morris 1986, Kalagnanam and Lindsay 1999), structure (Burns and Stalker 1961, Lawrence and Lorsch 1967, Brownell 1985, Lee and Yang 2011), organisational size (Martínez-Lorente et al. 2004, Hendricks and Singhal

2001), and company strategies (Miles et al. 1978, Jermias and Gani 2004, Cadez and Guilding 2008).

The external environment appeared to be a key variable in contingency-based management accounting research, in that majority of previous studies underpin the fact that environmental uncertainty and market competition do affect the use of management accounting practices (Anderson and Lanen 1999, Bruns and Kaplan 1987, Kattan et al. 2007, Wadongo and Abdel-Kader 2014, Ahmad and Mohamed Zabri 2015). The external environment has been a powerful contextual factor forming a basis for the extant contingency-based management accounting studies (Chenhall 2003, Chenhall 2006). For instance, Bruns and Kaplan (1987) identified competition as the most important external factor for stimulating managers to begin to work on a new cost system. Anderson and Lanen (1999) examined the impact of the 1991 liberalization of the Indian economy on the management accounting practices of 14 firms using a contingency theory framework. The differences in management accounting practices in 1996 were examined in relation to firms' experience and exposure to world markets prior to liberalization and as a function of contemporaneous differences in competitive strategy. The study found evidence of changes associated with shifts in the external environment. The authors argued that the extent to which individual and organization responds to stimuli is determined by "culture" and "context".

In another study, Kattan et al. (2007) investigated the effect that external factors have on the design and implementation of management accounting systems in Palestinian companies. The study found that the management accounting and control systems used are more mechanistic in times of environmental and political stability, but become more organic in periods of greater uncertainty. The authors argued that environmental uncertainty stemming from changes in the political structures precipitates changes in markets and their structures. Similarly, O'Connor et

al. (2006) examined the mediating influence of political constraints on organizational MCSs design in China's state-owned enterprises (SOEs). They found stronger support for the indirect path associations in which political constraints mediate the relationship between liberalization forces and the use of three organizational design components (such as delegation, performance measurement, and incentives). The authors suggest that this possible mediating effect is important because, in a socialist market economy such as China, economic reforms take place under various political constraints, and accordingly SOEs need to cope with not only economic transformation and market liberalization but also political constraints and regulatory conditions.

Apart from external factors, researchers have also employed internal factors such as technology, organization size, structure, strategy and culture in examining management accounting practices in organizations. With respect to technology, Haldma and Lääts (2002) examine the management accounting practices of Estonian manufacturing companies, exploring the main impacts on them within a contingency theory framework. The study reported that changes in cost and management accounting practices are associated with shifts in the business and accounting environment as external contingencies, and with those in technology and organizational aspects as internal contingencies. Szychta (2002) also agreed that technology is one of the driving forces behind the shift in use of management accounting practices in Poland. Waweru et al. (2004) found that one of the main motivators of change in management accounting and control systems was technology. Recently, Ajibolade (2013) investigated the relationships between the management accounting systems (MAS) design, company's context and company performance. The study provided findings in support of the proposition that more sophisticated MAS designs will enhance the performance of the manufacturing companies in Nigeria. It was noted that performance will depend on the level of environmental uncertainty facing the companies and technological complexity of their production process. In addition, the study found evidence of a

strong moderation influence of the perception of environmental uncertainty and a modest moderation influence of technology on the relationship between MAS and performance.

The size of firm has been another factor affecting the design and scope of accounting practices in organizations (Cadez and Guilding 2008, Abdel-Kader and Luther 2008, Agbejule and Burrowes 2007, Albu and Albu 2012). Size is usually measured by the number of employees (Mia and Winata 2008, Martínez-Lorente et al. 2004, Boulianne 2007), sales turnover or revenue (Boulianne 2007, Martínez-Lorente et al. 2004) and total assets (Abdel-Kader and Luther 2008). Research has shown that larger firms have more sophisticated accounting practices. For example, Joshi (2001) reported that the organizational size was found to be an important factor in the adoption of advanced management accounting practices in India. Similarly, Abdel-Kader and Luther (2008) found that large firms adopt more sophisticated management accounting practices compared to small firms. The possible explanation could be because larger firms have financial capabilities and resources to adopt more advanced techniques and practices. Recently, Albu and Albu (2012) investigate and analyse the existence and use of management accounting techniques in Romanian entities. The study indicates that size is one of the most important factors for the adoption and use of management accounting techniques.

Organisation structure is one of the important factors in contingency research (Chenhall 2003, Chenhall 2006). Organization structure is concerned with the formal specifications of different roles for organisational units, or tasks for groups or members, to carry out the organisation activities (Chenhall 2003). Researchers have widely examined the relationships between the choice of organisation structure and other contingent variables (Otley 1980). Prior studies have focused on the fit between the organisation structure and the levels of uncertainty in the environment (Burns and Stalker 1961, Lawrence and Lorsch 1967), strategy (Chandler 1962)

and organisation's technology (Perrow 1967). For instance, Abdel-Kader and Luther (2008) found that firm structure (decentralized firm in this case) affects the level of adoption of certain management accounting practices. This result suggests that decentralised firms require more sophisticated management accounting practices to assist them in planning, controlling and decision-making. Lee and Yang (2011) investigate the effect of organisation structure and competition on the design of performance measurement systems of Taiwanese firms. The findings show that organization structure is significant and positively related to the design of performance management systems.

The type of ownership has important implications for organization structure. It may have an impact on the organisation's decision-making process such as finance source, marketing policy, technology adoption (Abugalia 2011). According to Drury (2013) industry type has an influence on organization structure and control systems; for example, a manufacturing organisation requires a structure that is different from that applied in non-manufacturing organisations. He argues that manufacturing organisations depend more on machines, invest more in research and development of technology, whereas non-manufacturing organisations are more reliant on human resources. In addition, the provision of services by non-manufacturing organisations is more heterogeneous, while manufacturing organisations describe their production as relatively homogeneous. Therefore, it could be claimed that manufacturing organisations tend to have a more centralised, formalised and formal control system, while non-manufacturing organisations are likely to be less formalised, less centralised and rely more on a sometimes informal control system with a discretionary nature.

Scapens and Yan (1993) reported a negative relationship between government ownership and accounting information systems. They found government ownership of Chinese enterprises to be one of the key restrictions upon Chinese management accounting practices. Haldma and Lääts

(2002) found no clear evidence for the effect of foreign ownership on the design of accounting systems within Estonian manufacturing companies.

Strategic orientation is argued to play a key role in the design of management control systems (Gosselin 1997, McAdam and Bailie 2002). For instance, Simons (1987) investigates the relationship between business strategy and accounting control systems in 108 Canadian manufacturing firms from 28 industries. The findings suggest that firms following different strategies employ different accounting control systems. Frey and Gordon (1999) examine whether the performance of Activity Based Costing (ABC) practices are contingent upon the competitive strategy employed by a business unit. The findings show that ABC is associated with higher returns on investment (ROI) in business units following a differentiation strategy but not in those following a cost leadership strategy. As such, the benefits derived from ABC implementation are contingent on the competitive strategies employed by a business unit. Hoque (2004) discovered a significant and positive association between strategy and management's use of non-financial measures for performance evaluation.

Different organisations have different cultural characteristics. As contingency theory postulates that there is no universally appropriate accounting system that applies equally to all organisations in all circumstances, different cultural values may influence the choice of accounting system in organisations (Ismail et al. 2010). For example, Henri (2006) examines the relationships between organizational culture and two attributes of performance measurement systems namely: the diversity of measurement and the nature of use. The results of a survey reveal that top managers of firms tend to use more performance measures to focus organizational attention, support strategic decision-making and legitimate actions to a greater extent than top managers of firms reflecting a control dominant type.

Researchers have also utilized contingency theory to develop models and theoretical frameworks. For instance, Waterhouse and Tiessen (1978) utilizes contingency theory to develop a model for the comparative analysis of organizations which permits the identification of possible control requirements of various organizational types and to address a number of related PMSs design issues. The model suggests that the structure of an organization is largely dependent on its context and that alternative structures create a need for different control mechanisms. Donaldson (1985) developed a model in which the structural characteristics of an organisation are linked to a number of contingent variables. The study places emphasis on strategies for gaining an effective fit between organisational structure and functional performance. He argues that structural adjustment is contingency driven; a change in organisational circumstance resulting in disequilibrium will reduce performance and signal the need for an adjustment of organizational form in order to restore effectiveness. Thus, the contingency-design-framework advocated by Donaldson views the organisation as a system, which needs to adapt to its environment in order to survive. Recently, Wadongo and Abdel-Kader (2014) developed a theoretical framework that defines and explains relationships between the contingency factors, performance management and organisational effectiveness in the third sector.

In sum, management accounting studies contribute to our understanding of contextual factors in the design and use of management control systems. In addition, these studies facilitate the documentation of the existence of management control systems in organizations. Therefore, it can be argued that the effectiveness of management control systems' design depends on its ability to adapt to changes both in external circumstances and internal factors. This study will provide further evidence on the influence of contextual factors on PMS in the NSH, thus,

contributing to existing studies (O'Connor et al. 2006, Kattan et al. 2007) and extending the literature.

4.5 Relevance of Contingency Theory to the Study

The objective of this study is to identify contextual factors specific to public sector in Nigeria and how these impacts on the applicability of PMSs framework in NSH. The studies reviewed above have demonstrated that contingency theory is useful in identifying and explaining contextual factors (Kattan et al. 2007, O'Connor 1995). At the same time, these contingency-based studies have drawn our attention to the fact that control systems differ from one organization to another. The studies emphasise the need to match factors specific to each organization and the design of the control systems. This thesis draws on contingency theory to explain how NSH's contextual factors influence the applicability of PMSs framework. The theory would also enable us to explain how these individually or collectively affect specific components of the PMSs. It is also expected that the theory in association with the framework of study would assist in developing a model which permits the identification of possible contextual elements and address a number of related PMSs design issues. This is in line with previous studies which have utilized contingency theory to develop models and theoretical frameworks (for example, Wadongo and Abdel-Kader 2014, Waterhouse and Tiessen 1978). Contingency theory can therefore be argued as the most appropriate theoretical lens for this study because it advocates a match between factors specific to the organization and the design of PMSs.

4.6 Summary of the Chapter

This chapter discusses the theoretical framework adopted for this study. It highlights the theory and research-practice gap debate in management accounting and the contribution of this thesis in narrowing such gap. The chapter presents an overview of contingency theory and justifies its relevance to this study. In addition, the chapter discusses previous management accounting

studies that have adopted contingency theory in order to extend our knowledge of this field of research.

The theory research-practice gap debate indicates a disconnection between management accounting research and practice. It is argued that management accounting research has failed in producing management control tools that are relevant to solve practical issues in organizations. This thesis attempts to narrow this gap by proposing a PMSs model which reflects contextual factors within which NSH operates.

The review of previous studies in management accounting contributes to our understanding that the effectiveness of management control systems' design depends on its ability to adapt to changes both in external circumstances and internal factors. However, majority of previous studies focus on environmental uncertainty and market competition. This was identified as a gap in the literature, suggesting the need for further research focussing on deep-rooted contextual factors. This thesis intends to fill this gap by identifying other contingencies which are likely to influence the applicability of PMSs framework in public sector EEs context.

Having introduced the theoretical framework informing the study, the next chapter presents the methodology.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 Introduction

The previous chapter presented the theoretical framework adopted for the thesis. The purpose of this chapter is to describe the methodological approach adopted for this study and to outline the research methods that were employed to fulfil the aims of the study. The chapter begins with a discussion on different philosophical assumptions that constitute a particular research philosophy, followed by a discussion of the main philosophical perspectives in accounting research. In addition, it provides the philosophical perspective on which the study is templated. In the following sections, the research design and the details of data collection and analyses are discussed. Finally, a brief section is provided on the issues of validity and reliability of the research before concluding the chapter.

Methodology "refers to distinct approaches to studying the social world that involve conflicting ideas not just about methods but also about the intended goal and products of research, ontological and epistemological assumptions involved, how the role of research is defined in relation to other activities" (Hammersley 2011 p. 32). This suggests that the choice of research methodology is influenced significantly by the philosophical assumption underpinning the study while the choice of methods depends largely on the methodology followed (Chua 1986). Therefore, it is argued that the selected methodology for this study supports the adopted research design and the planned approaches which were used to explore the complexities of the study in seeking findings for the questions raised by the researcher.

The chapter is organised into ten sections. Following the introduction, the next section presents fundamental assumptions underlying research. This is followed by discussions on the different philosophical perspectives in accounting research in section three. Section four presents the

chosen philosophical perspective for the study. The next section details the research design (case study) and justifies its adoption in the study. The following section explains the planning for the case and narrates how access was negotiated. The subsequent section discusses the data collection methods and how they are used in the study. Data analysis procedures are presented in section eight. The next section discusses the quality of data with respect to validity and reliability issues. The final part presents the chapter summary. Figure 5.1 depicts the structure of the chapter.

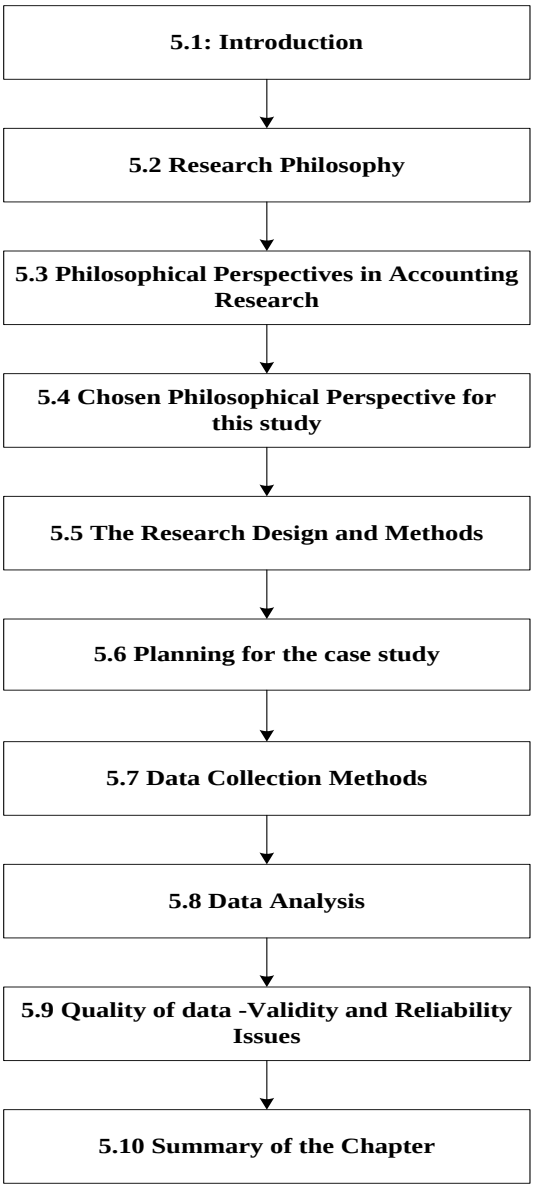

Figure 5.1: Structure of Chapter 5

5.2 **Research Philosophy**

Every research is based on some philosophical assumptions about the nature of the world and how knowledge about the world can be obtained (Myers 2013). The research philosophy is a set of explicit fundamental assumptions that underpin the way to conceive and know about a particular reality being studied (Bryman and Bell 2015). It has been argued that these assumptions relate to the very essence of the phenomena under study (ontology), the ground of knowledge (epistemology), the relationship between human beings (human nature of society) and the way in which one attempts to investigate and obtain knowledge about the real world (methodology) (Burrell and Morgan 1979, Chua 1986, Laughlin 1995). The assumptions have direct implications for the design and implementation of the research (Creswell 2013, Collis and Hussey 2013). According to Creswell (2013), the choice of any particular method of research depends on the chosen research philosophy that researchers follow when conducting their research. Hopper and Powell (1985) noted that: "certain fundamental theoretical and philosophical assumptions underlie any piece of research - there is no such thing as a totally objective or value free investigation". Every researcher brings his/her own worldviews, paradigms[13] or set of assumptions to the research and these inform the conduct and outcome of the study (Llewellyn 1992, Denzin and Lincoln 2011, Creswell 2013).

The ontological assumptions are concerned with the nature of the reality of the phenomena under investigation (Hallebone and Priest 2008, Sale et al. 2002). Burrell and Morgan (1979) proposed the use of two continuums to analyse these assumptions: the objective-subjective and the regulation-radical change dimension. Objectivist researchers view the social world as a concrete structure. This suggests 'realist' ontology. Objectivist researchers seek universal laws to explain

[13] The philosophical assumptions are also referred to as paradigms. Hussey and Hussey (1997, p. 47) described the term paradigm as "The progress of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge". Paradigms lay down how research should be conducted by offering a framework which consists of acceptable theories, methods and ways of defining data.

this reality (that is 'positivist' epistemology) (Burrell and Morgan 1979). These researchers see human behaviour as being determined by external circumstances ('determinist'). Therefore, scientific tests and quantitative analysis are chosen as the preferred technique for acquiring detailed knowledge ('nomothetic' methodology) (Burrell and Morgan 1979). On the other hand, subjectivist researchers are portrayed as those concerned with understanding of the ways in which the individual creates, modifies and interprets the world ('nominalist' ontology). These researchers become interested in individual explanations of their unique experiences in creating social reality ('anti-positivist' epistemology) (Burrell and Morgan 1979). Humans are seen as creatures of free will whose activities are largely unaffected (that is not determined by the social world in which they exist ('voluntarism'). Thus, getting as close as possible to the subject under investigation is the preferred method of acquiring detailed knowledge ('ideographic' methodology) (Burrell and Morgan 1979). It has been suggested that the assumptions about the nature of science can be thought of in terms of what Burrell and Morgan (1979) classified as the subjective-objective dimension as discussed above.

The epistemological assumption is concerned about what is considered as acceptable knowledge in a field of study (Saunders 2011). Epistemology also specifies the relationship between the researcher and what is being researched (Guba and Lincoln 1994, Collis and Hussey 2013, Bryman and Bell 2015). This assumption is concerned with the form of knowledge and how it can be acquired and transmitted (Burrell and Morgan 1979, Hopper and Powell 1985). In addition, it involves the examination of the relationship between the researcher and the phenomena being researched (Hussey and Hussey 1997, Denzin and Lincoln 2011). Thus, the researcher may be viewed as an objective observer who is disengaged from the process of selection of data, analyses and interpretation. The researcher may also be viewed as an engaged participant who is actively involved in the research process (Hallebone and Priest 2008).

The framework of Burrell and Morgan (1979) presents two stances regarding epistemological assumptions – positivism and anti-positivism. The positivists believe that only phenomena, which are measurable and observable, can be considered as knowledge. Knowledge may be obtained through observation without subjective involvement of the researcher. Therefore, positivists seek to explain and predict what happens in the social world by searching for regularities and causal relationships between its constituents. The anti-positivists on the other hand believe that the social world is relativistic and can only be understood from the point of view of the individuals that are involved with the phenomena under investigation. Thus, the epistemology of anti-positivism is essentially constructivist/interpretivist.

The next assumption relates to human nature and is concerned with the relationship between human beings and their environment (Hopper and Powell 1985). At one extreme is determinism, which assumes that individuals' behaviour and experience are constrained and determined by their environments and at the other extreme is voluntarism, which regards people as autonomous, free-willed and capable of constructing their own environment (Burrell and Morgan 1979).

Assumptions about nature of society revolve around the stance of the researcher towards the society which they are researching. Again, a dichotomy is created with a regulatory (or consensual) understanding of the nature of society contrasted with radical change or conflictual view of society. With the regulatory view, the status quo is accepted as being the appropriate form of social organisation. The radical view reflects a deep dissatisfaction with the present society because it is seen to stunt individual's development and limits their ability to achieve their potential (Hopper and Powell 1985, Burrell and Morgan 1979).

Methodological assumptions refer "to the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data" (Collis and Hussey 2013). Philosophical assumptions mentioned above have significant implications on methodological assumptions (Hopper and Powell 1985, Chua 1986). The Burrell and Morgan (1979) framework prescribes and differentiates two main approaches – nomothetic (objective) and ideographic (subjective). The nomothetic approach believes that the social world can be understood using methods and techniques from the natural sciences, while the ideography believes that the social world can only be understood by obtaining first-hand knowledge (Burrell and Morgan 1979). For the nomothetic, methods such as statistical analysis to test hypotheses in search of general law should be employed whilst, for the ideographic, techniques such as interviews and observations should be adopted to obtain information from individuals. Based on the above assumptions, Burrell and Morgan (1979) categorise social science research into four distinct philosophical approaches/paradigms: functionalism, interpretivism, radical structuralism and radical humanism. This categorization offers different ways of seeing the social world. Next is a discussion of the major philosophical perspectives in accounting research.

5.3 **Philosophical Perspectives in Accounting Research**

In the field of accounting, three distinct philosophical perspectives have been identified: mainstream (positivist), interpretive and critical (Hopper and Powell 1985, Laughlin 1995, Chua 1986, Ryan et al. 2002). Each philosophical perspective[14] is based on different assumptions which are discussed in this section. This would assist in positioning and justifying the philosophy of this research.

[14] The term 'approach or paradigm' is used to describe what is termed as philosophical perspective in this research.

5.3.1 **The Mainstream Accounting Research (MAR)**

Ontologically, the mainstream accounting research (MAR) regards the social world and its structures as a concrete structure (easily identifiable) which exist independent of the observers/investigators (Chua 1986, Hopper and Powell 1985, Burrell and Morgan 1979). MAR argues for the application of the method of natural sciences to social sciences (Bryman and Bell 2015). It focuses on causality and law-like generalisations, that is, it searches for regularities and causal relationships in order to generalise findings (Remenyi and Williams 1998, Gill and Johnson 2010). In addition, the paradigm advocates formulation of propositions/hypotheses that portray the subject-matter in terms of dependent, independent variables and the relationships between them (Kelemen and Rumens 2008, Myers 2013, Bryman and Bell 2015). Further, it assumes that knowledge is stable and is acquired objectively by observing the subject using appropriate tools (Lukka and Kasanen 1995, Chua 1986) and other people can employ the same tools in different contexts and derive the same knowledge (Remenyi and Williams 1998). Mainstream researchers develop models based on high levels of prior theorisation and then test them empirically (Baker and Bettner 1997). To control for variables not captured in their models, they often make implicit or explicit assumptions regarding how the world works (Laughlin 1995). In addition, this philosophical stance presumes that the process of acquiring knowledge is "value-free" and that the investigator does not influence what is being observed (Collis and Hussey 2013, Chua 1986, Guba and Lincoln 1994). This suggests that MAR attributes independence to the observer from the observed phenomenon (Burrell and Morgan 1979). With respect to human nature assumptions, MAR considers human nature as purposive and rational as far as social objectives are concerned (Humphrey and Olson, 1995). This implies that, at all times, and in different organisational contexts, human actors will respond by displaying similar behaviour and will be motivated to perform in accordance with socially constructed objectives (Kasumba 2009). In addition, the approach seeks to provide explanations that support the "status

quo, social order, consensus, social integration, solidarity, needs satisfaction and actuality" (Burrell and Morgan 1979). In other words, social structures determine the nature of social interactions of organisational actors (determinism).

5.3.2 The Interpretive Accounting Research

The interpretive paradigm is concerned with understanding the social world (Ryan et al. 2002). The ontological assumption of interpretive paradigm emphasises the subjective nature of the social world. It views the social world as a process which is shaped by the social actors (Hassard 1991). Thus, it assumes that reality is socially constructed by multiple people and these multiple people interpret events differently leaving multiple perspectives of an incident (Kelemen and Rumens 2008, Hassard 1991, Morgan and Smircich 1980). Epistemologically, the interpretive paradigm assumes that human beings create and associate their own subjective meanings during their social interactions with the worlds (Orlikowski and Baroudi 1991, Walsham 2006). Interpretivists undertake to study the phenomenon within its organisational context (Marshall and Rossman 1989, Collis and Hussey 2013, Lincoln and Guba 1985). Also, interpretivists study what influences human actors to make sense of their practices or activities; and the position-practices of human agents and their influence on organisational interactions (Stones, 1996; 2005). These interactions between actors and the institutions are unique and cannot be easily captured in hypothetical deductions (Orlikowski and Baroudi 1991, Remenyi and Williams 1998). Rather, it argues that social reality can be acquired through subjective human experience through interpretation, creation, and modification of the social world (Roberts and Scapens 1985, Chua 1986, Walsham 2006). Thus, interpretivists believe that a simple fundamental assumption cannot be applied in every social phenomenon. Since social reality is created and influenced by the social actors, it is way too complicated. Therefore, interpretivists argue that generalisation from a sample is hardly possible. In fact, generalisation is less emphasised in interpretivist research studies.

5.3.3 The Critical Accounting Research

The critical paradigm is based on an ontological assumption that social reality is not objective but constructed (Chua 1986, Burrell and Morgan 1979). Its epistemological stance is that social reality is influenced by socio-economic, political, cultural, ethnic and gender factors (Walsham 2006, Guba and Lincoln 1994). The critical paradigm adopts a methodological stance that attempts to provide explanations as to how 'different social forces' influence social change. Therefore, the critical paradigm seeks to critique and change the status quo of society rather than attempting to understand or interpret it (Hoskin and Macve 1986, Miller and O'leary 1987, Hopwood 1992). In addition, the paradigm allows the use of multi-methodological approaches that enhance more detailed and accurate analysis (Eriksson and Kovalainen 2015). Critical accounting research views human action as influenced by inter-subjective meanings, thus, it considers the social world as 'not only symbolically mediated but is also shaped by material conditions of domination' (Chua 1986). In addition, Chua (1986) posit that the critical paradigm attempts to investigate the role of dominant forces; exploitation of capital and labour; and contradictions that are embodied in social organisations. Critical accounting researchers also recognise the interrelationships between accounting, organisations and society (Broadbent and Laughlin 2013, Berry and Otley 2004). They are concerned with the need to develop a more self-reflexive and contextualised accounting literature which explicates a theory of interests in understanding accounting practice and theory (Lodh and Gaffikin 1997).

5.4 Chosen Philosophical Perspective for this Study

This study aligns itself with the mainstream accounting research. As stated section 5.3.1 of this thesis, mainstream accounting research allows the utilization and development of models/frameworks for empirical analysis. In order to understand the operation and structure of PMSs in the public sector of Nigeria, this study utilizes Ferreira and Otley's PMSs framework.

Methodologically, this thesis adopts a qualitative approach which helps to understand the contemporary phenomenon (performance management) in depth and within the context. Qualitative approach provides understanding based on meanings and explanation of social phenomena by interviewees within their natural setting. It allows the researcher to be part of the organisational daily activities and interact with the organisational actors. This approach argues that only through knowledge of the context and by engaging with people, one can understand their decisions and actions. Context refers to the complex fabric of local culture, people, resources, purposes, earlier events, and future expectations that constitute the time-and-space background of the immediate and particular situation (Evered and Louis 1981). Thus, context is major attribute of qualitative research. Qualitative research is not without critics (Bryman and Bell 2015, Myers 2013). However, it provides a holistic understanding of the phenomena under investigation and widely accepted (Bryman and Bell 2015).

This research posits that the context of healthcare system is important for successful implementation of NPM reforms such as performance management. The theoretical framework adopted for this study is contingency theory which states that the PMS in place in an organization will be contingent upon internal and external factors applicable to that organization (Rejc 2004, Otley 1980). In addition, the theoretical framework supports the research design (case study) which is appropriate for understanding context, contents and processes of PMSs functioning. Having clarified the philosophical position of the thesis, the next section presents a discussion of and justification for the research design of this study.

5.5 **The Research Design and Methods**

The research design is the logical sequence that defines the relationship between empirical data and research questions developed for research and its conclusions (Yin 2014). Research design

portrays connectivity among research questions, research objectives, empirical data acquisition, interpretation and analysis of data and ultimately to its conclusions (Yin 2014, Ghauri and Grønhaug 2005). In other words, research design is the blueprint for the collection, measurement and analysis of data (Cooper and Schindler 2008). Bryman and Bell (2015) identified five different types of research design: experimental, cross-sectional/social survey, longitudinal, case study and comparative design. For the purpose of this study a case study research design is considered to be the most appropriate because it provides complete and detailed understanding of the content and processes of accounting practices in their organisational and societal contexts (Berry and Otley 2004).

5.5.1 The Case Study Research Design

The case study is a very popular and widely used research design in business research (Eisenhardt and Graebner 2007). The case study is "an empirical inquiry that investigates a contemporary phenomenon (the case) in depth and within its real-world context, especially when the boundaries between the phenomenon and context are not clearly evident" (Yin 2014). According to (Robson (2002)) a case study is "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence". Similarly, the case study is a research strategy which focuses on understanding the dynamics present within single setting (Eisenhardt 1989) and/or multiple settings (Yin 2014). Further, Yin and Davis (2007) suggests that a case study research helps to understand a real-world case, though such understanding is likely to involve important contextual conditions pertinent to the case. Case study design can be embedded (multiple units) analysis, holistic (single-unit) analysis, single case design, and multiple case design (Yin 2014).

With respect to the purpose a case study seeks to fulfil, Yin (2003), 2014 classifies case study as exploratory, descriptive, explanatory or confirmatory and each of these can be based on a single or on multiple-case studies. Ryan et al. (2002) identified five types of case studies, namely, descriptive, illustrative, exploratory, explanatory and experimental. In descriptive case studies, the focus is on describing particular accounting systems, procedure and techniques. Illustrative case study seeks to demonstrate new innovative practices developed by companies. Exploratory case study seeks to understand an emerging phenomenon and/or to propose new theoretical insights to generate new ideas and hypotheses, which subsequently can be tested on larger scale studies, with the objective of generalisation. In explanatory case studies, the researcher attempts to explain the reasons for observed accounting practices. The objective of explanatory case studies is to provide a good explanation of the case instead of dwelling on generalisation. Finally, experimental case studies are employed to examine the difficulties involved in adopting new procedures or techniques in practices and also in evaluating the benefits derived from them.

This is a single-case exploratory study in that no particular hypotheses will be tested. Instead, the study contributes by outlining key themes in the evidence collected and generating issues for future research. The study also fulfils a descriptive role, particularly when drawing on Ferreira and Otley (2009) framework to amass and describe the evidence collected.

5.5.2 Case Studies in Management Accounting Research

Researchers have advocated for the use of case studies in accounting, particularly in management accounting research (Otley 1999, Otley and Berry 1994, Scapens 1990, Eisenhardt and Graebner 2007, Agyemang and Ryan 2013). For example, Scapens (1990) stresses the appropriateness of case studies when he stated that “case studies offer us the possibility of understanding the nature of management accounting in practice; both in terms of the techniques,

procedure, systems, etc. which are used and the way in which they are used." Also, Caplan (1989) argues that case studies "permit the researcher to examine the behavioural effects of accounting in the complex and interactive environment in which accounting actually exists. Without this "context," the study of accounting becomes an abstraction, removed from reality and that is particularly unfortunate for a discipline that is essentially pragmatic in nature." Further, Ferreira and Merchant (1992) note that case studies are powerful tools for studying issues that are not well-understood, complex or contextually contingent, sensitive in ways that survey response may be biased; and where the data required are not publicly available.

Case studies facilitate the discovery of anomalies in extant theories by illustrating areas of difference between actual practice and current theoretical thinking (Jensen and Rodgers 2001, Eisenhardt 1989, Humphrey and Scapens 1996, Eisenhardt 1991, Llewellyn 1996). Management accounting researchers (for e.g Malmi and Granlund (2009) demand for case-based analysis of successful practice or unsuccessful one in order to provide a basis for theorizing what systems to use or how not to use them: "why certain combinations work together and others do not, in various circumstances, needs more attention" (p. 610). This thesis responds to this call.

In EEs context Hopper et al. (2009) note that there has been an increase in case studies (but limited) in management accounting research over the past 20 years. Their classification of papers reviewed revealed a strong preference for case studies in EEs. Some of the reasons among others are that: case studies have helped in providing understanding to the identified distinctive sources of uncertainties in EEs and their effects (Alam 1997, Hoque and Hopper 1994, Kattan et al. 2007, O'Connor et al. 2006). This study provides further evidence on management accounting research in public sector organizations in EEs.

5.5.3 Rationale for the Case Study Design

The first rationale for adopting a case study design is that it is suitable for the nature of research questions asked in this study. Yin (2014) argues that a case study is particularly appropriate when the research question starts with: how' or 'why'. In addition, he argues that a research question starting with "What?" is also accurate. The objective of this study is to identify contextual factors that influence the applicability of PMSs framework. The second rationale for choosing a case study design is because the subject of investigation is contemporary (Yin 2014). PM is a phenomenon that is well-embraced by government across nations. This study explores the applicability of PMSs framework in the public sector in Nigeria. The third rationale is that a case study accommodates the use of a theoretical framework and provides opportunity for theory development through analytic generalisation (Yin 2014, O'Gorman and Macintosh 2014). Using contingency theory, this research generates other contingencies which influence PMSs in the NSH. The fourth rationale for using case study is that it allows the use of numerous data sources in the search of understanding (Yin 2014). In sum, case studies enable researchers to provide an in-depth understanding of the phenomenon being examined (see, e.g Agyemang and Ryan 2013, Scapens 1990, Liew 2007).

Case studies are not without critics. However, the need to use case studies research in management accounting research has taken prominence in recent time. Therefore, it is viewed as the most appropriate in investigating the applicability of PMSs framework in the NSH. In addition, it helps in investigating the operation of PMSs in the natural context where they are applied (Bryman and Bell 2015). Also, case studies allow the triangulation of various types of data source.

5.6 **Planning for the Case Study**

It has been suggested that before embarking on a case study, a researcher needs to acquire several skills, namely, be able to ask good questions and interpret the response, be a good listener, be adaptive and flexible in order to adapt to the different situations, have a firm grip of the issues being studied and be unbiased by preconceived notions (Yin 2014). Prior to visiting the research site, the researcher read materials (textbooks and journal articles on case study) and attended workshops/seminars on how to conduct qualitative research. In order to become familiar with the case site and issues under investigation, various documents on performance management in the public sector in Nigeria and the case organisation were reviewed. These documents include state health strategic reports, performance management reports, ministerial performance reports, newspaper reports and government gazette.

An informal discussion with the researcher's sister (a staff at NSH) about the intent of traveling to Nigeria to conduct such a research and its associated difficulties (access) became the access point. In sum, the researcher's sister largely secured access. Subsequently, the researcher's sister sent the contact details of five of her colleagues she had discussed the research with and were willing to participate. This was followed by telephone conversations with three of them, while there were email exchanges between the other two participants. Assurance of using the organization as a research site was obtained (informally), that it is possible to carry out the study in the organisation and also some documents regarding the case site were emailed and/or posted to the researcher. In addition, the researcher also visited the organization's website frequently.

In order to guide the data collection process, an introduction letter stating the objective of the research was prepared along with interview guide questions. However, the interview guide was modified as many times in order to capture new issues that had emerged. This is in line with

Patton (1990), who noted that finalising research strategy before data collection is not possible. Getting access to an organization is always a concern for the researcher (Baxter and Chua 1998). According to Taylor and Bogdan (1984), an ideal research setting is one where the observer has easy access, is able to establish immediate relationship with participants, and can collect data that is directly related to the research interests. In most EEs access to research site requires an informal arrangement (Uddin and Tsamenyi 2005). Jankowicz (2005) noted that it is important to use existing contacts if possible in order to gain access. In this study, an informal arrangement was made prior to the field work. Formal access arrangement was made by the researcher on arrival at the case site in April, 2015. During the first visit to the case organisation, the introductory letter was submitted to the chief medical director's office for approval. On subsequent visit to the organization, research access application form was obtained and completed. The form was submitted for approval and access was granted.

5.6.1 NSH Overview

The NSH emerged from a modest cottage hospital which was established by the old western regional government to provide healthcare services for the people living in its environment. The cottage hospital later metamorphosed into a full-fledged general hospital which served as a secondary level healthcare facility. The need for a tertiary healthcare facility for the training of doctors and other allied healthcare professionals to provide high quality clinical services led to its upgrade from a general hospital to a modern, well-equipped centre armed with the state-of-the-art equipment teaching hospital. In 2001, the state government officially converted the general hospital to the NSH.

Despite its upgrade to the NSH, the peculiarities of the state in terms of the size of its population, diverse ethnicity, commercial activities and infrastructure posed peculiar challenges for the hospital. This observation prompted the state government to implement the Health Service Reform (HSR) Law (2006) which approved the establishment of a governing board of the NSH

leading to the decentralization of its activities and granting it autonomy with the Ministry of Health retaining oversight functions. In the second quarter of 2007 the Health Facility Monitoring and Accreditation Agency (HEFAMAA) was established and charged with the accreditation and regulation of all public and private health facilities in the state.

The NSH is located at the state capital. As at 2014, the NSH had 357, 000 registered patients. At the time, it had 413 doctors, 694 nurses, 60 pharmacy personnel, 25 dentists, 62 laboratory personnel, 28 administrative staff and 17 accountants/auditors. According to the annual ministerial report which was presented by the state's commissioner for health in 2017, the number of resident doctors, house officers and interns had increased by 31, 25 and 31 respectively.

The NSH was chosen for this study because it is one of the foremost teaching hospitals in West Africa in terms of the high-quality services rendered by highly skilled professionals using state-of-the-art equipment. It is the youngest but fastest growing tertiary hospital in the country. Stake (1995) suggested that researchers should choose a case study that can maximise what can be learnt. Therefore, conducting this research in the case organization presents an opportunity to understand the extent to which the framework applied for the study provides explanations on the various components of the PMSs. In selecting the case, the size of the organization was a significant factor because it is related to the complexity of organisation structures (Lal 1991) and, consequently, the type of performance management techniques used. Therefore, it is assumed the notable position of the NSH in Nigeria in relation to service delivery and users' coverage will assist in obtaining an in-depth understanding of the functioning PMSs in that context.

5.7 **Data Collection Methods**

The literature identifies various methods of collecting case study evidence (see for example, Brownell 1995, Hussey and Hussey 1997, Creswell 2013, Yin 2014). These methods include; archival records, direct observation, participants' observations, documentation, physical artefacts and interviews. (Denscombe 2007) indicates that a case study allows for the use of a variety of methods depending on the circumstances and the specific needs of the situation. Since this thesis focuses on applicability of PMSs framework in public sector organization, interviews, documentation, telephone conversations and observations are considered as the most suitable methods to collect data. This is in line with Yin (2003) suggestions that "the use of multiple sources of evidence in case studies allows an investigator to address a broader range of historical, attitudinal and behavioural issues and allow triangulation." Data triangulation helps strengthen the weaknesses of each data type. It has been argued that research that has used multiple methods can capture threats to the phenomena under investigation (Yin 2014, Ferreira and Merchant 1992). The three methods and how they were used to collect data are discussed below.

5.7.1 **Interviews**

One of the most important sources of the case study is the interview (Tellis 1997, Yin 2014). Interview is a data collection method in which participants (individuals or groups) are asked questions in order to establish what they do, think or feel, and they can be conducted face-to-face, voice-to-voice or screen-to-screen (Hussey and Hussey 1997). Thorpe and Holt (2007) define interviews as "conversations with a purpose". Interview is the main method to discover the views, perceptions and opinions of individuals, and how they construct them through the language they use (Easterby-Smith et al. 2012). Interviews are also said to be the most commonly-used qualitative techniques in healthcare settings (Mays and Pope 2007).

Generally, interviews may be structured, semi-structured or unstructured. In structured interviews, the interviewer uses predetermined questions to be asked to each interviewee in the same way and then records the response based on a standardized schedule. This type of interview is easier to analyse but offers limited flexibility (Turner 2010, Saunders 2011). Semi-structured (unstructured) interviews usually use open-ended questions and allow the interviewer the flexibility to use his/her imagination to expand the discussion and gain more knowledge. Such interviews may also contain probe questions and require a well-trained interviewer to manage the interview. This type of interview is more difficult to analyse and demands more effort and time, but it is useful for exploring issues in greater depth (Corbin and Morse 2003). Unstructured interviews investigate and explore the several factors in the situation that might be fundamental to the broad problem area. More clearly, unstructured interview does not require a predetermined list of questions and gives the interviewee a chance to answer freely about events. In this type of interviews, obtaining accurate responses or more information depends on the interaction between the interviewer and interviewee in a successful debate and the interviewer requires more skills and experience (Saunders 2011). Semi-structured interviews have a predetermined set of themes and questions with flexibility to answer them within given boundaries set by researchers, but also accommodate the views of interviewees (Saunders 2011). Bryman and Bell (2015) argued that the flexibility and comparability of semi-structured interviews can assist the interviewer / researcher to focus on the key target of the interview since the interviewer can make sure that all the questions are being covered.

Given the qualitative nature of this study, semi-structured interviews were adopted in order to understand the subject of inquiry and for greater engagement with organisation's participants. Thus, the researcher employed a semi-structured instrument guide to provide a consistent framework for each of the conversations and help maintain a focus on the research objectives.

The interview guide was prepared using the 12 questions listed on the framework of study (see Appendix 5). The open-ended questions were used to interview the selected participants and were found to yield significant insight into the various aspects of PMSs in the studied organization. The interview guide was further synthesised and used to ensure consistent and complete coverage of main and emerging themes in the study (Pierce and Sweeney 2005). The interviews were recorded with the interviewee's consent (Collis and Hussey 2013). Participants were guaranteed confidentiality and anonymity. However, the researcher enquired from the respondents as to whether the researcher could use their names directly in this research or in subsequent future research. The interviewees maintained that confidentiality and anonymity must be the 'rule of the game'. Nonetheless, there were few general employees who showed no concern about confidentiality issues. To maintain confidentiality and anonymity, names of interviewees were coded. Table 5.1 presents the lists of interviewees.

The entire interview process was largely of two categories, namely, on-site and off-site semi-structured interview processes. The on-site interviews were carried out at the premises of the organization in Nigeria and were conducted in person by the researcher. Each interview lasted averagely between thirty minutes and one hour. Off-site interviews were conducted through telephone by the researcher to supplement on-site conducted interviews. It was also used to clarify certain issues identified in earlier on and off-site interviews. Telephone interview was used as an antidote to distance and its associated costs. The researcher was hindered by financing additional field trip to the case site for further data acquisition. Thus, an alternative medium was employed.

Table 5.1: List of interviewees – Categorization and coding

Type of Respondents	Directorate/ Department	Coding	Number of Interviews	Duration of interview (in minutes
CMD	-	CMD	1	30
Director	Clinical services and training	DCST	1	30
	Hospital administration	DHA	2	45
	Account	DA	2	30
Head of departments	Surgery	HS	1	25
	Medical Emergency	HME	1	30
	Laboratory Services	HLS	1	35
	Pharmacy	HP	1	30
	Health Information management	HHIM	1	30
	Internal audit	HIA	1	60
	Information & communication	HIC	1	30
	Chest Clinic	HCC	1	30
Doctors	Obstetrics & Gynaecology	CO&G	1	20
	Paediatrics	CPea	1	30
	Ophthalmology	CO	1	25
Nurse	Family medicine	CFM	2	30
	Paediatrics	CPa	1	25
Administrative	Medical	AaME	2	30
	Emergency	AaRD	1	30
	Radiology	AaPH	1	20
	Physiotherapy Information & communication	AaIC	1	30
Accountants	Child Dental Health	ACDH	1	20
	Procurement	AP	1	30
	Internal Audit	AIA	2	30
Lab Scientist	Laboratory Services	CLS	1	30
Pharmacist	Pharmacy	CPha	1	25
Auditor	Catering Services	ACS	1	35

The conduct and analysis of the interviews involved three stages: (i) arranging and conducting the interviews, (ii) transcribing the interviews and (iii) analysing the responses. Participants were selected based on availability, experience and knowledge. To arrange for the interviews, the researcher used the phone in most cases. During the fieldwork that took place between March and April 2015, a total of 32 open-ended semi structured interviews with NSH staff from different hierarchical positions with relevant academic, administrative and managerial experience were conducted. Between April and September 2015, nine follow-up interviews were conducted through telephone[15]. All the-face-to face interviews were tape recorded except the telephone interviews. However, notes were taken during those interviews and when the researcher observed anything it was quickly jotted down in a note book. At the end of every interview the notes were typed, the researcher wrote up the interview and observation notes, and where the interviews had been tape recorded, they were transcribed verbatim.

5.7.2 Non-participant observation

Observation has been defined as "systematic noting and recording of events, behaviours and artefacts (objects) in the social setting chosen for study" (Marshall and Rossman 2014). Observations offer an opportunity to record and analyse behaviour and interactions as they occur, allowing events and actions to be seen through the eyes of the researcher (Lewis and Ritchie 2003). The current study employs non-participant observation as one of its data collection methods in order to explore the interactions of the organizational participants, which would not otherwise have been easily gained through other means (Marshall and Rossman 2014). Non-participant observation involves observing participants without actively participating. This method is used to understand a phenomenon by entering the community or

[15] It is argued that the telephone interviews provide qualitative researchers, especially those undertaking accounting and management research with a sound data collection instrument **(Farooq and De Villiers, 2017)

social system involved, while staying separate from the activities being observed. Non-participant observation is often used in tangent with other data collection methods, and can offer a more "nuanced and dynamic" appreciation of situations that cannot be as easily captured through other methods (Liu and Maitlis 2010). Non-participant observation was used to pick up participants' interactions with the PM practices in the organization. During any interview when any observation is made by gesture or tone of the voice, the researcher noted that and tried to probe for further clarification by asking more questions. In addition, during the visits to the organisation the researcher observed the organisation's daily activities; these include action such as opening time, service delivery, building or work spaces, the condition of medical equipment, work ethics, etc. Record of observations produced informal evidence which helped in constructing the story. Scapens (1990) asserted that informal evidence might give indications about the validity of information sources. For instance, it was observed that some interviewees do not like to talk about how things are on the ground rather they talk about how things are supposed to be. In such circumstances, the researcher probed further to get participants talk about the true situation.

5.7.3 Documentary Evidence

Documentary evidence serves as a substitute for records of activities that the researcher might not have observed directly (Stake 1995). Documentary evidence is relevant to every case study and serves many purposes (Yin 2014). According to Bowen (2009) documentary evidence provide data on the context within which research participants operate. A document is a symbolic representation that can be recorded and retrieved for description and analysis (Hesse-Biber and Johnson 2015). Further, they suggested that qualitative analysis of documents focuses on 'tracking discourse', including words, meanings and themes. According to Yin (2014) documentation is a great source of evidence because it is 'stable' (can be reviewed repeatedly), 'unobtrusive' (not created as a result of the case study), 'specific' (contains exact names,

references and details of an event) and has a ‘broad coverage’ (covers a longer time period, many events and many settings. The most common documentation types used in case studies are the following: personal documents, for instance, letters, written reports of events or notes; administrative documents such as internal audit reports, agendas, budget reports, announcements, proposal reports, monthly management accounting reports and other internal reports (Yin 2014).

Researchers can also make some inferences from documentary evidence; however, they shall be treated as clues worth of further investigation rather than definite findings (Yin 2014). Similarly, documentary evidence can be subject to reporting bias which can be due to incomplete information or the general bias of the author (Easterby-Smith et al. 2012, Bowen 2009). Despite these limitations, documentary evidence is less time-consuming and therefore more efficient than other data sources.

In this research, documentary evidence accessed and analysed include internal (related to the hospital) and external (related to the MOH, government reports/policy documents). Thus, the study relied on public published documents such as annual performance reports (health sector), policy documents, news clippings and other articles appearing in the mass media or newspapers (see Appendix 6). These documents provided salient insights into the evolutionary tendencies of the studied organization. The documents were also used to corroborate the information gathered at the interview stage (Yin 2014, Tellis 1997). Thus, the use of documents results in both obtaining new information and to corroborate and augment evidence from interviews.

In order to evaluate the quality of these documents; the study uses four criteria advocated by Scott (1990) namely: authenticity, credibility, representativeness and meaning. Authenticity

refers to whether the evidence is genuine and of reliable and dependable origin. Authenticity of the evidence for analysis is a fundamental criterion in any research. The documents used in this study are genuine and has integrity. For example, the sector performance management report and other policy documents were produced by the Ministry of Health (MOH) and endorsed and accepted by the government. The researcher confirms that the documents used in this study were produced by experts in the MOH and other allied MDAs. The ministerial press briefings are assumed to be reflective of government policy as delivered by the Honourable Commissioner for Health.

Credibility refers to whether the documentary evidence is free from error and distortion. According to Scott (1990) the question of credibility should concern the extent to which an observer is sincere in the choice of a point of view and in the attempt to record an accurate account from that chosen standpoint. With respect to credibility, all the documents used in this study were prepared independently and beforehand. None of the documents were produced for the researcher's benefit. Therefore, it is believed that they were sincere and could not have been altered for the benefit of or to mislead the researcher.

Representativeness refers to whether the evidence is typical of its kind, or if it is not, whether the extent of its untypicality is known. For the purpose of this study, documents issued by the health ministry and other supervisory agencies to a large extent represent or reflect government policies on health. Meaning refers to whether the evidence is clear and comprehensible. The ultimate purpose of examining documents is to arrive at an understanding of the meaning and significance of what the document contains (Scott 1990). However, what documents contain can have either a literal or face value meaning, and an interpretative meaning. It has been argued that the literal

meaning of a document gives only its face value meaning, from which its real significance must be reconstructed (Scott 1990). The documents used in this study were clear and comprehensible.

5.8 **Data Analysis**

Marshall and Rossman (2014) defined qualitative data analysis as the process of bringing order, structure, and interpretation to a mass of collected data. Scholars have argued that qualitative data by nature is subjective and messy; hence, the analysis process is adjudged as difficult and time-consuming (Marshall and Rossman 2014, Yin 2014). In view of this ambiguity and difficulty of qualitative data analysis, researchers have presented various ways of analysing qualitative data (Yin 2014, Miles and Huberman 1994, Stake 1995). According to Creswell (2013) the core elements of qualitative data analysis are coding the data, combining the codes into broader categories or themes and displaying and making comparisons in data tables, graphs and charts. It has been argued that there is no particular stage where case study data analysis should be started; it "is a matter of giving meaning to first impressions as well as to final compilations" (Stake 1995). Analysis essentially means taking something apart." Miles and Huberman (1994) suggested that qualitative data analysis consists of three simultaneous flows of activities: data reduction, data display and conclusion drawing/verification.

In this research, the preliminary analysis started immediately after each interview with a summary of evidence gathered. This allowed the researcher to focus on relevant issues, develop ideas for further inquiry and to capture important insights at an early stage. Once all interviews were transcribed and other data was collected, the researcher started to think about the analytical strategy and techniques to guide the data analysis. According to Yin (2014), analytical strategy is an important part of the research design that guides researchers how to link empirical data to some concepts of interest where the concept then gives the research a sense of direction in

analysing the data. He suggested four general analytical strategies which include: relying on theoretical propositions, working on the data from the ground up, developing case descriptions, and examining rival explanations. Within each strategy, five analytic techniques were proposed which include: pattern matching, explanation building, time-series analysis, logic models and cross-case synthesis. The researcher decided to start working with the data from the ground up and then to rely on Ferreira and Otley (2009) PMSs framework for data analysis. Not uncommon for qualitative research, the researcher iteratively moved between the empirical material and emerging concepts and prior theoretical constructs throughout the analysis (Locke 2001). The overall process is described below.

First, the researcher studied interview transcripts and other documents repeatedly, and any reflective comments or remarks, such as observations made during interviews that were in contradiction to what the interviewee was saying, incidences that occurred during the data collection, and any idea that came to the researcher's mind when reading the documents, were noted on the side of the documents. This approach helped the researcher to add meaning and clarity to the field data (Miles and Huberman 1994).

Second, all quotes from interview transcripts and/or documents were placed under each component/question of the framework. Here, the researcher was open to emerging issues (other contingencies) from working with the data ground up. For example, the role of politics and individual behavioural choices, are some of the issues that emerged at this stage.

Third, the framework was relied upon to analyse case evidence. Narratives were developed around each component and quotes were used to provide a range of alternative views that

emerged from the transcripts. Rival explanations were examined and plausible explanations provided. The findings are presented in chapters 6, 7 and 8 of this thesis.

5.9 **Quality of Data -Validity and Reliability Issues**

Given that a research design is supposed to represent a logical test of statements, certain logical tests are required to judge the quality of the research design (Yin 2014). The reason for this is that inappropriate data collection and analysis methods can compromise the quality of research. Validity and reliability tests are commonly used to establish the quality of any empirical research. Validity is concerned with the 'accuracy of findings' while reliability is concerned with the 'replicability and consistency' of findings (Thyer 2001). There are two aspects of validity that are considered particularly important: external validity and internal validity. According to Lillis (2006) external validity is concerned with the generalisation of findings of an empirical inquiry to other populations and settings. It has been argued that empirical generalisation is not possible in qualitative case study; however, external validity can still be achieved through analytical generalisation (Yin 2014). Hence, this study does not claim to generalise results to the whole population but uses the concept of generalisation in analytical sense and not empirical while the inferences of findings are used in a logical not statistical sense.

Internal validity is concerned with the confidence level in the 'truth' of research findings (Lincoln and Guba 1985). Internal validity can be achieved through effective data collection and analysis techniques. However, there have been some attempts in the qualitative literature to move away from the concept of validity and to use instead other terms which are more appropriately related to the correctness of qualitative evidence (Lewis and Ritchie 2003). For example, it is suggested that 'credibility' and 'transferability' translate more appropriately for naturalistic (qualitative) enquiry than internal or external validity (Lincoln and Guba 1985).

Glaser and Strauss (2009) referred to the credibility and plausibility of qualitative research data and findings. Triangulation (Seale 1999, Silverman 2013), respondent validation (Denscombe 2007) and disconfirmatory evidence (Green and Thorogood 2014) are extensively advised for improving validity and proving that the data are likely to be accurate and appropriate and that the qualitative data have been produced and checked in line with good practice.

Earlier in this chapter it was explained that the empirical data comes from interviews, observations, documentary evidence and telephone conversation. In this research, two different types of triangulation for assessing the validity of qualitative data were used. These include: data sources triangulation (i.e. the collection and comparison of data from different categories of respondents) and method triangulation (i.e. comparison of the results from two or more different methods of data collection (e.g. interviews and observation). Where there are inconsistencies between the two sources, the researcher contacted certain interviewee (s) again for clarity.

Reliability is generally concerned with the replicability of research findings using the same or similar methods (Lewis and Ritchie 2003). However, in qualitative research, because of the different arguments on reality and the effects of context on the phenomenon under study, it seems hardly applicable in this sense. Instead, those concepts that are felt to have greater resonance with the goals and values of qualitative research have been used; for example, confirmability, consistency or dependability of qualitative research findings (Lewis and Ritchie 2003, Marshall and Rossman 2014, Lincoln and Guba 1985). Lewis and Ritchie (2003) explain that, to ensure these qualities exists; one should conduct internal checks on the quality of data and their interpretation, and provide information about the whole research process. Similarly, Yin (2014) suggests that reliability of a research can be increased by documenting the research process and making it transparent (Yin, 2014). To address reliability concerns for this research,

an attempt was made to document as many steps as possible that were taken for conducting the research. The details are already presented in sections 5.6-5.8 for case planning, data collection and analysis.

5.10 **Summary of the Chapter**

This chapter has presented the methodology (which is the process of conducting research) and methods (which refer to the techniques used to collect and analyse data) (see for example, Ryan et al. 2002, Hammersley 2011) adopted for this study. It was argued that the choice of an appropriate methodology depends on the research questions and the philosophical assumptions underpinning the research (Hopper and Powell 1985, Burrell and Morgan 1979).

Three distinct philosophical perspectives were identified namely: mainstream, interpretive and critical (Hopper and Powell 1985, Laughlin 1995, Chua 1986, Ryan et al. 2002). It was argued earlier in the chapter that the thesis can be located within the mainstream accounting research. This study adopted qualitative methodology. This approach allowed the researcher to investigate a phenomenon from its natural setting. The research design adopted (case study) provided opportunity for the researcher to understand the PMSs within the context of the organisation (see e.g. Hopwood 1983, Burchell et al. 1980, Hopwood 1987).

The chapter also discussed how the research was planned and conducted. This include the preparation for field work, how access was negotiated and data collection procedure. The data analysis procedure was also discussed. In addition, the chapter highlighted the connection between the framework of study and contingency theory. It then provides justification for the quality of data in relation to validity and reliability issues. Having discussed the research

methodology in this chapter, in the following chapters (6, 7 and 8) the findings of the study are presented and analysed.

CHAPTER 6: PERFORMANCE PLANNING PRACTICES

6.1 Introduction

The previous chapter presents the research methodology of this thesis. It argues that the choice of an appropriate methodology depends on the research questions and the philosophical assumptions underpinning the research objective. In this chapter and the subsequent two chapters the empirical findings of this research are analysed and discussed drawing on the framework of study and contingency theory. This chapter analyses the first four questions of Ferreira and Otley's (2009) which relate to *vision and mission, key success factors, organization structure, strategies and plans*. For the purpose of analysis, these were grouped as performance planning practices as discussed in section 3.2.1 of this thesis.

The findings indicate that the organization has clear direction in relation to achieving its overall objectives. The NSH's KSFs reflects political interventions. Health strategies and plans were formulated by the government hence strategic thinking is absent in the organization. The extents to which employees are involved in performance planning are explored with findings compared with previous literature. Using contingency theory the study found that performance planning practices in the NSH is influenced by political and socio-cultural factors. By doing this, this thesis provides evidence on the extent to which political and socio-cultural context of the NSH influence the applicability of PMSs framework.

The chapter is divided into six sections. Following the introduction, the next section analyses the findings on the overall direction that the organization pursues and how they are brought to the attention of managers and employees. Section three analyses the key factors that are believed to be central to the organization's overall success. The subsequent section presents an analysis of the organization structure and its impact on the design and use of PMSs. Section five presents

and analyses the findings on the strategies and plans adopted by the organization. The final section provides a chapter summary. Figure 6.1 depicts the structure of the chapter.

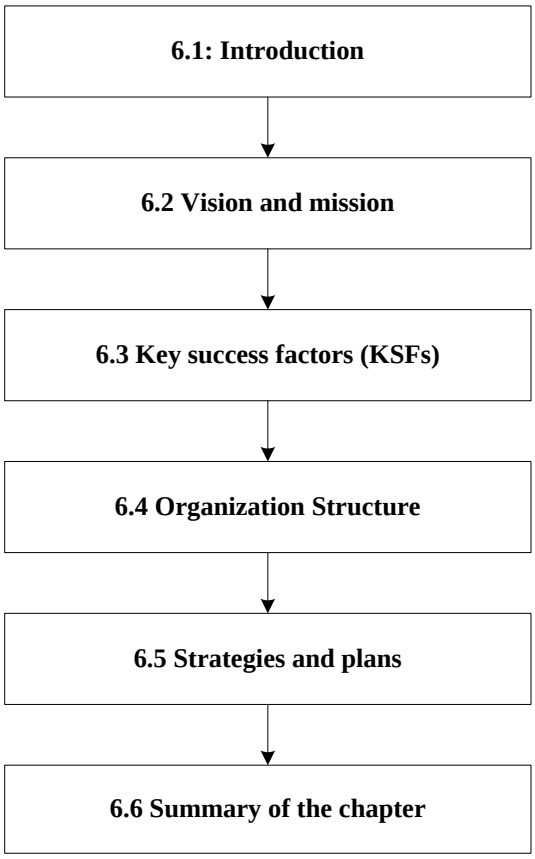

Figure 6.1: Structure of Chapter 6

6.2 **Vision and Mission**

Vision and mission are fundamental requirements for performance management systems in organizations (Ferreira and Otley 2009, Otley 1980). Vision and mission inform employees about the company's goals and unify their efforts toward accomplishing them (Ireland and Hirc 1992, Bart 1998). In addition, vision and mission provide a rationale for allocating resources (David 2007) and guide strategic decision-making (Drohan 1999). In relation to the above, participants were asked about the organization's vision and mission and how they are communicated to them. The vision of the NSH is "to be the centre of excellence in healthcare delivery" while the mission is "to provide high quality healthcare services in a friendly environment where patients' satisfaction is the ultimate (NSH's website). The vision and mission

were identified by the Chief Medical Director (CMD), who stated that 'in a bid to render excellent service, the hospital recruits qualified personnel with innovative skills'. In addition, the CMD noted that: *The vision and mission of the NSH aligned closely with the states' health policies.* For instance, the health sector's vision is 'to attain excellence in health service delivery by applying best practices at all levels of care', and the mission is 'to deliver qualitative, affordable and equitable healthcare service to the citizenry applying appropriate technology by highly motivated staff' (MOH website).

This view was supported by the DHA who stated that:

"The current administration advocates excellence in health service delivery by applying best practices at all levels of care in order to ensure a 'healthy state'. The government wants the citizens to enjoy access to healthcare without any barrier.

One of the heads of department stated that: *"the use of latest technology has enhanced the delivery of excellent healthcare services [HLS]".* Similarly, the head of health information management (HHIM) department claimed, *"the provision of high quality care services that ensure patients' satisfaction requires continuous innovative research and education".* One of the administrative staff identified the organization's vision and mission as evident in the following statement:

"We are driven by the objective to deliver excellent service to increase patients' satisfaction rate thereby creating a friendly environment for staff and patients" [AaRD].

It was evident from the interviews that management and other employees reflect on the vision and mission of the organization. The existence of vision and mission in the NSH is consistent with the argument presented in existing literature that most organizations have vision and mission statements (Coats et al. 1991, Collins and Porras 1996, Darbi 2012). In addition, this highlights the fundamental role which vision and mission play in the design and use of PMSs.

Based on the above findings it can be argued that the alignment of the NSH's vision and mission with that of the state health sector reflects the influence of the political context on its PMS.

Consequently, it can be inferred that political context in which the NSH operates influence its PMSs. The implication is that employees may not be enthusiastic in achieving them.

Responding to how vision and mission are communicated in the NSH, interviewees noted the extensive use of formal means of communication which was evident in the following statement:

"The vision and mission of the organization are clearly communicated during induction and orientation programme; at meetings, we are constantly being reminded. As a staff you cannot claim ignorance of what this organization aspires to be or is known for" [DA].

The above statement is consistent with the view of one of the nurses who stated that: *"the vision and mission of the organization are communicated extensively particularly during induction training and at meetings" [CFM]*. This suggests that the vision and mission provide meaning and intent of the organization, thus enhancing the use and design of the NSH's PMSs.

It was observed that apart from the organization's website, the vision and mission statements are displayed in the offices of the CMD, directors and heads of department. This suggests that the management team are reminded of the vision and mission statements frequently than other employees. Advocating for increase in the level of awareness of vision and mission, an interviewee from the clinical department noted:

"Vision and mission statements should be displayed in all the offices…these statements should be displayed where all stakeholders could read them" [CPea].

This view was supported by one of the auditors from catering department when he stated that: *"The organization's vision and mission statement should be displayed in all the offices to increase employees' awareness and their knowledge of the organization's mission and vision" [ACS]*.

Moreover, interviewees argued that awareness of the mission and vision statements is not enough to stimulate desired behaviours or attitudes. The following comment represents the views of interviewees:

"The organization's vision and mission statements will influence workers when they know of them and implement them in their day-to-day work. As it stands, the behaviour of some employees is not consistent with the vision and mission statements...a few staff disrespect and speak rudely to patients" [AaPH].

Similarly, one of the doctors stated that: *"In this organization, some people are not driven by the vision and mission. Some just behave the way they like…I think it has to do with our orientation to work as a people. For instance, how can we be the centre of excellence when some people believe they cannot get to work at 8:00am due to traffic congestion? Such attitude to work prevents the delivery of quality service which could lead to patients' dissatisfaction and the overall performance of the organization" [CO]*. However, participants noted that the involvement of employees in the formulation of mission and vision statements could provide a sense of ownership and induce commitment to achieving the organizations' overall objectives. The following comment supports this argument:

"…ownership of the mission and vision statements is of importance to employees of any organization…once the staffs are involved in their formulation; they get committed and ensure successful implementation" [CP].

Overall, it can be argued that the level of commitment of the NSH to the communication of its vision and mission is high, particularly with strong emphasis placed on these during staff induction training. The findings also suggest the importance of involving employees in the formulation of vision and mission in order to achieve the desired objectives. However, observation during the field work revealed that departmental heads are aware of some of these behavioural issues either through direct observation, complaints or media reports; but it appears that there is no mechanism in place to curb such behaviour.

6.3 **Key Success Factors (KSFs)**

KSFs are those activities, attributes, competencies, and capabilities that are critical pre-requisites for the success of an organization in its industry at a certain point in time (Ferreira and Otley 2009, Thompson and Strickland 2001). NSH's KSFs mirror the state's health priority areas

which include leadership and governance, health service delivery, human resources for health, health financing, national health information systems, community ownership and participation, partnerships for health development and research for health (LSMOH 2010). Interviewees were asked to identify key factors that are believed to be central to the organization's overall success and how are they brought to their attention. The responses from the interviewees regarding the key success factors revealed broad and ranging views on what such factors were in the NSH. KSFs identified include 'recruitment of qualified allied and healthcare professionals', 'infrastructure and equipment upgrade', and 'improved health service delivery'. While these factors did not seem to contradict the overarching objective of the organization which is "to *become a world class teaching hospital, using cutting edge technology and highly developed human resources to render excellent medical care/services to the good people of Lagos State and beyond to markedly reduce the number of patients seeking medical tourism abroad",* they appeared to be more diverse than expected. Findings on the NSH's KSFs are presented below.

6.3.1 **Recruitment of qualified allied and healthcare professionals**

In relation to recruitment of staff, one of the directors noted that:

"NSH does not recruit healthcare workers on its own. It notifies the Health Service Commission (HSC) of the areas of need. The HSC is statutorily responsible for recruitment, deployment, promotion, discipline, staff welfare and professional development matters amongst others" [DA].

Another director indicated that: *"To provide the best healthcare, we present staff request to HSC to ensure that our staff are available in the right numbers with the right skills, values and competencies to deliver effective patient-centred care. For example, the first successful kidney transplant was carried out by our team of urologists and nephrologists" [DCST]*. This statement indicates that the NSH acknowledges the importance of recruiting highly qualified medical team and innovative human resources to render excellent services. The findings support previous literature. Dubois and Singh (2009) suggests that managing human resources in healthcare

involves organising groups of workers with different professional backgrounds, skills, grades, qualifications, expertise and experience to achieve optimal patient care. Participants noted that human resource for healthcare is a cornerstone of any health system. This view is represented in the following statement:

"The ability of a hospital to provide safe, high quality, effective, and patient-centred services depend on sufficient, well-motivated, and appropriately skilled personnel operating within service delivery".

There appears to be a consistent view among non-clinical staff that providing the best equipment in the NSH without health workers with the right skills in the right quantity and mix will not produce the desired improvement in the country's health indices. Two of the non-clinical staff commented that:

"To be a centre of excellence in healthcare service delivery workers need to be well-equipped with current information and skills. Applicants seeking employment in this organization are expected to possess relevant academic degrees and professional certifications. For example, applicants for consultant position must have passed the Part II Fellowship Examination of the West African College of Surgeons/Physician or the National Postgraduate Medical College or its equivalent in that area of specialty" [AaME].

"With the right quantity and mix of health workers, there will be improvement in health service delivery and consequently on the overall state's health indices" [AP].

Closely aligned with recruitment is training and development for better retention of skilled healthcare professionals (Dubois and Singh 2009). Training and development are recognised as key means by which staff are provided with the necessary knowledge and skills to improve overall institutional performance and achieve the objectives of the organisation (Danso et al. 2012). In terms of training and professional development, one of the nurses highlighted that:

"In- house (continuous medical education) training was organized for members of staff monthly. Doctors, nurses and other employees received training calls from Ministry of Establishments, Training and Pension and the State Treasury Office. For example, some medical officers have benefited under the professional development partnership programme between the State Government and Otto-Von-Guericke University, Magdeburg, Germany, twenty-three (23) medical doctors and three (3) nurses in various specialties were sponsored in three batches for a six-week programme in Germany for skill acquisition/update" [CFM].

In addition, DCST mentioned that: "*some employees have received trainings and update courses in Emergency Obstetric Care, Life Saving Skills, Medical Services, Quality Assurance and Infection Prevention and Control".*

The above comments indicate that training and development of staff are important in ensuring the success of the organization. In addition, there was evidence of state's involvement in organizing certain training and development programmes. However, the following participants expressed concerns with respect to the focus and frequency of seminars and training programmes. The AaME stated that:

"Some in-service training does not focus on developmental needs of health workers. Hence, there is no improvement on staff competence and subsequently on the delivery of excellent service".

In addition, the CLS commented that:

"I think the frequency of training programmes is inadequate, we should have regular trainings and seminars to enhance career development and improve staff competencies".

Based on the above evidences, a training needs analysis would be beneficial in ensuring an effective performance management system. In addition, increase in adequacy of staff training would be beneficial to ensure enhancement of competencies appropriately.

With respect to staff retention/turnover, the study did not find any evidence of a structured approach in the organization. This suggests that the organization gives no consideration to this issue. It has been argued that effective people management is achieved when hospitals follow a structured approach to attraction, retention and development of talent, including handling poor performers (Bloom et al. 2009, Dorgan et al. 2010). This is an issue that needs to be properly investigated by management particularly as there are evidences of global shortage of healthcare workers (WHO 2013).

6.3.2 Infrastructure and equipment upgrade

Infrastructure upgrade is another factor stated as a critical pre-requisite to achieving the organization's vision and mission. Infrastructure upgrade involves the revamping of health and related infrastructure through phased rehabilitation, equipping and/or upgrading of existing health facilities and the construction of new ones at the case organization. One of the directors noted that:

"The organization has benefited from the state's government continuous investment through phased rehabilitation, equipping and/or upgrading of existing health facilities and the construction of new ones" [DA].

According to the CMD, various projects are being implemented with the objective of enabling the hospital achieve its goal of been in the forefront of contemporary and tertiary healthcare delivery with respect to her statutory functions of research, training and clinical service delivery. This interviewee explained that the critical care unit has been completed and in operation. However, one of the doctors reported that:

"The renovation and extension of the maternal and child care centre (Ayinke House) and the psychiatry ward were yet to be completed" [CO&G].

In addition, one of the heads of department (HIC) explained that:

"The delay in project renovation constitutes a potential threat to the organization's accreditation exercise, particularly the postgraduate medical college. This HIC advocates the need for the organization to ensure timely completion of projects in order to avoid been disaccredited for training medical students".

Similarly, the DCST also commented that Ayinke House is very critical in the performance of the NSH, particularly in the provision of training for medical students both at the undergraduate level and at the residency level for doctors. This interviewee noted that students and doctors have been deprived of the opportunity to have highly specialised obstetric training over the past six years.

From the above evidences, it appears that some infrastructural renovations were completed without problems while others were delayed. The AIA explained "that infrastructural constructions, renovations and extensions were executed on contractual basis". As such contractors receive mobilisation fees for immediate commencement of projects while the balance is paid on completion. However, some contractors failed to complete assigned projects due to financial constraints. He explained that the renovation of the maternal and child care centre had to be re-awarded to another contractor due to lack of completion.

The above evidences suggest that while it is important to ensure that the structure and facilities are able to meet the demands from the public, it is a necessity to ensure that delays are avoided or minimized to the barest minimum. Such delays could have implications on service delivery and consequently on the objectives of the organization. In addition, contractors' capacity to perform should be considered to avoid project failure.

Healthcare technology can be defined as all drugs, devices and medical and surgical procedure used in medical care, as well as the organizational and supporting systems within which such care is provided (Herndon et al. 2007). As stated on the organization's website and in conjunction with interviewee responses the NSH has consistently led game-changing developments in healthcare through latest technology and innovative skills. In addition, it provides outstanding healthcare of international standards. For instance, one head of department noted:

"Modern technology is of essence in the delivery of quality healthcare service for the organization to achieve its objective of being a world class hospital" [HLS].

The DCST remarked that the newly acquired state-of-the-art medical equipment enables faster and accurate diagnostics of health issues. This view was supported by one of the administrative staff who noted that the recently acquired medical equipment has enabled the organization to achieve successful feat in service delivery (AaRD). In addition, one of the nurses indicated:

"With the modern equipment, the organization has successfully carried out several surgical operations such as kidney transplants, cochlear implant surgeries and bone bridge surgery to mention a few. For example, the new BTL 5000 electrotherapy machine was acquired to enhance access to physiotherapy services" [CFM].

Responses from the interviewees regarding medical equipment revealed that the organization has acquired various specialised-medical equipment which include Bio sound Megas Ultrasound System (Cardiovascular), Echocardiography System (Mylab50cux-vision), Gastroscopy Set, Duppler Ultrasound/Echo system, Treatment Chammed CU 3000 (QTY4), Digital Radiography X-ray system, Automated Haematology Analyser, BTL 5000 the electrotherapy machine. The evidence suggests that the NSH is determined in its drive towards the provision of excellent service delivery using latest technology and innovative skills.

6.3.3 Improved health service delivery

Health services include all services dealing with the diagnosis and treatment of disease or the promotion, maintenance and restoration of health (Oyibo 2010). Service provision refers to the way inputs such as money, human resource, equipment and drugs are combined to allow the delivery of health interventions (Ejumudo 2013). Access to healthcare services is a multidimensional process involving the quality of care, geographical accessibility, availability of the right type of care for those in need, financial accessibility, and acceptability of service (Shengelia et al. 2003, Peters et al. 2008). The utilization of healthcare services is related to the availability, quality and cost of services, as well as socio-economic structure, and personal characteristics of the user (Chakraborty et al. 2003, Manzoor et al. 2009, Onah et al. 2006).

Responses on access to healthcare revealed that it is an important determinant of utilization of health services in the NSH. For instance, a staff of the laboratory services department commented that:

"There has been significant improvement in the response time and quality of care with attendant improvement in morbidity and mortality rates occasioned by medical emergencies offered in the organization" [CLS].

Healthcare accessibility is also improved as the organization implements the state government's policy on free treatment for all citizens with the diagnosis of malaria. In addition, the hospital offers free treatment for children aged 12 years and below, adults aged 60 years and above and public servants, their spouses and four dependants aged 18 years and below. The DCST noted that the hospital provides special programmes such as the medical missions, blindness prevention, tuberculosis/leprosy, etc. to increase accessibility to healthcare.

The following newspaper excerpt elaborates on the free goitre surgery conducted by the organization's surgical team:

"Explaining how the 19 recipients came about the programme, the officer-in-charge of the mission, said the service was free for sufferers, who could not afford the N250,000 to N500,000 for the surgery, depending on how big the goitre is and if done in a private or public health facilities. She said the surgeons and the team were staffers of NSH" (The Nations 2016).

The above evidence suggests that the organization is committed to improved health service delivery through free medical services, thus pursuing the political agenda of the state government.

Availability can be measured in terms of the opportunity to access the healthcare as and when needed (Peters et al. 2008). It has been highlighted that the common problems of availability are limited hours; long patient waiting times, absentee health workers, and lack of drug stocks at public clinics in many parts of the developing world (Mendis et al. 2007, Hanson et al. 2003). The NSH states on its website that emergency services are run on a 24/7 basis. However, a doctor from the Paediatric department noted:

"Not all the health facilities are opened for 24 hours due to staff shortages and maintenance. In addition, it was mentioned that some health facilities are managed on private partnership basis hence they are not opened 24 hours, for example, laboratory services of BT Health and Diagnostic Services" [CPea].

Similarly, one of the heads of department indicated that:

"Long waiting times hinder availability of healthcare in the organization. This interviewee argues that due to staff shortage particularly on weekends increase patients' waiting time…some staff do not turn up for their shift" [HME].

The above comments suggest that one of the reasons the NSH is lagging in service delivery is staff absence particularly on weekends which shows lack of commitment to work. This suggests that employees' behaviour to work influences PMS in the case organization. It would be beneficial for the NSH to review its activities with respect to service delivery and staff availability in order to achieve its overall objective.

With respect to healthcare, affordability is the capacity to generate economic resources through income, savings, borrowing or loans to pay for healthcare services without financial hardship (Levesque et al. 2013). In other words, affordability reflects the economic capacity for people to spend resources and time to use appropriate services. Concerns have been raised with respect to the mechanisms of financing health services and their affordability in developing countries (Peters et al. 2008). Thus, financial access, or affordability, is considered one of the most important determinants of access. However, due to inadequate public financial resources, people have to pay for healthcare services. In promoting affordable healthcare services, the CMD stated:

"The organization renders services at a reduced rate compared to other hospitals. For example, he noted that kidney transplants are not free, but cost about N4.5 million compared to N8 million and above charged overseas" [CMD].

However, a contrary view was expressed by one of the heads of department who remarked that:

"No matter how subsidized the cost of surgery is, most Nigerians cannot afford it. This interviewee argues that the use of appropriate healthcare services should not bring financial hardship" [HS].

The above evidence suggests that the NSH is not a fully funded tertiary hospital.

6.4 **Organization Structure**

Organization structure is a fundamental control element which places a constraint on PMSs design and use (Ferreira and Otley 2009). There are multiple forms of organization structure and they involve choices regarding decentralisation/centralisation of authority, differentiation/standardization, and the level of formalisation of rules and procedure, as well as configuration (Johnson et al. 2008). According to the information on the organization's website as at July 2017, the hospital management comprised of the CMD, three directors, one assistant director, legal adviser and 32 heads of department (clinical and non-clinical). The arrangement depicts a functional/departmental organization structure which defines the functions carried out and the key management positions assigned to those functions. The management structure is organised on three levels: the CMD, the management team and heads of department. First, the CMD is usually appointed by the executive governor of the state. He is the chief accounting officer of the organization and has responsibility for the day-to-day activities of the hospital as well as for the efficient use of resources to achieve objectives effectively. He reports directly to the honourable commissioner of health. Second, the management team comprise the CMD, the three directors[16], the assistant director of nursing services and the legal adviser. The team provides their expertise and managerial experience in relation to clinical services, nursing services, administration, account and legal services). Third, there are thirty-two departments which include surgery, dentistry, obstetrics and gynaecology, community health and primary healthcare, internal audit, catering services, laundry services, store, security, etc.

One of the directors noted that:

"Organization structure reflects the varying levels of administrative controls with clear lines of reporting and accountability. Also, the structure empowers individuals to act within the sphere of their responsibility" [DA].

[16] These include director of clinical services and training, director of hospital administration/human resources and director of accounts. Their responsibilities are as dictated by the mandate of the position occupied.

Another interviewee remarked that: *"The structure of the organization specifies individual roles and tasks to be carried out. For instance, as the head of pharmacy department, my responsibilities include supervision of the pharmacy; management of facilities, equipment, supplies, and drug information; record-keeping and documentation; drug procurement and inventory management; training and orientation; safe medication practices" [HP]*.

Responding to the question on the impact of organization structure on the design and use of performance management systems, one of the nurses commented:

"Organization structure influences the efficiency of work and guide the flow of information and the control systems" [CPa].

Further, one of the auditors remarked that *"The NSH's structure enhances functional specialization of tasks and responsibilities [ACS]"*. This implies that organization structure provides the frame of reference for the design and use of PMSs in the NSH. However, one of the administrative staff opined that:

"Having a formal structure is good; however, it is important that decision-making in the organization should not be limited to the management team. Everyone should be involved …when everyone is involved different ideas are brought to the table for consideration. When employees are gainfully engaged in the decision-making process it enhances creativity [AaME]".

The CLS noted that the existence of specified lines of reporting and the presence of superior/subordinate relationships restrain the scope of responsibility, particularly during emergencies. This view was supported by the CPa:

"The organization structure ensures division of labour and there are clear lines of reporting and accountability… however, when there is an emergency it is difficult to follow prescribed procedure. For instance, a doctor/nurse requests a blood test for an accident victim, due to the urgency, we cannot move from one superior to the other for approval, we use our discretion".

In terms of the relationship between organization structure and the strategic management process, there was no evidence to support possible relationship because the NSH simply implement the state's health strategies as indicated by the supervisory ministry. For example, the

CMD reports to the honourable commissioner of health. Thus, it appears that a top-down strategic process exists in the NSH. This suggests that there is a match between the organization structure and strategic management process. This finding is consistent with studies that suggest that there is a relationship between organization structure and strategy and recommend that they be matched together (Chenhall 2003, Thompson and Strickland 2001). In sum, organization structure is a key factor that influences the achievement of organizations' goals and objectives as the authority relationship determines the way the employees work (Hunter 2002). Thus, the achievement of any organization strategy depends profoundly on its uniformity with the organization structure (Jabnoun 2005). However, the existence of a hierarchical and formal structure which lacks the involvement of subordinates could result in low job satisfaction and ultimately high staff turnover rate.

As stated above, the evidence revealed that the CMD is appointed by the governor of the state (an example of political intervention. In addition, lack of subordinates' involvement in decision-making is a social-cultural issue.

6.5 **Strategies and Plans**

Strategies and plans (S&Ps) are concerned with the long-term direction of the organization, the scope of an organization's activities, the matching of organizational activities to its environment and resource capabilities, the allocation of major resources within the organization, and consideration of the expectations and values of the organization's stakeholders (Langfield-Smith 1997). According to Otley (1999) many business strategies are designed to effect 'improvement', often driven by competitive pressures. He argues that even in the public sector, the continual need to justify the use of resources produce similar pressures for improvement and efficiency.

Health strategies and plans were generated and defined centrally by the ministry of health as enunciated in the State's Strategic Health Development Plan (SSHDP) 2010-2015. In developing the health strategic plan, the state government involved the commissioner for health, special adviser to the governor on health, permanent secretaries, the heads of agencies (such as the CMD) and all key officers in the health sector. In addition, the state sought assistance from aids and development experts such as the State Partnership for Accountability, Responsiveness and Capability (SPARC) to undertake strategic thinking and planning. The SSHDP was developed using the eight strategic domains/directions adopted by the Federal Ministry of Health, which are: leadership and governance for health, health service delivery, human resources for health, financing for health, national health information systems, community participation and ownership, partnerships for health development and research for health. However, the state government has the activities tailored to its peculiarities. The activities were selected from the State's Economic Empowerment and Development Strategy. In order to ensure the effective implementation of the state's plans, a co-ordinating mechanism was developed linking the State's Coordination Group to those of the federal and local governments (LSMOH 2010).

When asked about strategies and plans, interviewees noted that they were not involved in strategic formulations but implement the programmes highlighted in the strategic plan to achieve the deliverable outcome. For example, the DCST noted that *"with respect to priority area 2 (health services delivery) one of the programmes earmarked to achieve this strategic objective was universal access to essential package of care.* He remarked that: *NSH works towards achieving this objective by provides the minimum healthcare package (maternal, neonatal and child health)"*. This suggests that the NSH simply followed the strategies and plans formulated by the MOH.

In the same vein, the HHIM indicated that in order to improve the quality of health care services:

"The NSH provides HIV counselling and testing and antiretroviral therapy. In addition, it was noted that there has been expansion and enhancement of the directly observed treatment short-course (DOTS) at the Chest Clinic in the NSH to improve the quality of healthcare services. This has resulted in increasing the tuberculosis cure rate in the state".

Participants in the present study were asked about their perceptions on the strategic approach of the state government and its implication on the organization's PM practices. The following comments represent interviewees' opinion:

"The process of devising strategies and plans should follow a bottom-up approach which allows the involvement of all levels of management in the strategic process rather than the current top-down approach which imposes strategies and plans on the organization" [AaRD].

"The organization should be allowed to devise its strategies and plans without following the supervisory ministry's guidelines and programmes. The process should involve both clinical and non-clinical staff at all levels. In my opinion, this practice would result in acceptance and better understanding of the strategic direction of the organization" [CO&G].

The above findings indicate the absence of voice in strategic in the NSH which appears to be a source of concern for employees. The current strategic planning practice in the organization contradict previous literature which argues that wider involvement of lower echelons of management in the strategic process would result in greater understanding of the strategic intent and acceptance of the path to be undertaken (see e.g Ferreira and Otley 2009). In sum, it is argued that S&Ps in the NSH is politically driven.

6.6 **Summary of the Chapter**

This chapter analysed performance planning practices in the NSH. Four components of the PMSs framework were grouped as performance planning practices and they are: 'vision and mission', 'key success factors', 'organization structure', and 'strategies and plans'. The analysis suggests that performance planning practices in the NSH were influenced by political agenda and socio-cultural factors. The vision and mission reflect health sector and states' health priority, hence the argument for political factor influence. Employees have similar understanding of the

vision and mission of the organization and could articulate their importance. The vision and mission of the organization were communicated to employees by the management team through the various channels. However, the evidence revealed that awareness of the mission and vision statements was not sufficient in stimulating the desired behaviours or attitudes among employees. Thus, it is argued that successful implementation of the organization's overall objectives is influenced by socio-cultural behaviour of employees. Specifically, interviewees remarked that some element of ownership is a prerequisite in ensuring that vision and mission statements achieve the desired impact.

The NSH's KSFs mirror the state's health priority areas as indicated in the state's strategic health development plan. Participants identified 'recruitment of qualified allied and healthcare professionals', 'infrastructure and equipment upgrade', and 'improved health service delivery' as factors critical to the organization's success. The findings suggest government's involvement in recruitment and training of qualified staff. Also, there was evidence of state government's involvement in organizing professional partnership programme outside the country. Employees argued that training needs analysis at the organization level would be beneficial in ensuring their competencies. However, the study did not find any evidence of a structured approach with respect to staff retention/turnover in the NSH.

In relation to infrastructure and equipment upgrade, executions are in line with the state's political agenda and health's policies. Infrastructure and equipment continued to be upgraded in the NSH. This was evident with the state government's continuous investment in projects geared towards achieving the organization's goal of being in the forefront of contemporary and efficient healthcare delivery. However, there were evidences of delays in completing some projects. Employees suggested that contractors' capacity to deliver should be verified to ensure prompt

completion of projects, thereby ensuring improved service delivery. The study found evidences of the use of specialised-medical equipment in carrying out successful surgical operations in recent times.

Health service delivery appeared to have improved in the NSH. For example, it was noted that there has been significant improvement in the response time and quality of care with attendant improvement in morbidity and mortality rates occasioned by medical emergencies offered in the organization. In addition, as part of the state government's policy, NSH offers free treatment for children aged 12 years and below, adults aged 60 years and above and public servants, their spouses and four dependants aged 18 years and below. However, it was argued that there is need to review the service hours, particularly those provided through private partnership in order to achieve the overall objective of the organization.

The NSH's structure enhances functional specialization of tasks and responsibilities. The evidence suggests that there is a match between the organization structure and strategic process which displays a top-bottom approach. However, it was argued that the existence of a hierarchical and formal structure which lacks the involvement of subordinates could result in low job satisfaction and ultimately high staff turnover rate.

Strategies and Plans were generated and defined centrally by the ministry of health as enunciated in the State's Strategic Health Development Plan (SSHDP) 2010-2015. S&Ps are formally communicated at ministerial press briefings and through policy documents. The evidence implied that strategic voice was absent in the NSH, as it simply followed the strategies and plans presented by the sector's ministry. Overall, performance planning practices in the NSH appear to

be influenced by socio-cultural and political factors. The next chapter discusses the findings on performance measurement practices in the NSH.

CHAPTER 7: PERFORMANCE MEASUREMENT PRACTICES

7.1 Introduction

The previous chapter presents the empirical findings and analysis of performance planning practices in the NSH. It provides evidence on how political and socio-cultural factors influence the functioning of PMSs in the studied organization. This chapter presents the analyses of the findings on performance measurement practices (see section 3.2.2) in the organization of study. In order to do this, four questions drawn from the framework of study which relate to *'key performance measures, target setting, performance evaluation and reward systems'* were investigated and analysed.

The findings on performance measurement practices revealed that KPIs for the states' health sector (NSH inclusive) were determined centrally at the instance of the state government through the introduction of KPI compendium for MDAs in the state. It was also found that the introduction of KPI was to report the impact of the budget of the state's health sector on the lives of the citizens. The extent to which managers and employees are involved in performance measurement practices are explored with findings compared with previous literature. Using the contingency theory, the study found that politics and economic factors influence performance measurement practices in the NSH. By extension, the thesis provides evidence on how these contextual factors influence the applicability of PMSs framework in the studied organization.

The remainder of this chapter is organised as follows. The next section analyses the findings on key performance measures and how they are derived from the organization's objectives, key success factors, and strategies and plans. It discusses how the KPMs are specified and communicated. Further, it highlights significant omissions in performance measures. Section three discusses the level of performance that the organization needs to achieve (target setting) for

each of its key performance measures identified. The subsequent section presents an analysis of the performance evaluation process. Section five analyses and discusses the reward employees gained by achieving performance targets. The final section provides a chapter summary. Figure 7.1 depicts the structure of the chapter.

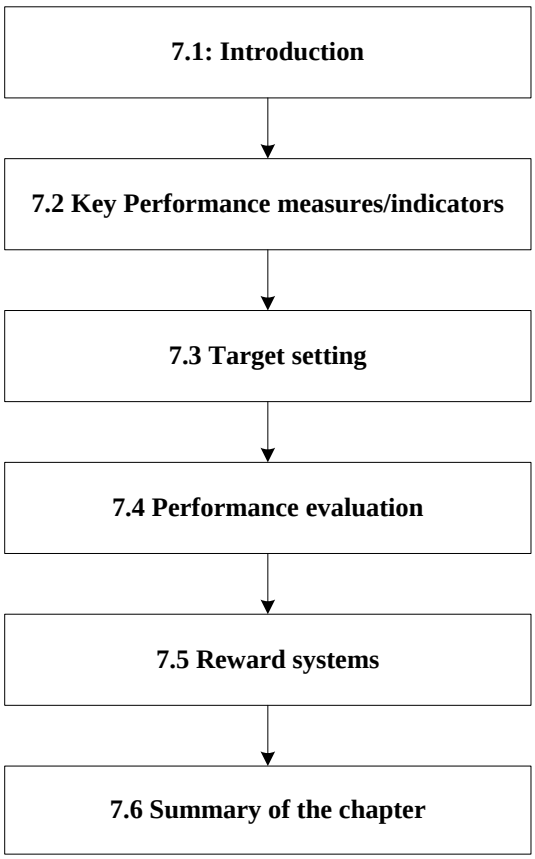

Figure 7.1: Structure of Chapter 7

7.2 Key Performance Measures/Indicators

Key performance measures (hereafter, KPMs or KPIs) are the financial or non-financial measures (metrics) used at different levels in organizations to evaluate success in achieving their objectives, strategies and plans, and thus satisfying the expectations of different stakeholders (Ferreira and Otley 2009). KPIs are measures that a sector or organization uses to define success and track progress in meeting its strategic goals (Rozner 2013). According to Khalifa and Khalid (2015) KPIs are used by hospitals to monitor and evaluate performance against benchmark

values or standards. KPIs play an important role in the performance measurement process by helping to identify and appropriately measure levels of service performance (Rozner 2013).

To implement KPMs in the state, the government introduced a compendium of KPIs for ministries, departments and agencies (hereafter, MDAs) in 2013. The compendium was prepared during series of workshops conducted by the Monitoring and Evaluation Department (MED) of the Ministry of Economic Planning and Budget, MDAs representatives and the State Partnership for Accountability, Responsiveness and Capability (SPARC). The compendium is divided into distinct sections for each MDA, for example the Ministry of Health, and each section lists a number of high-level goals to be achieved, for instance, 'To create and sustain an enabling environment for the delivery of quality healthcare and development in Lagos State'. Under each of these goals, there are one or more KPIs that will enable the measurement of their success, such as the maternal mortality ratio, infant mortality ratio, etc. The necessary data sets that are required to calculate performance on each indicator are also listed; for example, the maternal mortality ratio requires measuring the total number of maternal death during pregnancy and total number of life births. In some cases, a description is also added to explain how to use the data sets to measure performance. Finally, a set unit of measurement is determined for each KPI (LASG 2013).

The analysis of government documents such as the Compendium of MDAs clearly identified and defined the information/data required to measure KPIs. The findings suggest that KPIs for the health sector which the NSH is a part were determined centrally at the instance of the state government. A director gave the reason for introducing the KPIs compendium as follows:

"The state government introduced KPIs in order to sustain a shift from the result-based management approach which incorporates evaluation and monitoring of health programmes and projects towards achieving stated objectives" [DA].

In addition, a nurse in the department of family medicine remarked:

"*KPIs reflect state's health strategy. Though the organization is not involved in the collation and development of KPIs, we are obliged to follow the prescription provided in the compendium" [CFM]*.

Another reason mentioned for the introduction of KPI was to report the impact of health on the lives of the citizens. This is to ensure that resources are efficiently channelled to achieve the service delivery targets. For instance, it was demonstrated that with an investment of 15 dollars per capita annually to the health sector, under-5 mortality should reduce by 50 percent, maternal mortality by 33 percent and also reduce the impact of HIV/AIDS, tuberculosis and malaria by year 2020. The responses from the interviewees regarding KPIs revealed their knowledge of its characteristics.

It is important to note that health sector's KPIs align with the objectives, key success factors, and strategies and plans discussed in chapter 6. However, there was no performance indicator specified for infrastructure and equipment in the compendium. This could be as a result of the delay in completion of projects as discussed earlier. Successful completion appears to be the measurement criteria particularly with respect to infrastructure upgrade. This is a common practice in public organizations in Nigeria where successful completion of projects/programmes measure performance. However, specific information/data on KPIs used in the organization could not be established as they are usually integrated and with those of other health services in the state. This made it difficult to establish the actual use of KPIs in the NSH. In addition, because KPIs were specified externally through political arrangement their role in performance evaluation in the organization could not be ascertained. KPIs are communicated through policy documents and at press briefings by the commissioner for health.

However, interviewees were of the view that KPIs should be established at the organization level and not centrally by some randomly selected individuals. This view support Funck (2007) who claimed that KPIs will need to be established for each goal at various organisational planning

levels. However, this could be an issue for a public organization. Based on the findings, it appears that KPIs were introduced in response to politics and economic demands (budgets).

7.3 **Target Setting**

Setting performance targets and holding people accountable for achieving them are common management practices (Walsh 2000). Targets play an important role in selecting action plans and investments and evaluating performance (Ittner and Larcker 2001). The governments of many countries - including European Union Member States (most notably, the United Kingdom), Australia, New Zealand and the United States - have experimented with targets in healthcare (Smith et al. 2008). Thus, targets have been criticised for being 'politically motivated' (Berry et al. 2015). It has been suggested that to achieve best practices in target setting hospital targets should holistically include both operational and financial perspectives, and balance long and short-term performance (Bloom et al. 2009, Dorgan et al. 2010). This suggests that management needs to ensure that their targets are holistic, realistic, clearly defined, interlinked with the overarching hospital objectives and consistently communicated across all areas and levels (Dorgan et al. 2010, Bloom et al. 2009, Buetow 2008)

As stated earlier, KPIs were determined centrally by the state government in the pursuit of the strategic health objectives. Consequently, the levels of performance to achieve the KPIs were set by the MOH. These targets cover various priority areas of healthcare service delivery in the state (LSMOH 2012). For example, to improve the quality of healthcare services, a target of 80 percent was set with respect to the proportion of registered tuberculosis cases cured under Directly-Observed Treatment Short-Course (DOTS) by 2015. In addition, a 50 percent reduction in maternal mortality and under-five mortality rates were expected to be achieved in the state by 2015. This suggests that there were no defined targets for each hospital in the state and the NSH

was no exception. With the lack of specific targets, it would be unlikely to generate the desired motivation and performance effects (Merchant and Van der Stede 2007, Emmanuel et al. 1990). One of the directors remarked:

"Though our team works towards achieving the sectors' targets, there were no defined targets, which are a problem for performance measurement" [DCST].

Similarly, a nurse in the paediatric department noted that *"lack of specific targets for the hospital makes it difficult to measure its contribution towards state's health target" [CFM]*.

A doctor explained that:

"The organization simply contributes to the overall achievement of the health targets for the state. For example, we provide vaccination for pregnant women and children thereby reducing maternal, under-five and infant mortality rate. Also, the directly observed treatment (DOT) centre provides diagnosis and cure for tuberculosis (TB) particularly against the background that the State has 8.4 percent of the national TB burden and consistently has been responsible for about 11 percent of the cases of TB registered in Nigeria "[CO].

The above evidence highlights issues with setting specific targets (at the organization level) which the NSH perhaps need to deal with. The implication of lack of specific targets in the NSH is that such targets are unlikely to be achieved. Previous literature suggests that targets imposed on organizations by superior bodies or imposed on staff by senior executives are unlikely to be achieved (Latham and Locke 2002).

7.4 **Performance Evaluation**

Performance evaluation focuses on the processes an organization follows for evaluating individual, departmental, and organizational performance (Ferreira and Otley 2009). Performance appraisal is the specific and formal evaluation of an employee to determine the degree to which they are performing their job (Manoharan et al. 2009). It has been argued that effective appraisals play an integral role in building a motivated and committed workforce (Boice and Kleiner 1997). Conversely, poorly developed and administered appraisals result in

diminished levels of employee satisfaction (Ducharme et al. 2005), demoralization and poor teamwork (Harrington 1998).

The states' human resources (hereafter, HR) policies describe individual performance evaluation as a continuous process of reviewing, measuring and providing feedback on an officer's performance. Subordinates seek verbal feedback from their superior officers and colleagues on a regular basis to ensure they reach their full potential. In addition, the policy document states that the state government requires all superior officers to meet formally with their direct officers twice a year to give verbal feedback on how well an officer has performed over the previous six months against the specific targets set for them. At such meetings officers' performance targets were set and agreed for the next six months. A copy of the agreed future targets is retained by the officer for reference over the next six months. Subsequently, the staff performance appraisal and development form are completed; written copies are submitted to the human resource officer in the NSH. A head of department explained that:

"Employees are expected to execute agreed performance plan while the immediate supervisor provides necessary support such as maintaining performance records; updating key responsibilities as conditions change; providing feedback and coaching for success; providing development experiences; reinforcing effective behaviour" [HP].

Similar views were expressed by other interviewees, such as the CO&G and ACDH. The CO&G also noted that *"the organization conducts a mid-year review to monitor progress and where appropriate issue performance improvement plan (PIP) to under-performing employee".* The ACDH explained that:

"Performance ratings in the organization were based on five scales namely: exceptional (5); outstanding (4); good/satisfactory (3); below average/failure (2) and unacceptable (1). These scales were applied on a range of parameters for each employee/officer".

Interviewees identified the following performance parameters which include quality and timeliness of work produced, communication and interpersonal skills, professional standards/creativity and innovativeness, enthusiasm and responsiveness; leadership/supervisory

or managerial skills. The policy document indicates other parameters which include tasks execution skills/planning, organization and time management; business and technical proficiency/problem-solving initiative and foresight; customer effectiveness/ professionalism and relations with clients (internal and external); relationships/teamwork and working with others; contribution to establishment's vision and effectiveness (see Appendix 6). The DHA stated that *"at the end of each reporting period, the supervisor assesses employee's performance by completing the staff appraisal form and thereafter discusses performance review scores with the employee".* As the CFM indicated:

"*...at the end of the evaluation process if I am pleased with the appraisal I will append my signature. If otherwise, I could request a review with the next higher level of management".*

The above evidence suggests that individual performance targets are operational in the organization. However, there were views that some superior officers are consciously biased in performance ratings. The following comment captures the views of interviewees on performance rating biasness:

"Some supervisors provide higher ratings to subordinates with same political, religious, family or cultural affiliation."

This above comment is consistent with the following statement made by the CFM when asked to comment on performance rating:

"Some employees who felt that they have not been appropriately rated during assessment have left the organization resulting in high turnover and loss of human capital which is detrimental to achieving the organization's objectives."

The above evidence is supported in the literature. Davis (2011) reported that biases often influence the supposedly objective ratings a manager gives an employee during an appraisal. He suggested that biases can be about favoured or disliked employees or influenced by how a manager feels about the employee's political, religious, social, family or cultural views. Based on the above evidences, it would be beneficial for the organization to make superior officers

aware of the biases that can come into play during appraisals. Training could raise their consciousness about how bias can influence the outcomes of performance evaluation.

Departmental performance evaluation is absent in the organization of study. However, individuals' contributions to departmental expectations/objectives are acknowledged. The researcher observed the display of employees' photograph on the notice/information board in departmental offices tagged "staff of the month". This was not unexpected given that there were no group targets set internally and externally. Also, there was no reference made to group performance evaluation in the state's human resource policy document. It could be that this was an omission or deliberately ignored.

Findings suggest that organisational performance evaluation is evaluated in relation to service delivery (for example, successful surgical operations, usually announced in the media through press briefings). Also, the organization is evaluated based on award recognitions (national and international). As highlighted by interviewees and stated on the organization's website, the first successful Bone Bridge Surgery in West Africa was carried out in the hospital in December 2015. This feat follows the first and second successful cochlear implant surgeries carried out on three (3) deaf patients in the organization in August 2015. In addition, the organization had its first successful kidney transplant on 11th November 2015. The performance of the organization is also evaluated based on the number of awards received during the reporting period. The CMD noted that:

"The organization received the tertiary healthcare provider of the year and best tertiary hospital in Lagos by the Global Health Project and West African College of Nursing respectively".

In addition, the DHA stated "*the hospital won the international facility management award in 2015"*. This interviewee also indicates that Business Initiative Directions (BID) England and Paris International Quality Control had conferred the award on the hospital in November 2014 and 2015 respectively. In 2016, as indicated on the organization's website, the organization

received the world quality commitment award from BID Geneva in recognition of the outstanding commitment and unwavering performance of the hospital to quality and excellence which merits the International Platinum Star for Quality. Interviewees agreed that receiving such awards is an indication of the level of dedication to work and quality service delivery in the hospital.

The above findings revealed that individual performance evaluation is based on parameters which are specified in the state's human resources policies. A trace of cultural dispositions in relation to biases in individual performance ratings was noted by employees. There was no evidence of departmental performance evaluation in the NSH neither was any reference made to it in the state's human resources policies. Organization performance evaluation is evident in the NSH as indicated in the number of successful surgeries and award recipient for quality service delivery. This is related the mission of the NSH as discussed in section 6.2 of this thesis. Thus, it appears that the organization some form of external performance evaluation.

7.5 **Reward Systems**

Rewards are outcome of performance evaluations (Ferreira and Otley 2009). It has been acknowledged that reward systems are one of the methods used to motivate individuals to align their own goals with those of the organization (Hopwood 1992). Rewards could be financial and/or non-financial, it could also be positive when an employee is rewarded or negative when an employee is penalised or punished (Ferreira and Otley 2009, Simons 1995). Further rewards could be extrinsic or intrinsic (Stringer et al. 2011, Shanks 2007).

Findings revealed the existence of a reward system in the NSH. The HR policies identified the guidelines and procedure of the reward system observed in the case organization. Interviewees

noted the importance of reward systems in organizations. One of the doctors noted: *"a reward system is necessary to evaluate performance when there are pre-set performance targets, particularly individual performance targets [DO]".* This remark was consistent with the view expressed by one of the administrative staff who indicated that:

"The existence of a reward system in the hospital would make staff become more motivated and then more productive in their work" [AaME].

These comments suggest that the NSH recognises staff capabilities and competencies by having a reward system. This finding supports previous studies on the importance of reward systems in recognizing individual talents, strengths, capabilities and competencies thus enhancing employees' performance at work (see e.g. Ogundele 2006).

The NSH rewards include financial and non-financial. The DA noted that *"Financial rewards were mainly in the form of salary increment…non-financial rewards included issuance of certificate of award, publication of success stories in the media and the organization's websites".* In relation to financial rewards, as indicated in the HR policy document, the increment is added to the annual emolument of an officer every calendar year except where an officer is under investigation for criminal charges or in cases of suspension or disciplinary action. The granting of an increment may be deferred or withheld in accordance with the disciplinary, grievance and whistleblowing and appeals policies. Interviewees noted that increments are provided when targets are achieved while staff are penalised for non-performance. As indicated by AaRD:

"Staff members who achieve performance targets receive annual salary increment which is usually added to the annual emolument".

However, the DA noted that financial rewards depend on availability of resources; most times these are not paid immediately. This evidence was corroborated by ACS who remarked that: *"The incremental date of an officer promoted to a post is 1st January of the year following".*

There were remarks that annual salary increment is not consistent in relation to the work that employees do and their contribution. The following comment represents the views of interviewees:

"The annual increment relates more to achieving things such as going for compulsory training and meeting your developmental goals, but it is not really about performance"

The above comment suggests that the NSH financial rewards fall below the expectations of employees hence a revision could be beneficial.

In deciding which penalty to impose or recommend, the human resource officer of the NSH would consider the gravity of the shortcoming and the quality of the officer's previous service. Usually complaints of poor performance are investigated by the human resource officer. This is followed by a review of the staff performance appraisal and development forms. Thereafter, a decision as to what penalty to recommend is made. If dismissal is recommended, following three written warnings, the decision is presented to the state's health service commission for approval, depending on the level of the officer. In certain circumstances, the human resource officer may decide to withhold or defer the officer's increment. This is usually communicated in writing, confirming the reason for withholding the increment or, in the case of deferment, the period of deferment. However, if the officer is on grade level 13 and above, additional approval would be sought from the health commission. In all cases of termination for inefficiency, notice of termination shall be given. The period of notice will typically be one calendar month. If it is decided that the officer shall leave the service immediately, he will be paid one month's salary in lieu. The period of notice will include any leave to which the officer is entitled. The above practices were confirmed by interviewees in the following comments:

"Rewards are provided when targets are achieved…the greatest penalty for non-performance is dismissal" [DHA].

"I know some colleagues who have been served warning letters, some have also had there increment withheld for non-performance. Non-performance is taken seriously to some extent…but you know if the person involved is well-connected…penalty could be ignored" [AaME].

The above evidence highlights the influence of socio-cultural and political factors on the reward system in the NSH and consequently on its PMSs.

Interviewees also highlighted the notion of personal satisfaction and sense of achievement with respect to the reward systems. As indicated by CLS:

"I gain personal satisfaction in achieving the organization's objectives. In all honesty, there is no limit to the number of test carried out daily due to the influx of patients. However, being able to do what is humanly possible gives me satisfaction".

This suggests the existence of a non-conducive environment as far as high performance standards were concerned. With the staff being driven primarily by self-satisfaction, this interviewee advocated for a change in the reward systems.

Further, interviewees noted that individuals who consistently exceed his or her goals (exceptional performer) receive award certificates while individuals performing below targets are issued queries, warning or dismissal letters depending on the level of non-performance. However, as mentioned by HME penalties should not be limited to the issuance of query. This observation was supported by AIA's statement:

"There are no sanctions for lateness and unauthorised absenteeism…for example I know a couple of my colleagues who resume late for work every day. Some stay away from work without providing explanation. As far as I know most of these people did not incur any penalties for these behaviours".

The above complaint suggests the presence of motivational issues which calls for urgent need for change in order to boost staff morale.

The DCST stated that publication of employees' achievement on the organization's website is a form of reward. He noted that such practice has positive influence on staff motivation. As

reported on the organization's website, the CMD got elected as one of the new fellows of the European Society of Cardiologist at the 2016 congress.

Interviewees noted that there were neither rewards nor penalties associated with department/group performance outcomes. The HLS commented that "*it would be difficult to have a group reward system in the absence of departmental/group pre-set performance targets"*. One of the heads of department remarked:

"We have neither rewards nor penalties, but I think things should change. Incentives should be given to department that achieves performance targets. However, group targets need to be set and agreed" [HP].

This above comment suggests the presence of motivation issue which is critical in the analysis of PMSs. Contrary view was expressed by AP who noted that group reward practices encourages free riders and should not be encouraged in the organization. It can be inferred that the state plays a role in the reward system in the NSH through the design of HR policies which is applicable to all MDAs in the state.

7.6 **Summary of the Chapter**

This chapter analysed current performance measurement practices in the NSH. Four components of the PMSs framework were grouped as performance measurement practices and they were: 'key performance measures', 'target setting', 'performance evaluation', and 'reward systems'. The analysis revealed that performance measurement practices in NSH were influenced by political and economic factors.

The analysis revealed that KPIs for the health sector (NSH inclusive) were determined centrally at the instance of the state government through the introduction of KPI compendium for MDAs in the state. The KPIs compendium was introduced to pursue the result-based management approach which incorporates evaluation and monitoring of health programmes and projects towards achieving stated objectives. The need to measure the impact of health budget on the

lives of citizens was another reason for introducing KPIs in the state. Thus, KPIs were introduced in response to political and economic demands. However, it was evident that there was an omission of performance measure to evaluate infrastructure and equipment projects in the state.

The level of performance to achieve specified KPIs were set by the health ministry. These targets were broad and cover various priority areas of healthcare service delivery in the state. There were no defined targets for each hospital in the state and the NSH was no exception. The NSH simply contributes to the achievement of the overall health targets. It is argued that with lack of specific targets, it would be unlikely to generate the desired motivation and performance effects.

An individual performance evaluation in the NSH is a continuous process of reviewing, measuring and providing feedback on an officer's performance. Also, the end of year review monitors the progress and where appropriate performance improvement plan is issued to underperforming employees. In the NSH performance ratings were based on five scales which were applied on a range of parameters. These parameters include quality and timeliness of work produced, customer effectiveness/professionalism and relation with clients (internal and external), and tasks execution skills/planning, etc. Study evidence indicated the existence of biasness in performance ratings. It was suggested that superior officers be made aware of this finding and be trained to reduce rating biases to the minimum. Departmental performance evaluation is not a common practice in the organization but organizational performance evaluation is evident as indicated in the number of successful surgeries and award for quality service delivery.

A reward system is evident in the NSH. This suggests that the NSH recognises staff capabilities and competencies in enhancing employees' performance at work. The study found evidence of

financial and non-financial rewards. Staff members who achieve performance targets received salary increment in addition to their annual emolument with the exception of those under investigation for criminal charges or in cases of suspension or disciplinary action. In addition, employee's achievements are published on the organization's website in recognition of outstanding performance. Employees who do not meet performance expectations were penalised based on the gravity of poor performance. Penalties included written warnings, deferment of the annual increment, and dismissal/termination of appointment. It was evident that rewarding individual performance is a common practice in the organization. However, there were remarks that annual salary increment is not consistent in relation to the work that employees do and their contributions to the organization's objectives. It was argued that the increment relates more to attending specified trainings and meeting developmental goals, but not really about meeting performance expectations. There was no evidence of group reward practices in NSH. This was expected given the absence of group performance target.

Having analysed the performance measurement practices in NSH, the next chapter presents the findings on performance management practices.

CHAPTER 8: PERFORMANCE MANAGEMENT PRACTICES

8.1 Introduction

The previous chapter presents the empirical findings and analysis of performance measurement practices in the NSH. The chapter argues that political and economic factors seem to influence performance measurement practices in NSH and consequently its PMSs. The purpose of this chapter is to analyse the findings on performance management practices (as classified in section 3.2.3) in the organization of study. For this purpose, four questions drawn from the framework of study which relate to *'information flows, systems and networks, performance management systems (PMSs) use, performance management systems (PMSs) change, strength and coherence*' were investigated and analysed.

In relation to performance management practices the findings revealed that there are several information flows in the NSH. Information is provided on staff appraisal, budget, etc. Information use in the organization revolves around budget monitoring and correcting deviations in the estimates (diagnostic use). Changes observed in the NSH were in relation to control techniques and not the PMSs. Employees' engagement and roles in influencing NSH's performance management practices were explored with findings compared with previous literature. Specifically, contingency theory was used to identify contextual factors in the NSH in relation to the PM components of the framework. By doing this, the thesis provides evidence and explains how socio-cultural and economic context influence the applicability of PMSs framework in NSH.

The remainder of the chapter is organised as follows. The next section analyses the research findings on information flows, systems and networks that support the operation of the organization's PMSs. Findings on the use made of information and control mechanisms in the

organization were presented in section three. Section four analyses how the NSH's PMSs have altered in the light of changes within the context in which it operates. Section five analyses and discusses the strength and coherence of links between the components of the organization's PMSs. The final section provides a chapter summary. Figure 8.1 depicts the structure of the chapter.

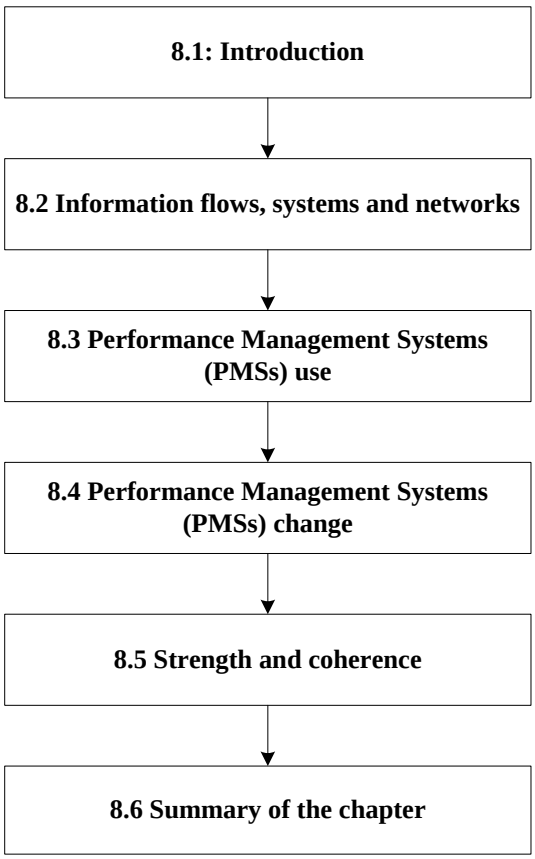

Figure 8.1: Structure of Chapter 8

8.2 Information Flows, Systems and Networks

Information flows, systems and networks are essential enabling mechanisms to any performance management system (Ferreira and Otley 2009, Otley 1999). According to Ferreira and Otley (2009) information flows, systems and networks are the binding agent that keeps the whole system together. The literature suggests that information flows could aim at correcting past shortcomings or anticipate future events and respond in advance of their occurrence (Ferreira and Otley 2009). Systems are used to organize accounting and other control information. They are

part of the information system (IS) and information technology (IT) infrastructure that pervade contemporary organizations. Networks represent another layer in the information technology/information system infrastructure (Ferreira and Otley 2009). Many organizations have organized their systems in networks that are made available to various parties within the organization.

In relation to information flows in the NSH, the evidence suggests the provision of feedback on staff performance and service delivery for learning purposes and corrective actions. One of the directors noted:

"Employees are provided feedback on their performance through the appraisal form annually. Areas needed to be corrected or improved are highlighted to prevent poor performance in the future [DHA]".

This statement suggests that managers recognize the importance of feedback in the organization, which is similar to the arguments presented in existing literature (Jin and Levitt 1996). The HME indicated that *"information flows from employees to management and vice versa particularly in relation to the enhancement of service delivery"*. Also, the evidence revealed that information flows from employees to head of departments. For example, employees could request a review of performance feedback if not satisfied. This indicates the existence of dissatisfaction which could have resulted from performance rating biasness. exists in the NSH. It can therefore be implied that information flows in the NSH is influenced by socio-cultural dispositions of managers and employees.

The findings also indicate that information is disseminated at various staff meetings (such as management meetings, departmental meetings and professional meetings). One of the directors of explained:

"The various staff meetings promote the sharing of information and performance improvement initiatives at all levels of the organisation" [DHA].

Similar view was expressed by one of the doctors:

"Meetings provide avenue for discussing and sharing professional ideas and other related matters for performance improvement" [CPea].

The above comments demonstrate that meetings were central in information sharing, which is similar to previous findings (see, Silva and Ferreira 2010).

In addition, it was highlighted that information is available in the procedure manual at the NSH for disseminating important information among the staff. In particular, it was observed that the use of procedural manual was common among the clinical staff. According to the director of hospital administration, employees are expected to read the appropriate sections of the manual (s) before proceeding with any task. For example, the head of laboratory services remarked that:

"The quality manual in our department provides information for all staff and for inspection/accreditation bodies. It clearly states the examination processes and procedures which must be followed to avoid errors and complaints".

Arguably, the range of information flows in use in the NSH assisted in mitigating the control problem of lack of direction.

In relation to systems and network, the state government has a standard operating system, office applications and other software running on all hardware at any particular time. As indicated by the HIC "*There is a standard and uniform operating system running on the servers. Uniform migration is carried out when there is a new release in version or service pack across all platforms".* The CMD also noted that the centralization of the state's information systems was to ease the management of system resources and deployment of security measures. However, the use of centralized information system has been criticized in the literature particularly in relation to high initial cost (Beck 2010).

Participants note the existence of ERP systems in the NSH. Two of the interviewees commented that:

"The NSH recently implemented the Oracle Enterprise Resource Planning (ERP) software which has improved the provision of information in the longer term" [AaIC].

"With the introduction of Oracle financials…our hospital has undertaken comprehensive automated systems" [AIA].

The above comments indicate that the organization recognizes the importance of ERP systems which is useful in capturing and processing accounting and other related transactions.

Due to the centralized information systems, the network in the state enables interconnectivity between two or more ICT systems among the MDAs and external network for the purposes of access and resource sharing. It was noted that: *"There are web-based applications developed for use within the state which include the state government's intranet" [HIC]*. However, it was highlighted that: *The network is much slower [HIC]*.

In sum, several information flows were discernible at the NSH. The findings also suggest the existence of centralized information systems and network which is slower due to demand from the various MDAs. In addition, there is the possibility of increased cost of such centralized information systems.

8.3 **Performance Management Systems (PMSs) Use**

The use made of information and controls in organizations have been explained in chapter 3. In many organizations, particularly, the public sector, the use made of information and control mechanisms seem to revolve around budgeting systems, however; increasingly, organizations are moving towards broader PMSs, such as balanced scorecards (Ferreira and Otley 2009). Simons (1995) concepts of diagnostic and interactive use have substantial commonalities with other

concepts found in the literature. For instance, the feedback information flows are fundamental to diagnostic use as they provide motivation and direction to achieve goals by focusing on and correcting deviations from pre-set standards of performance, while feed-forward information, with its double loop function (Argyris and Schön 1978), forces dialogue throughout the organization by reflecting signals sent by top managers (Langfield-Smith 1997, Henri 2006).

As stated earlier information use in the NSH revolves around budget. The budgeting process begins upon the receipt of the Budget Call Circular (hereafter, BCC) from the government through the state commissioner responsible for budget matters (see SPARC 2015, MEPB 2010). The BCC is the official communication to the NSH regarding the preparation of its budget estimates. It includes a summary of the key points from the Medium-Term Budget Framework (MTBF), including the State government's main budget policy priorities and the implications of these for the allocation of resources by function. The BCC communicates these ceilings for the three-year period. It is within these ceilings that the NSH must craft its budget estimates. In parallel to the issuance of the BCC, the Ministry of Economic Planning and Budget (hereafter, MEPB) hold a budget workshop where the details of the BCC is explained to all MDAs' budget officers (including the NSH budget officer).

The budget department of the NSH obtains input from all the various departments. The budget department examines the various estimates, collates them and produces a consolidated budget for the NSH. The consolidated budget estimates are submitted to the hospital management for input and consideration. The management input is considered, the budget is redrafted in line with that and submitted to the CMD for approval and passage to the commissioner for approval.

The commissioner invites all the directors of health departments and agencies to defend their budget estimates. Following the defence, the commissioner compiles the budget of the health ministry, departments and agencies into a single budget. The budget is thereafter passed to the

MEPB. The MEPB, after receiving the entire budget estimates from the various MDAs in the state, organizes a budget defence session to which all the MDAs are invited. Once the various budgets are approved by the MEPB, it is passed on to the State Treasury Board and the State Executive Council for consideration and approval. Consequently, the Appropriation Bill is presented to the House of Assembly for further consideration and approval.

The management and control of approved budget start with the call by the State Treasury Office (hereafter, STO) for MDAs' work plan. The work plan is needed for the implementation of capital projects and programmes, immediately the budget is passed. Authorization and release of funds for capital spending involve a series of activities that starts in January, soon after the budget is passed into law. This begins with the issuance of a capital work plan circular to all MDAs (including the NSH), requesting for their capital expenditure work plans. The work plans form the basis of quarterly cash budget. The DA remarked that:

"The quarterly returns are to determine the capital projects and programmes cash needs of the hospital to enable the state treasury office allocate funds to it in line with the criteria set by the Treasury Board, taking due cognizance of State priorities and resource constraints".

The NSH monitors and reports on its monthly actual expenditure against the budget to the STO. As indicated by one of the accountants:

"The monthly report presents the actual expenditure against the estimates. In addition, it shows the variance in revenue from IGR and other sources as well as the variance in recurrent expenditure (overhead costs), against the budget, including reasons for variances and solutions" [AP].

Similarly, one of the nurses remarked that: "*The report specifies all revenues collected such as statutory allocation, IGR, grants/donations…expenditures incurred such as laboratory reagents and consumables, drugs and consumables, cleaning materials, servicing and repairs of equipment… in a particular month. The essence of this report is to ensure compliance with financial rules and regulations on budget implementation" [CFM]".*

The findings reveal that budget monitoring is not restricted to the STO. The DA also monitors the budget to make sure that the funds allocated to each department are used for the budgeted purposes. Further, the evidence indicates that the State House of Assembly (hereafter, SHA) performs an oversight function on the hospital with respect to budget performance and service delivery. The SHA operates through various committees in the discharge of its oversight functions. One of such committees is the committee on health which visits the NSH occasionally to monitor its revenues and expenditures. The following comment supports the above observation:

"The revenue and expenditure of the hospital is being monitored by the SHA. In addition, the quality of service delivery is monitored to ensure compliance to national and international quality standards. For example, where a committee visit raises concerns, these are reported to the public account committee for further actions. Depending on the gravity of such concerns, the management could be invited to clarify such issues" [DA].

8.3.1 Diagnostic use of information

In NSH, information and control use was diagnostic. This was visible with regards to the use of remedial action to correct deviations from budget estimates. The DA explained that:

"...where procurement is proposed at 'X' thousand naira in the budget…we would check, is it being spent? If not, why not? Are there variances in budgeted and actual amount? What remedial measures do we need to take to avert future occurrence?"

Similar views were expressed by the AP. The AIA also noted that:

"The actual budget performance is used to review previous year's performance…reports are made on observed deviations and reasons for such discrepancies established. Consequently, remedial actions are taken."

In contrast to the above comment, it was noted that:

"Diagnostic use represents a negative force, especially as it focuses on mistakes and negative variances… It also prevents the development of new ideas and initiatives" [ACS].

The comments above demonstrate the commitment of the organization to the traditional feedback mechanism as opposed to promoting dialogue and learning throughout the organization

as advocated in the literature (see Henri 2006). In addition, Simons (1995) points to a number of potential dysfunctional side effects of diagnostic use of information which include measuring the wrong performance variables, building slack into targets, gaming the system, smoothing, biasing, and performing illegal acts.

8.3.2 **Interactive use of information**

There was no evidence of interactive use of information and control mechanisms in the NSH. Some accountants whom the researcher interacted with were of the view that the NSH is not a private organization; hence there is no need for interactive use of information. Also, it was noted that the NSH's reliance on the state government for financial support and strategic directions prevent interactive use of information. This suggests the absence of dialogue and learning in the organization which is the focus of interactive control systems. It was also noted that absence of active and frequent dialogue on performance information has implication for PMSs. As stated by the ACS:

"We do not discuss performance information in face-to-face meetings of superiors, subordinates, and peers but I think this should change. We should hold frequent and regular meetings to stimulate the development of new ideas and initiatives."

The above comments suggest that employees view the absence of interactive use of information as a problem which should be urgently considered in the NSH. However, the researcher observed a little use of control system interactively in NSH, but not properly articulated; hence its effectiveness is not shown. For example, the involvement of the CMD at the strategic formulation stage demonstrates interactive use of information (see section 6.5 for further discussion). Therefore, it appears that the evidence on PMSs in the NSH contradict previous literature which advocate a combination of diagnostic and interactive use of control systems in organizations (Bobe and Taylor 2010, Gond et al. 2012).

It is important to note that performance information on the NSH is documented in the annual ministerial press briefing of the health sector. There is no other document where the NSH's performance is reported. In the ministerial report, projects and achievements of health facilities in the state (including the NSH) are highlighted based on state's health strategies.

8.4 **Performance Management Systems (PMSs) Change**

The idea of change in the performance management systems applies to both the design infrastructure that underpins the PMSs (for instance, the management control techniques and the key performance measures used) and also to the way performance management information is used (for example, the aspects which are emphasized and those which are not) (Ferreira and Otley 2009).

In relation to PMSs change, the findings revealed two events that have altered the way the NSH operates and have resulted in changes in its management control techniques. The following were identified as the key triggers of change: implementation of the MTEF and introduction of the oracle Enterprise Resource Planning (ERP) software. These are explained below.

8.4.1 **Implementation of Medium-Term Expenditure Framework (MTEF)**

In a bid to ensure that resources are efficiently channelled to achieve the service delivery targets, the state government implemented the MTEF to effectively link each MDA's plans/programmes to the expected outcomes within the limits of their budgetary allocation. The State's MTEF is a multi-year (3 years) budget structure with a top-down estimate of aggregate resources available for public spending; a bottom-up costed sector programmes by reconciliation of needs with resource constraints for sectoral resource allocation thereby ensuring that budget execution reflects agreed plans (LSG, 2015). In sum, the MTEF helps to manage the pressure between competing policy priorities and budget realities. In addition, it helps to reprioritize expenditure and make informed policy choices that are affordable in the medium-term.

In relation to the above, questions about how the implementation of the MTEF by the state has affected the operation of the NSH were asked. Findings revealed that the implementation of the MTEF resulted in the adoption of a new budgeting system - performance-based budgeting system (hereafter, PBB). Budget officers are continuously being trained on effective use of the new budgeting system. One of the accountants indicated that:

"Prior to the implementation of MTEF, the organization adopted 'line-item' budgeting system which was merely a functional analysis of expenditure items projected for a single year. The implementation of MTEF resulted in the introduction of performance-based budgeting system which allows some flexibility in managing the hospital's resources to pursue sector objectives and implement sector policies efficiently" [AIA].

Similarly, one of the directors commented that:

"The new budgeting approach allows greater emphasis on allocating resources according to the results achieved by spending programmes and provides more discretion over the choice of inputs used to achieve particular results" [DHA].

From the above, it can be argued that the observed change relates to the implementation of a new control technique and not the PMSs. The new budgeting system was implemented as a response to the economic situation prevalent within the context in which the NSH operates. Therefore, it is argued that the economic context influences the applicability of PMSs framework of the case organization.

Some accountants whom the researcher interacted with were of the view that employees' support is required for successfully implementation of the new budgeting technique. The AIA noted that *"without adequate support, the new approach to budgeting would become a mere technical exercise…we must be interested in a new way of doing budgeting"*. Similar views were expressed by other interviewees, such as the ACDH and the AP.

However, the DA remarked that: *"Corrupt practices and low capacity to perform are possible hindrances to successful implementation of the new budgeting system"*. Similarly, AIA noted that "corruption is inherent in the Nigeria culture". Further, the ACS remarked that under PBB

resource allocation on paper is difficult to put in practice, because of both structural bottleneck and political reasons.

Based on the findings above, it can be inferred that the introduction of PBB is economically driven. In addition, the corrupt tendencies of employees seem to reflect the socio-cultural context within which the organization operates.

8.4.2 Introduction of Oracle Enterprise Resource Planning (ERP) software

Under the Global Computerisation Project (GCP), the state government acquired the Oracle software in 2000 and began to implement it to automate its business processes. This accounting software aimed at ensuring efficiency, timeliness and accuracy of accounting information; as well as reduces the incidence of fraud. In addition, its utilisation was expected to enhance the internal control system of the state and its MDAs. The ERP has 9 modules namely: general ledger, accounts receivable, accounts payable, cash management, public sector budgeting, human resources, payroll, fixed assets, and purchasing. Two additional oracle modules, namely, treasury management and inventory management, were acquired by the State in 2003. In terms of capacity-building, selected staff of the STO and MDAs accountants are continually enhanced to understand and use the oracle applications in various aspects of their work.

With respect to the above, the NSH implemented the oracle software to enhance its accounting systems. The DCST noted that: *The software is useful in data capture and effective deployment of the capabilities to enhance the accounting recording and reporting systems of the hospital"*. A director commented on how the accounting systems of the NSH have changed with the introduction of the financial software.

"*I think we have changed considerably as an organisation, our accounting systems are much more sophisticated particularly with the introduction of the oracle financials. The accounting software provides timely access to consistent information across the various departments and units in the hospital" [DCST]*.

In addition, it was highlighted that the implementation of the software is improving service delivery such that an activity that could have taken one week to accomplish through manual process now takes a day. The above evidence corroborates with previous studies on the benefits of ERP systems to organizations (see for example, McCausland 2004).

However, the DHA remarked that not all the ERP modules have been implemented in the hospital. Also, the DA noted that:

"The implementation of the accounting software in the NSH has faced various challenges. He noted that acceptability and corrupt practices are some of the challenges. It was also remarked that employees' resistance to the new payment system (e-payment) have implication on successful implementation and achievement of the desired result" [DA].

The above suggest that employees are resistance to change. Therefore, the organization might want to take necessary steps to overcome resistance in order to achieve successful implementation of the accounting software. Participants also noted that access to Oracle financials and database support in the NSH is restricted to authorized users only. The HIC indicated that: *"Access to the organization's accounting and other related transactions is strictly on need to know basis which requires authorization by the ministry…authorized users are expected to log on with their authentication credentials to gain access to the system".* Similarly, one of the accountants remarked:

"Authorized users are responsible for protecting their password or other authentication credentials at all times. Access is minimal…need-to-know and need-to-use bases. All activities are logged for audit purposes" [AIA].

Further, findings revealed that the payroll and personnel database is centrally controlled by the state and linked in the oracle financial system. The DA indicated that:

"The state payroll and personnel database is linked in the Oracle software to ensure the accuracy, timeliness and integrity in both payroll and personnel administrations. Only authorized staff of the State (the NSH staff inclusive) are maintained on the database".

A similar view was outlined by one of the accountants:

"The link between the payroll system and the ERP system has enhanced the production of accounting information for planning and control purposes" [AIA].

The above evidences suggest that there was no change in NSH's PMSs, the introduction of PBB and the accounting software demonstrate changes in the control techniques. Arguably, the findings highlight the influence of economic and socio-cultural factors on the applicability of PMSs framework in public sector.

8.5 **Strength and Coherence**

As discussed in chapter 3 strength and coherence of the links within a performance management system is crucial to understanding its operation. According to Abernethy and Brownell (1997) the components of PMSs combine with each other and their interactions have effects on organizational outcomes. However, Otley (1980) discussed control 'packages' rather than control 'systems' because he had found that they tend to be composed of sets of loosely coupled elements. These were often designed and implemented by different people, in different parts of an organization, at different times. Their interactions often emerged rather than being planned. Ferreira and Otley (2009) noted that it is likely that observations of PMSs in practice will exhibit characteristics of systemic and designed coherence together with characteristics of tension and conflict between the different elements.

With respect to strength and coherence of the existing control system in the NSH, the findings suggest that PMSs in the NSH appears to be composed of loosely coupled elements. For example, the lack of a structured approach to staff retention/turnover could be seen as potentially creating issues for the PMSs in terms of how to manage and motivate staff to remain in the organization. Also, the lack of involvement of subordinates in the strategic process could also have implication on job satisfaction which could potentially create issues for the PMSs in terms of direction.

Omission of performance measure to evaluate progress made on infrastructure and equipment upgrade could potentially introduce measurement biasness into the PMSs. Lack of specific performance targets at the organization level is unlikely to generate the desired motivation and performance effects. The existence of biasness in performance rating could also influence the effective functioning of the PMSs in the organization.

The NSH control mechanisms include budget which is mainly used diagnostically. There is limited use of the management control systems interactively which arguably could create an imbalance between the positive and negative forces within the control system. The observed changes in the NSH's operation focused on integration of accounts and budget control but not the PMSs.

8.6 **Summary of the Chapter**

This chapter analysed performance management practices in the NSH using four components of PMSs framework. These components were: information flows, systems and networks, performance management system use, performance management system change, and strength and coherence. The findings reveal that information flows, systems and networks are in use in the organization. Information flows provide feedback to all categories of staff for learning purposes and corrective actions. These include feedback information on staff performance, budget performance and patients' complaints. For example, employees receive feedback on their performance through the annual performance appraisal. In addition, the quarterly budget reports generate information to monitor performance and correct deviations. Also, employees provide information on patients' complaints for improvement in service delivery and corrective purposes. Information is also available in the procedure manual at the NSH. Also, the findings suggest the

existence of standard and uniform operating system. However, the systems and networks are centrally controlled by the state's enterprise management group.

Information and control use was diagnostic in the NSH, particularly, in relation to budget estimates. It was noted that diagnostic use represents a negative force, especially as it focuses on mistakes and negative variances. The NSH budgeting process was explained to provide good understanding of its operation and attendant procedural issues. There was no evidence of interactive use of information in the NSH, which was expected and common in public sector organizations in EEs.

The findings indicate that several events have altered the way the NSH operates and have resulted in changes to its management control techniques. Two major triggers of change were identified: implementation of the MTEF and introduction of oracle software. The implementation of MTEF resulted in change in the budgeting technique (from the traditional line-item budgeting system to performance-based budgeting system). The ERP software on the other hand enhances the NSH's accounting system. It is argued that economic and socio-cultural factors influence the applicability of PMSs framework in the NSH.

Having presented and analysed the findings on the NSH's performance management practices, the next chapter summarises and concludes the thesis.

CHAPTER 9: SUMMARY AND CONCLUSIONS

9.1 Introduction

This study sets out to examine the applicability of performance management systems (PMSs) framework in the Nigerian State Hospital (NSH). The objective of this chapter is to present the summary of findings and conclusion of this study. The chapter is organised into seven sections. Following this introduction, the next section presents an overview of the study. The subsequent section provides a summary of key findings of the thesis. Section 9.4 discusses the findings and implications. Contributions of the study are presented in section 9.5. Section 9.6 presents the limitation of the study while section 9.7 concludes the thesis and provides recommendations for future research. Figure 9.1 depicts the structure of the chapter.

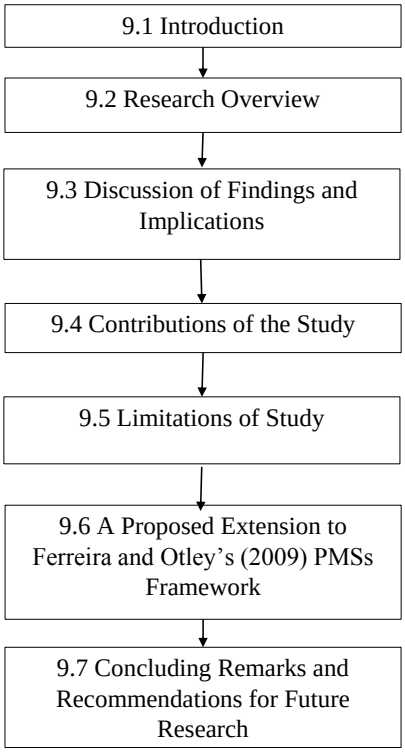

Figure 9.1: Structure of Chapter 9

9.2 **Research Overview**

This study seeks to examine the applicability of performance management systems framework in the public sector of Nigeria. The advent of the new public management (hereafter, NPM) ideas brought fundamental changes to public sector organizations. The continuing significance of NPM ideas has made it pervasive in discussions and persistent over time. The level of implementation of NPM reforms varies according to the priorities of governments in different countries which have resulted in various dilemmas and paradoxes on NPM. The basic tenets of NPM remain the same but the local context may change the specific nature of policies adopted. The NPM concept allows many of the practices of the private sector to be transferred to the public sector including performance management practices. This resulted in increase in research focusing on performance management in the public sector and healthcare services. The health sector across the globe has witnessed the implementation of NPM reforms. However, it has been argued that the context of the healthcare system is a necessary condition for successful implementation of NPM reforms. Hence, the need to analyse carefully contextual factors in which the health service operates and by extension, the applicability of PMSs framework in such setting could be influenced by similar contextual factors. The review of existing literature on PM in public sector revealed an increasing amount of empirical work which have focused on history and development of PMSs, the benefits, impacts and challenges of implementing PMSs (see chapter three). The review revealed that there are little PM studies in healthcare on EEs and these studies have focused mainly on the challenges faced in the implementation of PMSs. This prompted the desire for a study on the applicability of PMSs framework in the public sector of Nigeria. Furthermore, the state of healthcare in Nigeria needs this scholarly adventure to provide insights on performance management practices.

The study has drawn on contingency theory of management accounting to provide a basis for identifying other contingencies which enable/constrain the applicability of PMSs framework in

Nigeria. To achieve this aim, the case study approach was adopted. This approach has allowed the researcher to gain an intimate, contextually sensitive knowledge of the NSH. Data for this study were collected through semi-structured interviews, documentary analysis and non-participant observation. The findings were analysed using the twelve components of the framework adopted for the study.

9.3 **Discussion of Findings and Implications**

There appeared to be consistency in employees' views about the vision and mission of the organization. This was evident in the comments of the interviewees (see chapter 6). The existence of vision and mission in the NSH is an indication that they are fundamental requirements for control purposes. This evidence is consistent with prior studies that vision and mission statements are critical in the design and use of PMSs (Ferreira and Otley 2009, Otley and Berry 1980, Otley 2008). The analysis also revealed that the NSH's vision and mission are clearly stated and communicated to employees. This indicates that the level of commitment of the NSH to the communication of its vision and mission is high. This evidence is consistent with that of Harrison and John (1994) who argue that vision and mission must be communicated and shared, in order to convey the meaning and intent of the organization to internal and external stakeholders. It was observed that the NSH's vision and mission closely align with the ministry of health's which reflects the state's government health priority. This suggests that the NSH vision and mission are motivated by political agenda which could have implication on employees' motivation and attitude towards achieving them. In essence, it can be argued that the NSH vision and mission are affected by political and socio-cultural factors within which the organization operates.

The NSH's KSFs reflect the state's health priority areas which include leadership and governance, health service delivery, human resources for health, health financing, national health information systems, community ownership and participation, partnerships for health development and research for health. Participants identified 'recruitment of qualified allied and healthcare professionals', 'infrastructural and equipment upgrade', and 'improved health service delivery' as the KSFs.

In relation to recruitment of qualified allied and healthcare professionals, the NSH recognises the importance of recruiting highly qualified staff to achieve its objective of rendering excellent services. Further analysis pointed out that the NSH focuses on training and development of staff to build innovative human resources for excellent service delivery. The analysis also highlighted the involvement of the state government in organizing professional partnership programme abroad. These findings corroborated that of Fryer et al. (2007) who reported that public sector organisations concentrate on KSFs about processes and employee empowerment. Similarly, Danso et al. (2012) noted that training and development provide employees with the necessary knowledge and skills to improve overall institutional performance and achieve the objectives of the organisation. However, there was no evidence of a structured approach to staff retention/turnover in the NSH. This suggests that human resource management in the NSH appears weak. Therefore, the issue of staff retention/turnover should be properly investigated by management, particularly as there are evidences of global shortage of healthcare workers (WHO 2013).

In terms of infrastructure upgrade, the analysis revealed that the NSH has benefited from the state government's continuous investment in projects geared towards achieving its goal of being in the forefront of contemporary and efficient healthcare delivery. Also, the findings highlight

that infrastructural constructions, renovations and extensions are executed on contractual basis. Under this approach, contractors receive mobilisation fees for immediate commencement of projects and get paid the balance on completion. The consequences of this approach to project execution were evident in the comments of interviewees. For example, it was noted that some contractors fail to complete assigned project due to financial constraints. It was argued that the renovation of the maternal and childcare centre was re-awarded to another contractor due to lack of completion. A review of the current approach to project allocation could be beneficial in addressing the issue of delay in project completion. With respect to equipment upgrade, the analysis revealed that the organization has acquired various specialised medical equipment to achieve successful feat in service delivery.

With respect to improved service delivery, the analysis indicates significant improvement in the response time and quality of care with attendant improvement in morbidity and mortality rates occasioned by medical emergencies offered in the NSH. Also, the findings show that the NSH offers free treatment for children aged 12 years and below, adults aged 60 years and above and public servants, their spouses and four dependants aged 18 years and below. However, the analysis revealed that not all the health facilities were opened for 24 hours due to staff shortages and maintenance. In addition, it was noted that some of the health facilities in the NSH were managed on private-partnership basis. This suggests that the need to review the service hours particularly those provided through private partnership in order to achieve the overall objective of the organization.

The analysis depicts a functional/departmental organization structure in the NSH. The organization structure reflects the varying levels of administrative controls with clear lines of reporting and accountability. Also, the findings indicate that the existence of specified lines of

reporting and the presence of superior/subordinate relationships restrain the scope of responsibility, particularly during medical emergencies. In addition, the findings revealed that the organization structure influences the efficiency of work and guide the flow of information and the control systems. These findings are consistent with prior studies which indicate that organization structure influences the achievement of organizations' goals and objectives as the authority relationship determines the way the employees work (Hunter 2002). Participants argue that not being allowed to participate in the organization decision-making process reduces staff creativity, development and growth. This suggests that the engagement of staff at all levels in decision-making could assist in achieving the organization's overall objectives.

Health strategies and plans were generated and defined centrally by the ministry of health in consonance with the state's health priority/agenda. This raises the question of strategy implementation and of implementation defects, which may occur. The NSH employees are not involved in the planning process but they simply implement the programmes highlighted in the strategic plan to achieve the deliverable outcome (see section 6.5). This illustrates a limited use of strategic voice in the NSH particularly with regard to overall strategic directions. As stated earlier in chapter 3, the nature of strategic management can follow the traditional top-down approach or a bottom-up approach. Findings of the study showed that strategic management approach of the state government depicts the top-down approach. It can be argued that because employees and managers are not involved in strategic planning, lower understanding of the strategic intent and lower job satisfaction could result (Kim 2002).

KPIs compendium in the state was developed centrally but implemented at MDAs level. The compendium was prepared by the State Partnership for Accountability, Responsiveness and Capability (SPARC) in conjunction with the Monitoring and Evaluation Department (MED) of

the Ministry of Economic Planning and Budget and MDAs representatives. The findings highlight that KPIs were introduced to sustain the shift from conventional management to result-based management approach which incorporates evaluation and monitoring of health programmes and projects towards achieving stated objectives. Also, the findings reveal that KPIs assist in reporting budget impact on the lives of the citizens to ensure that resources are efficiently channelled to achieve the service delivery targets. It was argued that KPIs were introduced in response to political and economic demands. Further, the findings reveal that the health sector's KPIs align with the NSH's objectives and KSFs. This finding is consistent with prior studies that performance measures are derived from objectives, KSFs, and strategies and plans (Johnson et al. 2008, Chenhall 2005). However, there was no performance indicator/measure specified for infrastructure and equipment in the compendium.

Targets play an important role in selecting action plans and investments and evaluating performance (Ittner and Larcker 2001). The findings of this study indicate that targets were set by the state's health ministry and there were no defined targets for each hospital in the state. As an agency of the state government, the NSH was no exception. This suggests some sort of imposition of state's health target on the NSH. As indicated in prior literature targets imposed on organizations by superior bodies or imposed on staff by senior executives are unlikely to be achieved (Latham and Locke 2002). Also, with the lack of specific targets, it would be unlikely to generate the desired motivation and performance effects (Emmanuel et al. 1990, Merchant and Van der Stede 2007). According to the findings, the NSH simply contributes to the overall achievement of the health targets for the state. However, in relation to individual performance expectations for employees, the NSH employs some degree of participation and negotiation.

With respect to individual performance evaluation, the study reveals a continuous process of reviewing, measuring and providing feedback on an officer's performance. The findings show that employees execute agreed performance plan while the immediate supervisor provides necessary support and monitors progress made. However, there were views that some superior officers are biased in performance ratings. This was evident in the comments made by interviewees (see section 7.4). This evidence is consistent with prior studies which reported that biases often influence the supposedly objective ratings a manager gives an employee during an appraisal (Davis 2011). No departmental performance evaluation process was found in the NSH, which was not unexpected, since this was consistent with the practice in the public sector of Nigeria. However, organizational performance evaluation was evident in the NSH as indicated in the number of successful surgeries and awards for quality service delivery.

According to the findings, a reward system was evident in the NSH. Daley (2012) note that a good reward system seeks to attract, retain and motivate employee. This suggests that the NSH recognises the need to motivate individuals to align their own goals with those of the organization. This finding corroborates the findings of Ogundele (2006) which highlight the importance of rewards system in recognising individual talents, strengths, capabilities and competencies thereby enhancing employees' performance at work. Staff who achieves performance targets receives annual salary increment which is usually added to the annual emolument except those under disciplinary actions. Further analyses indicate that individuals performing below targets were issued queries, warnings or dismissal letters depending on the level of non-performance. The findings reveal the urgent need for change, particularly in dealing with negative behaviours. This view is consistent with prior studies which argue that employees should be treated equitably, fairly and consistently in relation to the work they do and their contribution (Armstrong and Taylor 2017, Daley 2012).

The findings indicate the use of a number of communication channels in the NSH to assist the flow of information. The range of information flows in use assisted in mitigating the control problem of lack of direction (Merchant and Van der Stede 2007). These channels helped in developing a sense of direction at the NSH. They also contributed to the development of a sense of togetherness. As reported in the findings, the various staff meetings promote the sharing of information and performance improvement initiatives at all levels in the organisation. Further analysis highlights that information was available in the procedure manual for disseminating important information among the clinical and laboratory staff. In addition, the findings reveal that information systems and network is centrally controlled and monitored by the state's enterprise management group.

Information and control use was diagnostic and visible in relation to budgets. The findings reveal that budgets were compared with actual in order to establish variances for subsequent corrections. However, it was noted that diagnostic use represents a negative force, especially as it focuses on mistakes and negative variances. In addition, it was argued that diagnostic use of information prevents the development of new ideas and initiatives. No evidence of interactive use of information in the NSH. The implication of this is that the absence of interactive use of information could result in imbalance between the positive and negative forces within the control systems.

The findings reveal the existence of changes to management control mechanisms in the NSH, particularly with regards to budget reforms in the state. The implementation of the MTEF instigated the performance-based budgeting system with emphasis on allocating resources according to the results achieved by spending programmes. The evidence suggests that some form of support from the employees is needed for successful implementation of the new system.

Corruption and capacity to perform are common hindrances to newly introduced mechanisms/systems in the public sector of Nigeria. In relation to the ERP software the focus was on accurate data capture, and effective deployment of the capabilities to enhance the accounting recording and reporting systems of the NSH. Also, the study reveals that the payroll and personnel database is centrally controlled by the state and linked in the oracle financial system. The reason for this as indicated by one of the accountants was to improve the provision of accounting information for planning and control purposes in the longer-term as well as to maintain the integrity of the system.

Overall, these findings have provided evidence on the applicability of the PMSs framework in the public sector of Nigeria. The findings have described the structure and operation of PMSs in the studied organization. Specifically, the findings demonstrate how political, economic and socio-cultural factors affect the applicability of PMSs framework in the studied organization. These findings contribute to prior studies that argue that organization's control systems are influenced by political constraints, regulatory conditions and cultures (e.g O'Connor et al. 2006). Unlike other studies on PM in healthcare which focused mainly on challenges faced in the implementation of PMSs (e.g Mahapa et al. 2015, Lutwama et al. 2013), this research provides evidence on how performance management can be understood in the EEs context through the lens of a PMSs framework developed in the western context.

9.4 Contributions of the Study

This research makes some empirical, theoretical, methodological and practice contributions as outlined below:

Empirical contributions

The study has made contributions to the literature relating to performance management systems in public sector. It provides an understanding of how PMSs operates in EEs. The literature

indicates the scarcity of studies on performance management and the consequences of applying different control systems in emerging economies (Van Helden and Uddin 2016). This study therefore contributes to the PMSs literature in EEs by providing empirical evidence on how PMSs are functioning from the context of Nigeria. In addition, the literature highlights extensive application of PMSs framework in healthcare services in the western context (see for example, Smith 2002, Paulino and Daniel 2016, Mesabbah and Arisha 2016) with few studies in EEs context focusing on the challenges of implementing PMSs. Therefore, this study contributes to the literature by demonstrating the extent to which performance management can be understood/explained using a framework developed in the western context. Drawing on Ferreira and Otley (2009) PMSs framework, this study has contributed to enhancing our understanding of the structure, operation and use of PMSs in the context of EEs. This is particularly important as EEs are socio-politically and culturally heterogeneous (Wallace 1990).

This research adds to the relatively small but emerging empirical body of research on performance management in healthcare from EEs context (for example, Mahapa et al. 2015, Lutwama et al. 2013). As far as the researcher is aware, to date, no prior research study has been carried out on the applicability of PMSs framework within the healthcare setting in the context of Nigeria. Though, there are a few white papers, professional reports and newspaper articles that are available on this topic in the context of Nigeria. This is the first comprehensive study on the applicability of PMSs framework in Nigeria. It provides a detailed analysis of the contextual factors which influence PMSs in the public sector of Nigeria. Such an analysis contributes to the literature by providing empirical insights from an emerging economy context which can be used in future studies.

The study demonstrates the usefulness of Ferreira and Otley (2009) PMSs framework in highlighting key aspects of performance management in healthcare in Nigeria. While the framework questions were not originally designed for this particular setting, their use generates important insights and highlights the influence of contextual factors on the operation of the NSH's PMSs. By using this framework, the study documents key aspects of the PMSs in the case hospital and highlight the reasons for the maintenance of such control configurations. In addition, the application of this framework in the Nigerian healthcare highlights the implication of contextual factors on the design and use of PMSs. Further, the use of the framework in the Nigerian healthcare service has drawn attention to areas needing improvement in service delivery in order to support economic growth and development.

The study also contributes to our understanding of the appropriateness of private sector management styles (such as PM) where conflicted results have been reported. It has been argued that the adoption of private sector management styles in the public sector can be successful and not successful at the same time (see e.g. Junaid Ashraf and Uddin 2013, Mserembo and Hopper 2004). As evident in the study (see sections 2.2 and 2.9 for further discussion) the application of PMSs framework cannot be generalised but need to be contextually understood and adapted to the local structural conditions.

Theoretical contributions

The role of contingency theory is changing with research over the past four decades extending the list of possible significant contingencies that are faced by organizations (see for example, Otley 2016, O'Connor et al. 2006, Kattan et al. 2007). The findings of this study contribute to extant studies which have drawn on contingency theory by providing specific contextual factors which influence the operation of PMSs in the case organization. In addition, the study has

provided an avenue to further extend the application of contingency theory in the context of EEs. This supports the argument that contingency theory should be considered in a much more dynamic context (Otley 2016, Alawattage et al. 2007a).

Also, this research has extended the studies which have utilized contingency theory in developing and extending theoretical frameworks (Waterhouse and Tiessen 1978, Donaldson 1985, Wadongo and Abdel-Kader 2014). Drawing on the findings, this study contributes to theory-building on performance management in public sector by proposing an extension to Ferreira and Otley's (2009) PMSs framework (see section 9.6 for further discussion). This is expected to assist in narrowing the research-practice gap as articulated in the theoretical chapter (see section 4.2 of this thesis). This support the argument for the need to implement modified forms of management and control systems (Otley 2016).

Further, this study has highlighted the connection between contingency theory and the framework and the significance of using them to identify contextual factors in the public sector of EEs. The study has discussed interconnectedness between the NSH's PMSs and the contextual factors which influence such control configurations. Also, the study has enunciated the specific contextual factors that influence the operation of PMSs in the organization of study. These include political, economic and socio-cultural factors. This reinforces the conclusion of other research which claims that political interference, regulatory conditions, economic reforms and cultural context affect the design and implementation of PMSs (O'Connor et al. 2004, Kattan et al. 2007, Anderson and Lanen 1999).

Methodological contributions

The literature suggests that management accounting researchers should utilize control systems packages (such as Ferreira and Otley's PMSs framework) to provide explanations that are useful

for managers, organizations and society (Malmi and Brown 2008, Abernethy and Chua 1996, Otley 1980). This study contributes to methodology by using contingency theory and PMSs framework to explain the operation and design of PMSs in the studied organization. In addition, the study has extended existing literature that has combined contingency theory with the application of framework in investigating performance management in organizations (Wadongo and Abdel-Kader 2014, Haustein et al. 2014, Paulino and Daniel 2016).

Traditionally, management accounting research has been dominated by the use of large-scale surveys. However, this has changed since the 1980s when researchers began to place emphasis on studying management accounting in its organisational context. Researchers have called for the use of case study in order to understand the organisational context of management accounting systems (Hopwood 1983, Otley 1994, Scapens 1990, Agyemang and Ryan 2013, Agyemang 2014). This study is a response to this call as it adopts a case study approach to examine the applicability of PMSs framework in the NSH. By so doing this study contributes to methodology through the adoption of the case study approach. The importance of this approach is that it enabled the researcher to understand the context, contents and processes of organization's control, which can only be uncovered by the adoption of case study. In addition, the thesis responds to Ferreira and Otley (2009) call to assess the robustness and the adequacy of their framework from a case study research. In this regard, this study contributes to methodology by applying the framework on its data.

Contributions to practice

It has been argued that management accounting research has arguably failed in its role and potential impact on society and have become disconnected from the world of organisations and professional practice (Ittner and Larcker 2001, Merchant and Stede 2006, Otley 2008, Vaivio 2008). This study contributes to practice by proposing an extension to the framework of study by

adding contingencies which implicate its application in healthcare settings in EEs. By implication, the research contributes to our understanding of the practice of performance management and how political, economic and socio-cultural factors influence the operation of PMSs in the NSH. By so doing the study contributes to the practical relevance in management accounting research.

9.5 **Limitations of Study**

The focus of this study on understanding the functioning of PMSs in the public healthcare in Nigeria potentially ignored the role of people as agents in the implementation of performance management systems. Although the narratives gathered from the case organization have provided explanations on the functioning of the key aspects of the PMSs, yet there is a possibility that people influence and shape PMSs in use in their organization[17].

In understanding the functioning of PMSs, the research relied on empirical data from one healthcare service. As such the findings may not be used as a generic piece for all the healthcare services within the health sector. Nevertheless, the studied organization is not unusually different from other public healthcare services in other parts of the country hence the insights from the study are likely to be relevant when examining similar healthcare services. There is also a possibility that more than one case organization would have provided additional or different insights.

The study draws on the contingency theory of management accounting to identify contextual factors that influence PMSs operation and structure in the organization of study. It is possible that a different theoretical perspective would have told us different stories about the functioning of PMSs in Nigeria.

[17] It has been argued that in an attempt to derive meaning from the world, people develop and impose their own ideologies and structures, including PMSs. Hence, PMSs do not exist outside the conceptualisation of individuals.

9.6 **A Proposed Extension to Ferreira and Otley's (2009) PMSs framework**

The framework of Ferreira and Otley (2009) has enhanced our understanding of the operations and structure of performance management in the NSH. The narratives to the twelve questions offered possibility to explore certain issues more deeply. The findings of this study revealed that there are underlying factors that influence the functioning of PMSs in the context of this study. It has been argued that in studying PMSs, particularly in EEs requires the understanding of this context as it can be more dynamic and completely different from a developed economy context (De Waal 2007, Hopper et al. 2009). The study identified political interference, a diversity of socio-cultural orientations and economic conditions as contingent to how PMSs operates in the NSH as discussed in chapters 6, 7 and 8 of this thesis. For example, the interference of the state government was observed in the recruitment; promotion and dismissal of NSH employees which was evident through the activities of the health service commission (see the comments of DA and CFM in section 6.3.1). The influence of political interference was also evident in the formulation of strategies and plans, development of KPIs, and target setting for the NSH (see section 7.2 and 7.3 in chapter 7 for details). It is therefore argued that the influence of political factor should be considered in the study of PMSs in health settings in EEs. Based on the findings, the study proposes that political factor be added to extend Ferreira and Otley's PMSs framework. This will provide a better understanding of the political relations within which the organization operates.

In relation to socio-cultural orientations/factors, the findings demonstrate how people's attitudes to work as well as the choices they make and the behaviours they engage in influence the operations of the NSH's PMSs. For instance, absence from and lateness to work, biasness in performance ratings, motivational issues resulting from arbitrary target setting constrains the functioning of PMSs in the organization of study (see section 6.2, 7.4 and 7.5 in chapter 7 for

details). In line with the above findings, it is considered appropriate that socio-cultural factors be added to the framework of study. This will allow for a more comprehensive understanding of how people as active agents are capable of influencing and shaping PMSs in organizations.

Based on the findings, this study also conceded that economic factors influenced PMSs in the NSH and that it might be appropriate to extend the framework of study by adding it. The study finds evidence on how KPIs were introduced to monitor investments in health programmes and projects (see DA comment in section 7.2). Other economic factors revealed by the findings include budget reforms which manifested through the implementation of new performance management techniques in the organization (see section 8.4 for details). For example, performance-based budgeting system and oracle financials were introduced and implemented in the NSH to meet the objective of economic reforms in the state.

Based on the above submissions, this study proposes an extension of Ferreira and Otley's (2009) to include political, socio-cultural and economic factors which are likely to influence the operation of PMSs in EE's context. Figure 9.2 depicts the proposed extension to the framework.

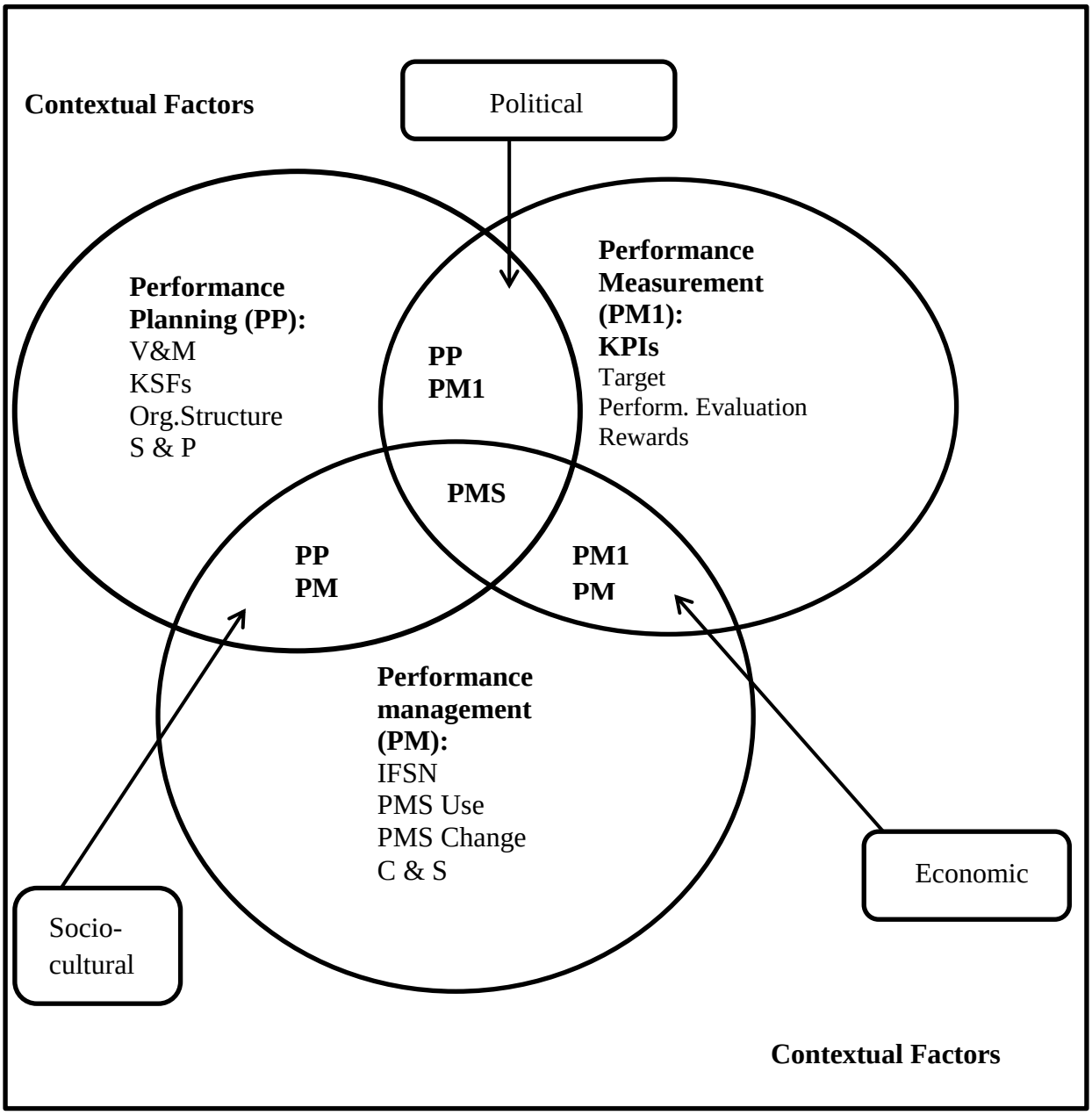

Figure 9.2: A Proposed Extension to Ferreira and Otley's (2009) PMSs framework

9.7 Concluding Remarks and Recommendations for Future Research

This study has provided evidence on how PMSs are functioning from the context of Nigeria. It has demonstrated the extent to which performance management can be understood/explained using a framework developed in the western context. The findings revealed the implication of contextual factors on the operation and structure of PMSs from an emerging economy context. Also, the findings of the study suggested the need to extend Ferreira and Otley's (2009) PMSs

framework to incorporate contingencies which are likely to implicate its application in healthcare settings in EEs. The study has identified some areas for future research. Future study could focus on the role organizational actors (agents) in constructing and interpreting PMSs in use in their organization. Further research could be conducted in other public organisations in Nigeria, in order to enrich our understanding of how PMSs operate. In addition, comparative studies of the private and public-sector organizations could be undertaken to enable us to gain a more in-depth understanding on how PMSs is perceived in different settings. Further, a study with different theoretical perspective could tell different stories about the functioning of PMSs in Nigeria.

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APPENDICES

Appendix 1: Letter of Introduction from Supervisor

Essex Business School, University of Essex,
Wivenhoe Park
Colchester,
CO4 3SQ,
United Kingdom
pguven@essex.ac.uk

April 15, 2015

The Permanent Secretary
Lagos State Ministry of Health,
The Secretariat,
Alausa,
Ikeja – Lagos,
Nigeria.

Dear Sir/Ma

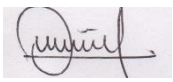
LETTER OF INTRODUCTION: OLAYINKA UADIALE

The above-named is a PhD accounting student studying under my supervision and Pawan Adhikari at the Essex Business School, University of Essex in the United Kingdom. As part of her PhD thesis, she is exploring performance management in public healthcare organisations in Nigeria.

In order to provide insightful input to her research, she needs to conduct interviews with relevant stakeholders in the health sector.

Kindly assist her with relevant information and necessary documents. Should you need further information please do not hesitate to contact me.

Yours sincerely,



Dr. Pinar Guven-Uslu

Associate Director of PhD Programmes

Appendix 2: Introduction Letter (Researcher)

University of Essex

Essex Business School
University of Essex
Wivenhoe Park
Colchester
CO4 3SQ
United Kingdom
Email:omuadi@essex.ac.uk

The Medical Director
Nigeria State Hospital
Lagos, Nigeria
Dear Sir/Ma,

Re: Information on Performance Management Practices

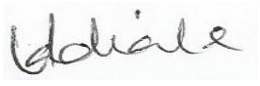
I am a PhD accounting student studying under the supervision of Dr Pinar Guven-Uslu and Dr Pawan Adhikari at the Essex Business School, University of Essex in the United Kingdom. As part of my PhD thesis, I am exploring performance management in public healthcare organization in Nigeria.

In order to provide insightful input to my research, I need to conduct interviews with relevant stakeholders. In this respect, I would like to have an interview with you lasting no more than forty-five minutes. A draft sample of the questions I wish to ask during my interview is attached. I understand that some of these questions may not be relevant to you.

I would like to assure you that all the information obtained throughout my study will be treated in the strictest confidence. The results of my research will be published as a PhD thesis and it may also result in other academic publications. However, no individual or company name will be mentioned in all my publications. In return for your support, I am willing to make available my findings for possible implementation.

I look forward to hearing from you.

Yours sincerely,



Olayinka Uadiale

Essex Business School

Appendix 3: Informed Consent Form

Informed Consent Form

By signing this form I am attesting that I have read and understand the information above and I freely give my consent to participate in the research exercise conducted by Olayinka Uadiale from the University of Essex. I understand that I will be one of approximately 30 people or so being interviewed for this research. I also consent to the following:

1. I understand that my participation is voluntary and that I am free to withdraw and
2. discontinue participation at any time without (with) reasons. I understand that I will not be paid for my participation.

Furthermore, I consent to the following:

2. I understand that the researcher will not identify me by name in any reports using information obtained from this interview, and that my confidentiality as a participant in this study, will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals.

3. I understand that notes will be written during the interview. An audio tape of the interview and subsequent dialogue will be made public. If I do not want to be taped, I will not be able to participate in the study.

4. It is also my understanding that neither my name nor the names of my colleagues (and /or the name of my organization) mentioned during this interview would be made public.

5. I agree that my data gathered in this study may be stored in a specialist data centre and may be used for future research.

6. I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.

7. I have been given a copy of this consent form.

_____	_____	_____
Name of Participant	Date	Signature
_____	_____	_____
Name of Researcher	Date	Signature

Appendix 4: Participant Information

Participant Information Sheet for Research Project: "Performance management in public sector: A case study of a healthcare service in Nigeria"

Dear participant,

I, Olayinka Uadiale, am currently carrying out a piece of research entitled, 'Performance management in public sector: A case study of a public healthcare service in Nigeria' under the supervision of Dr. Pinar Guven-Uslu and Dr. Pawan Adhikari

I am investigating performance management in healthcare organizations.

This study involves:

- Interviewing the chief medical director, medical staff, other employees of LASUTH, staff of state monitoring and regulatory agencies.
- Analysing relevant documents.

The information will be recorded by means of taking notes, tape recording and copies of relevant documents.

All information collected will be kept securely and will only be accessible by myself and my supervisors. If you are mentioned individually in any publications or reports then a participant number or pseudonym will be used and identifying details will be removed. A list may be kept linking participant numbers or pseudonyms to names, but this will be kept securely and will only be accessible by myself and my supervisor. A copy of the information which we record about you, but not other participants, will be provided, free of charge, on request.

Naturally, there is no obligation to take part in the study. It's entirely up to you. If you decide to participate in the study and then change your mind in the future, you can withdraw at any point, even after the data has been collected. If publications or reports have already been disseminated, these cannot be withdrawn, however, these will only contain anonymised or aggregated data.

We would be very grateful for your participation in this study. If you need to contact us in future, please contact me (omuadi@essex.ac.uk) or Dr. Pinar Guven-Uslu (pguven@essex.ac.uk). You can also contact us in writing at: EBS, University of Essex, Colchester CO4 3SQ.

You are welcome to ask questions at any point.

Sincerely,

Olayinka Uadiale

Appendix 5: Interview Guide

Interview Guide for participants
This guide is to provide some leading questions for the semi-structured interviews which will be conducted to gather relevant information focusing on performance management (PM) practices in public organizations in Nigeria.

Section A: Introduction

Can you please tell me a bit about yourself and your role in the organisation?

Section B: General and specific questions for interviewees

1. What is the vision and mission of this organization? How is the organization's overarching purposes and objectives communicated to you and other staff?
2. What are the key factors you believed to be central to the organization's overall success and how are these factors communicated to you?
3. What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?
4. What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?
5. What are the organization's key performance measures used to assess achievement of the objectives? How are these measures developed and communicated and what role do they play in performance evaluation? Are there significant omissions?
6. What are the performance targets? How does the organization go about setting performance targets for employees and how challenging are those performance targets?

7. What processes, does the NSH use to evaluate individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?
8. What rewards (financial and/or non-financial) will managers and other employees gain by achieving performance targets (or what penalties will they suffer by failing to achieve them)?
9. What specific information flows - feedback and feedforward - systems and networks has the NSH in place to support the operation of its PMSs?
10. What type of use is made of information and of the various control mechanisms in place? How have the PMSs altered in the light of the change dynamics of the organization and its environment?
11. Can you please explain how have the PMSs has altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?
12. What is the strength or weakness of the current performance management systems? How consistent is the performance measurement system with the whole organisation?

Appendix 6: Staff Appraisal Form

END-YEAR PERFORMANCE REVIEW:

	PARAMETERS	5-SCALE RATING				
		E (5)	O (4)	G/S (3)	BA (2)	U (1)
1.	**OPERATING RESULTS (against agreed goals and KPIs)/Volume and Quality of Work Delivered:** *In meeting the goals and objectives set in the reporting period, comment on Officer's quality and timeliness of work produced. Is there a good balance between quality and quantity?*					
2.	**COMMUNICATION AND INTERPERSONAL SKILLS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's ability to relate ideas and methods to others, taking into account written as well as verbal.*					
3.	**PROFESSIONAL STANDARDS / CREATIVITY AND INNOVATIVENESS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's ability to work creatively and with innovation.*					
4.	**ENTHUSIASM AND RESPONSIVENESS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's interest and commitment to his or her work and the Establishment's set goals.*					
5.	**LEADERSHIP/SUPERVISORY OR MANAGERIAL SKILLS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's leadership qualities and skills with regard to motivating subordinates, Managing people and Leading by Example.*					
6.	**TASKS EXECUTION SKILLS / PLANNING, ORGANIZATION AND TIME MANAGEMENT:** *In meeting the goals and objectives set in the reporting period, comment on Officer's planning and organizational skills.*					
7.	**BUSINESS AND TECHNICAL PROFICIENCY/PROBLEM SOLVING INITIATIVE AND FORESIGHT:** *In meeting the goals and objectives set in the reporting period, comment on Officer's ability to spot problems, make timely decisions and find competent alternative solutions.*					
8.	**CUSTOMER EFFECTIVENESS/ PROFESSIONALISM AND RELATION WITH CLIENTS (Internal and External):** *In meeting the goals and objectives set in the reporting period, comment on Officer's professional conduct and loyalty to the Establishment's set goals.*					
9.	**RELATIONSHIPS/TEAM WORK AND WORKING WITH OTHERS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's ability to work with others as a team and relation with colleagues*					
10.	**CONTRIBUTION TO ESTABLISHMENT'S VISION AND EFFECTIVENESS:** *In meeting the goals and objectives set in the reporting period, comment on Officer's contribution to establishment's success and achievement of vision; including demonstrated contribution to establishment's social responsibility goals.*					
	TOTAL SCORE *(Maximum of 50marks)*					

Appendix 7: List of Documents

Annual Health Ministerial Reports (2014/2015; 2015/2016; 2016/2017)

Central Bank of Nigeria (CBN) Annual Report - 2015

Final Report on Annual Budget Process Improvement (2010)

Information Communication Technology Policy (2010)

Lagos State Government Compendium of Sector/MDAs indicators (2015)

Lagos State Government Development Plan (2012-2029)

Lagos State government staff performance appraisal and development report

Lagos State Human Resources Policies

Lagos State Information Communication Technology Policy

Lagos State Medium-Term Sector Strategy (MTSS) - 2013-2015

Lagos State Strategic Health Development Plan (2010-2015)

Medium Term Budget Framework (2016-2018)

Medium Term Sector Strategy (Health) 2013-2015

Ministry of Health – Ministerial Press Briefings 2014-2017

National Health Policy (2004) (FMOH)

Public Finance Management Law (2011)

Sector Performance Management Report (Health) 2016