M.SC. IN ACCOUNTING, STRATEGY AND CONTROL

# THE BEHAVIORAL EFFECTS OF THE PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTED AT FEDERICO II UNIVERSITY

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*A CASE STUDY ON THE DIRECTORS OF THE CENTRAL ADMINISTRATION*

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**MASTER'S THESIS**

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DATE SUBMITTED: 15-05-2019
NO. OF PAGES: 88
NO. OF CHARACTERS: 192.426

## Abstract

The central focus of this master thesis was to understand the behavioral effects determined by the implementation of a performance management system in a public sector institution. The paper followed the case of the Federico II university, where the behavioral responses of the administrative directors were analyzed, in relation to the PMS developed for the central administration. For this purpose, the authors formulated the following research question and sub-questions:

***How is the behavior of the directors at Federico II affected by the current performance management system?***

Guided by the related sub-questions:

a) What is the design of the PMS implemented at Federico II?
b) What are the behavioral responses of the directors?

In order to conduct this research, the authors defined a set of behavioral effects based on an extensive literature review, aimed at creating a prior knowledge of the phenomenon. These shaped the theoretical framework used in examining the present case study. The effects defined are: motivation, cooperation, coordination, strategic focus, role understanding, perception of subjectivity, justice and trust, judgement bias, conflicts and tensions and dysfunctional behavior.

With regards to the methodological considerations, the authors chose to do a qualitative research, with data collected via in-depth interviews with the directors from the central administration at Federico II. These provided valuable insight into their perceptions about the PMS and the way this influences their behavior. The authors presented the interview data in an objective way, by backing up their findings with relevant passages from the interviews. The discussion however, partly reflects the authors' understanding of the findings, thus involving a certain degree of subjectivity.

The findings have shown that the PMS implemented at the university is perceived by the directors as having, overall, a positive effect on their behavior, as it sets clear objectives to be achieved, being at the same time a useful monitoring tool for evaluating their performance, as well as that of their subordinates. The study confirmed also that perfect management systems do not exist, but a balance, between the elements, especially the single design choices and the effects these lead to, should be ensured by any organization according to its own needs.

## Acknowledgements

*We would like to begin by expressing our gratitude to everyone who supported us in this academic journey, without whom we would not have accomplished this Master Thesis. Firstly, we thank our supervisor and professor of Performance Management and Incentives during this Master programme, Allan Hansen, for all the constructive feedback he has provided and for believing in our idea from the beginning, and in our aspiration for writing this thesis.*

*Secondly, we are grateful for all the help provided by the directors and by the other employees at Federico II University, whose answers were key in order to elaborate this Master Thesis. We would like to specially thank Lorella Canavacciuolo and Luisa Liguori, former General Director at the university, for their assistance in making this happen. Another special thanks to Carla Camerlingo, for coordinating the interviews with the directors involved in this research and for her continuous availability to sharing insights about the system implemented at the university.*

*Finally, we are most grateful to our beloved friends and families, for their continuous moral support and encouragement, and who never stopped believing in us throughout the conception of this paper. Our educational journeys would not have been possible without their unconditional love and trust in our capabilities to achieve this academic milestone.*

*Last, but not least, we thank the each other for the mutual support and encouragement through both good and bad times.*

# 1 Table of Contents

## List of Abbreviations

| Abbreviation | Explanation |
|---|---|
| NPM | New Public Management |
| PMS | Performance Management System |
| ANVUR | National Agency for the Evaluation of Universities and Research |
| HE | Higher Education |
| FFO | Fund of Ordinary Financing |
| KPI | Key Performance Indicator |
| PM | Performance Management |

# 2 Introduction

## 2.1 Theoretical Background

### 2.1.1 The New Public Management

The New Public Management (NPM) is known as "*one of the most striking international trends in public administration*" (Casale, 2015, p. 6). It was born by the merger of institutional economics and the managerial trends of the 1970s, and it signed the beginning of a whole new perspective in the public scenario. NPM started in the Anglo-American nations (England, New Zealand, United States, Australia, South Africa) (Hood, 1995) and over time, it was adopted on a global scale as a paradigm that supported the use of private sector measurement instruments and principles, with the aim of improving the efficiency and productivity public sector by focusing on citizens' quality standards. The movement was born in antagonism to the traditional, hierarchical approach of public administration and encountered itself antagonism by jurists, labor unions and professional organizations that showed anti-managerial reactions (Casale, 2015).

The implementation of New Public Management involved a paradigmatic shift of institutions across seven dimensions of change, as shown by Hood (1995), including the decentralization of the public system into units organized by "product", the introduction of contract-based competitive provisions, the focus on managerialism, the control of resource use, a clearer distribution of power and responsibility, the focus on output measures and the measurement of performance. In particular, the use of performance measurement and the management of performance information were expected to benefit public institutions by increasing internal and external accountability. According to existing findings in literature, performance measurement systems would have supported the institutions in terms of strategic decision making, benchmarking and budget allocation, as well as increased transparency and legitimacy (Dal Molin, Turri, & Agasisti, 2017) (Hood, 1995).

The principles and dimensions of changes introduced by the NPM, especially the one involving the use of performance management, rely on several theories, with the principal-agent theory being among the most influential ones. Decentralization implies the distribution of decision making and responsibility from the principal to one or more agents, meaning that the agent is entitled to act and take decisions in the name of the principal. Since very often the agent holds better information (specific knowledge on his tasks) with respect to the principal and he is assumed to be driven by his own interests, his actions do not necessarily maximize the interests of the principal. The agency theory tries to mitigate this control problem through several methods, for example through the selection of a specific agent, the continuous monitoring his behavior and economic incentives (Kivisto, 2008). As promoted by the NPM doctrine, the best way of controlling agents and their behavior is the measurement of their output, evaluated against the outcomes desired by the principal. By introducing mechanisms such as performance-based pay, agents are incentivized to focus their resources and efforts towards achieving the goals established by the principal.

### 2.1.2 Performance Management in Higher Education Institutions in Italy

One of the most discussed topics within the NPM debate is related to the changes this brought to the governance of higher education institutions, which in the past 20 years went through an intensive transformation, especially in Europe, where the increasing number of students, national and international competition and growing mobility of academics and students pushed universities to update their governance systems, organizational structure and management style. As a result, these institutions turned towards a performance-oriented management (Nisio, De Carolis, & Losurdo, 2018). This shift was implemented through the use of political reforms, at both international and national level.

In Europe, the Bologna process led to the convergence of higher education institutions in 48 countries, contributing to stronger quality assurance, higher competitiveness and facilitating mobility. Since then, a wave of reforms changed the higher education system, promoting the decentralization of administrative functions and imposing limits to legal spending. In Italy, the process of adaptation to the other western standards started in the 1990s and evolved over the period 1990-2013, with an ever-changing political-administrative environment in the background (Casale, 2015). In particular, the key reforms that reshaped the HEI in Italy are:

1. The cross-sector Brunetta Reform (L.D. 150/2009), that introduced a mandatory detailed and comprehensive evaluation and measurement system of individual and organizational performance, with the aim of providing high quality services to the citizens. As a result, all public institutions in Italy had to turn into goal-driven organizations, measuring and monitoring performance indicators and targets in order to reach organizational objectives.
2. The specific reform of Italian universities (law no. 240/2010), through which the ANVUR (National Agency for the Evaluation of Universities and Research) was established. Its function is to coordinate and direct the external evaluation of institutions and handle the accreditation process. It does so by a set of guidelines for the performance evaluation of public universities in Italy, focusing on teaching quality, research quality and the so-called “third mission”.

Despite the increased preponderance of NPM reforms at global level, and the apparent benefits that they brought to the higher education system, many researchers have proved that the implementation of performance measurement systems was not as successful as expected. One issue is connected to the adoption of a PMS, as some researchers describe the process as contingent on the institutional context where it is implemented (Nisio, De Carolis, & Losurdo, 2018). Moreover, the principles promoted by NPM are in opposition to those of the public administration, characterized by rule-bounded authority and strict hierarchization (Casale, 2015). Other findings show that the introduction of PMS has little impact on institutions' performance, while it can lead to hostility between academic and administrative staff (Musselin, 2006), or low compliance with the system, due to poor implementation, resistance and manipulation (Broadbent, Jacobs, & Laughlin, 2001). Other authors note that due to the distinctive characteristics of the higher education sector, such as the historical autonomy of academic organizations and challenges in measuring performance of multi-dimensional activities (teaching and research), the implementation of PM tools were not as successful as predicted (Dal Molin, Turri, & Agasisti, 2017). It should be noted though that these findings reflect mostly the effects of PMS on academic staff, such as teachers and researchers. Less inquiries were concerned with the administrative body of these institutions.

Summing up this theoretical background, the key takeaway for understanding the present work is this vast transformation that involves measuring, monitoring and rewarding activities in the public sector institutions, in particular in universities, characterized by a high degree of autonomy. Although curiosity around performance measurement and management is ever-growing, the behavioral responses of the subjects to the introduction of this revolutionary administrative tool have so far been poorly addressed by the existing literature. For this reason, the authors of the present work propose to fill the existing gap and to contribute to empirical research on the effects of performance management on the public employee's behavior. The phenomenon is explored in detail using a case organization, the University of Naples "Federico II" and choosing as target group the directors of the university's central administration divisions.

## 2.2 About the Case University

Federico II is the most ancient public universities in the world: it was founded in 1224 and today it offers over 250 programs to 71.590 students. It employs over 5000 among professors, researchers and technical-administrative staff. At the present day, the multi-faculty university is organized into 26 departments and the central administration is articulated into 12 divisions, led by 12 directors

(FedericoII, 2018). The present work will study the effects of the PMS implementation on the directors of the divisions, who are subject to the system required by the Brunetta Law.

## 2.3 Topic Delimitation and Problem Formulation

This research paper focuses on performance management in the public sector, in the context of higher education institutions. It will look into the effects of applying modern control tools coming from the corporate world to the administration of a public university, an organization with a long history and a deep-rooted organizational culture of jurists.

This work is considered relevant for three main reasons: first of all, it gives a clear picture to the university of the current performance management system in a particular perspective, i.e. considering the influences of using this tool on its employees. By looking at the present paper, the directors and the rest of the top management of the university can realize, in a systematized way, what can still be improved. Secondly, on a more general line, it is not enough to develop a performance management system, as several contingencies can affect its effectiveness, but it is also necessary to look at the effects it generates and what these imply for the effectiveness of the system itself. Finally, the research could be of interest for the Italian government, as it points out interesting insights to be taken into account in case it decides to design more reforms for the HE sector.

Existing literature mainly lacks studies focusing on a posteriori behavior of the agents after the imposition of a PMS. Moreover, existing research is poor in terms of observing these effects in public organization but more likely in a private corporation (Franco-Santos & Bourne, 2008) (Franco-Santos, Lucianetti, & Bourne, 2012) (Lampreia & Major, 2017). At the same time, the few existing studies on the same topic look at separate behavioral responses, without taking into account the connections between them. This reason, combined with genuine curiosity about management of the public sector, constitutes the basis from where the problem formulation and the whole thesis project started. Hence, the authors will try to answer the following research question:

***How is the behavior of the directors at Federico II affected by the current performance management system?***

Guided by the related sub-questions:

c) What is the design of the PMS implemented at Federico II?
d) What are the behavioral responses of the directors?

The purpose of the sub-questions is to indicate how the authors will answer the research question: firstly, an assessment of the system will be executed, offering thus an insight into the system implemented at the university to better understand the possible effects it could lead to. The design analysis will also provide more detailed information to research on similar organizations, thus intensifying the comparability and the potential application of findings in similar contexts. Furthermore, the behavioral consequences can also be identified as depending on some specific elements of the system's design. Next, by answering the second question, the authors will identify the specific behaviors touched by the system and the way these change when responding to it. By analyzing the problem from these two perspectives, the authors will generate a comprehensive and detailed picture of the situation among the administrative directors, that reflects their true personal view.

Throughout the text, the subjects of the research (the administrative directors) will be referred to as "employees" or "agents", unless specified otherwise. In particular, the second denomination reflects the theoretical perspective adopted for explaining the behavioral consequences. At the same time, the notion of "performance management system" is used to include all activities related to management control practices, *ergo* not limited to performance measurement.

In the following chapters, the authors will attempt to answer the research question and the afferent sub-questions by conducting an empirical research based on a single case study of an Italian public university. This work is structured into chapters: Chapter 3 will review relevant literature that will equip the reader with the concepts and the theoretical framework necessary to deal with the work and to understand its elements. Chapter 4 will proceed with defining the research method, design and quality, and illustrate the research strategy and the criteria for data collection to carry out this study. The analysis will be carried out in Chapter 5, where the case study is analyzed based on the theoretical framework chosen. Next, in Chapter 6 the authors will sum up the findings from the previous chapter and reflect upon the implications of their new discoveries. To close, Chapter 7 will sum up the research with a conclusion and illustrate the main additions of this study to the existing body of literature, additional perspectives and suggestions for further research.

# 3 Review of Literature on Performance Management and its Behavioral Effects

## 3.1 Introduction to the Chapter

The present chapter contains the review of relevant theories, key findings and developments that are related to the research question and the related sub-questions formulated in the introductive chapter. It contextualizes the events studied and defines the key concepts and the focus of the paper. The problem formulation is centered on the consequences that the performance management system has on the behavior of the directors of Federico II University. The critical analysis of the existing literature will help the authors in constructing a theoretical framework that will be used to interpret and analyze the data gathered on field research, and discuss the findings presented in the analysis chapter. Furthermore, it should be pointed out that, whenever possible, the authors of the present work have tried to include literature coming from the public sector, in order to obtain concepts that can be more directly related and applied to the analysis of their case study.

As it will be noticed in the following parts of the chapter, behavioral consequences of performance measurement and management have been studied in several papers and fields of research, focusing on a wide range of effects separately (motivation, perception of fairness, decision making, leadership) and under different perspectives (dysfunctional behavior). However, the topic of this research extends beyond that, trying to look at an integral system of performance measurement, appraisal and reward, which also includes mechanisms for improving employee performance. Therefore, the present paper reflects a more holistic approach towards the phenomenon, by taking into consideration all the activities aimed at both improvement of performance and attainment of organizational goals. The present work will in fact contribute to expanding knowledge on the behavioral effects of performance management systems.

The present literature review chapter is structured as follows. The first section starts with a discussion about New Public Management and what kind of changes it brought to public sector institutions. This will motivate why performance management was adopted by public universities and what kind of organizational changes it involved, as well as the expected results and implications for organizational performance. Next, performance management and performance management system concepts will be defined, together with what kind of processes they involve for organizations to achieve their goals. In order to analyze the specific PMS of the case university, a framework has been chosen to explain the constituting design elements, as well as to define the relationships between them and how performance derives from it. An understanding of the system is of utmost importance for the researchers, as it will be used to understand where employees' behavior stems from, as well as the mechanisms that lead to those responses. The structure is based on the work of Ferreira and Otley (2009), where the authors define a framework for analyzing a performance management system, but also on the work of Hansen (2012), who offers his own perspective on the design choices regarding the measurements and targets used to evaluate employee performance. In the same section, the authors will discuss several aspects of performance management from the perspective of public sector and public higher education, in order to see the circumstance in which this phenomenon unfolds. The authors are assuming that contextual factors, such as the type of institution, organizational context and culture can explain some of the effects of the PMS.

The second section will start with a brief definition of what behavior is and will then proceed with discussing what existing research has defined as behavioral consequence of a performance measurement system. Since existing research lacks a well-rounded understanding of these types of behaviors, and very few researchers focus on behavioral aspects (Franco-Santos, Lucianetti, & Bourne, Contemporary performance measurement systems: A review of their consequences and a framework for research, 2012), while the majority focuses on effects on organizational performance, the authors of this paper will create their own framework for research (in section 4), by taking into consideration the existing perspectives. Since no research on behavioral consequences of PMS on public sector employees has been pursued (to the authors' knowledge), this paper will set the ground for further research.

## 3.2 The Starting Point: The New Public Management

The past decades have witnessed a crucial change for the public sector accounting of OECD countries (Hood, 1995). The NPM movement has its roots in the common law countries (UK, US, Australia) during the 1970s, where financial crises leading to budget cuts and conservatism in administration led to dissatisfaction in the public sector (Broucker & De Wit, 2015). With the boom of the corporate world, a new managerial trend was expanding to the public sector, bringing a new way of looking at citizens as customers and focusing on providing them with better and more efficient services.

However, despite the popularity of this new trend and the preponderance it gained in the public sector, NPM has been – and it still is – object of a large number of critiques from academics and practitioners. Even today, empirical findings on the benefits of the New Public Management bring contradicting evidence, showing both the benefits and shortcomings of applying private sector practice in the public institutions.

For example, Mongkol (2011) reviews an extensive number of concerns regarding the use of NPM in public sector institutions. Firstly, he mentions that despite the fact that NPM supports transparency and fights against unethical and corrupt behavior, it still may lead its specific kinds of dysfunctional behavior, due to the increased freedom of public sector managers. Secondly, NPM does not seem compatible with developing countries, where its adoption can be problematic due to a lack of expertise from governments, who are not equipped with the necessary resources or managerial capacity. Moreover, it is believed that developing countries are more susceptible to corruption nepotism, which can hinder the implementation and success of such practices (Bale & Dale, 1998).

Also, Diefenbach (2009) expresses his concerns regarding the values that NPM promotes. He identifies NPM as an "*epochal societal trend*" (Diefenbach, 2009, p. 895) featuring an "*ethical change in governance from the traditional principle of public welfare to the commercial norm of value-for-money*" (Haque, 1999, p. 469). This change means a shift in values and norms for public sector institutions, where the goal is no longer to provide public services in order to benefit the society, but to enhance the financial gains of the institutions. Moreover, it seems that the focus on performance management and efficiency in public sector distract the attention from the more qualitative aspects of public services, which does not increase the overall performance of these organizations (Diefenbach, 2009).

Other issues with NPM are described from an organizational point of view, with critics claiming that decentralization, formalization and bureaucratization have the opposite effects than those intended. For example, decentralization of operational units leads at the same time to an increase in "*centralized control over strategy and policy*" (Hoggett, 1996, p. 9), and in effect leading to more hierarchy and the centralization of power. Moreover, formalization and bureaucratization increase the amount of paperwork, reporting and administrative tasks, leaving less time for employees to perform those tasks that are in the service of the citizens (Diefenbach, 2009). As it can be seen, the NPM reform does not come without any problems and it is not a universal solution for the improvement of public sector institutions. It seems obvious that not all the practices from private sector can improve the quality and efficiency of public services.

NPM applied private sector practices, managerial tools and business concepts to the whole public sector. Broucker & De Wit (2015) summarize the main features of NPM:

- Entrepreneurial leadership;

- Controls on input and output;

- Decentralization;

- Introduction of performance management;

- Attention to cost accounting;

- Goal-oriented public sector organizations (Broucker & De Wit, 2015).

Public sector reforms based on these principles have signed the beginning of a new era of public management, focused on improving accountability and efficiency of the public sector.

## 3.3 Performance Management and Performance Management Systems

Among all the changes introduced by NPM, the central one has definitely been the introduction of performance management (Moynihan & Pandey, 2010) (Dal Molin, Turri, & Agasisti, 2017). An understanding of what is meant by performance management and what performance management systems include is needed before reviewing the existing literature on their behavioral effects.

### 3.3.1 Definition of Performance Management

Long before the NPM brought attention to control systems in the public sector, performance management has been as a highly interesting field in accounting research, focusing on methods that private companies could use in order to improve financial performance. However, since the economics' perspective proved to be insufficient in covering all the aspects of performance management, such as behavioral effects, other disciplines were appointed to expand the understanding about performance measurement and performance management (Otley, 1999).

Based on a review of current conceptualization of PMS, Broadbent and Laughlin (2009) define performance management systems as "*a control framework which attempts to ensure that certain ends are achieved and particular means are used to attain these ends*" (Broadbent & Laughlin, 2009, p. 293). Thus, in the broader sense, a PMS is seen as a management control tool, used to help organizations reach their objectives by "*defining, controlling and managing*" (Broadbent & Laughlin, 2009, s. 283) the process through which they want to achieve them.

On Otley's line of thought, Hansen (2017) describes performance management taking a cross-disciplinary perspective, through the areas of Human Resource Management, Management Accounting and Operations Management. He defines PM as "*the design, implementation and use of performance information to **coordinate** and **motivate** employee behavior towards increased value creation, i.e. goal achievement for the organization*" (Hansen, 2017, p. 9). By looking at the employees' results and observing their behavior it is possible to achieve value creation in line with the organizational goals, as shown in Figure 1. Coordination refers to employees performing their tasks correctly, while motivation is linked to the employee's effort, engagement and honesty.

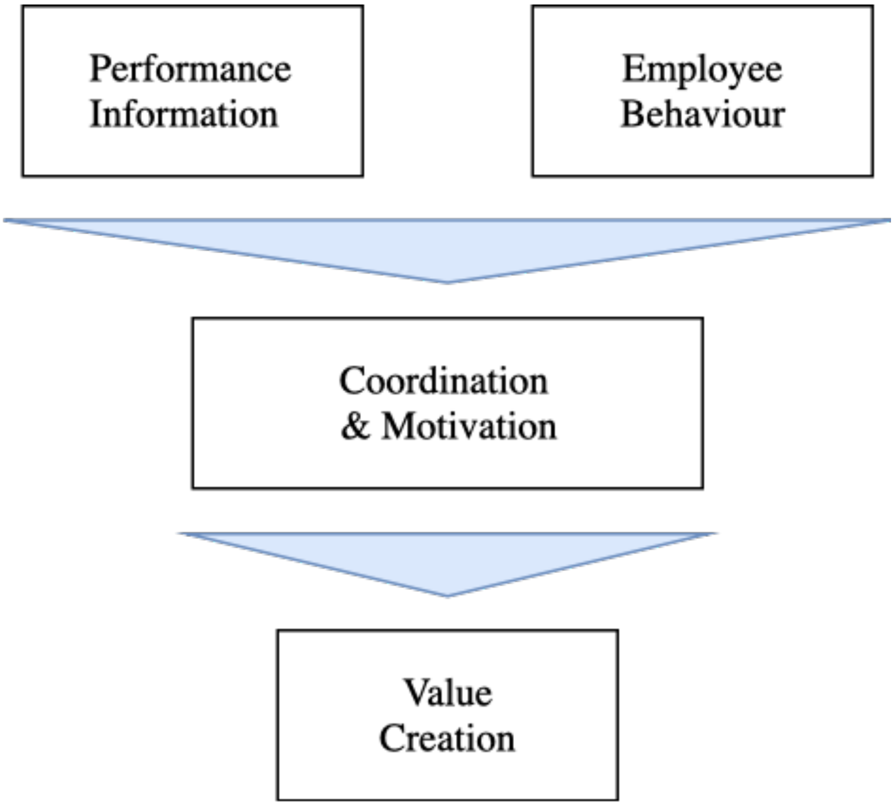


*Figure 3.1 Key elements of performance management (Hansen, 2017, p. 9)*

Looking at these definitions, it can be noted that performance management refers to a wide range of activities that go beyond the performance measurement practices discussed in the literature. As DeNisi and Murphy (2017) state, performance management includes all activities, policies, procedures and interventions designed and implemented by organizations with the aim of improving individual's performance. Beside performance measurement and appraisal, performance management also includes feedback, goal setting, training, as well as rewards systems (DeNisi & Murphy, 2017). On this note, it can be said that performance management describes a complex network of activities, that starts with performance measurement, but also includes practices aimed at improving employees' skills and results.

### 3.3.2 The Design and the Elements of a Performance Management System

Otley (1999) was among the first ones to propose a performance management framework which served as an analysis tool for control practices used in organization. In his view, a performance management system should include five key elements:

1. **Objectives**: what objectives are central to the organization's future success? This question covers the definition of goals and their measurements, reflecting stakeholders' wishes;
2. **Strategies and plans**: what strategies and plans did the organization decide upon and how will it implement them? How will it measure the activities required for the implementation? This issue refers to the strategy development, including issues of business processes and operations management;
3. **Targets**: describe what is the level of performance required that the organization wants to reach in achieving its objectives and strategy;
4. **Rewards**: delineate how will employees be compensated for achieving those targets;
5. **Feedback**: how does the information flow help the organization learn from past experience? This issue is linked to learning mechanisms and employee empowerment (Otley, 1999).

Later, Ferreira and Otley (2009) built upon the previous framework, by adding new issues to be considered in the design and operation of PM. The new extended framework integrates a broader perspective of the role of control in performance management, and also adds a managerial perspective. Thus, the authors bring in focus the mission and vision of the organization, and how they are communicated to employees at all organizational levels. Next, success factors are also important in assessing and how they can contribute to organizational success. Further, key performance measures (or KPIs) are necessary to measure organizational performance, which is another new concept proposed: how is performance at individual, group and organizational level evaluated? (Ferreira & Otley, 2009). Other aspects included in the new framework are the ways performance information is used, information flows in the type of feedbacks, changes in the PMS over time, contextual factors, culture, and lastly, issues concerned with the coherence between the different performance management system's elements and how that can have an effect on the organizational outcome.

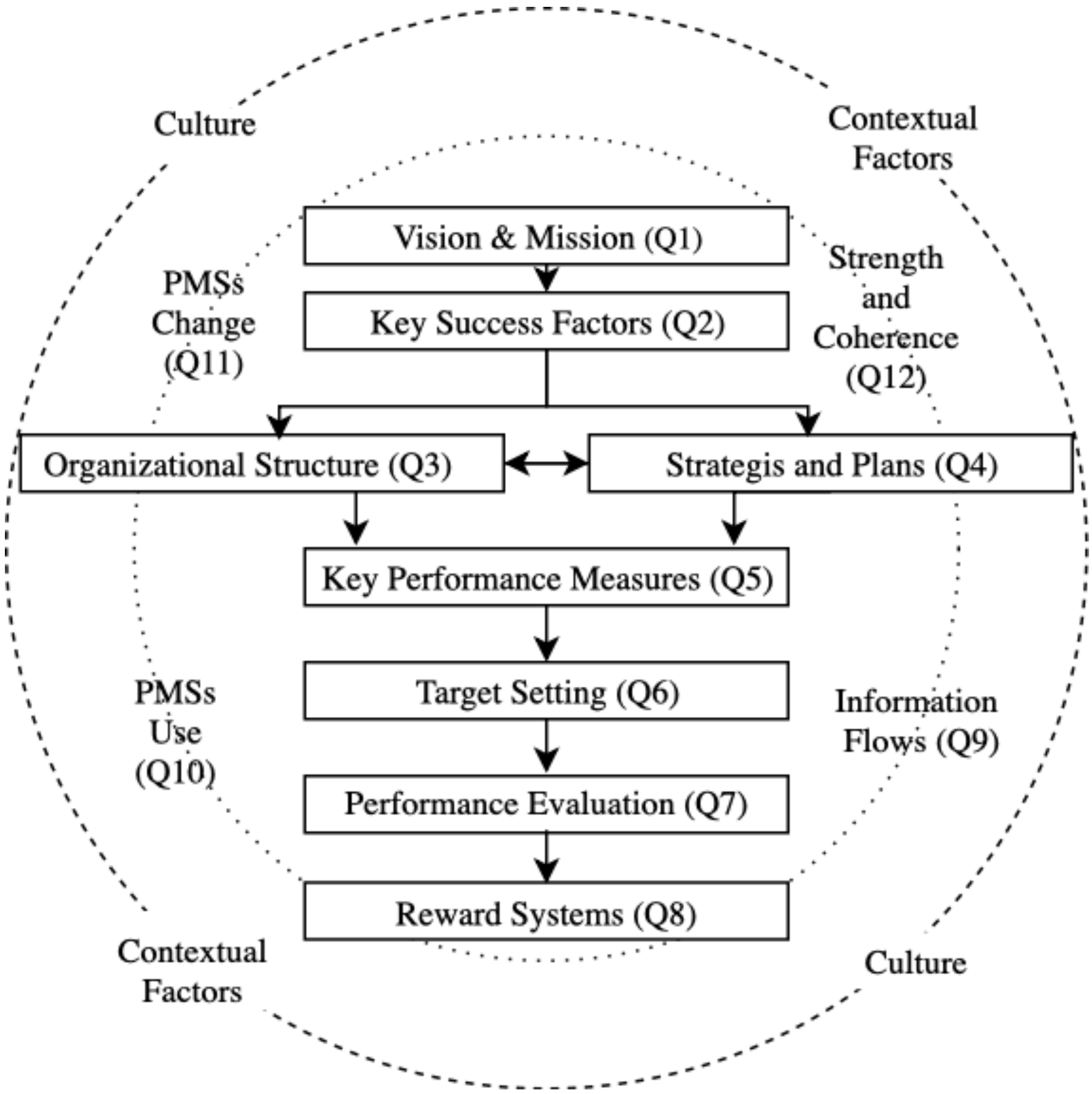


*Figure 3.2 Performance Management Systems (PMSs) Framework (Ferreira & Otley, 2009, p. 268)*

As it can be observed from the above figure, a PMS can be seen as a strategic plan for organizations to reach their objectives, by emphasizing on the measurement of individuals' performance, which is supposed to improve organizational performance. This is achieved through proposing KPIs and performance measures, which individuals are evaluated and rewarded on. By doing this, managers ensure that individuals are motivated to reach the proposed targets. One of the aspects to be considered in the design of such a system is the contingency theory, suggesting that contextual factors, such as organizational culture, organization type, etc. shape the way the system is applied.

Digging further into the evaluation of performance (level Q7), Hansen (2012) labels the main **design choices** for **measures** and **targets** used to evaluate employees' performance. The study is made in an interesting transaction cost perspective, showing how different performance measures and targets can positively or negatively affect such costs. These costs are of four different types of nature, deriving from what Hansen (2012) calls design criteria: distortion, risk, manipulation and measurement costs. Understanding how the different types of measures and targets can have an effect on transaction costs is of vital importance for the effectiveness of the system itself, which is supposed to coordinate and motivate employees. If the system is poorly designed and the effects on the various transaction costs are not taken into account, it may actually backfire. Here again, there is a contingency view, meaning that there are no optimal performance measures that fit all types of organizations. The balance among them must be found in each specific organization.

Distortion is connected to the coordination issue, and how the PMS can misguide the employee's attention from the activities and goals that add value to the organization. Risk and manipulation are linked to motivation: the first refers to the possibility that the measure does not depict the real behavior and actions of the employee who is being evaluated (e.g. when the measure is affected by dynamics that do not depend on him) and the second refers to the possibility of the employee of taking advantage of the informational asymmetry between him and the evaluator. Finally, measurement costs are associated with the resources needed to implement and maintain the system.

Moving to the design choices for **performance measures**, Hansen (2012) identifies four general ones:

1. One dimensional and multi-dimensional;
2. Individual and collective;
3. Objective and subjective;
4. Absolute and relative.

Starting with the dimensionality, measures included in the PMS can be strictly financial, or include non-financial aspects of the work to be carried out by the employee. An example could be to include both quality and quantity dimensions to the production of a certain good. Collectiveness refers to grouping the measurement of several individuals' actions into one single measure, for example linking sales team's customer satisfaction to the incentive pay instead of the one of the single salespersons. Moving on, a measure is subjective when the evaluator assesses the employee's performance personally and his own judgement, after the measurement interval is terminated. Conversely, an objective performance measure indicates the evaluation before the measurement interval has started. A clear example could be the evaluation of the employee's ability to resolve conflicts among his subordinates, that is very difficult to assess *ex ante*. Finally, a measure is relative when it takes into account the performances of several employees, and evaluates each employee based on a comparison with the others. A relative measure is based on criteria that are not know prior to the evaluation, while an absolute measure is based exclusively on knowledge obtained from the single employee.

In terms of **target setting**, that represents a sort of benchmark for the performance appraisal, there are three different choices:

1. Objective and subjective;
2. Absolute and relative;
3. Use of a target and just use actual performance.

When referred to a target, subjectivity implies the adjustment of the target, because circumstances may arise, that make the starting target easier or more difficult to achieve. Relativity of a target means that the target to be reached is viewed in relation to his peers' performance. Finally, the design of the system may also not include targets at all, meaning that only actual performance is looked at in order to judge the employee.

### 3.3.3 The Peculiarity of Performance Management in the Public Sector

After focusing on the various elements of a PMS, it is essential to understand a few peculiarities of applying a PMS in the public sector, that can be defined as the ensemble of different organizations that rely on State budget and provide services and goods to any citizen. These organizations include, just to quote some: education institutions, hospitals and other health care public institutions, cultural institutions, social care and social services. Due to the many sides of the public sector, researchers admit that in these types of organizations it becomes more challenging to develop an effective PMS (Fryer, Jiju, & Ogden, 2009) (Balaboniene & Vecerskiene, 2015). Unlike private corporations, pointing at making a profit, the aim of public organizations is to provide high quality services making an efficient use of the accessible resources. As these institutions are more focused on their processes rather than on their results, their performance is considered more difficult to measure (Balaboniene & Vecerskiene, 2015).

### 3.3.4 Performance Management in Public Higher Education

Among the already complicated development of performance measures for the public sector, the HE is considered one of the most challenging (Dal Molin, Turri & Agasisti, 2017). Performance in these types of organizations is multi-dimensional and comprehends a range of extremely diverse activities, while its core activities (i.e. teaching and research) are pretty hard to capture in terms of measurements and outcomes. Reforms following the NPM principles have been applied to the HE sector for several different reasons: increased competition, ideas promoting a stronger and more efficient administration, budget cuts and higher transparency for the stakeholders. As a consequence of these reforms, universities are subject to two key changes, one at the organizational design level, and the other at managerial level.

At the organizational level, universities are required to become result-oriented organizations, formulating their strategy, mission and vision. This transition leads to the well-known trade-off between central planning (high coordination and central control) and decentralization (local knowledge and autonomy). For the universities to become goal-driven, a centralized design is preferred, as coordination is stronger, and actions are taken unanimously by one central authority. Nevertheless, entrusting local decision-makers saves time and money, and allows to exploit specific knowledge of time and place (von Hayek, 1945), making decision-making processes quicker and decisions more accurate.

At the managerial level, the change is related to the fact that universities are now required to measure their performance through indicators and targets, and to track the achievement of both governmental and organizational objectives. Performance measurement is coupled with incentive schemes that reward the most productive universities.

The growing importance of managers in universities' administration has encountered extensive criticism since the very start of the NPM reforms in HE. Inside the universities, the new management faced the disapproval of some of the institutions' autonomous professionals, in particular academia. Opponents to performance management in the public sector and, specifically, in universities, claim that this tool leads to perverse behaviors and fails to factor in certain organizational traits (such as culture, capacity, mission of the university) that are typical of public institutions (Birdsall, 2018).

The economic trend of NPM reforms is often considered as unsuitable for HE and critics insist over and over on the fact that academics in universities are frustrated for the reduction in their autonomy brought by the imposition of performance management. Moreover, there is no significant evidence of the PMS making universities more productive and efficient (Broucker, De Wit, & Leisyte, 2015) as limited amount of research has been carried out on the effects of the implementation of the NPM reforms.

As it can be noticed, the concerns above have mainly been pointed out by professors, researchers and other members of the academic staff. The present work is conversely focused on the effects and perceptions of performance management by technical-administrative staff, the "top management" of the university, who can be seen as having activities more easily measurable unlike for example academics, for whom the quality of work is extremely hard to assess and hard to translate in measurements.

## 3.4 Behavioral Effects of Performance Management Systems

### 3.4.1 Definition and Characteristics of Behavior

Behavioral studies are mainly emerging from disciplines such as psychology, sociology and anthropology, where specific theories pertaining to these fields are explaining how people behave in organizations. Since this paper focuses on the influence that performance management has on behavior, it is important to draw a detailed image of the authors' understanding and conceptualization of what behavior is and what mechanisms shape it, in connection to performance management.

Firstly, there is tight connection between performance and behavior, as performance is the result of individuals' behavior, who commit to accomplish the organizational goals (Borman & Motowidlo, 1997). Moreover, individuals' behavior is a primary determinant of individual development, which contributes to organizational performance. Therefore, there is a direct relation between these three elements (Moustaghfir, Schiuma, & Carlucci, 2016).

Secondly, it is important to understand what influences human behavior. One concept that can explain this is the notion of attitude, which represents individual's predisposition to react in a specific manner to different stimuli. The attitude derives from people's set of personal values, and it is enacted when individuals receive a stimulus (Moustaghfir, Schiuma, & Carlucci, 2016). Therefore, the behavioral response comes as a result of the attitude that one takes in front of a stimuli, which in this paper is the performance management system and its underlying mechanisms.

### 3.4.2 Behavioral Effects

A review of the behavioral effects depicted in the existing literature will follow. It must be noted that the existing research, looking into the effects of PMS on people's behavior, is scattered among several major topics, some being more popular than others. A large majority of research, relying on agency theory, focuses on dysfunctional behavior of agents and how they interact with the system, specifically focusing on methods used to "work the system" (Gagne & Deci, 2005). Other authors focused on the effects on motivation, showing how a control system can change agent's behavior when monetary incentives are added.

One of the amplest studies was conducted by Franco-Santos et al (2012), who propose a research framework looking into the effects that the system has on the dimensions of people's behavior, organization capabilities and performance. It must be specified here that Franco-Santos et al. (2012) focus on the behavioral effects of performance measurement systems. Based on the review of 76 papers on performance measurement in both private and public sector organizations, the authors determined that this has direct effects on both employee behavior and organizational capabilities, which together affect the performance at individual, team, organizational and inter-organizational level. This idea stresses on the importance that behavioral effects have on the efficiency of the system. The present work focuses exclusively on the behavioral perspective and attempts to advance the existing theory and bring to light findings that can better shape public policies and contribute to a more effective design of performance management systems.

The effects identified by Franco-Santos et al. (2012) in their review are as following:

| DIMENSION | DESCRIPTION |
|---|---|
| **Motivation** | While some papers found that a performance measurement system improves people's motivation to achieve the strategic objectives of their organizations, and that the degree of motivation of the employee is determined by his involvement in the measurement process, other showed that the uses of bonus payments based on the system's measures had a negative effect. |
| **Cooperation, coordination, participation** | A performance measurement system allows for information to be equally distributed to all members of the system, which enables the coordination of activities. Furthermore, the constant contribution of employees with specific knowledge, through discussions when implementing the performance measurement system, is proved to boost their participation and cooperation. |
| **Strategic focus** | The performance measurement system can help executives better focus their efforts on activities that create value for the organization in line with the organization's strategy. |
| **Citizenship behavior** | Citizenship behavior is concerned with activities performed beyond the job requirements. Existing findings are mixed, with the performance measurement system having both positive and negative impact. |

| | |
|---|---|
| **Role understanding and job satisfaction** | When subject to a performance measurement system, people seem to better understand their role requirements, which decreases role conflict and role ambiguity. Moreover, these effects have been shown to improve job satisfaction, especially when employees believe the evaluation system is fair. |
| **Decision-making, learning, self-monitoring** | Performance information, when shared together with feedbacks, can help employees to improve and monitor their performance. Moreover, they can take better decisions when they have clear objectives and when they are measured based on performance information. |
| **Leadership and culture** | A performance measurement system can directly influence leadership style of managers by making it more participative. Moreover, some researchers showed how performance measurement can change the organizational culture, reinforcing the desired behaviors through setting goals and objectives together. |
| **Satisfaction** | Researchers have presented contradicting results, with cases where individuals were satisfied with the use of performance measurement information on short term, as well as situations where respondents perceived the system as unfair, thus featuring low satisfaction with the system. |
| **Perceptions of subjectivity, justice and trust** | Performance measurement systems are generally characterized by a certain level of subjectivity. This dimension has yet not been understood as useful or not. This effect is connected to how fair the system is towards individuals, especially when used for incentivizing and evaluation purposes. |
| **Judgement biases** | From the evaluator's perspective, due to the subjectivity and complexity of the performance measures, it is likely that judgement biases appear, especially when goals are multi-dimensional and require more than simple financial measures to assess performance of individuals. |
| **Conflicts and tensions** | These can emerge between single individuals or between teams, due to the fact that designing, implementing and maintaining a performance measurement system is costly and time consuming for the employees, adding extra pressure on individuals. |

*Table 1 Consequences of PMS on behavior (Adapted from Franco-Santos et al., 2012, p.85))*

As it can be seen in the table above, the eleven groups of effects identified by Franco-Santos et al. (2012) describe different attitudes of individuals towards a performance measurement system, which is in fact designed to influence behavior of employees and direct their activities, towards the achievement of organizational goals. While the purpose of the system stays the same, behavioral responses differ between individuals and even diverge from the ones pursued by the system, as the findings in the above framework suggest. While Franco-Santos et al. (2012) offers an extensive and elaborated framework of behaviors, the present research work will consider only several of the above-mentioned elements, in an attempt to narrow down the focus of the paper, which can help in collecting more detailed perspectives and opinions on the chosen factors. Moreover, additional literature, external to the review of Franco-Santos et al (2012), will be helpful and give additional insights into work motivation, which is not only influenced by the PMS but also the other behavioral effects chosen by the authors.

#### 3.4.2.1 Work Motivation

This section integrates the insights gained from Franco-Santos et al. (2012)'s framework (that included studies from both public and private organizations) with additional findings from literature on the public sector, in order to give a more contextualized view of the specific effect. As concerns all the other effects, this was, unfortunately, not always possible.

Motivation describes the willingness of the employees to put effort into achieving the organizational goals but conditioned by the ability of satisfying their individual needs (Idowu, 2017). The effect of PMS on work motivation can become a complex topic given the characteristics of professionalism in public sector and how that determines what type of motivation best works for individuals. As mentioned before, professionals in the public sector require a high degree of autonomy with regard to their work process, input of resources and effort to complete their tasks. This leads to the idea that professionals' motivation to perform well is of *intrinsic* nature (Gagne & Deci, 2005), meaning that it is based on the personal satisfaction an individual perceives when involved in an activity that does not offer other external rewards (Frey et al., 2013). *Extrinsic* motivation on the contrary describes the significance of external rewards for employees, which can have both a positive connotation (financial remuneration, promotion, praise) as well a negative one (the threat of dismissal, demotion) (Idowu, 2017).

On the other hand, performance information, as it is used in the public sector, can have conflicting effects on the individual's motivation. While its purpose is to review employee's job performance and use incentives to achieve specific goals and objectives, thus creating an extrinsic motivation to do her job well, at the same time PI can have a downgrading effect, with employees feeling extra pressure for reaching their targets and lack of autonomy. Thus, performance information can sometimes decrease intrinsic motivation for individuals who perceive the performance system as constraining in nature, without brining any benefits to their professional work (Deci & Ryan, 2008).

This phenomenon has been described in literature “motivation crowding” (Vogel & Hattke, 2018), explaining how the intrinsic motivation can be crowded-in or -out by the extrinsic motivation of the performance measurement system. Consequences can be a shift in behavior due to the new interest of the agent, that of receiving monetary or other kind of rewards. An important aspect affected regarding motivation is the self-determination of professionals who, according to the self-determination theory, are intrinsically motivated to keep a high level of job performance. From this perspective, it looks like management control systems applied in public sector institutions are antithetical to the ideology of professional work and the values it possesses, being another reason to believe that PMS leads to unwanted behavior.

This being said, it seems like specific aspects of the performance system can lead to unwanted change in motivation and behavior of employees. Explicitly, that happens when the role of performance information is not to support an existing precondition of human behavior but takes over the “old” mentality (of intrinsic motivation) and replaces it with a practice borrowed from private sector firms, creating a new set of values for public sector employees’ motivation.

#### *3.4.2.2 Cooperation and Coordination*

Cooperation has been recognized in existing literature as a key factor for organizational success, being defined as the process through which groups of individuals, or organizations, focus on collective actions that result in mutual gains or benefits for the parties. Cooperation can be ensured when the participants are aware of the benefits and recognize their importance for achieving better performance. Two main types of cooperative relationships are identified: informal cooperation, based on arrangements that stem from the behavioral norms of the parties, who recognize the advantages of such a relation, and formal cooperation, formalized through contractual obligations. Another aspect of cooperation is seen by the level at which it takes place and can be horizontal or vertical cooperation (Smith, Carroll, & Ashford, 1995).

While evidence on the causality between PMS and cooperation within organization is not strongly present in existing research, some evidence stands to support the idea that a PMS can enhance cooperation between subjects of the system, through mechanisms such as better performance information sharing, which in exchange improves learning and problem-solving practices. As a result, the interest of different parties is more aligned, also increasing their willingness to adapt to change necessary for improving performance (Franco-Santos, Lucianetti, & Bourne, Contemporary performance measurement systems: A review of their consequences and a framework for research, 2012). For example, Mahama (2006) proves, through quantitative methods, that a performance management system ensures that performance information is equally distributed between participants, which has a direct positive effect on cooperation between them, as information sharing makes participants more aware of the mutual capabilities and goals (Mahama, 2006).

Cooperation is highly based on motivational factors, and a pre-requisite for coordination, which among others leads to organizational performance (Smith, Carroll, & Ashford, 1995). The same idea is supported by Hansen (2017) who finds coordination and motivation, elementary factors that drive to value creation in organizations. Coordination, in his view, consists in ensuring that the right person is performing the right tasks at the right time and in the right way. Moreover, the author links the effect on coordination with performance information, which through its informing role, can help employees take better decisions by showing them what kind of objective they should pursue, that create value for the organization (Hansen, 2017).

#### *3.4.2.3 Strategic Focus*

Performance measurement systems are based on the identification of strategy at organizational level, and the translation of those into objectives and goals for the different parts of the organization. Therefore, performance measurement systems have the potential of communicating the organizational strategy to all the organizational levels, through the objectives assigned to managers. Authors analyzing the effects of various performance measurement systems have acknowledged that these tools aided organizations in effectively communicating their strategic focus to downstream managers (Ahn, 2001). In a paper of Jazayeri and Scapens (2008), the authors showed how a private company made use of a performance measurement system in order to develop a strategy by letting it develop within the company, instead of communicating it in a waterfall manner from top managers to the lower levels (Jazayeri & Scapens, 2007). This resulted in an increased sense of ownership of lower level employees towards the objectives chosen, and it also increased employees' understanding of the company's strategic focus, since it involved a participative process.

#### 3.4.2.4 Role Understanding

Role clarity consists of individuals understanding of the expectations of their work role and the associated behaviors. More specifically, it assesses the extent to which employees understand the goals and objectives of their job (goal clarity) and the extent to which they are aware of the methods and ways they should use in order to achieve them (process clarity) (Sawyer, 1992). While comprehensive information systems are expected to offer individuals a comprehensive image of their role expectations, at the same time they can become confusing, in instances when there is goal incongruence due to too many measurements (Hall, 2008).

Performance management systems can enhance role understanding through several mechanisms: they can increase individuals' process clarity by informing them about the drivers of performance, the effects of their activities in the operations of the organization, as well as the links between their tasks and the organization's performance. At the same time, goal clarity is enhanced by providing information about the goals of the organization and its strategic intent (Hall, 2008). Another perspective on the relation between PMS and role understanding, consisting in the fact that performance information decreases perception of role conflict (inability of meeting the job expectations when there is incompatibility between the various demands) and role ambiguity (resulted from blurred descriptions of job duties and responsibilities) (Burney & Wiedener, 2007) (Franco-Santos, Lucianetti, & Bourne, Contemporary performance measurement systems: A review of their consequences and a framework for research, 2012).

Findings on this topic are consistent, showing that the performance information provided to managers through various types of performance management systems positively contribute to their role understanding (Hall, 2008) (Burney & Wiedener, 2007). However, some evidence shows that, due to limited cognitive capacity of individuals, they are not able to cope with vast amounts of performance information, meaning that they cannot manage all the demands when multiple goals are assigned, especially when these lack congruence (Cheng, Luckett, & Mahama, 2007). Another important aspect is that these effects are strongly dependent of the design of the system, and how well the chosen measures and targets reflect the organizational strategy and direct employee's tasks and focus towards achieving it.

#### 3.4.2.5 Perception of Subjectivity, Justice and trust

While researchers have agreed that performance management systems can lead to a certain level of subjectivity in performance evaluation, it is still unclear the extent to which this can have a beneficial effect on employee behavior, as well as organizational performance. This factor is mostly contingent upon the design decision regarding the targets and measurements of the system (Franco-Santos, Lucianetti, & Bourne, Contemporary performance measurement systems: A review of their consequences and a framework for research, 2012), describing how fair the system is towards individuals, especially when used for incentivizing and evaluation purposes.

Subjectivity in performance measurement can be a solution to the problems related to choosing multiple performance measures, as in this case it becomes more difficult to determine how much each should weight in the total performance evaluation. Moreover, many quantitative measures do not take into account all performance aspects, such as managerial performance. By introducing subjectivity, evaluation becomes more flexible, in the sense that it leaves to the evaluator's discretion to adjust rewards, based on factors deriving from the subjective evaluation. Moreover, subjective measurements are used in some instances to evaluate behavior, contributing to the mitigation of dysfunctional behavior that can arise when completely objective measures are applied (Ittner, Larcker, & Meyer, 2003).

On the negative side, subjectivity has been found responsible for increasing uncertainty of agents, and therefore decreasing the perceived reliability of the system (Ittner, Larcker, & Meyer, 2003). Moreover, when connected to incentives plans, subjective measurements can decrease the perception of fairness and justice, which lead to other behavioral issues, such as decreased job satisfaction and performance, or organizational commitment (Burney, Henle, & Widener, 2009).

#### *3.4.2.6 Judgement Biases*

Judgement biases are also strongly correlated to the choice of measures in the design of the system. They occur during performance evaluation and are a result of the way that managers weight performance information and choose which indicators reflect the performance of agents. One issue can stem from decision makers' cognitive capacities, and the effort they put in evaluating agents. Some researchers show that based on the complexity of performance information, some measurements may be more difficult to evaluate than others, which create a bias in the evaluation of employees. At the same time, judgement bias can be determined by decision-makers motivation to use relevant but hard to process information, as it requires extra cognitive effort to analyze it (Libby, Salterio, & Webb, 2004). Other studies, concerned with how data quality affects the accuracy of performance evaluation, suggest that managers prefer to rely on financial measures, opposed to non-financial ones, considered less reliable (Reck, 2001).

Some solutions have also been proposed in order to reduce judgement bias, such as: using third party reporting, which makes managers accountable for their judgement, requiring them to justify their evaluations (Libby, Salterio, & Webb, 2004); providing relevant information to decision-makers about the goals of the organization and the type of cause-and-effect relationship between the measures and organizational objectives, which can increase awareness about which measures are significant and important in performance evaluation (Franco-Santos, Lucianetti, & Bourne, Contemporary performance measurement systems: A review of their consequences and a framework for research, 2012).

#### *3.4.2.7 Conflicts and Tensions*

Conflicts and tensions can appear for different reasons pertaining to the implementation of a PMS. Firstly, the development of new targets and measures can create tensions, according to Marginson (2002), whose findings show that managers had to make trade-offs during new product development, as they were unable to both meet deadlines and deliver quality products. In this case, since KPIs were based on temporal measurements, managers took decisions that reflected good performance, while other aspects of the product development were left aside (Marginson, 2002). Another source of tension identified is the one-way reporting of performance, which does not support the idea of feedback from superiors or input on how to improve performance (Malina & Selto, 2001).

Also, adopting and complying with a PMS can be a challenge for individuals, who are reluctant in using it as it might increase their workload, by adding extra tasks (reporting, evaluations) which shift their focus and resources from the core activities that bring value to the company they are supposed to pursue. Tuomela's (2005) findings are consistent with this idea, showing in a case study that the introduction of a performance measurement system brought with itself additional costs, in terms of increased workload. Moreover, the use of a measurement system made some agents feel under pressure, as that made them accountable and increased transparency of their actions, bringing more pressure onto them (Tuomela, 2005).

While most research proves that a performance measurement system can be a source for conflict and tensions among individuals, some evidence indicates a positive effect could exist between the two, which appears when the system enhances the visibility of the performance of other departments or business units. This effect was observed in a corporation with sub-units dispersed globally, where the system facilitated intra-organizational information transfer (Cruz, Scapens, & Major, 2011).

### 3.4.3 Performance Management Systems and Dysfunctional Behavior

An extensive review on consequences of PMSs leading to dysfunctional behavior is assessed by Smith (1995). He classifies eight behaviors deriving from performance management, together with the possible causes that can lead to that. The author argues dysfunctional behavior may come from lack of congruence between the goals of the agent and the principal. Incentivizing the agent does not necessarily solve this goal incongruence and the inefficiencies brought by it, as incentives could be connected to targets that do not always mirror the organizational objectives (Smith, 1995).

| **Factors** | **Type of Behavior** |
|---|---|
| *Divergence between organizational objectives and measurement scheme* | Tunnel vision |
| | Sub-optimization |
| | Myopia |
| *Inability to measure complex organizations accurately* | Measure fixation |
| | Misrepresentation |
| *Inability to process performance data correctly* | Misinterpretation |
| | Gaming |
| *Inability to respond to changing circumstances* | Ossification |

*Table 2 Types of Behavior and Their Cause (Smith, 1995)*

The presented types of behavior are hereby explained:

1. Tunnel vision: occurs when the principal emphasizes quantitative performance measures at the expense of other performance aspects that are not measurable or hard to measure. Consequently, the measurement system will not accurately reflect the overall performance of the organization. This problem is particularly prominent in the public sector, where different stakeholders usually present a high number of different objectives, which are impossible to identify and quantify (Smith, 1995).
2. Sub-optimization: appears when the principal follows narrower objectives with direct effect on their own performance, neglecting the objectives of the organization as a whole. This appears when there is a lack of congruence between goals, either between different agents or the agent and larger organization.

3. Myopia: consists of the pursuit of short-term objectives at the expense of long-term goals. Here, focus is shifted from benefitting the whole organization on the long run towards enhancing individual performance information.
4. Measure fixation: is defined by Smith (1995) as an emphasis on the quantitative measure associated to the greater objective, instead of focusing on actually achieving the objective. If the measures do not capture all the dimensions of the objectives it represents, then once again agent's focus is shifted towards achieving more personal goals (own performance) than organizational objectives.
5. Misrepresentation: consists of intentionally manipulating data so that reported behavior is different from the actual one. It can be done either through "creative" reporting or through fraudulent reporting.
6. Misinterpretation: occurs as a side effect of performance information user's *bounded rationality*, which makes decision-making limited by the information users have and the cognitive limitation of their mind.
7. Gaming: consists of deliberate manipulation of one's behavior in order to gain a personal advantage. It occurs when performance targets are based on past activities, giving agents an incentive to minimize their productivity, in order to avoid increasing their performance expectations in the future. Another way gaming can happen is by involving the agents in the setting of the target.
8. Ossification: appears as a consequence of the bureaucratic PMS which is considered by many researchers as an inhibitor for innovation. When targets and objectives are set in advance, they often neglect the changing environment where the institution operates. In effect, they do not reflect changing market conditions, nor the actual performance of the organization.

As it can be noticed, the behavioral effects of the PMS implementation are strongly connected to the way in which principals and agents use performance data. The aforementioned behaviors indicate that public sector employees see the performance management mainly (or exclusively) as a control tool, used by the government to monitor their actions, and not necessarily connected to the organizational strategy or aimed at improving the actual performance of the organization. Also, information delivered by the performance management system does not bring any value, nor used to improve the existing *status quo*. As a consequence, the agents' activities are not oriented towards maximizing organizational performance, cooperation and accountability, but rather towards manipulating targets, measures and performance data.

## 3.5 Theoretical Framework and Conclusion to the Chapter

Through the present review, the authors attempted to structure a framework that shows their theoretical standpoint and enables them to respond to the research question: "**How is the behavior of the directors at Federico II affected by the current performance management system?"** and the related sub-questions, regarding the design of the PMS, the effects on behavior and the relation between these two. An overview of the existing findings will be conducted, leading to the research framework proposed for the analysis of data.

Firstly, majority of work in the field of performance management has been conducted mainly to explore the effects of the systems on performance of an organization, while less attention was directed towards the behavioral effects, even less in the public sector. Therefore, the present paper looks to fill this research gap by observing how a control system, implemented in a public institution with a long history of juridical culture shapes employee behavior.

Secondly, as it can be found in the paper of Franco-Santos et al. (2012), existing research focuses on behavioral effects in isolation, without taking into account how different behaviors affect each other. For this reason, the authors of this study want to cross these boundaries, by looking also at the inter-relationships between these effects. Therefore, a more comprehensive overview on behavioral effects was adopted.

Thirdly, another interesting fact is that current literature has a focus on the effects of performance measurement systems, which do not account for other practices involved in the management of a control system. These studies mainly look at how measurements and targets influence employee decision making and attitudes towards the system. Again, the authors will attempt to analyze the performance management system as a whole, considering the design process and design elements, the performance measurement and evaluation process, the rewards system, information flows and feedback, as well as the contextual factors that could explain certain behavioral responses.

The review in this chapter was divided into two large thematical blocks, parallel to the development of the analysis. First, it was necessary to understand what a PMS is, and which are its features, in order to see what kind of consequences it determines. The authors will describe in the next chapter the design of the PMS implemented at Federico II at the present day by adopting Ferreira & Otley's (2009) framework. This is regarded as a complete, clear and practical way to illustrate the case, even if the organization in question is not a private corporation, but a public university. The same reasons hold for Hansen's (2012) framework on the design criteria and design choices of structuring the performance evaluation of the employees. Through this second main theoretical support, it will be possible to comprehend the nature of the measures and targets used in the system. This is necessary, as it became more and more apparent over the data collection, because many of the behavioral effects that have been identified depend on the features of the specific performance management system, and not by the idea of having a monitoring and rewarding system *per se*.

Finally, the case will analyze the behavioral effects observed during the interviews with Administrative Directors. The analysis will follow the theoretical framework proposed by Franco-Santos et al. (2012) which offers an extensive overview of the effects identified until now in empirical studies. In addition, an extra perspective was added, based on the Smith's (1995) findings, which reflect the agency perspective he uses to determine the dysfunctional behaviors resulted from the implementation of the PMS. This will form the basis of the analysis by guiding the authors through a set of pre-defined behavioral perspectives, which the researchers will assess based on the perspectives and perceptions of the respondents. While the initial framework of Franco-Santos identified eleven classes of effects, the framework for this research will comprise only seven of these, chosen with respect to the correlations in-between them, as well as the dysfunctional behaviors determined by Smith (1995). Having this clear picture of how managers respond to management control tools, the authors will attempt to assess their effect and importance for the case university, as well as determine whether any links between these effects can be observed and what the consequences can be.

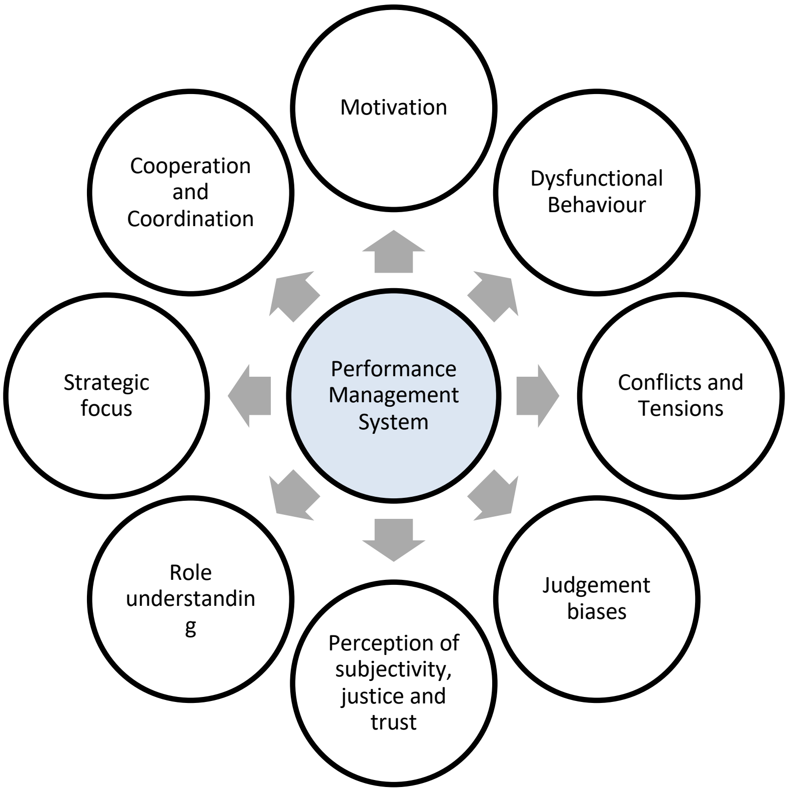


*Figure 3.3 Theoretical framework (own creation)*

# 4 Methodology

## 4.1 Introduction to the Chapter

The purpose of this chapter is to shed light on authors' assumptions and approach towards the research topic being studied. It is of utmost importance to clearly define what kind of research methods are applied during this scientific inquiry and to motivate this choice in relation to the purpose of the paper. This discussion will provide a comprehensive overview of the research design, based on four distinct levels of discussion as promoted by Kuada (2011). These are: discussion of ontological issues, epistemological choice, methodological decisions, as well as the choice of methods and techniques. Together, these discussion points will help in drawing the complete action plan of this paper.

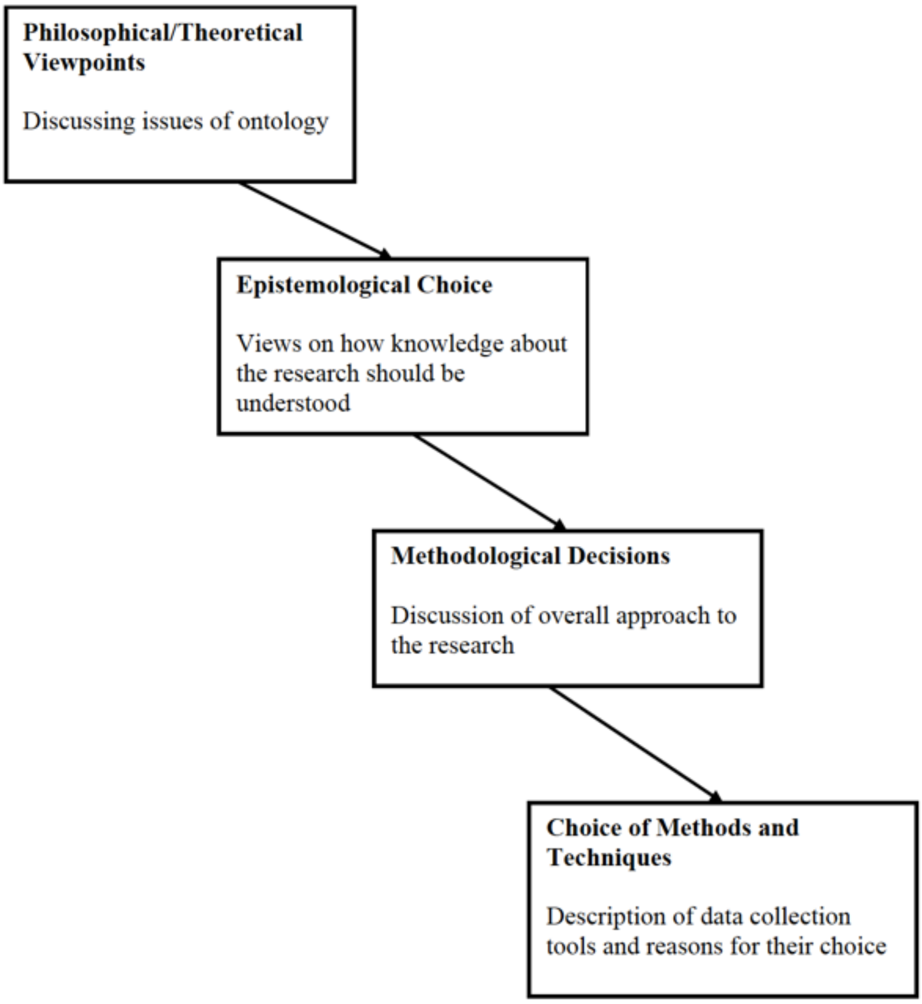


*Figure 4.1 Framework of Discussion in a Methodology Chapter (Kuada, 2011, p.33)*

## 4.2 Philosophy of Science

In order to define researchers' assumptions about knowledge and knowledge creation, it is essential to define the dominant paradigm of this paper. As stated by Burrell & Morgan (1979), a paradigm is defined *"by very basic meta-theoretical assumptions which underwrite the frame of reference, mode of theorizing and modus operandi of the social theorists who operate within them"* (Burrell & Morgan, 1979, s. ix). Therefore, a paradigm encompasses the general belief defining the nature of the world, individuals' role in it and the different relations that exist between them (Guba & Lincoln, 1994). The paradigms presented in this chapter will motivate the authors' use of scientific methods and tools, considered appropriate in relation to the type of research being conducted and its purpose.

Generally, the paradigm discussion in social science has been dominated by the distinction between the objective and subjective approaches towards scientific research. The same considerations will be made in this research, by discussing the ontological and epistemological issues in the light of the two opposite conceptual dimensions.

### 4.2.1 Ontological Choice

Ontology is concerned with the nature of the object being studied, trying to find whether the social word is external to the individual, or a construct of his own consciousness (Kuada, 2011). The ontological question seeks to discover *"whether reality is a given out there in the world, or the product of one's mind"* (Burrell & Morgan, 1979, s. 1). In order to approach this question, it is needed to distinguish between the subjective-objective approaches in the light of ontological issue. According to Kuada (2011), the objectivist approach to ontology is called realism, which postulates that the social world is made of *"hard, tangible and relatively immutable structures"* (Kuada, 2011, s. 43), while nominalism (the subjective approach) assumes that in social science there are multiple realities, as they are the result of each individual's perception and understanding.

The present paper is based on two different main sources of knowledge. Firstly, a comprehensive literature review was conducted, presenting in an objective manner the existing knowledge on the topic, as established by other researchers. This consists of theories and empirical findings generally applicable in the real world, expected to lead to the same outcome, indifferent of the specific situation where applied. Secondly, primary data was collected through interviews with individuals who are the subjects of this research question. Their answers reflect their personal opinion and interpretation of the phenomenon being studied: the behavioral effect of the performance management system implemented at Federico II University on the directors of the central administration.

Thus, despite the fact that the theoretical framework of the paper is based on universal theories resulted from empirical inquiries, the findings of this research still reflect the individual perceptions and understanding of the respondents. For this reason, it is argued that this research is characterized by a nominalist approach towards ontology.

### 4.2.2 Epistemological Choice

Epistemology is concerned with the theory of knowledge, specifically with the nature of knowledge and how that is obtained. The epistemological question is concerned with finding out how one can understand the world and share his/her knowledge with others ("*how we know what we know*", (Kuada, 2011, s. 34)). Therefore, at this level of understanding, researchers are concerned with the right methods of acquiring new knowledge, which can be either by personal experience or as external observers (Burrell & Morgan, 1979).

On the subjective-objective axis, the epistemological choices are represented by positivism and anti-positivism. The subjectivist approach (anti-positivism) claims that the social world is relative to one's understanding, meaning that "*it can only be understood from the standpoint of individuals directly involved in the social activities under investigation"* (Kuada, 2011, s. 43). On the other hand, positivism postulates that one can understand the real world by looking for regularities and causal relationships between its elements. The researcher acts as an external observer trying to predict what happens, based on patterns.

In the present paper, the authors are conducting their research by trying to identify specific patterns in the literature, which are applied in the real word with the objective of producing new knowledge. The theories and concepts defined in the theoretical chapter are used in a way to predict what behavioral effects could be identified in the case study presented. Also, the authors attempt to analyze the primary data collected by identifying which themes, as defined in the theoretical chapter, can be applied in understanding the present case study. On the other hand, the data collection is performed in a qualitative manner, based on semi-structured in-depth interviews with the Administrative Directors of the university. Therefore, the new information reflects their own standpoints and opinions regarding the phenomenon investigated, which assumes an anti-positivistic approach. The theoretical framework identified is only meant to bring a perspective on what types of behaviors the authors should look for, thus offering a support for the data collection stage, but not aimed at testing hypothesis or making generalizations. Therefore, the findings also reflect a unique perspective of the phenomenon, that cannot be replicated in other cases.

## 4.3 Methodological Decisions

At the methodological level it is expected that researchers present the underlying assumptions that motivate the use of the specific research method and process, that is the way in which the researchers choose to collect and interpret data (Kuada, 2011). The methodological decision is dictated by the epistemological and ontological choices, making the research inquiry dependable on authors' assumptions about knowledge and knowledge creation. In order to identify the appropriate methodological approach, one must know "*how we work our way into gaining the knowledge we need?*" (Kuada, 2011, s. 34).

The subjectivist answer for this methodological question is represented by the ideographic approach, which suggests that reality can be understood in terms of symbols and ideas. In this case, researchers prefer an anthropological approach to data collection, where they get in contact with the situation and experience the phenomenon themselves (Kuada, 2011). On the other hand, the nomothetic approach (objectivist perspective) emphasizes on the use of systematic research protocols, preferably based on quantitative analysis techniques.

In this case, the authors will attempt to motivate their methodological choice by making reference to the previous philosophical decisions. Firstly, at ontological level, the researchers identified a nominalist approach towards knowledge, meaning that depending on the case, the nature of reality can take different shapes. This is because the research is based on information reflecting the personal interpretation of the respondents, and therefore the findings reflect this unique perspective. The aim is not to test hypotheses or generate a universal answer to the problem researched, but to deepen the knowledge on the topic of behavioral effects in a specific context (the one of the Italian public universities).

Next, the epistemological choice reflects an objective approach towards data collection and analysis. The project started with a review of the main concepts and theories existing in literature that can explain the effects of PMSs within the context of both private and public sector organizations. Based on this, a theoretical framework was created, guiding the analysis of the primary data collected. Here, the authors tried to point out the specific themes and patterns identified in the theoretical chapter. Moreover, collection of data was performed through interviews, where the authors tried to act as external observers, trying to understand the effects of the PMS based on the answers of the respondents and not by becoming involved in the topic of the research in person.

As a result, both subjectivist and objectivist philosophical perspective shape the design of this research. Therefore, the methodological decision oscillates between the ideographic and nomothetic approaches. While the data collected reflects the view of the phenomenon of the individual respondents, the collection and analysis are made by objective researchers who act as observers, trying to understand from outside what happens in the reality as presented through the perspective of the individuals.

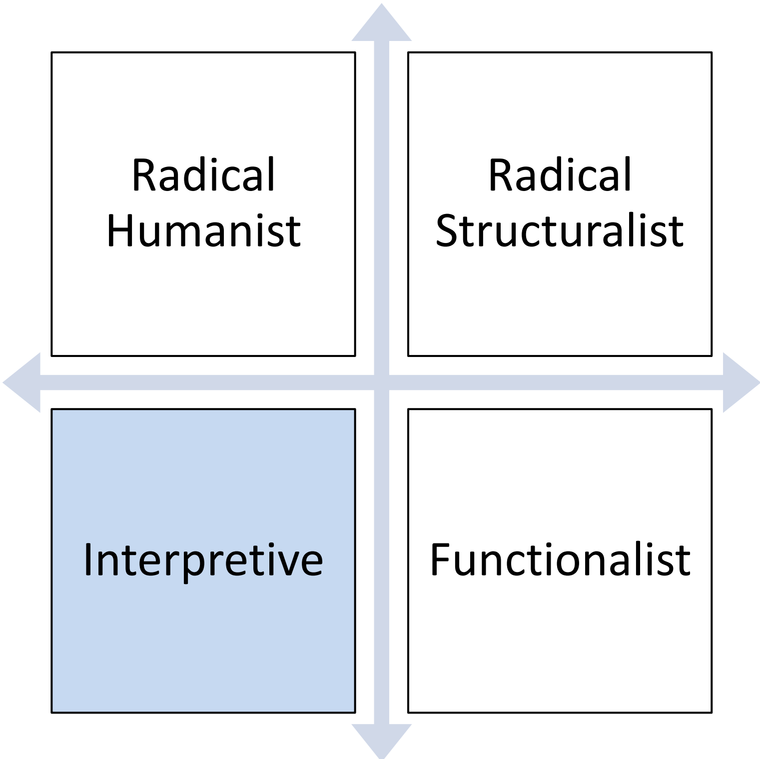


*Figure 4.2 Classification of Social Science Paradigms (Burrell & Morgan, 1979, p. 22)*

The subjective-objective discussion in relation to the nature of social science seems limiting in explaining the philosophical assumptions of business researchers, who are supposed to position themselves in one of the two main traditions. Consequently, another dimension is added to this discussion, based on the regulation vs radical change distinction that characterize social theories. Therefore, Burrell and Morgan (1979) propose a matrix resulting in four paradigms, which are not mutually exclusive but rather share some common characteristics with their neighbors on the two axes.

The present paper can be positioned in the interpretive box, corresponding to a subjectivist approach, with social world seen as a process created by the individuals concerned, and a sociology of regulation, where research is concerned with the actual state of the social world, trying to understand it and provide further explanations on its fundamental nature. The aim of this research is to discover and understand the behavioral consequences of the current PM system, thus the researchers want to understand the nature of the system and its implications by accessing the subjective understanding of the interviewees.

## 4.4 Choice of Methods and Techniques

After stating the main philosophical assumption and position of the researchers towards the topic being studied, this section presents the research method, including the collection technique, the type of data gathered and the analysis method. This elucidation will contribute to a better understanding of this research paper, by walking the reader through the research procedure.

### 4.4.1 Research Strategy

Following the choice of ontological and epistemological approaches discussed previously, a qualitative research strategy is deemed to be most suitable to generate relevant data in answering the research question. The research question that drives this study is concerned with investigating the effects on directors' behavior of the PMS implemented at Federico II, University of Naples. Therefore, the authors' objective is to gain new insights and understanding of the possible effects of PMS in the context of the Italian university. No verification of validation of theory is pursued here, but rather an interpretative analysis meant to bring to light new knowledge. In order to do that, the researchers are investigating the behavioral effects by gathering first-hand information from the individuals who may display these behavioral outcomes. Thus, from this perspective, an exploratory research design is implied.

The basis of this qualitative research is formed by the face-to-face interviews with the administrative directors who are responsible of achieving the objectives of the PMS, and whose remuneration is based, among other factors, on the achievement of those objectives. Attempting to deepen the knowledge on PMS' effects, the authors focused on generating complex explanations and descriptions of the phenomenon, through the data obtained from individuals with a broad knowledge on the topic. As consequence, the interviewees were selected based on their position and responsibilities in the organization. Firstly, all the respondents are very familiar with the PMS, since they have been employed at the university since 2009, when the Brunetta Reform was implemented. Moreover, the administrative directors participate in setting the operational objectives for their divisions, thus they have a holistic overview of the system and of its purpose. Also, they consist of a homogenous group of professionals with higher education degrees, which adds to their understanding of the system. Finally, some of the directors participated and still participate in the design of the PMS, which again reflects their awareness regarding the role of the system.

Moreover, the analysis process consists of an iterative process, where the researchers move back and forth between the theoretical concepts discovered in the literature and the new insights emerged from the primary data. There is no inductive or deductive approach to the knowledge creation process. Therefore, the information gained through reviewing previous studies and theoretical perspective only contributes to structuring the data collection in a more logical way, by giving a point of departure in understanding the case. The concepts identified in the theoretical chapter are not tested in the analysis but help in the interpretation of new information.

### 4.4.2 Data Collection

#### *4.4.2.1 Primary Data Collection*

The data collection method follows the qualitative approach, with the main source of data being the in-depth interviews with the administrative directors of the university. The data collection method was chosen in relation to the research question formulated at the beginning of the paper, which defines the type of study that is to be conducted. As such, a qualitative study was deemed the most suitable to equip the researchers with the necessary information. This is due to the fact that qualitative data collection is aimed at the discovery of new ideas, or at helping to better understand an existing concept. Moreover, it is normally employed in exploratory research designs, where a small population sample is questioned through interviews, which are oftentimes semi- or un-structured, with open ended questions. At the same time, interviews are considered vital for case study research, where the focus is on detail and on the contingency factors that determine the peculiarities of the case (Yin, 2014). The type of analysis employed is of interpretative nature, based on the contents of the interviews, and the results are normally not suitable for generalization, but rather oriented towards the in-depth understanding of a phenomenon (Shiu, Hair, Bush, & Ortinau, 2009).

By conducting semi-structured interviews, the authors aimed at understanding the point of view of the participants, whose responses reflected what they deemed as important and relevant ideas in connection to the research question. Since the paper follows to discover the behavioral responses of the interviewees, the semi-structured interview allowed the researchers to follow a systematic flow of ideas, while at the same time giving to the respondents the freedom of expressing their own feelings and opinions, adding new perspectives to the topic. Moreover, the interviewer attempted to use open-ended questions, in order to allow the interviewees to reflect on the topics and share their own thoughts and feelings, without any bias from her.

The authors used a semi-structured interviewing approach, conducted the interviews individually with the directors of the central administration divisions of Federico II University. Only the first discussion, taken with the Director of the Organization and Development Division and the Head of the Performance and Anti-Corruption Office, who are in charge of drafting the Integrated Plan (the key document of the system), was conducted as a group interview. The goal was a deeper understanding of the technical features of the PMS before focusing on the effects, covering topics such as the purpose of the Integrated and Strategic Plans, their design process and elements and the incentive system.

The other interviews followed an interview guide, set up in a way that allows a natural flow of conversation while reaching the points relevant for analysis. While the questions were prepared in advance, the interviewees were encouraged to give their own meaning to the concepts discussed and to bring into discussion ideas that they considered relevant in relation to the theme.

Given the geographical location of the case university, the interviews took place via phone or Skype, allowing for a simplified logistics for the researchers and more flexibility in terms of date and time arrangements for the respondents. All the discussions were audio recorded digitally, and then transcribed. The language of conversation was Italian, due to respondents' preference, assuming that they felt more comfortable to talk about their work in their mother tongue. Consequently, while transcribing the conversation, this was simultaneously translated from Italian to English, by the Italian researcher of this paper. The benefit of using the Italian language is that it enabled the interviewees to feel more relaxed and confident in sharing their thoughts and feelings, which can substantially increase the quality of the data. On the other hand, due to translation, it is possible that some meanings or ideas were lost, which could have as an effect missing information or misinterpretation of ideas. However, since the interviewer also was also the translator of the transcriptions, it was possible to add the original interpretation to the text, keeping, almost completely, the same meaning of ideas from one language to another. The interview guide was made in English and translated in Italian prior to the discussions, enabling the interviewer to familiarize herself with the terminology beforehand.

### Interview Guide

The questions were chosen in a manner that made the interview start from a general discussion on the interviewee's role and responsibilities and its general thoughts about the performance management system, and then steered the talk towards more specific topics, where the interviewees were asked to share their feelings about their adaptation to measurement system, by specifying how this influences their work and performance, how they see its behavioral effects in terms of motivation, cooperation with their collaborators, satisfaction, and fairness. When needed, follow-up and probing questions were added to the discussions, helping the interviewer to confirm the correctness of the ideas transmitted. In some circumstances, there was a need for direct or leading questions in order to encourage the participants to confirm their statements or add a more precise answer to the initial questions. The interview guide is presented below.

| Q. n. | Leading question | Supporting sub-questions |
|---|---|---|
| 1. | What is your role at Federico II? What are your responsibilities? How long have you been doing that? | Have you been working at the university since the whole PMS was being set up? |
| 2. | How do you perceive the PMS overall? | Does it constrain your work, do you feel controlled in some way, does it help to carry out your tasks better, would you like to have more autonomy? |
| 3. | Was it hard for you to adapt to the system? | Given the strong organizational culture of jurists? |
| 4. | Does it help you collaborating with your colleagues better? If so, how? | At all levels of the hierarchy? (e.g. the Heads of Offices of your division) |
| 5. | What are the pros and cons of the system according to your experience? Are you satisfied with it, or is there anything missing? | |

| | | |
|---|---|---|
| **6.** | How would you evaluate the effect that the system has on your motivation (compared to when there was no PMS implemented)? What motivates you in general? | How did it change? |
| **7.** | How do you perceive the operational objectives and the targets assigned to you? | Are they difficult? Attainable? Clear? Realizable? |
| **8.** | Do you believe your division's objectives are in line with the strategy of the university? | |
| **9.** | As concerns the evaluation of your behavior by the general director (based on which financial incentives are assigned), how do you feel about it? | In terms of fairness, subjectivity? |

*Table 3 Interview Guide (own creation)*

Besides the oral interviews, the authors decided that subsequent written communication via email was necessary in order to clarify some of the information collected. This was due to both new findings in the literature, which brought to light new analytical perspectives, as well as due to the preliminary ideas depicted from the initial interviews. The email content was also produced in Italian, later translated and added to the content analysis. This step was vital in strengthening the understanding of the authors, and in helping them gain a robust and complete image of the phenomenon.

#### *4.4.2.2 Secondary Data Collection*

In order to increase the quality and validity of this research paper, both primary and secondary data sources were considered. Secondary data collection was conducted through desk research, covering a thorough review of the existing literature, as well as an examination of information regarding the case university.

Firstly, the theoretical background of this paper was set through the review of relevant books and journals. The search was made by using the key words of the paper: New Public Management (NPM), performance management system (PMS), performance management, performance measurement, behavioral effects, public sector, higher education, dysfunctional behavior, motivation. The authors used academic search engines, with access to international journals and publications, looking to access only reliable sources for academic purposes.

Secondly, the authors used documents and reports available on the university's webpage, or requested from the representatives of the university, with whom interviews were conducted. These sources were important in helping the researchers to understand the peculiarities of the PMS introduced in the case university, as well as the possible effects this could have on behavior. By studying the type of measurements and incentives, as well as the use of the performance information, the authors were better equipped to conduct the interviews, process and filter data from the primary sources. At the same time, given the qualitative and exploratory nature of the research, the writers analyzed the data in the context given by the university and its performance system, without looking for generalization. Therefore, it was important to understand the contextual factors that could lead to the behavioral consequences stated in the interviews.

### 4.4.3 Research Design

Since the ultimate purpose is to develop a new understanding of the phenomenon and to enlarge the existing theoretical perspectives found in the literature chapter, the case study research design was considered appropriate to accurately answer the research question and to provide relevant insights into the topic. As Yin (2014) states, the case study research is widely applicable in business research, satisfying the need for understanding complex phenomena. It allows researchers to focus on the particularities of the topic, as well as to "*understand the dynamics of the topic"* which "*refer to the interactions between the subject of the case and its context"* (Saunders, Lewis, & Thornhill, 2016, s. 184-185).

In order to explicitly illustrate how the case study method is applied in this paper, a discussion around the components of the research design will follow. These are: (1) a case study's questions; (2) its propositions, if any; (3) its unit(s) of analysis; (4) the logic link between data and the propositions; and (5) the criteria for interpreting the findings (Yin, 2014).

Firstly, the case study's question seeks to discover, in an exploratory manner, the effect of a control system on the directors' behavior. Therefore, the research question is focused on "how" the PMS affected behavior, implying that the authors will look at the link between the performance management system and directors' behavior, focusing on the contemporary state of the situation, with information being gathered through interviews with the subjects of the study. Next, the two research sub-questions are aimed at directing the attention of the researchers towards the necessary concepts through which the research question can be answered. For that reason, the study will address two different issues: "what" is the design of the PMS implemented at the university, and "what" are the behavioral responses triggered by the system. By analyzing and discovering these two elements, the researchers hope to identify what kind of relationship exists between the PMS and director's behavior.

Secondly, the case study propositions are envisaged by the theoretical framework defined in the literature section, where different types of behaviors are identified and defined. This will subsequently help in the analysis and interpretation of data.

Next, the units of analysis will be defined from two perspectives: the subjects of the research and the phenomenon that leads to the effects observed. Firstly, the case study is centered on the administrative directors at Federico II University, whose behavior is analyzed in relation to the PMS. Secondly, the performance management system to which the authors refer in this study, is represented by the annual Integrated Plan implemented only for the structure of the central administration (and decentralized structures). Therefore, the subjects to the system described do not include the whole personnel of the university, but the specific directors, their subordinates and their superintendent.

The fourth element looks at the data analysis method undertaken. While Yin (2015) defines five specific methods, developed specifically for case study analysis, the present paper takes a more general approach, where the authors rely on the theoretical propositions, which in this case are defined in the theoretical chapter in the form of the theoretical framework adopted. More specifically, the authors undertake an extensive literature review that sets the theoretical background of the research and dictates the data collection plan, as well as the data analysis. The empirical data collected through interviews with the Directors is analyzed by comparing with the different theoretical perspectives found in the literature. However, the purpose is not to confirm/disconfirm the existing theories, nor to lead to grounded theory.

Finally, the findings are interpreted accordingly to the qualitative research strategy. Thus, the authors will adopt a pattern matching approach, based on which the authors compare the empirically found data with the theoretical views identified in literature. By using the concepts and ideas found in the theoretical chapter, the authors will organize the primary data by discussion topics, taking as a point of departure the behavioral effects identified in the theoretical framework. Thus, data will be organized according to these criteria and then analyze in a critical manner.

### 4.5 Research Quality

As this research is based on a qualitative approach towards data collection and analysis, the question of quality becomes more delicate, as criteria for assessing the reliability and validity of the research are slightly different than those applied in quantitative research. In order to assess the quality of a case study design, Yin (2014) proposes four tests relevant for social science research.

1. Construct validity: is a challenging criterion in case study research, due to the highly subjective approach towards data collection. It consists of identifying the appropriate operational measures that characterize the concept studied. In order to strengthen the construct validity, authors can use *multiple sources of evidence,* as well as establish a *chain of evidence.* These are promoted by Yin (2014) as tactics that increase the quality of a case study research.
2. Internal validity: specific for explanatory studies, where authors try to define a cause-effect relationship. The issue here is neglecting other actors or events that can lead to the causation relationship or making inferences when an event cannot be observed by the investigator (Yin, 2014).
3. External validity: it is concerned with generalization of findings, regardless the method that is used. In case studies, external validity is referred to as analytic generalization. Practically, external validity assesses whether the results of one research can be applied in other cases (Yin, 2014).
4. Reliability: this test is related to the replicability of the research. the objective is to ensure that, if a different researcher follows the same methods and procedures in analyzing the same case study, he will reach the same results as in the original research. The goal in this case is not the replication of the result, but merely to ensure that there are as few errors and biases as possible. There are also two suggested tactics to ensure reliability in research. These involve using a *case study protocol* and the creation of a *case study database*. (Yin, 2014).

| Tests | Case Study Tactic | Phase of Research in which Tactic Occurs |
|---|---|---|
| Construct Validity | • Use multiple sources of evidence<br>• Establish chain of evidence<br>• Have key informants review draft case study report | • Data Collection<br>• Data Collection<br>• Composition |
| Internal Validity | • Do pattern-matching<br>• Do explanation building<br>• Address rival explanations<br>• Use logic models | • Data analysis<br>• Data analysis<br>• Data analysis<br>• Data analysis |
| External Validity | • Use theory in single-case studies<br>• Use replication logic in multiple-case studies | • Research design<br>• Research design |
| Reliability | • Use case study protocol<br>• Develop case study database | • Data collection<br>• Data collection |

*Table 4 Case Study Tactics for Four Design Tests (Yin, 2014, p. 36)*

The table above presents the four tests used in measuring the quality of case study research, as well as methods for improving it. Next, the present research will be assessed, having the four criteria as a departure point for this discussion.

Firstly, in order to maintain construct validity, the authors attempted to collect data from several sources, which increases the relevance of the information. The key source of information are the interviews conducted with the administrative directors, who are the subject to the PMS. At the same time, internal documents provided by the university were used, where the organizational structure, strategic objectives and more were described. This second source allowed the researchers to form a clearer image of the context in which the PMS is implemented, by unveiling information about the performance system design, elements, intentions and objectives. Moreover, the authors maintain a chain of evidence for the data collected, which allows readers to follow authors' reasoning from the problem statement to the conclusion. Therefore, the interview transcripts were added in the appendix, and the analysis process was described, making the collection of data and the analysis transparent. Next, the authors used academic citation methods, with the sources being added in the Bibliography Chapter.

In terms of external validity, the authors do not attempt to produce theories or frameworks applicable in a more general context. The findings pertain only to the specific case that is being analyzed, and they are aimed at extending the knowledge on behavioral effects of a control system, which can be used in other empirical inquiries.

Finally, reliability of the study is ensured through the documentation of primary and secondary data used in the study, as well by explicating the method used in data collection and analysis. The authors are specifying the procedure used throughout the research, as well as the elements of the case study: case study questions and propositions, the theoretical framework described in the literature chapter, data collection plan including the interview guide and description of respondents. All these elements help in making the process followed by researchers more transparent and replicable.

## 4.6 Delimitations

In this section the authors will define the boundaries of the research, used to limit the research topic as well as the methods used in the analysis. The delimitations are an important part of the research process, as they help in keeping authors' focus on the problem at hand and in keeping only one perspective throughout data analysis.

Firstly, in terms of topic delimitations, the authors wish to strictly focus on behavioral consequences derived from the implementation of the performance management system at Federico II university. The phenomenon is only studied from the point of view of the case university, with no intention of generalizing the findings to a larger context. At the same time, due to missing research within this field, the conceptual framework is the product of authors' understanding of how behavior can change under the implementation of a control tool. Existing research place less emphasis on behavioral factors, while most papers argue for the effects on performance of PMS. Therefore, since the topic of behavior is just starting to gain prevalence, it must be noted that the theoretical framework followed contains only those factors that the authors found relevant. These were derived from the theories and concepts explained in the literature review, which pertain to the field of New Public Management and Performance Management Systems implemented in the Public Sector. However, the researchers do not exclude the possibility that other factors could be included in the analysis.

Next, moving to the data collection process, the authors chose to use in-depth semi-structured interviews with the administrative directors of the university. The reason for selecting these individuals as respondents was that they are involved in the drafting of the Integrated Plan by contributing with their own ideas of meeting the university's strategy. Moreover, the operational objectives, derived from the strategic ones, are assigned to each of the 12 administrative directors, who are then are subject to remuneration based on the completion of these objectives. Therefore, it is the behavior of these individuals that the research question seeks to discover and analyze. In total, 7 interviews were conducted, because of the unavailability or lack of response by the other 5 directors contacted. However, despite the fact that these respondents were the one working with the Performance System and subject to it (so directly affected by it), some respondents seemed reluctant to share information on how they perceive different aspects of it. As consequence, some of the interviews provided only superficial information on respondent's perception of the system, its effects and utility.

Another delimitation of this paper constitutes the temporal perspective of the phenomenon analyzed. While the Performance Management System at Federico II was implemented in a structured and detailed manner starting from 2009, the authors are solely focusing on the contemporary Integrated Plan and its effects. Moreover, the purpose of the study is limited only to the current effects, as a longitudinal perspective would require for a different research topic and would bring the focus on the development of these effects in time.

# 5 Analysis of the PMS Design and of the Behavioral Effects at Federico II

## 5.1 Introduction to the Chapter

This chapter, at the core of this research work, will rely on the theoretical framework developed in the literature review chapter. The purpose of this chapter is to critically analyze and comment on the data gathered, both through semi-structured interviews and following emails exchanged with the target group (i.e. the directors) and the official reports published by the university. The aim of this careful, detailed and comprehensive examination is to contribute to answering the research question and the related sub-questions formulated in the introductive chapter.

The chapter opens with the presentation of the case university, Federico II and it will proceed with showing the way in which the Italian higher education sector and the case university have welcomed the NPM reforms, pointing out the key reforms that have shaped this process over the past 20 years, to arrive to the current situation. The target group, i.e. the directors of the central administration, will then be described. A meticulous analysis of the design of the current performance management system will follow, making use of Ferreira & Otley (2009)'s framework to clarify the various elements. After a deep understanding of the system, the behavioral effects in terms of motivation, cooperation, coordination, role understanding, strategic focus, subjectivity, judgement biases and conflicts will be discovered.

Finally, before diving into the analysis, it is worth recalling that the present research focuses only on the segment of the PMS developed by university addressed to its technical-administrative staff, both for the analysis of design elements and for the study of the behavioral effects it creates on the directors.

## 5.2 The Case Study: Federico II, University of Naples

### 5.2.1 About the Case University

Federico II, University of Naples was founded on the 5th of June 1224 and it is the most ancient public university in Italy and in the whole world (FedericoII, 2019). Today, it is one of the largest HE institutions in Italy, and it is organized into a central building that hosts the central administration, and into several other decentralized structures, that host the four Schools and the related structures. The overall organizational structure can be viewed in Table 4.

| Rector & Prorector | | |
|---|---|---|
| **Collegial Organs** | **General Director** | **Structures** |
| Academic Senate | **Central Administration** | Schools |
| Board of Directors | | Departments |
| Auditing and Accounting | | Centers |
| Evaluation Board | | Libraries |
| Students Board | | Museums |
| | | Botanical Garden |
| | | Other Structures |

*Table 5 Complete Organizational Chart (Source: Integrated Plan 2019-2021)*

Starting from 2017, a reorganization has taken place in the university, aimed at transforming the organization in order to continuously improving processes and results. In 2018 this reorganization, conducted with a preliminary study on the organizational structure of other Italian universities with the same dimensions, has guided to the restructuring of the **central administration**. This has led to the establishment of three new divisions. Federico II is currently divided into 26 Departments, 4 Schools, 12 Centers of Interuniversity Research, 22 Centers of Interdepartmental Research, 2 Museum Centers, 1 Botanical Garden, and 12 divisions of central aministration.

The resources the university uses to operate are distributed by the government through the FFO (Fund of Ordinary Financing), regulated by Italian law, and students' contributions. The FFO assigns public resources through a) a base quote (established according to previous years' funding, and to the standard cost per student), and b) a premium quote, based on the evaluation of the quality of research and evaluation of the recruitment policies (Bussetti, 2018).

### 5.2.2 The Context: The Implementation of the NPM in the Italian Universities and at Federico II

In Italy, after the introduction of merit-based allocation of national funds (with the law 537/1993), the first step towards a revolutionary implementation of NPM principles was in 2006, when the **ANVUR** was established (MIUR, 2006). The ANVUR (National Agency for the evaluation of universities), that started operating officially in 2011 and that was established for dealing with performance analysis of HE institutions in order to improve their efficiency, is an autonomous public entity ensuring quality of higher education and national research. The agency plays a key role in the allocation of national funds to universities and research entities, as it supports the Ministry of Public Education by providing it with the parameters of the distribution of funds, based on the quality of results. More specifically, the ANVUR:

- Defines indicators and criteria for the accreditation of universities' campuses and study programs, and the teaching, structural, organizational and research-related requirements; (L.D. 262, art. 5, 2006)
- Sets guidelines for the internal evaluation committees inside each university; (Law 240, 2010)
- Evaluates administrative activities of universities, in particular those linked to the evaluation of the *Performance Cycle* (defined later on in this chapter) (Law 98, art. 60, 2013).

While the ANVUR was getting started, the most significant Italian NPM reform was entering into force. The **Brunetta Reform** (Law 15/09 and L.D. 150/09), that takes its name from the minister who enforced it, is a cross-sector reform applied to the whole Italian public administration in 2009. The provisions contained in the reform mirror the principles of NPM such as accountability, performance measurement and incentives, continuous monitoring, citizens/customers and transparency. The reform was directly applied to the central ministries, and further regulated by more provisions for its validity in relation to the other public institutions (such as universities).

The introduction of performance management was one of the main changes demanded by the reform. In particular, the measurement of performance is linked to allocation of funds to the most efficient institutions, in order to reward both individuals and organizational divisions. The Brunetta Reform particularly stresses the NPM principle of transparency, in that each public organization is today obliged to disclose and publish all their achievements, targets and indicators through reports both at the beginning of the year and at the end, with the aim of making them available for all the key stakeholders (L.D. 150/09, art. 3, c.3).

In terms of timing and ways in which the reform was implemented, only 36% of the Italian public universities published both their mandatory reports on performance by 2012. A study by Dal Molin, Turri & Agasisti (2017) on the 2012 mandatory performance documents available published by the 18 Italian universities investigates whether, following the Brunetta reform, the Italian HEI merely complied with the law or effectively believed in it. The researchers showed that, out of the 18 universities that did publish the reports during the year of the official implementation of the reform, seven presented reports with few strategic objectives and even less performance measures, while seven universities did present a structured PMS to be used with internal managerial scopes to actually improve the university performance. The same authors argue that the advancement of the reform encountered resistance from both the administrative and the academic personnel. On the one hand, administration of public universities in Italy was a descendant of the Napoleonic model, and as such, was far from the managerial spirit of the NPM. On the other hand, professors and other academics felt uncomfortable with the measurements.

In July 2015, the ANVUR published the "Guidelines for integrated management of the Performance Cycle in public Italian universities" (ANVUR, 2015). The Guidelines unify the management and evaluation of the administrative activities of all the universities on the Italian territory and they are operating from 2016. They stress the three ANVUR approaches to missions of the university as an institution (teaching, research and third mission, i.e. improvement of the relationships between research, community, institutions and enterprises), that the universities should explicit in the documents managing the Performance Cycle and does not change the content of the documents required by the Brunetta Reform, but only the format this content is presented to the ANVUR. The universities are required to better integrate the strategy of the university (contained in its *Strategic Plan*) with the objectives to be pursued (previously published in the *Performance Plan*), together with the other documents required for Transparency, Anti-Corruption provisions and Financial-Economic planning, to create yearly an *Integrated Plan*.

Nevertheless, each university was to comply with the reforms and legislations in its own manner, by designing its own system of management of performance.

### 5.2.3 The Current Performance Management System at Federico II

The Performance Cycle presented by the reform indicates how the process should be carried out: first of all, measurable objectives coherent with the university's mission should be established and linked to appropriate indicators, targets and resources; then the performance shall be monitored at both individual and organizational unit level; finally, the reports about the year shall be presented to the public authority. Two main documents should be filed: The *Integrated Plan* (published by the 31$^{st}$ of January but covering a three-year period) and the *Relation on Performance* (reporting the results obtained over the year). The Integrated Plan summarizes the strategic and operational objectives and also links them to the university's available resources. The table below summarizes the relationship between operational and strategic objectives at Federico II.

| **Strategic Objectives (SO)** | **Operational Objectives (OO)** | **Responsible** | **Indicators** | **Target at time T** | **Target at t+1** | **Target at t+2** |
|---|---|---|---|---|---|---|
| These are assigned by the *rector* to the *general director*. They are expression of the strategy of the University as stated in the Strategic Plan. | The SO are translated into OO by the *general director* and transferred to the *directors* of the various divisions. | This column indicates the *director(s)* in charge of carrying out the specific operational objective. They are also involved in setting the OO. | The indicators show the progression of the *director* towards the achievement of the target. | The target is also set after explicit confrontations with the *directors*. | These targets can either be pre-established in year T or to be defined later on. | |

*Table 6 The Performance System at Federico II (source: Integrated Plan 2019-2021)*

The operational objectives set out in the Integrated Plan are *triennial* but are articulated into annual objectives after meetings with the directors and the managers responsible for decentralized structures and in line with the quality and quantity of available resources. These derive from the strategic objectives that the rector assigns to the general director, who in turn translates them into operational ones and links them to the indicators and the targets to be reached for each specific division's director.

Each objective is subject to both formal and informal monitoring. The formal monitoring is coordinated by the Organization and Development Division and it happens twice a year (every six months), through a form filled out by each director where the "positive/negative variance" with respect to the target is reported. In the situation of a negative variance, the director will have to specify the reasons for it. The aim of this monitoring is "*to understand if the target shall be adjusted – both the annual and the plurennial*" (Carla Camerlingo, Personal Interview, April 11th, 2019). The informal monitoring is carried out by the general director, through talks on a daily basis with all the directors. He "*can this way monitor them on the field*" (Carla Camerlingo, Personal Interview, April 11th, 2019). No external subjects are involved in the monitoring of the objectives.

The operational objectives are of two types: one deals with the practical issues of the specific division; others are to comply with laws on transparency and anti-corruption and include reports on monitoring of the activities at each level of the hierarchy, so they can be assigned to the directors as a group.

### 5.2.4 About the Target Group of the Case Study: The Directors of the Central Administration

As already mentioned in the methodology chapter, out of the 12 directors, who were chosen as target group of this research, seven responded to the requests of the authors and were subject to semi-structured interviews. It is important to specify the names and roles of the interviewees as, although being an homogenous group (with the same levels of education, only part of the public administrative staff – not academia – continuously employed at the university since long before the system was formalized), they brought to the table different perspectives that allowed the authors to understand the different issues linked to the system in each specific division. The division and the names of the interviewees, together with their first year as a director and the first employment at the university are indicated below.

| | Name | Division | Director since | With the University since |
|---|---|---|---|---|
| **1.** | Dr. Carla Camerlingo | Organization and Development | 2018 | 2000 |
| **2.** | Dr. Giuseppe Festinese | General Affairs | 2017 | 1987 |
| **3.** | Eng. Maurizio Pinto | Prevention and Protection | 2013 | 2001 |
| **4.** | Dr. Maurizio Tafuto | Students Relations | 2006 | 1993 |
| **5.** | Dr. Gabriella Formica | Personnel | 2009 | 1996 |
| **6.** | Dr. Rossella Maio | Contractual Activities | 2018 | 2005 |
| **7.** | Dr. Luisa de Simone | Teaching | 2018 | 2001 |

*Table 7: Directors information (Source: Unina.it, Interviews)*

Among the seven directors, it was possible to gather in-depth information about the system's features thanks to the high involvement of Dr. Camerlingo in the field, together with Eng. Ciccarelli, and the supporting role of Dr. Gabriella Formica, backing the (former) general director in the previous years in designing the evaluation system. Furthermore, all seven directors interviewed showed a deep understanding of the main purpose of implementing the system, that is also at the core of the NPM doctrine: to improve operations of the organization, implying a better quality of the services offered to the users (in particular, the students). They all declared to believe strongly in the system and in the management by objectives mechanism, into planning and evaluation, and not a mere fulfilment of the law requirements. The analysis of the primary data started from this mindfulness.

## 5.3 Analysis of the Design of the PMS

### 5.3.1 The Elements of the System

After describing how the system was born, who are its main actors and what its main purpose is, it is possible now to analyze its technical features. In order to do this, the research will rely on Ferreira & Otley (2009)' and Hansen's (2012) frameworks described in the literature review, adapting them where necessary to the specific type of organization, i.e. the public university. Before diving into the technicalities of the system, a premise should be made: other contingent factors such as **organizational culture** should be taken into account when analyzing a PMS, as they determine how an employee behaves and makes decisions. In the case of Federico II university, the culture is a firmly juridical one, lacking management controlling, project management and related skills at the time the system was designed. "*It is clear that there was a strong resistance from the directors who were 60-65 years old, next to retirement, who were not reasoning by objectives*" (Gabriella Formica, Personal Interview, April 23rd, 2019). These skills are being acquired over time through training of the employees (Carla Camerlingo, Personal Interview, April 11th, 2019) and the system is continuously subject to review.

A performance management system starts, according to Ferreira and Otley (2009), with goals. These are established by the top management in order to meet the expectations of the stakeholders of the organization. The direction of the organization is expressed in terms of mission and vision. The **mission** of the university, as an educational institution, coincides with its "*primary aims*", i.e. research and teaching, that "*should be pursued by promoting the organization, elaboration and transmission of knowledge, the cultural and professional education and the growth of the civil conscience of the students*" (FedericoII, Statuto, 2012).

The current **vision** is still based on the ancient principles and history of the university: to be regarded as a center of education aimed at creating well-instructed executives that would have managed the Kingdom of Naples with a "modern" vision. Moreover, at the time, the university (as a study place) would have prevented intellectual migration of talented and skilled minds from the kingdom (FedericoII, 2017).

The **key success factors**, regarded as main activities and skills required for an organization to succeed, are not formally recognized by the management of the university.

The **organizational structure** of the central administration is shown below:

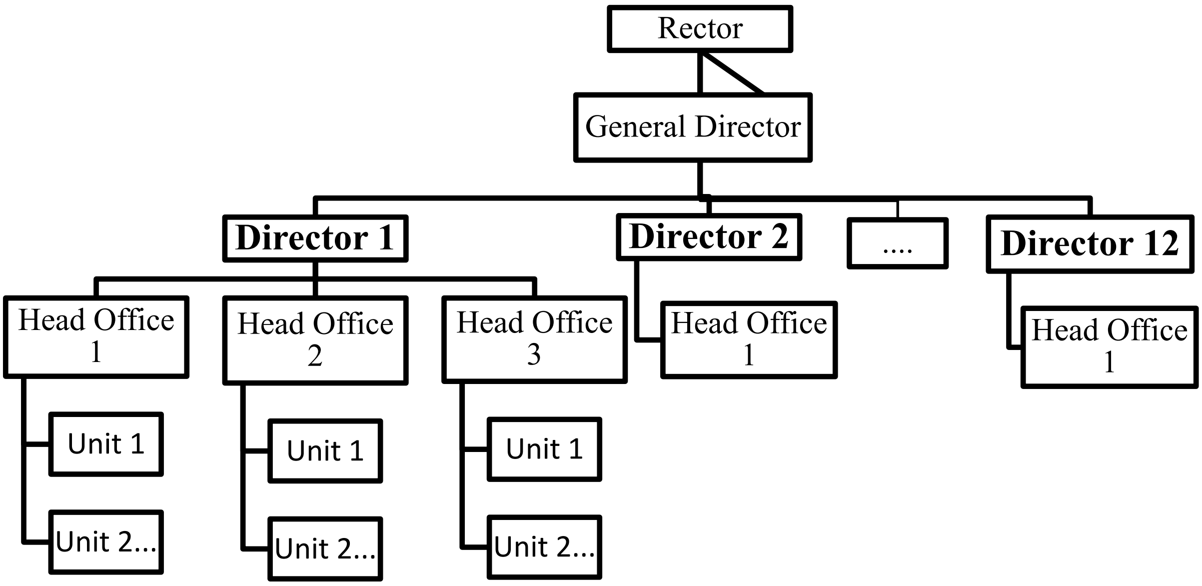


*Figure 5.1: Hierarchy of the Central Administration (source: Interviews, Integrated Plan)*

It determines who is responsible for what in the PMS, in a waterfall manner. The 12 directors are assigned operational objectives and then evaluated by the general director. At the same time, they assign small parts of their operational objectives to and evaluate the Heads of their Offices.

Federico II's **strategies and plans** derive from the **mission** of the university (Carla Camerlingo, Personal Interview, April 11th, 2019). These are defined by the top management for both long and medium run: when the rector starts his mandate, strategic guidelines are set up for triennial periods. The strategic objectives that are assigned to the general director are derived from these guidelines. These objectives are usually published in the triennial Strategic Plan, but this was unfortunately not published yet for the period 2019-2021, at the time this research was conducted. However, some of the strategic objectives for the 2019-2021 period are included every year in the current Integrated

Plan. These are set by the rector and distributed to the directors as operational objectives (Carla Camerlingo, Personal Interview, April 11th, 2019). The strategies at the present day includes:

- Improvement of the livability of the structures, of the level of safety and of the initiatives for the energetic and environmental sustainability;

- Improvement of the learning process of the students, support to the different structures and organs and optimization of the procedures for support activities and ensuring compliance of the university with the newly released law requirements;

- Reinforcement of ethical values and integrity in the academic community.

The next four final steps, **KPIs**, **targets**, **performance evaluation** and **reward systems** of the directors represent the core elements of the PMS's design. More than actual **key performance indicators**, directly linked to the success of the organization, the measurements used in the PMS for the directors are more simply **indicators** linked to the specific operational objectives but still aligned with the strategy of the university. There are two types of indicators:

1. The first type serves as a *scale for measuring the performance of the director in achieving the operational objectives* that have been assigned to him for the year. These measurements vary from year to year, according to the objectives that have been established. An example may help in illustrating this first role. One of the operational objectives assigned to Dr. Camerlingo this year 2019 is the organization of meetings with the personnel of the departments to support and ensure the university compliance with the law requirements in terms of anti-corruption, transparency and achievement of the relative performance objectives assigned to each department. The achievement of this objective has a weight of 10% on her final evaluation, and its indicator is the number of meetings organized over the year (FedericoII, Fascicolo Valutazione Dirigenti CAMERLINGO, 2019) (available on request).
2. The second class of indicators serves its purpose at the end of the year. When the level of achievement of the operational objectives has been determined, these indicators are used to evaluate the behavior of the directors. These can be of various nature, but they stay exactly the same from year to year and include factors such as the attitude to change and capacity to delegate tasks to the heads of offices. Again, each measurement has a certain weight on the overall evaluation of the behavior.

Using Hansen's framework (2012), it is possible to explore in more detail the design choices for **measurements** (as one-dimensional/multi-dimensional, individual/collective, objective/subjective and absolute/relative).

The evaluation of the directors is based on both *one dimensional* and *multi-dimensional* measurements, as the appraisal process is based on both what in a university can be seen as production indicators (e.g. % of data migrated to a new IT system developed, number of buildings to undertake a security check, number of meetings organized in the field of anti-corruption, % of personnel for whom a digital dossier has been created), but also on the competencies of the director (the innovation capability, the handling of unexpected events, communication skills towards the customer, customer satisfaction). Measurements are all *individual* (as evaluation and rewards are linked to the performance of each directors individually, both for the evaluation of their achievement of objectives and for the behavior). However, as each director splits his operational objectives into small parts and distributes them to his subordinates (the heads of offices), the achievement of their objectives relies on them fulfilling their tasks. When looking at the subjectivity and the objectivity, both design choices characterize the measurements: the ones related to the achievement are of *objective* nature, as they can be easily verified by a third party (e.g. number of meetings organized), while the ones that relate to evaluation of behavior are *subjective* (e.g. the measurements of leadership such as the ability of handling conflicts). Finally, measurements are *absolute*, in that they are specified for both objectives and behavior *ex ante*. No measurement is determined *ex post*.

The **targets**, that indicate how good or bad the performance of the director was, are fixed at the beginning of the year (but can be adjusted over the year, in case something modifies significantly the conditions in which the director is working (Carla Camerlingo, Personal Interview, April 11th, 2019). Each operational objective and measurement have its own target, that are defined by the directors as "*challenging but realizable*" (Maurizio Tafuto, Personal Interview, April 19th, 2019) (Gabriella Formica, Personal Interview, April 23rd, 2019) (Rossella Maio, Personal Interview, April 23rd, 2019).

Moving to the **targets** –following Hansen (2012) again – these are then *used* (specific for the objectives every year, and a scale of 1-4 for the behavioral evaluation), *absolute* (established *ex ante*, both for the objectives and for the evaluation of behavior) and both *subjective* (they can be adjusted over the year (Carla Camerlingo, Personal Interview, April 11th, 2019), when critical issues arise) and *objective* (e.g. 8 meetings organized in 2019).

The **performance evaluation** of the directors is carried out individually. This is based on:

- A 50% evaluation of the achievement of the objectives (and targets) for the year;

- A 50% evaluation of the behavior of the director. This is carried out through both an auto-evaluation by the director and an evaluation by his superior, i.e. the general director.

At the same time, as with the assignment of the objectives, the directors are in charge of evaluating the behavior of their heads of offices. The evaluation of the behavior must be justified, both in case of a higher or lower score (Gabriella Formica, Personal Interview, May 23rd, 2019). The exception to this type of performance evaluation are the directors of the three newly established divisions, to which a measurement of customer satisfaction has been added (5% weight, 45% evaluation of behavior and 50% achievement of the objectives). This is still a work in progress, and in case of success will be applied to all the other directors as well (Carla Camerlingo & Flavio Ciccarelli, Personal Interview, April 11th, 2019).

The performance evaluation is connected to the **reward system**. The incentives are distributed individually, are strictly monetary and structured like bonuses, and are proportional, as described above, to the degree of achievement of the objectives, the score for the behavior and the level of customer satisfaction.

The PMS for the technical-administrative personnel is not supported by formal **information flows**, such as feedback meetings, but more on informal talks among the different levels of the hierarchy. Moreover, the monitoring process represents a good occasion for the directors to exchange information related to their objectives and targets – more than on their individual performance – with the general director (Carla Camerlingo, Personal Interview, April 11th, 2019).

Through the interview with the two key employees responsible for the maintenance of the PMS, it was possible to find out main **uses of performance information** and the aims of the system. First of all, the university is subject to law requirements, for the evaluation of the personnel but especially for the distribution of the financial incentives (Flavio Ciccarelli, Personal Interview, April 11th, 2019). Secondly, the performance information is used in a way that allows the accomplishment of the mission, through "*an improvement of the services of the university. […] It is also a matter of services rendered to the users, in primis the students*" (Carla Camerlingo, Personal Interview, April 11th, 2019).

The system over the past ten years has not stayed the same, but it has evolved with the organization and its needs since the first years of the implementation of the Brunetta Reform. **Proactive changes** made to the way the system was implemented were mainly based on what the interviewees have defined the "*streamlining of paperwork*" related to the monitoring of the objectives, that represented a huge burden for the directors up to the point that " *with the initial system, the director took more time drafting these reports, rather than achieving the objectives themselves*" and they "*used to work on them even over summer holidays*" (Carla Camerlingo, Personal Interview, April 11th, 2019). The Organization and Development Division recognizes that there is "*still a lot of work to do*", they *"aim at simplifying as most as we can this compliance process but not losing the sight of the results*" (Carla Camerlingo, Personal Interview, April 11th, 2019). The decision of putting an engineer as a head of the Performance Bureau (instead of a jurist), represents this new and more practical approach towards the system (Carla Camerlingo, Personal Interview, April 11th, 2019). The addition of the customer satisfaction dimension to the evaluation of some directors represents another key change of the features of the system, both reacting to new law requirements and for the importance the university gives to this measure (Carla Camerlingo, Personal Interview, April 11th, 2019).

Finally, it is necessary to look at the big picture and see how all the pieces fit together in terms of **strength** and **coherence**. Other than having a well delineated mission and strategies, concrete and practical objectives, measurements and targets, coordination among them must be ensured in order for the whole system to work efficiently and effectively. Focusing on the 2019-2021 Integrated Plan, the system designed for the technical administrative personnel uses balanced and varied measurements – that include both what can be seen as the "production capabilities" of the directors (the achievement of their objectives) but also their interactive and coordinating capabilities (the evaluation of their behavior); the operational objectives are clear and in line with the university's strategies, mission and vision (Maurizio Tafuto, Personal Interview, April 19th, 2019) (Carla Camerlingo, Personal Interview, April 11th, 2019)(Rosella Maio, Personal Interview, May 23rd, 2019)(Gabriella Formica, Personal Interview, April 23rd, 2019)(Luisa de Simone, Personal Interview, April 24th, 2019) and pursue the needs of the key stakeholders.

## 5.4 The Behavioral Effects of the PMS

### 5.4.1 Motivation

One of the roles played by performance management as described by Hansen (2017), is to motivate employees to act in the best interest of the principal, by performing those tasks that benefit the latter. Defined in this way, motivation is one of the drivers of value creation in organizations. The investigation conducted at Federico II was aimed at finding out about both intrinsic and extrinsic motivational effects of the PMS on the directors. When questioned about the effect on the level of motivation linked to the PMS, respondents shared two noteworthy ideas: firstly, setting objectives generally has a positive effect on their level of **intrinsic** motivation, as it defines in a clear manner the activities on which individuals should focus. Participation in setting them also contributes to their motivation to accomplish them. In their own words:

"[motivation] *It changed as, when you have an objective, for me it is stimulating, whether you like your objectives or not. Whether I make it or not*"

(Maurizio Tafuto, Personal Interview, April 19th, 2019)

"*...the whole process of setting annual objectives is a very pleasant and stimulant moment for me, as I've always managed to negotiate the objectives that I cared about, that I deemed important for improving the services for the users*"

(Maurizio Pinto, Personal Interview, April 16th, 2019)

*"Surely in terms of motivation, the set up through objectives and results is motivating every day*"

(Carla Camerlingo, Personal Interview, April 11th, 2019)

Secondly, while still appreciated, the respondents did not seem to allocate much weight to the financial incentive as influencing their level of motivation. What drives them is the satisfaction gained from their job. large majority of directors expressed the idea in these ways:

"*Low* [impact]. *I believe that [...] motivation and interest must be independent of the economic factor. You must like this job in order to do it*"

(Giuseppe Festinese, Personal Interview, April 15th, 2019)

"*The financial incentive has had a degree of influence that is quite limited on the level of motivation"*

(Maurizio Tafuto, Personal Interview, April 23rd, 2019)

Another interesting idea identified during the interviews is the effect of the evaluation of performance on motivation. As mentioned before, in the description of the PMS at Federico II University, each employee who is subject to performance evaluation is assessed by his/her superior. When an employee has a poor evaluation, it can create discontent compared to a person who has a positive evaluation. This leads to a decrease in motivation, with the consequence that "*he doesn't even give the little he was already giving"* (Luisa de Simone, Personal Interview, April 24th, 2019). This has been pointed out at lower levels of the hierarchy (so not at the directors' level) and is also augmented by the employment conditions in public administrations in Italy, where "*people cannot be fired if they are not going well"* (Luisa de Simone, Personal Interview, April 24th, 2019). In this situation, public administration employees can slack from their job and result a bad performance, without feeling the repercussions on the long term.

Concluding, motivation effects can stem from several mechanisms of the PMS. During the analysis, the authors found that *intrinsic motivation* dominates employee behavior at Federico II, which is either due to job satisfaction or role clarity. On the other hand, monetary incentives seem to be well appreciated, but no signs of overcrowding were noticed.

### 5.4.2 Cooperation

Cooperation issues can refer to both intra-organizational cooperation, between managers and subordinates, or inter-organizational cooperation, usually in the context of a supply relationship. In the present case study, the authors will focus on cooperation among employees at different levels, as well as between same-function individuals.

Firstly, the directors responsible for the implementation of the Integrated Plan are aware of the importance of cooperation in overcoming some limitations and issues brought by the new legal requirements, admitting that "*what should be improved is always the perception of the bureaucratic burden. This can only be improved through continuous dialogue and the support we try to give to the directors themselves"* (Flavio Ciccarelli, Personal Interview, April 11th, 2019). This indicates that cooperation instances are initiated by the managers responsible of the implementation and management of the performance system.

Another situation where cooperation is central for the success of a division is the process of assigning objectives, which takes place in a waterfall manner, from the highest level in the hierarchy (the Rector) and going down to the general director, division directors, heads of office and so on. Collaboration between heads of office and the director here is key for the performance of the department, as all offices have to collaborate on common objectives. As explained in one of the interviews, "*the other objectives, the ones that are more challenging, more performing, derive from the knowledge of the director of his/her division, and from the critical issues that he points out and knows are characteristic of his/her division"* (Giuseppe Festinese, Personal Interview, April 15th, 2019)). Here, it is also important that superiors are able to communicate the assigned objectives further down to their subordinates and show them their importance relatively to the performance of the division. The level of cooperation will depend in this case on how clearly the objectives are transmitted and how important they are perceived by managers at lower level.

One of the respondents makes an important observation here, saying that the level of cooperation from heads of office depends on her aptitude of translating their objectives "*in a smart manner, so that also my head of office can realize that pursuing that objective makes his work useful. In this case, he/she will be disposed to a major cooperation.*" (Rosella Maio, Personal Interview, May 23rd, 2019). Therefore, at Federico II, the level of vertical cooperation depends on directors' capacity of communicating and creating awareness, among subordinates, about the usefulness and benefits of pursuing the set objectives. This idea is consistent with the findings in literature, where information sharing is believed to improve learning and problem-solving, together enhancing cooperation. Another respondent indicates that the performance management system itself "*allows for greater and better cooperation with the heads of the division offices, above all, on the issues covered by the objectives, developing a common will to achieve the goals set and a synergistic activity in the pursuit of the objectives set*" (Maurizio Tafuto, Personal Interview, May 19th, 2019). This indicates a positive effect of the PMS on vertical cooperation, streaming between the directors and heads of office.

On the other hand, it seems that the system does not always succeed to enable cooperation, "*as it is exposed to the risk of being taken as a requirement to be respected, between deadlines and activities*" (Giuseppe Festinese, Personal Interview, April 15th, 2019)). Based on this idea, it seems that the extent to which cooperation is nurtured by the PMS depends on the personal perception about the system.

### 5.4.3 Coordination

Coordination is enhanced by the informative role of the performance management system, letting agents know what tasks they are expected to perform and how to do it. At Federico II, coordination of the activities is achieved through the strategic and operational objectives assigned at different levels of the hierarchy. Just as in the case of cooperation, this aspect depends highly on general directors' and his subordinates' skills to communicate the objectives of the organizations and implement them within the departments. Therefore, the directors can be considered as having a strong coordinating role within their departments, which means that the level of coordination depends on their communication and managerial skills.

Moreover, the way that the performance measurements reflect these objectives is critical in defining which tasks contribute to value creation in the university. As mentioned in the first interview, the majority of the directors is evaluated based on two criteria: 50% based on evaluation of behavior, and 50% on the accomplishment of the specific operational objectives, attributed to the directors in a waterfall way. Therefore, the performance measures comprehend both the end and the method to achieve it.

Also, when asked to assess the degree to which the objectives help the directors in their daily activities, they agreed that they are clear, thus accurately illustrating the organizational objectives, which can imply an increased level of coordination.

### 5.4.4 Strategic Focus

Communicating the organizational strategy is one of the mechanisms that increases managers' awareness of the strategic focus. At Federico II, this process is formalized through a top-down approach where the general director develops the strategic objectives needed to be achieved, by following the strategic guidelines provided by the rector. These objectives are both medium and long-term. Next, the general director holds "*individual interviews with the directors, 3-4 months before the date of approval of the Integrated Plan by the Board of Directors*" (Carla Camerlingo, Personal Interview, April 11th, 2019). The directors of each division significantly contribute to the defining of operational objectives, as they are "*able to evaluate the critical issues*", "*are the experts in the field*" "*and above all know the human resources they have available and the workload*" (Carla Camerlingo, Personal Interview, April 11th, 2019).

Therefore, as it is suggested in the interviews, the design of targets and objectives involves the participation of the directors, who to some extent become key players in defining the operational targets, that on one hand must be coherent with the strategic objectives, and on the other have to be realistic in operational terms, as they depend on the resources and capabilities of each department. By using this kind of procedures, the university assures that while the objectives are in line with the strategy, they are also realizable for the different divisions, which could be a significant motivational stimulus for the directors to pursue them and keep an increased sense of awareness regarding their importance.

Moreover, the fact that directors participate to this objective-setting process can lead to an increased sense of ownership over the objectives, as well as to a better understanding of what the organizational strategy actually means. When individuals have a good understanding of their tasks and the goals they must pursue, then they are more likely to focus their time and resources on them.

### 5.4.5 Role Understanding

Literature claims that performance information helps to reduce the perception of role conflict that might be associated with incompatible demands. As a consequence, a PMS would have a positive effect on role understanding, as it shows the employee what to do – that is beneficial for the organization as it contributes to a better performance. Role understanding depends on two factors, as discussed in the theoretical chapter: one of them is job clarity (defining how aware individuals are of the objectives of their job), while process clarity refers to understanding how these objectives should be pursued.

Job clarity is enhanced by the fact that the directors generally agree that the objectives assigned to them are clear (goal clarity), and that the system even helps them keep a better overview and monitoring of their daily activities, meaning that it actually enhances their role understanding in general. Moreover, the participative setting of objectives also reduces role ambiguity (as Maurizio Pinto claims when he states "*They* [goals] *are clear because a good part of them has been proposed by me*"). Process clarity is somehow ensured through the evaluation of behavior, which represents 50% of the overall performance evaluation of the directors.

### 5.4.6 Perception of Subjectivity, Justice and Trust

Franco-Santos (2012) referred to this as subjectivity, justice and trust. These three can be seen as dependent on the choice of adding subjectivity to the evaluation and reward of employees' performance. While the use of subjective measurements makes the system more "complete and flexible, as it considers more aspects of how an employee carries out a task, it also increases the uncertainty of the evaluated. This can affect the perception of fairness by the evaluated and lead to other effects such as discouragement or lower job satisfaction.

As described above, Federico II makes use of such subjective measurements. When investigating on them during the interviews, all the interviewees agree on the fairness of the evaluations by their superior. The evaluation by the general director was considered as "*fair, […]as it cannot be otherwise*" (Gabriella Formica, Personal Interview, April 23rd, 2019) and that you need to trust your superior to keep it that way. In their case, they trust his judgement. As Maurizio Pinto, Director of the Protection and Prevention's Division, states:

"*I consider the evaluation a fundamental moment in the annual work cycle, aimed at obtaining feedback on the work carried out in order to identify and implement any corrective measures for the* *following year.* […] *in the end, to have a fair evaluation it is necessary to have a good general director. In my case, I consider myself lucky*".

In order to have a more complex system taking into account several dimensions, subjectivity is needed, and there is no person who is able to judge their behavior better than the general director, as there is no one who knows better about it. Maurizio Tafuto, Director of the Student Relations' Division, confirms:

"*In a hierarchical organization the behavior must also be evaluated by the superior, therefore, in our case, by the general director. In my opinion, moreover, all evaluation systems should be based on both absolute values and relative values*".

And Gabriella Formica, Director of the Personnel Division, adds:

"*We have worked hard to find the most objective indicators with the aim of reducing that discretion, but it is inevitable. As the director does it for his heads of offices and collaborators, it is fair that the general director does it with us. We are on strict collaboration. Who knows better than him?"*

### 5.4.7 Judgement Biases

This effect of a PMS goes hand in hand with the one described above. When subjective measurements are used in a PMS, judgement biases may arise. The uncertainty linked to the use of subjective measurements derives from the fact that the evaluation is only up to the judgement of the evaluator, who can be biased because of for example favoritism or flattened evaluations in order to avoid conflicts. Interpreted this way, the subjectivity characterizing the PMS of the system can lead to a biased evaluation of the employee performance (and eventually also to perception of unfairness, demotivation, conflicts or lower job satisfaction).

Cases of misjudgments and superficiality in carrying out the evaluations in order to avoid conflicts have been pointed out, not on the general director-directors' level, but at the director-head of office and head of office-personnel unit levels. Gabriella Formica, in charge of summarizing information on the PMS for the external Evaluation Board, is concerned about this. "*As there is as director, and already among the directors I see that, as responsible of the personnel I was seeing the papers and I could see that there is the one person who in order not to have troubles, everyone was perfect. Another one, more rigorous, that is not true, this was not right*".

And she continues: "*And even more in the structures where the heads are teachers, who are heads of some departments and assume an administrative function but as a matter of fact are professors. Some of them do not care and delegate this job to others*". Another judgement bias can arise then because the evaluator sometimes delegate evaluations to others, as he has "*other stuff to do*". This third person may not have the adequate knowledge in carrying out the evaluation. As a consequence, the evaluations may be biased, and the system can be consequently perceived as unfair.

### 5.4.8 Conflicts and Tensions

Literature shows that conflicts and tensions may arise because the whole process of designing, implementing and maintaining a PMS is costly for the employees in terms of effort and time, for example when it comes to carrying out the evaluations on behavior and the monitoring activities, by filling out paperwork, meeting deadlines and writing reports. This continuous monitoring of PMSs has also been proved to create stress in the employees.

The monitoring tasks of the PMS have changed since the system was formalized 10 years ago. Paperwork was streamlined as at the beginning it was a huge burden on the directors: "*it required the drafting, for each specific objective, of very long reports. My colleagues and I used to work on them even during our summer holidays, as it was unimaginable to fill out all those papers and to balance daily activities with all that paperwork*" confesses Carla Camerlingo, Director of the Organization and Development Department. Nevertheless, no particular conflict was pointed out, other than this past pressure to meet deadlines for reporting and monitoring.

None of the directors talked about feeling stress or controlled by the PMS today. The situation has changed a lot from the past: "*Our general director has done her best to make this paperwork thinner.* [Today] *the director is only asked to fill out, for the monitoring of the objectives, one Excel spreadsheet reporting the specific objectives and asks you to indicate percentage carried out up to that moment*" continues Carla Camerlingo. Both for the monitoring and the final year evaluation, forms for each director can be completed in less time. This simplification has however to keep progressing, in order to make monitoring procedures more automatized and quicker.

The monitoring activity (including both the one showing the progress of the objectives over the year and the one related to the achievement of the law-mandated objectives for transparency and anti-corruption), is actually regarded as a useful tool by the some of the directors, as it represents a good occasion for doublechecking, having an idea of the accomplishments made up to the that moment and also getting a constant overlook of the activities of their subordinates. Rossella Maio, Director of the

Contractual Activities' Division states: "*The objectives that are assigned, in terms of transparency and anti-corruption, in line with the law requirements, allow to all of us, as directors, to carry on to a constant monitoring on our offices. We verify what our heads of officers to and we correct them. I think it's super useful*". They are seen as a continuous improvement and corrective tool, and as a "*protection for those who work on these objectives*" (Luisa de Simone, Personal Interview, April 24th, 2019). However, the fact that some of these reporting activities are imposed on them as objectives and they are not strictly (or sometimes not at all) related to the work carried out in their offices, can lead them to perceive these as additional requirements. The PMS can be perceived as a burden also when some of the objectives are assigned to the directors without a proper contextual analysis of the resources available. This happened to Gabriella Formica, to whom some objectives for 2019 were assigned without considering the equipment and skills required: "*If I need to sit in front of the computer and take ages only to design the introductory page because the computer programs are not working properly, it becomes complicated. The objective must reflect also the real situation, the workload, additional requirements, scarcity of personnel. […]it is clear that I and my colleagues see this as a burden, having also daily tasks on the side*".

When thinking about the past design process and implementation, the transition was not as easy. Some of the directors in charge of designing and implementing the PMS were at the time close to retirement, law graduates lacking capabilities in terms of controlling and reasoning by objectives (Gabriella Formica, Personal Interview, April 23rd, 2019). "*During the first years after the implementation of the Brunetta Reform, our university, as many other public entities, had to quickly set up a performance management system, extremely complicated at the beginning. It required the drafting, for each specific objective, of very long reports*" (Carla Camerlingo, Personal Interview, April 11th, 2019). Today, this gap is being filled, as intensive training is being trained in project management techniques and skills to motivate personnel.

### 5.4.9 Dysfunctional Behavior

Literature claims that, when the people to be evaluated are pictured as self-interested agents, possessing informational advantages with respect to their evaluator, the PMS may trigger intentional dysfunctional behaviors. These include, for example, gaming, by manipulation of the measures and targets, by for example proposing measurements, objectives, targets that are not value-creating but can be easily achieved by the employees. Other deviant behaviors may come unintentionally, such as a misinterpretation of the objective/measurement or myopia.

At Federico II, when it comes to the establishment of operational objectives, directors are involved in the process, and some propose their own objectives and get those assigned. Talking about the objectives assigned to him in fact, Maurizio Pinto, Director of the Prevention and Protection Division, states: "*They are clear because a good part of them has been proposed by me*". This may expose the objectives, measurements and targets to manipulation, meaning that easy-to-achieve targets and objectives can be proposed and accepted. However, this remains just a risk, as none of the directors has referred to it during the interviews.

On the other hand, misinterpretation is softened thanks to the clearness of objectives, measurements and targets. All the directors agree on that: "*and when during the proposals there was not clarity on the situation, we have always ensured to make the targets clear. We're very careful in establishing the target*" states Rossella Maio, Director of the Contractual Activities Division. This clarity may also imply a lower risk of manipulation, as it could be less easy to manipulate a clearly expressed objective/target. In conclusion, always limited to the knowledge obtained through this particular research method, no dysfunctional behavior was identified.

## 5.5 Conclusion to the Chapter

This chapter looked into the design of the system and the effects on behavior generated as described by the respondents by it in detail. The analysis has pointed out numerous interesting points of view, that reflect the perceptions and the opinions of the directors. The next step will be to identify and extract the key findings and discuss critically their meanings and implications, together with comparing them to the findings that have been found in the literature. This will be done in the next chapter, where conclusions will be drawn, to be kept in mind by the academics who will proceed on this line of research.

# 6 Discussion on the PMS, the Behavioral Effects and the Links between Them

## 6.1 Introduction to the Chapter

The central objective of this master thesis was to gain comprehensive knowledge on how a performance management system implemented in a public sector organization affects behavior. The paper examines the PMS implemented at Federico II, University of Naples, designed specifically for the 12 directors of the central administration, together with the behavioral responses that the directors displayed. By means of the conducted interviews, the authors attempted to discover the unique perceptions and attitudes towards the system, directly from the people subject to it. Based on the data collected, a detailed analysis has been conducted, covering the two main topics: the design of the PMS, and the behavioral responses described by the directors, following the theoretical framework determined in the literature chapter.

Taking the analysis as a departure point, the present chapter aims at summarizing and commenting upon the findings collected related to the research sub-questions, that will be finally answered, together with the leading research question, in the next and final chapter, the conclusion. The present discussion will address the particularities of the system and the important aspects that contribute to the changes in behavior of the directors, as found in the interviews. This overview will help to add another perspective to the behavioral effects discussed further, as it can explain what characteristics of the PMS led to those responses. Next, the effects on behavior will be summarized, by pointing out the new perspectives gained. The significance of these new findings will be described, as well as the implications for the university and other public sector institutions. Each of the two sections in this chapter will start with a summary of the findings from analysis, which will then be developed into discussion points.

## 6.2 The Design of the PMS Implemented at Federico II

The analysis of the design of the PMS has led to some interesting findings and helped to understand the features of the system and the implications on the directors' behavior. This part of the discussion will first show how Federico II, as a public university, has changed over the past 20 years, becoming more and more a goal-oriented public organization, and how the PMS is gradually changing the culture of its central administration. Then, the links between the specific elements and the behavioral effects will be identified, and further elaborated and commented in the subsequent section. The findings are summarized in the table below.

| Features of the system | Summary of the results |
|---|---|
| *Use of performance information* | The study suggests that, although the PMS at Federico II was born to comply with the reforms of the NPM, performance information is today seen as useful to actually improve the quality of the services offered by the university and not as mere compliance with the law. |
| *Elements included* | All the elements of a PMS by Ferreira & Otley (2009) were found in the design. Consequently, the evidence showed that NPM is accomplishing its goals, as public institutions are becoming more and more goal-oriented organizations. |
| *Links between the elements* | The study of the design showed that synchronization between the elements of the PMS is linked to the cascading mechanism: mission – vision – strategic objectives – operational objectives. This means that the elements move together, coherently. |
| *Contextual factors and culture* | Looking at the contextual factors has showed the complexity of designing, implementing and maintaining a PMS at a public university. The system has moreover influenced the university culture, gradually shifting from a juridical to a managerial one. |
| *Multi-dimensional measurements* | Including both behavior and achievement of objectives in the performance evaluation (+ customer satisfaction) shows that the two (three) are important for the university and directors should pay attention to them. |

| | |
|---|---|
| *Subjective measurements* | Findings show that including subjective measurements in the evaluation creates compression biases and biased evaluations due to the lack of knowledge. |

Table 8 Findings on the Design of the PMS

The performance management system at Federico II was implemented in order to comply with the law requirements established by the Italian government, in the form of the Brunetta reform adopted in 2009. Since then, the Italian public sector has to comply with a series of regulations that mirror the principles of NPM: accountability, performance measurement and incentives, continuous monitoring, focus on customer satisfaction and transparency. While these principles are in disagreement with the ones by which public sector employees used to perform their jobs, the findings in this research paper show how management control is being more and more internalized by the directors at the case university, some of whom were "*already born in this context, with operational objectives*" (Gabriella Formica, Personal Interview, April 23rd, 2019).

Literature showed that, at the moment of implementation of the reforms, performance management was being welcomed with skepticism, and carried out just for mere compliance with the law, as shown in the paper of Dal Molin et al. (2017), who found a low and slow compliance from the Italian higher education institutions in the early times of the new reform, testified by the few Relations on Performance documents published. At the present day, the perception of PMS by Federico II's directors shows a positive attitude and a real consciousness of the real purpose of using performance information. The directors at Federico II claimed that they see the system as a useful tool that helps them keeping track of objectives, in order to improve the quality of the services rendered to the users (the students *in primis*). As a result, while the system was indeed adopted for legal purposes, the university realized and managed in time to make it a useful tool that is believed to improve both individual and organizational performance.

Therefore, at this point in time, it can be stated that NPM practices have been internalized by this public sector institution and, while they are seen as tools imposed by the law and not born from a natural need of the university for improving performance, it is easily starting to make sense of management accounting practices and are integrating them at a deeper level within their operations, as well as at cultural level. This suggests that the same might be happening for other public institutions. While this idea was not directly stated in this paper, it would be interesting to see how these traits of public institutions have developed over time, and not only delimited to a short period after the implementation of these practices. The findings suggest, moreover, that the adoption process took longer than expected, which implies that there were different stages through which public organizations went through up to the point of completely adopting the PMS.

Moving forward, the PMS was analyzed by using the comprehensive framework of Ferreira & Otley (2009), who propose a number of elements that a performance management system should possess, that should interlink harmonically. The framework is designed however for private organizations, which have articulated statements of mission and vision, and are aware of their market position and competitive advantages. This does not apply for public sector institutions, especially since their purpose is to meet the needs of citizens, without competing with other organizations for market share or other financial benefits. Therefore, the strategic propositions of the university were not articulated in terms of "key success factors", as pointed by the framework used. On the other hand, the university provided a clear overview of the vision, mission, strategy and plans, and organizational structure. These were clear and easily identifiable in the university's documents, which confirms the idea that public organizations are becoming more and more goal-oriented, closely following the tracks of the new public management principles. Finally, the fact that the university publicly states on the official website its position in terms of mission, vision, strategy and future plans, as well as details of the performance system implemented, could also indicate a more immediate compliance with the new public sector regulations by other higher education institutions, which are based on concepts such as transparency and anti-corruption.

While the single elements were analyzed in the previous chapter separately, it is important to assess the links between them, in terms of coherence and harmonization. This means that a performance management system, in order to help organizations to accomplish their goals, has to display a strategic alignment between the mission, vision, strategy, targets and their measures. This coherence is ensured at the Federico II through the process of setting the objectives: the strategic objectives (defined by the rector based on the mission statement and past objectives) are communicated to the next level in the organization, represented by the general director. His task is to communicate these lower to the directors of the divisions and together, define clear operational objectives by translating the strategy from the rector. The process follows the same pattern all the way to the bottom of the hierarchy of the central administration, involving managers at different levels to translate the objectives into more operational terms for their teams. Thus, the initial strategy developed by the rector is cascaded down to the other organizational levels by leveraging on employees' knowledge with respect to the resources and operations of their specific divisions. This system leads to coherence among all the design elements involved between mission and vision and targets and measurements, which is important for the organizational performance.

Moreover, the contextual factors are important determinants for the effectiveness of the system and more importantly, for the behavioral responses of the employees. Firstly, as one of the interviewees mentioned, the administrative personnel at Federico II is composed by people with diverse academic and professional backgrounds, from employees holding a high school diploma to PhD graduates, who sit the same office, performing the same tasks. This involves a different cognitive understanding that they exercise when faced with new information, which here is in terms of pre-defined operational objectives and performance information. This means that they process new information in different ways, which could possibly affect their cooperation and coordination, due to having different understandings regarding the objectives and goals they have to pursue. Secondly, the organization used to be characterized as one with a strong juridical culture. However, lately "*it has been realized that the juridical setting makes us somehow more comfortable dealing with compliance of rules but does not guarantee achievement of the objectives*" (Carla Camerlingo, Personal Interview, April 11th, 2019). Therefore, "*the choice of putting as head of office of performance an engineer and not a jurist is a sign that there was this need also felt by the general director and the other directors. There is a setting more oriented towards the results*" (Carla Camerlingo, Personal Interview, April 11th, 2019). This fact suggests that the PMS brought not only change in operational terms, but also involved a change in organizational culture, with the university orientating itself away from the old juridical culture, trying to keep up with the new ways of managing public sector institutions.

The measurements and targets used by the system are summarized below.

| Design choices of Federico II's measurements | Design choices of Federico II's targets |
|---|---|
| Multi-dimensional<br><br>Individual<br><br>Subjective and objective<br><br>Absolute | Targets are used<br><br>Absolute<br><br>Subjective and objective |

*Table 9 Design Choices of Measurements and Targets*

Overall, based on Hansen (2012), the mix of measurements of Federico II are supposed to direct the attention of the directors in a more precise way towards the dimensions and values that are important for the university's success (a lower distortion), as in order to get the full financial compensation they need to both reach the goals and behave in a certain way. In terms of risk, the outcome is mixed, as on the one hand, the measurements include more dimensions, supposedly becoming more reflective of the directors' performance, but leading to biases in terms of favoritism and compression tendency. This is because the evaluation of the behavior is carried out only by the general director according to what are his personal opinions (subjectively) and cannot be checked by a third party – the same applies when the directors themselves evaluate their subordinates – but also because either when they are evaluated or they evaluate, there may be the tendency for them to flatten the evaluations in order to avoid conflicts. The measurements chosen by the university are exposed to a certain degree of manipulation risk: as they are set by the directors (or anyway with their involvement), this increases the risk of the measures being selected in a way that allows them to show a better performance. The measurements lead finally to some measurement costs, which are higher with respect to using collective ones, because of the individual evaluation of the employees, also based on different criteria, which is translated in an intense paperwork for the directors and requires quite a paperwork for them.

Conversely, the use of these types of targets contributes to reducing further distorted behavior and risk at Federico II, as they again guide the attention of the directors, but there could be the incentive for the director to adjust the target at his discretion in a way that makes him better off but not necessarily the university. Measurements costs are also consistent, for the further time spent in motivating why the targets were for example not reached.

## 6.3 The Behavioral Effects

The findings showed that the PMS has affected, in different ways, all the dimensions selected from Franco-Santos et al. (2012), so suggesting that performance management indeed produces behavioral effects such as motivation, coordination, cooperation, role understanding, strategic focus, perception of fairness, judgement biases and conflicts and tensions. However, the research has not discovered eventual dysfunctional behaviors related to the PMS. A summary of the findings related to the behavioral effects is presented below.

| **Consequences** | **Summary of the results** |
|---|---|
| *Motivation* | Intrinsic motivation has increased due to the planning and monitoring of the activities and the reasoning by objectives brought by the PMS. The participative objective-setting process also contributed to that. |
| *Cooperation* | Vertical cooperation is strengthened because of the cascading on the objectives. It is influenced by information sharing. |
| *Coordination* | Strengthened by the cascading of the objectives and the multi-dimensional measurements. |
| *Strategic focus* | Enhanced by the system design and procedure it implies in defining objectives to lower levels. The reward system also provides information about the strategic focus of the institution and motivates (extrinsically) directors to pursue it. |
| *Role understanding* | A better role understanding is encouraged by the system, when clear objectives are set and aimed at. Job clarity and process clarity are confirmed as affecting role understanding. |

| | |
|---|---|
| *Perception of subjectivity, justice and trust* | The system is perceived as fair by the directors, even though some of the measurements are of subjective nature, because they trust their evaluator's judgement. |
| *Judgement biases* | The subjective measurements create judgement biases, such as compression tendency and lack of knowledge by the evaluator, at lower levels of the administrative hierarchy. |
| *Dysfunctional behavior* | Intentional dysfunctional behavior that may arise from the system was bypassed by the directors, so no evidence was found. Unintentional dysfunctional behavior is reduced thanks to the clarity of the objectives, measurements and targets pointed out by the directors. |
| *Conflicts and tensions* | Tensions at the present-day concern mismatches of objectives with the resources available to achieve them. Past tensions refer to lack of skills for designing the system and heavy paperwork for implementing and maintaining it. |

*Table 10 Findings on Behavioral Consequences*

Starting from motivation, the research has discovered an interesting feature of the directors: the change on their level of motivation has been explicitly identified as a change in their intrinsic motivation. This change was registered because of the appreciation expressed towards the planning that the performance measurement brings to their job, as well as the participative process of defining operational objectives, which are stimulating for the directors and create a sense of ownership with regard to the performance system, due to the fact that they are able to define their objectives and targets. Moreover, rather than a stronger motivation anchored to the reward system and to the financial incentive, that is still well appreciated, it is the idea of establishing goals, monitoring the progress towards them, knowing exactly what one is trying to obtain, that is considered as stimulating and motivating, especially when it is directly connected to improving the service offered. This does not exclude that the financial reward can drive the motivation at other levels of the organizational hierarchy, and also is based on personal traits. But what has hit the researchers was the unanimity in the reply and how it is line with Frey et al. (2013) on "*public sector motivation*".

Vertical (intradepartmental), rather than horizontal (interdepartmental) cooperation was strengthened by the PMS. Responsible for this is the waterfall mechanism of distributing small parts of the directors' objectives to their heads of offices, following the organizational hierarchy of the central administration, while the objectives towards which the single directors work, are mostly unrelated to each other. For the directors and heads of offices conversely, the PMS has developed a greater and better cooperation by developing a common willingness to reach pre-established goals and producing synergies in the process of achieving them. By how much this has increased, is difficult to ascertain. One of the factors contributing to increasing cooperation has been found to be the capacity of the directors to communicate of the benefits of pursuing such objectives, making them aware that those can actually simplify the work of everyone in the Division, and are not just a way to comply with laws and requirements. This confirms the idea found in Franco-Santos et al. (2012) about the positive effect of information sharing on cooperation.

Always relying on the definition of coordination as working towards value-creating goals for the organization, the performance cycle planning-monitoring-rewarding allows directors to coordinate their subordinates better towards the value-creating goals for the university, thanks to the informative role of the performance information. Strictly linked to cooperation, also coordination of the heads of offices' activities relies on the communicative capabilities of the directors and their ability to show them the importance of achieving the objectives. Coordination (and cooperation) is also encouraged by the completeness of the measurements and targets included in the performance evaluation (and then linked to the financial reward). These are multi-dimensional and connect the "productivity" of the employees with the values that are deemed important for the university, such as the ability of the director to resolve conflicts in his department or, for some of them, the customer satisfaction. Moreover, the clarity perceived towards the objectives can also be associated with a better level of coordination. The findings confirm Hansen's (2017) claim that PMS influences coordination among the employees.

Strategic focus is maintained among the administrative directors based on the performance information produced by the system, which consists of strategic and operational objectives, directly derived from the strategy enunciated by the rector. One illustrative case is the introduction of customer satisfaction as an objective used for evaluating director's performance. By adding this new criterion in evaluation, the directors receive the message that "customer satisfaction" becomes a strategic focus point for the university, and that their operations should be also directed at achieving that objective. Also, the process of defining operational objectives, which involves to a great extent the participation of the directors and their knowledge on their divisions' resources and capabilities, has a positive effect on the strategic focus. Overall, the system implemented enhances, through the practices it implies, the strategic focus of the directors. However, determining exactly the extent to which they understand this element is hard to achieve, as their answers are limited by their cognition and understanding of this concept. Therefore, their answer in this regard reflects solely their opinion, which cannot be verified or confirmed through other methods.

Findings have showed that the PMS, through the participative process of setting, planning and aiming at objectives, encourages role understanding of the employees. Recall that role understanding can be explained in terms of job clarity and process clarity. The Directors have a clear understanding of what is expected from them in terms of tasks, even though some of the objectives are less practical than others (e.g. the transparency ones) and one cannot see their contributions in the short run. All the respondents confirm the idea that the individual objectives and targets assigned to them are clear and understandable. With regard to process clarity, no explicit comments have been made. That is influenced, however, through the evaluation of director's behavior, included in the evaluation system.

Directors are aware of the subjectivity of the measurements (the ones evaluating their behavior over the year at the time of the performance appraisal), but they agree that, in order to make a PMS more complete, subjectivity is inevitable. They trust their general director's judgement. This perception of a fair system could avoid unpleasant effects such as a negative perception of the PMS, lowered job satisfaction and discouragement.

The findings suggest that subjective measurements may create bias in the evaluations, confirming in this way the key ideas in literature (by Franco-Santos et al. (2012) and Hansen (2012)). These were pointed out in the form of a) compression tendency (as defined by Hansen (2012)) and b) lack of adequate knowledge when carrying out the evaluations. These biases were noticed at other levels of the hierarchy, particularly when directors evaluate their heads of offices and the latter evaluate their personnel units. Biased evaluations of such type may create feelings of unfairness in the evaluated.

No evidence of intentional dysfunctional behaviors was found (such as gaming and manipulation of measurements, advantageous lowering of the targets as in Smith (1995) and Fryer et al. (2012)). This does not exclude their possible existence at the university. The fact that the directors are deeply involved in setting the objectives, for example, may indeed expose the different elements of the system to such risks, but with the current research method, none of these were addressed by the directors. On the other hand, no evidence of unintentional dysfunctional behavior (such as misinterpretation) arose either. This type of effect is reduced, thanks to the clarity perceived in relation to the objectives, measurements and targets, and the fact that further clarifications are then provided to the Directors in case of any doubts by the general director or the Organization and Development Division.

Finally, the findings have confirmed the idea in Franco-Santos et al. (2012) that PMSs can generate tensions, while no conflict related to the directors under their current role was pointed out. In particular, tensions relate to mismatches of objectives with resources available to accomplish them. In the past, pressures were also linked to the measurement costs of designing (because of the lack of controlling skills), implementing and maintaining the system, in particular to the monitoring processes and the enormous amount of paperwork related to it. These findings add up to the ideas found in Franco-Santos et al. (2012) on how costs in terms of time and effort coming from maintaining the system can lead to pressures). This issue is being softened continuously by a process of simplification and streamlining of such paperwork, to the point that does not seem a huge concern at the present day. Moreover, today some of the reports – also required by law – are seen as useful tool for double-checking the activities of the subordinates and understand if there is something to be corrected.

## 6.4 Conclusion to the Discussion Chapter

Based on the discussion above on the particularities of the PMS implemented at the university, and the different behaviors affected by it, the authors would like to point out several important remarks. Firstly, the performance management system, as it is designed and implemented today, brings great value to the organization, firstly through its informative role that offers the directors a better overview of their responsibilities and how they can contribute to the organizational performance, and secondly through its motivating role, mentioned by many of the interviewees, in relation with the management-by-objectives system. Secondly, the PMS implemented features a multitude of measurements and targets, that are assigned to each individual. While this ensures a well-rounded and comprehensive system, that covers all the matters important for organizational performance, it can also have some secondary effects, in terms of risk due to subjective evaluation, manipulation of performance data, or high measurement costs.

Regarding the behavioral effects, the authors identified mostly (but not completely) positive outcomes, such as increase in intrinsic motivation, vertical cooperation and coordination, strategic focus, role understanding and perception of subjectivity. Moreover, the directors did not describe any intention or attempt of dysfunctional behavior, nor perceptions of judgement bias, despite the subjective evaluation based on behavior. Overall, it looks that at the present day, the performance management system implemented at the university meets its objectives by contributing to the performance of the directors and of the organization.

# 7 Conclusion

## 7.1 Introduction to the Chapter

The objective of this thesis was to shed light on the effects that a performance management system implemented in a public sector organization has on employee behavior. In order to do that, the authors conducted a case study research which analyzed the PMS implemented at Federico II, University of Naples, and the behavioral effects that the administrative directors perceived, in terms of motivation, cooperation, coordination, strategic focus, role understanding, perception of subjectivity and trust, judgement biases, conflict and tensions, as well as dysfunctional behavior. In order to obtain the empirical data necessary to answer the research question, the authors performed seven qualitative interviews with the directors for whom the system was designed.

In order to gain a theoretical understanding of the phenomenon studied, aimed at helping in interpreting the empirical data, the authors conducted an extensive literature review. This offered a rich understanding of the context in which performance management was applied to public sector organizations, and the implications observed by other researchers that this phenomenon had. Moreover, a review of behavioral consequences observed by other researchers was conducted, based on which the authors defined a conceptual framework that guided their approach to answering the research question.

With reference to the context in which the PMS was implemented in Italy and at Federico II, the authors would like to underline that the state of art of public sector managerialism, as seen today, has considerably changed since NPM first started to become a trend among these institutions. While the literature notes extensive critiques addressed to New Public Management and the values it proposes, the findings of this paper suggest that today, public institutions have completely adopted this managerialist reform, proactively used for increasing output performance and encourage an efficient use of available resources. While the authors do not mean to generalize these findings, they have strong reasons to believe that performance management, as the core change brought by NPM, has gained a privileged spot among the valuable tools that manage public sector institutions. The directors interviewed for this research displayed an overall positive attitude towards the idea of management control, acknowledging the benefits it brings. Further, the authors will summarize their results and reply to the questions formulated in the introduction.

## 7.2 The PMS design at Federico II University

Regarding the PMS implemented for managing performance in the central administration of the university, the authors found that it has been subject to several improvements since it was first implemented, with reductions in the amount of paperwork – that used to impose considerable costs of terms of time and effort on all the employees – and the recent experimental and innovative addition of new measurements, that take into account the level of satisfaction of the users.

The method applied for defining the yearly operational objectives, measurements and targets brings coherence to the entire system, as it involves the participation of the directors, together with the general director, in translating the strategic objectives proposed at the level of the whole central administration. The process implies that the directors use their specific knowledge of task and resources in translating the organizational objectives into specific operational ones, customized for their particular division. Through this process, a clear link between objectives and strategy is maintained, which is beneficial for the organizational performance, influencing directors' (and other employees') behavior in a positive manner. The greater the clarity of the Integrated Plan, containing the objectives, measurements and targets, the easier it is for employees to follow it and execute their daily tasks accordingly.

Next, the implementation of the system has considerably shaped the organizational culture, at least at the level of the central administration. Firstly, compared to the period immediately after the Brunetta reform, at the time when the performance management system was formalized, the directors display at the present day a greater acceptance of the system and a stronger belief in its beneficial effects. Moreover, in order to ensure the efficiency of the system, the university has brought in professionals with more diverse academic backgrounds, at least in the roles regarding the management of performance, thus moving away from the juridical culture.

In regard to the elements of the system, it can be deducted from the study that its management-by-objectives principle seems to have quite a positive perception by the directors. The PMS is developed through setting operational objectives derived from the strategy communicated by the rector. For each objective, individual measurements and targets are assigned. These are both subjective and objective, as the performance evaluation for each employee is based on an assessment of behavior and performance in reaching the objectives. Through these types of measurements, the risk of distortion is reduced, and employee coordination amplified, as the evaluation system covers both the goals to be achieved and the behavior in doing so. Overall, the system seems designed to reduce distortion, but prone to risk, discrete measurement costs and even manipulation. These issues will be approached in the following section, based on the behavioral responses of the employees.

## 7.3 Effects of PMS on Directors' Behavior

The findings show that the PMS has affected behavior on all the aspects identified by the researchers in the literature review, and more. Moreover, a generally positive perception of the system has been identified, which leads the researchers to believe that the NPM wave has been, in the end, a beneficial change for public sector institutions.

To start, the simple existence of the system has a motivating effect on employees, who find the idea of having annual objectives stimulating. Moreover, all proof indicates the strong presence of intrinsic motivation for all the directors interviewed, and that incentives do not play a determining for their motivation. Next, cooperation and coordination, which are strongly related, are both augmented by the PMS due to the participative process of defining objectives and further assigning them to the employees at lower level. However, the level of coordination and cooperation does not depend exclusively on the system's informative role, but also on individuals' capabilities of communicating performance information down to the other levels in the organization. Strategic focus is also enhanced by the procedure of setting objectives, as it helps at increasing directors' understanding of strategy and activities that contribute to it. The same effect is unfolded over job clarity, which is a contributing factor to role understanding.

Looking further to perception of subjectivity, justice and trust, the findings from the interviews conclude that the directors are satisfied with the evaluation made by the general director, based on a subjective assessment of their behavior. Next, judgement biases could be generated by the subjective measures, as this evaluation depends on the cognitive effort exercised by the evaluator (general director) in assessing directors' performance. Instances of judgement bias were noted, where the director would flatten the results in order to avoid conflicts with employees. However, the phenomenon has not been identified among the current directors, but rather among the lower levels in the organizations.

Connected to the previous two effects are conflicts and tensions, which do not necessarily arise from the design elements of the PMS, but rather from the processes involved in designing, implementing and managing one. Some cases where tensions could arise are the evaluation of behavior and monitoring and reporting, which require extensive paperwork and take time. From this perspective, the system has been constantly improved, making paperwork and connected activities less of a burden on the directors. As a result, no cases of conflicts and tensions have been noted by the directors.

Finally, dysfunctional behavior, a hot topic in the public sector literature of the last century, has not been identified as an effect of the PMS. While occasions for manipulation exist during the design process of the PMS, offering the directors the chance to set easy-to-achieve targets and objectives, none of the directors mentioned this issue. However, this is not necessarily a sign that no dysfunctional behaviors have been displayed by the directors. Rather, this issue deserves more research to reflect the current state of the situation, considering the extensive research and proof on the existence of dysfunctional behaviors among public sector employees.

## 7.4 Alternative Approaches and Suggestions for Further Research

When looking at the research method used, topic delimitation and specific research question, it comes naturally to become curious what could have been found on the same topic by using a different research method, enlarging the target group or looking at the topic in a different perspective. The alternative approaches that will be described here will be gladly advised by the authors as hints for further research.

Over the writing process, the authors have reflected upon how the use of a different research design to address the same study could have added additional insights (or even changed the conclusions drawn from the present study), especially on the "delicate" dysfunctional behaviors, which individuals are usually not open about. Another perspective that was thought as attractive was to extend the target group, to include the lower levels of the hierarchy (heads of offices and units of personnel) but also the general director. This could have shown if and how the considerations made here change when looking at an even more diversified group of the university's staff. Conducting a study by changing the target group to look at behavioral effects of the PMS on academia would have also been fascinating, in order to get an understanding of how the situation is today with respect to when the NPM was starting with its reforms. Although the list could go on, a final suggestion for now would be a comparative study, looking at the behavioral consequences on administrative directors of other Italian universities, but also open it up to international ones.

## 7.5 Limitations

As many other research works, the study conducted in this master thesis is subject to limitations. First of all, it is limited by the number of interviews that the authors managed to obtain with the directors (7 out of 12), because of the other directors' unavailability in joining the research. Next, not all of the university documents for the current year were available at the time the research was conducted (e.g. Strategic Plan 2019-2021) and not all the follow up emails sent out after the interviews were answered. As concerns the existing literature, research in the field of behavioral effects of performance management system is still relatively scarce, especially when it comes to the public sector and even more to universities; for this reason, some of the theories and concepts applied in the study were borrowed from studies on performance measurement (instead of performance management) or on the use of these systems in private corporations.

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# 9 Appendices

## 9.1 Transcript Interview 1 – Dr. Camerlingo (Director of Organization and Development) and Eng. Flavio Ciccarelli (Head of Performance and Anti-Corruption Bureau)

*Paola Pagan*: Perfect. We would like to start with some questions for the Eng. Ciccarelli. Is that ok? Then we will pass on to Dr. Camerlingo. First of all, if you could tell us about your role at Federico II, which responsibilities you are entrusted with and how long you have been working in these kinds of activities.

*Flavio Ciccarelli*: Good morning. My relationship with Federico II dates back to 2002 as a student, so I am also a product of the university, both as a graduate and a PhD student. The actual relationship with the Central Administration starts in 2014, as I am assigned to the office of Secretary of the General Director, until the 5th of November 2018, that is a sort of "bridge date", as there has been, as you will have seen on the website, the realization of many offices of the General Administration. The system has been reviewed, after a study conducted by professors in the university for the improvement of many services and processes and some new Divisions have been established that often, both in literature and in other universities, are also defined as Directorates, led by a Director. Three of them have been established, revisiting the competences of other offices and establishing new ones. In particular, Dr. Camerlingo has been put in charge of the Division of Organization and Development that deals with the disposition of Performance data, together with Transparency data and related issues. My **role** here is that of Head of the office that supports the drafting these plans, that on the hand supports the General Director, in assigning the objectives connected to the organizational performance, of the directors and of the individual administrator of the offices of the Central Administration, as well as of the offices of the Decentralized Centers, supporting the Director of Prevention, Anti-Corruption and Transparency, so Dr. Camerlingo. We support all the activities that are related to the accomplishment of these objectives, both in terms of performance and in terms of prevention of corruption. This role started on the 5th of November 2018. Dr. Camerlingo, as Director of the Division is also responsible for the prevention of corruption, according to Law 190 in Italy. Currently we also have the duty to update and revisit the current system of Measurement and Evaluation of Performances, starting from 2020. It has been updated this year, also based on the new system of the university because there will also be a new investigation of customer satisfaction that will be applied to all the Directors in the various Divisions of the Central Administration. The evaluation of the personnel, both Directors…starting from the General Director…(*pause*) so the evaluation of the Director for the accomplishment of the strategic objectives imposed from above, so from the Rector and the Board of Directors .The strategic objectives of the Rector are translated into operational objectives for the Directors of the Divisions. The Directors can then assign these to their administrators of the offices.

*Paola Pagan*: Okay. Is it okay for you if we continue this talk in a while, and I am going to ask you now other two questions before?

*Flavio Ciccarelli*: Okay.

*Paola Pagan*: I wanted to know if you and Dr. Camerlingo also teach at Federico II. Are you also professors or are you only part of the Central Administration?

*Flavio Ciccarelli*: So…in my case yes, but I have a Modul in the Mechanical Engineering field.

*Paola Pagan*: Okay, it is not relevant in what. I just want to know if you are both professors and administrators.

*Flavio Ciccarelli:* In my personal case yes…but…

*Carla Camerlingo*: It is a coincidence. As an expert in the subject, with a PhD in the field.

*Paola Pagan*: Yes, also as an affiliate researcher.

*Flavio Ciccarelli:* The teaching activities do not concern…

*Paola Pagan*: Yes, I understand. It was out of our curiosity. As concerns the aims of the Performance Measurement…why is Performance measured at Federico II?

*Flavio Ciccarelli:* Mmh…the aims…We are subject to law requirements for the evaluation of the personnel, but basically, it is linked to the disbursement of productivity rewards, speaking in a broad sense, as you define them in companies. Meaning, some financial incentives for the employees, connected to improving certain services or processes. The improvement expected in this case concerns, on the one hand, specific services that must be in line with strategic objectives imposed from above, and on the other also linked to improving the behavior of the individual employee, because, in terms of behavior, there is an evolution of the individual employee, carried out by his senior.

*Paola Pagan*: So, it plays the function of influencing the behavior of the employees.

*Flavio Ciccarelli:* Both of the individual behavior and of the organization as a whole.

*Paola Pagan*: More on a general level?

*Carla Camerlingo*: Together with the accomplishment of the mission, through an improvement of the services of the university. The system as a whole delivers through the Performance Cycle, so the assignment of objectives, monitoring and final evaluation, is of course at the service of the strategic objectives addressed by the top management, listed in the Strategic Plan of the university, that must be published each year but is referred to a longer period, it is triennial…so coherently with those strategic objectives and the university's mission, the operational objectives are then assigned, monitored and finally evaluated. It is also a matter of services rendered to the users, in primis the students.

*Paola Pagan*: Great. Perfect. Getting back to the ANVUR Guidelines…as I read some of the plans you published in the past years and the one you just published for the 2019-2021…on which criteria are the incentives are assigned to the Directors? I saw there is a certain percentage of the accomplishment of the objective, then it also concerns the behavior. If you could please elaborate a little more on that. The one who knows better about this can just reply.

*Carla Camerlingo*: (*moves to position herself better in front of the camera*). If we look at the system in force until 2018, for all the Directors of the 9 Divisions existing back then, 50% of evaluation of the evaluation of behavior and 50% of the accomplishment of the specific operational objectives that, as previously mentioned by Flavio, are attributed to the Directors in a waterfall way, so the Rector assigns the strategic objectives, through the Strategic Plan of the university, to the General Director. These could be annual objectives but are more often pluriannual objectives. Strategic objectives are then attributed in terms of operational objectives to the Directors of the single Divisions. Also, in this case, objectives can be annual or pluriannual. Every year, when the activities have been carried out, there is an evaluation that takes into account 50% of the accomplishment of these specific objectives, with respect to the target fixed for that year. The remaining 50%, until last year, was assigned to the outcome of the evaluation of behavior, based on indicators fixed on a form that includes a self-evaluation of the Director with a comment, and then an evaluation by the General Director. Starting from this year, with the PMS 2019 still experimental, only for the evaluation of the newly established Divisions, so mine (dealing with Organization & Development, Performance, Anti-Corruption and Transparency), the other dealing with Research and lastly the one with Teaching, to the 50% of the accomplishment of the objectives it has been added a 45% on behavior and 5% taking into account this *customer satisfaction* as the Eng. Was saying, still as an experiment this year, both for the fact that it only concerns these three Directors, but also for the operating modes. There will be a comparison on the customer satisfaction between the situation before November 2018 and after, the same type of questions will be asked to the same interviewees, in order to verify whether the establishment of these new repartitions will have effectively brought a significant improvement in those three field that were considered as lacking. That is what led the Rector and the General Director to start the reorganization. It is necessary to figure out now if that is the right choice. Starting from 2020, our aim is to extend the evaluation of customer satisfaction to all the 12 Directors of the university. We do not only do it for improving the services to the users, but also because we believe in it, and because also a new regulation requires it. Law requires that evaluation must take into account customer satisfaction of the users.

*Paola Pagan*: Okay, so there is also a new law requiring this?

*Carla Camerlingo*: If you wish, we could send you all the documentation related to the Reform. We, as a university, enjoy a certain independence in implementing these provisions, that we cannot of course ignore, nor we want to, as, I was saying before, customer satisfaction is one of our main goals. So, making things in a legitimate way, but also satisfy the expectations of the users, the students in primis.

*Paola Pagan*: Perfect, thank you. Getting back to objective and target setting, you said you support the General Director in identifying the operational objectives and also the targets.

*Carla Camerlingo* & *Flavio Ciccarelli*: Yes. And the indicators.

*Paola Pagan*: How does this happen? What criteria are these set on? Is there a contextual analysis?

*Flavio Ciccarelli*: I start. Targets are first of all established immediately, certainly based on the experience, both of the [General] Director and the Directors, then, in terms of temporal sustainability, if maybe we are talking about real estate, you make a triennial planning. Lastly, what we plan on doing in the coming years, is the sustainability linked to the budget.

*Carla Camerlingo*: Yes. I would only like to add a few things to those Flavio has correctly listed. How does the other Directors participate? In many cases according to their experience, in many cases decennial. But we interview them as well. The [General] Director, based on the strategic guidelines provided by the Rector, displays which are the medium/long-term objectives that the university plans on pursuing and achieve. At that point, taking into account those strategic objectives, interview the Directors individually, 3-4 months before the date of approval of the Integrated Plan by the Board of Directors. We take part in these interviews with our own ideas that are based both on the strategic objectives but also on the plurennial planning of the objectives in the previous Integrated Plan, so of course the objectives are scrolling in many cases. During the interview, that is particularly articulated, as it sees a significant contribution of the Directors because of course they are the ones that are experts in the field, and above all know the human resources they have available and the workload, so they are able to evaluate the critical issues. And then as the Eng. Was saying, there is the case of financial sustainability and the linkage to the budgets. That until now has been taken into account to set targets only for some of the objectives, e.g. The one related to the securing of the buildings of the university. That requires the allocation of considerable resources, and, for this reason, the target is quite restricted. Generally, you do only few buildings per year, in order to restore safety in that building, from the seismic point of view…independently of the ANVUR Guidelines, when fixing the target, in the past, we always took into account the financial resources that could have been allocated to the specific objective. For the future, as the ANVUR is suggesting, we are required to integrate these further and also this is object of study now. We are trying to figure out whether it enough to limit yourself to link to budget only those objectives that require additional financial resources or if the implementation of the norms of the ANVUR, to evaluate immediately the resources for specific objectives also in terms of human resources. E.g. Carla Camerlingo has an annual retribution of X euros, if she gets assigned as an objective to meet the Director of that Division monthly and dedicates to these meetings three hours, how much does it cost to the university these hours? So, our study these days is trying to figure out what setting to give to this issue, so if it is more convenient to make such a strict linkage with the budget or it is enough to say "ok, as this objective of monthly meetings does not require additional financial resources, so we do not insert any budget item". If I am asked, as responsible in the field, to intensify the Anti-corruption training classes, if I make them, the cost is zero, if some external party will be entrusted with it, to some companies, the additional budget will be X euros per year. This is exactly what we are trying to understand these days.

*Paola Pagan*: Okay, great. So, to sum up, you are a support team for the General Director in setting these objectives, targets and indicators.

*Carla Camerlingo*: Yes, let's say that on the formal level it is a support, looking at the substance it is more than support. As with all the other activities carried out in the rest of the university, i'll make you an example that is easier for me as for a long time I have managed the contracts. The award at the end of a tender procedure, is a decree of the General Director. The Contracts Division carry out the investigation. They present the outcome of the investigation to the [General] Director] and draft the text of the decree. It is clear that the Director is on the top of the administration of the whole university, so we go to him already with our own draft. Of course, starting from his consideration on the strategy of the university. But is not a mere support. We make our own proposal to the [General] Director. He talks to the Directors also on a daily, informal basis. When he reads our proposal, he comments and makes adjustments (as it also happened this year) before he can then submit this Integrated Plan to the approval of the Board of Director.

*Paola Pagan*: I see. As concerns the monitoring of the objectives, that happens twice a year, is that right?

*Carla Camerlingo*: yes.

*Paola Pagan*: Is it you as Directors who report the results accomplished or is there a sort of audit making sure you accomplished the objective?

*Carla Camerlingo*: The monitoring is always carried out by the office directed by the Eng. Ciccarelli and the Division I lead, and it is a monitoring that sees as active part the Director of each Division. So, the Director, twice a year, at the end of the monitoring, presents his results accomplished until that date, and the eventual critical issues that emerged. The aim of this monitoring is to understand if the target shall be adjusted, both the annual or plurennial. The formal monitoring carried out by us as Directors and under our [Division] coordination, is of course not the only monitoring, as the General Director has daily talks with the other Directors. He can this way monitor them on the field. This monitoring also includes the issuance of circulars. It is a formal monitoring twice a year but is continuous monitoring especially when linked to objectives correlated to crucial sectors, such as the accounting one.

*Paola Pagan*: Okay but it is always carried out by you internal members of the Central Administration, right?

*Carla Camerlingo*: yes. There are no third parties, except for the role of Evaluation Team (= Nucleo di Valutaione, n.d.r.) That can intervene over the year. It does not intervene – or just in some cases - in setting the objectives, but it can intervene in the monitoring and final evaluation. There are no external subjects.

*Paola Pagan*: And I am going right, the Evaluation Team is made of members of other universities?

*Carla Camerlingo*: Yes. Experts in this type of evaluation.

*Paola Pagan*: So, did last year ever intervene? What is the frequency of intervention?

*Carla Camerlingo*: In terms of monitoring I do not recall significant interventions. But there is always a continuous dialogue with it. It has a key role especially in the case there is conflict between evaluator and evaluated. There the Team has a reconciling role.

*Paola Pagan*: But is not the Evaluation Team that checks if the objectives have actually been carried out?

*Carla Camerlingo*: Absolutely not. They intervene much more in terms of conflicts between the objectives set out in the Plan. Maybe their interventions were not particularly incisive this year because of our big reorganization that happened in November.

*Paola Pagan*: Okay. Now a question for the Eng. Ciccarelli. These changes happened over the past ten years and this year itself has been a great year of changes. To date, are you personally satisfied with how the university has complied with the national regulations? What is missing, in your opinion?

*Flavio Ciccarelli*: I can tell you that I can perceive the satisfaction of the people who are subjects to the system. The university has made a huge effort in complying with the legal provisions. And the Directors, on the other hand, have made a huge effort themselves. What should be improved is always the perception of the bureaucratic burden. This can only be improved through continuous dialogue and the support we try to give to the Directors themselves.

*Paola Pagan*: What do you mean by bureaucratic burden?

*Flavio Ciccarelli*: Meaning that for them this is an additional task to their ordinary ones. We try to show them this is not burdening their work, but in every ordinary activity, these attempts to improve their performance, should go hand by hand with them and not in the back of their activities. This, in my opinion.

*Paola Pagan*: Yes of course, in your opinion. Now we would like to turn to some questions on the **effects** of the systems, addressed to the Dr. Camerlingo, as a Director. If you would like to add something about your role at Federico II.

*Carla Camerlingo*: I have been working at the university since 2000, so 19 years and I have been a Director for the past 10 years, but I have been dealing with a whole different set of tasks. I dealt with teaching staff and contracts, but a constant has always been since the very beginning Transparency, it is the only activity among my current ones that I have always carried out, already since 2006. First as a head of the URP then as a Director, but also is responsible for the transparency of the university. Starting from the 5th of November, I am responsible for the prevention of corruption in the university and I am the direction of this division, organization and development, dealing with anti-corruption, transparency and performance but it will also deal in the future, as it is a newly established division, with the re-engineering of many of the processes of the university, of the papers of services, of mapping the processes and another important task according to me is the one dealing with the training employees, that is highly correlated with both organization and development. With regards to the performance field, we actually inherit the activities and tasks previously carried out by the general director, aim is not only to comply with national legislations, As both the Brunetta Reform and the Maia reform require us to, as we were previously saying, but also to use the evaluation of performances as a tool to improve services that the university provides the students with and not only. This because together with teaching and research, there is also the third mission, that is a key area of the strategic activities of the university. Taking this into account, the idea is to build performance cycle that is not just a tool mandatory complying with the law but also is a tool for change, for improving the activities of our entity.

*Paola Pagan*: Are you also a professor at the university or not?

*Carla Camerlingo*: No, I absolutely do not teach. I have a degree in law, I have been a Ph.D. student, I am a specialist in Administrative law, over my life I've always worked and studied in that field. I've only been dealing with this type of occupancy since the past few months, that is closer to Management engineering rather than the field where I'm coming from, but to me if I'm being honest at my 45 years age, this constitutes an excellent opportunity for **professional growth**. Also in line with the current trend in Italy, finally getting over a set of public executives, professionals coming exclusively from juridical background, that has always being attentive only to implementing national provisions, there is this new willingness for an administration it also looks at continuous improvements, 2 simplification and major efficiency so for me it is a very good occasion and enthusiastic I have a great team. This team is going to grow in the next months in order to include expert in the fields but also we, who have a juridical background we have equipped ourselves, sort of come back to school, sitting in desks, also taking advantage of these many courses organized by a national entity for the directors and general directors of public entities in order to educate them with project management techniques and skills, and techniques to motivate the personnel, that because it has been realized that Italian administration in general with an almost exclusively juridical background. In order to become a director a few years ago the examinations required knowledge of exclusively administrative law and civil law. They lacked competences that's turned out instead to be really important such as controlling. So, in our division it is among our objectives to organize this sort of training for also the heads of offices that will enable us to integrate this knowledge.

*Paola Pagan*: And how do you personally see this transition? From juridical culture to one of managers?

*Carla Camerlingo*: This is a transition that is maybe late with respect to the expectations of the Country. I will make an example, as a director. During the first years of the implementation of the Brunetta Reform, our University, as many other public entities, has quickly set up a performance management system, extremely complicated at the beginning. It required the drafting, for each specific objective, of very long reports. My colleagues and I used to work on them even during our summer holidays, as it was unimaginable to fill out all those papers, and to Balance daily activities with all that paperwork. Already on this side, the university has made significant improvements as our general director has realized how hard it was at the beginning to use this setup and has done her best to make this paperwork thinner. I don't know if you've noticed on the website, the director is only asked to fill out, for the monitoring of the objectives, one Excel spreadsheet reporting the specific objectives and asks you to indicate percentage carried out after that moment. To indicate whether there has been a positive or negative variance. So, under this point of view it has got much easier. Of course, this performance issue regards not only our University but also all the other public entities. Giving a lot of attention to the form, wherever the reform requires so, as we have to by law, but without losing sight of the objectives we wish to pursue. Very often if I'm being honest, with the initial system the director took more time to draught these reports, rather than achieving the objectives themselves. That is absurd! This has changed also with the integration of these competencies I was talking about earlier. It has been realized that the juridical setting makes us somehow more comfortable dealing with compliance of the rules,but does not guarantee achievement of the objectives.

*Paola Pagan*: It quite demotivates the employees, right?

Carla Camerlingo: Yes. I must say I am perceiving an improvement on this side. We still have a lot of work to do, all of us. We all Aim at that. Simplify as most as we can this compliance process but also not losing sight of the results. Often the monitoring is easy, is quick, but the paperwork takes too much time. I have communicated my satisfaction towards the steps that we have taken, together with Rr. Lorella Cannavacciuolo, that you have had the pleasure to meet.

*Paola Pagan:* A great person.

Carla Camerlingo: Extremely kind. Well, I was talking to her a few years ago, that you can perceive the difference as there has been a significant simplification. We are not going to stop, we must keep going this way. Also, the choice of putting as the head of office of performance an engineer [Eng. Ciccarelli] and not a jurist is a sign that there was this need also felt by the general director and the other directors. There a setting more oriented towards the results rather than to the... There always must be respect of the rules of course, that's the starting point and the arrival point, but you should not be distracted by this passive of observance of the rules. As a director I am very satisfied also of my team, that of course will have to be enlarged.

*Paola Pagan:* We don't want to keep you longer, so we're going to end with last questions.

Aside from the bureaucratic Burden, how do you, as a director, personally perceive this performance management system, with respect to your daily tasks? I will explain myself better. Do you manage to carry out your tasks better now, in a more well-organized way, or do you perceive it as a burden, as a constraint?

*Carla Camerlingo:* So, in this regard, we still need to work on reflect upon constructing the objectives as a tool to improve daily activities. At the moment specific objectives are only determined from the strategic objectives and, in the interviews had at the beginning of December there has been a sort of path in that direction, but we still need to work on this. The correlation between objectives and daily tasks is still missing, or better, it is only Barely There. The objectives are only an extra activity, so they are not a tool of improvement of one's tasks, but of the improvement of the service offered by the organization.

They are added. In my case is a director that have been progress in the field of anti-corruption and transparency. We have managed with respect to the previous years to create a greater correlation between objectives included in the anti-corruption plan of the university, that indicates some strategies and 15 to 16 actions to accomplish those strategies and that's the release done that side there has been a major correlation. What we want to work on in the next years is a major integration of the performance plan of the university and the other plans. But also, to work on how to improve the processes of each division. A few of my colleagues, have proposed to have as objective that revisiting of some of the processes. Something has already happened this year, in terms of simplifying the activities. But in this respect, we still have stuff to do.

*Paola Pagan:* So, to recap… this whole system that has been implemented is not used by you in your daily activities but only as part of a bigger system to which...?

*Carla Camerlingo*: Of course, The set-up started from the strategic objectives. During the interviews each of us has made proposals about the improvement of services. These proposals are aimed at introducing tools to improve daily tasks. But as a director, if I'd say that the objectives assigned for 2019 will be translated into an improvement of my daily activity, I cannot say that. In some ways yes but it's not for everything, absolutely. During some of our reunions, we would like more effort from everyone in terms of initial proposals of the objectives. So, starting from the strategic goals of the university, when there are the interviews to the directors, to identify objectives that do not translate over the course of the year into a burden for the director, but that actually allow him her to improve his daily tasks. Their activities. As I was saying before, to us is very important to integrate our skills and capabilities about project management but also the better managing of the human resources. Especially for the heads of office. The director has the daily coordination role, but he got that through the human resources. So, the first problem has been handling human resources. To be able to improve this approach by the head of officers and directors convert present the very important tool. Aside from the specific knowledge that the director has in his own field, training into project management and human resources can I help him her to use another approach in his work, both as concerns daily tasks but also for handling the human resources. But I think this sort of help could come more out of the training rather than from the performance cycle itself. First training then performance. 45% for us and 50% for others incentive is related to behavior, in terms of how will you motivate your collaborators, if you use project management techniques. So of course, if you do not learn this technique it is very hard for you to try to use them. You first need to know them and then you can be evaluated on how well you use them.

We have got into this mechanism first as executives then as directors and now...We got these roles by being challenged on our knowledge of the law... It is clear that if I am to be evaluated on how well I use these techniques and must know them first of all.

*Paola Pagan:* I see what you mean. In terms of motivation... You said you've been with the university since 2000, how do you think this change has influenced your motivation as an employee of the central administration?

*Carla Camerlingo*: Surely in terms of motivation, the set up through objectives and results is motivating every day, at to look at the final outcome without focusing exclusively on the single activities. It is fundamental in terms of motivation. But on motivation, there is also the influence of the resources you have available. I must say the university is investing in this regard. With respect to the past, there is also been a legislative change supporting this. As concerns the training of the employees there were restrictions by law. We have not had good opportunities of this integration of skills and capability I was talking about. We did not have the time on the one hand, but they were not even opportunities to educate the university in this sense. In terms of motivation, speaking for myself, the system has had a positive impact but also the new tools. There are more resources. Also, the Same division, our division that has been created by the university this year, dealing with perform, anti-corruption or another processes, is symptom of the new sensibility with regards to these themes.

*Paola Pagan*: [to Alexandra] Do we have any other questions? No? Ok then. Great! We do not have any other questions for you. We are very satisfied with the hour that you have granted us. Thank you very much for everything. We will keep in touch. Have a good day

*Flavio Ciccarelli/Carla Camerlingo*: Same to you! Good luck with everything! We will be available for any other clarification.

## 9.2 Transcript Interview 2 – Dr. Giuseppe Festinese (Director of General Affairs Division)

*Paola Pagan:* I was wondering if it were possible to conduct the interview in English. If it is not it is no problem for us. I can just conduct it in Italian and then translated myself.

*Giuseppe Festinese:* I would rather have it in Italian.

*Paola Pagan:* I understand. No problem. First of all, if you could tell me something about your role at Federico II, which are your responsibilities, how long you have been entrusted with that role.

*Giuseppe Festinese:* So, I am director of the General Affairs Division. I have been director of this Division since the 5th of November 2018, as on that day, there has been the reorganization of the central administration of the university. Before I was director of the same division, that had a major field of action as it also included tasks and activities related to teaching and research activities.

*Paola Pagan:* So, for how long have you been director of this previous division?

*Giuseppe Festinese:* Since the 1st December 2017.

*Paola Pagan:* And how long have you been working with the university?

*Giuseppe Festinese:* In absolute terms, since 1986. But I've had a very articulated professional part. Starting from 1987 I've been employee of the Federico II. Then I quit to join Regione Campania for a certain period of time, then at CNR, then I have become director at the University of Milan Bicocca, and finally it has come back to Federico II is a director in 2017.

*Paola Pagan:* Perfect. What does your division do now (starting from 2018)? What does general affairs mean?

*Giuseppe Festinese:* General affairs is made up of four offices. The expression general affairs refer to the fact that it deals with anything that has a sort of interest: 1 office is called general affairs, another office deals with statutes and regulations of the university, another office that deals with great projects and the strategic plan of the university, and the final offers that deals with student collaborations and electoral procedures. As the same expression says, general affairs deal with anything that could be of a general interest for the University. In particular I deal with… [phone rings, he answers]

*Giuseppe Festinese:* I was saying, general affairs deals with everything that has relationships with research institutions, other universities, Consortium, companies, it is a truly heterogeneous activity. It also deals with relationships with professors, who could be lent to universities according to law number 290 for didactical purposes, so there is a large range of activities that are carried out under the name of general affairs. As concerns regulations and statutes, I deal with the normative part, we are the offers that gathers the rules that govern the structures and we codify them into regulations, and then you submit the regulations to the academic senate, the CDA, the governmental organs, and after that we emanate the decree.

*Paola Pagan:* Okay, so it is your division that dropped the strategic plan?

*Giuseppe Festinese:* Yes. Officially this is the first year that we deal with that, since the establishment of the new division, it has been decided that we have this new competence. Before, the strategic plan was decided by the vertices of the university and required the approval of the governmental organs.

*Paola Pagan:* You're not also professor at the university, or are you?

*Giuseppe Festinese:* No, only an administrator.

*Paola Pagan:* Talking about this performance measurement system, what do you personally think about it in terms of coordination of your daily activities? How do you perceive it? Do you see it as a sort of help or as a constraint? Would you like more autonomy instead in your activities?

*Giuseppe Festinese:* [gets interrupted again by the phone]

*Paola Pagan:* Busy day?

*Giuseppe Festinese:* Almost all the time. General affairs for this reason.

*Paola Pagan:* [laughs]

*Giuseppe Festinese:* Here I believe that a preliminary reasoning is required. I firmly believe in evaluation. I believe a lot into planning, and in the fact that every public service must be monitored constantly in order to be improved. And the measurement tools linked to a public service must be for sure the quality of the service, timing, exhaustivity, level of satisfaction of the user, whether he a student, a professor or administrative employee. This is my premise to which I've always dedicated my work, and to which I've always been inspired. But what happens is, for a series of needs required by the law typical of the Italian University, this whole series of great ideas, of great activities, everything that we learnt from literature, is in conflict, has to face law requirements. These requirements have a great impact both in the drafting phase and the proposal phase of University's strategies. When we are required to respect deadlines, requirements ordered by law, provisions thought not only for the university but for the whole public administration, it is clear that we have difficulty in respecting the type of need that is born for other type of administrations. This because the university, I'm on the other public administrations, is it a type of boundary administration. I mean, it is inside the university that innovation breeds, that is not only cultural innovation, scientific, technological, but it's also organizational. The first experiments, manifestations, we are the ones who have to provide them, we are always on the boundary, and That means that we must have A great flexibility, rapidity of decision-making that we cannot always have. It looks like in many cases the requirements we are subject to, speak a completely new language with respect to the one of public administration. How does this translate in terms of the [performance] plan? This is translated in the fact that many of the objectives we have to accomplish, respect of anti-corruption, transparency this part becomes inevitably predominant, because we have to ensure this type of monitoring activity, that is not an objective aimed at improving the service, but rather and monitoring, showing the respect of The Entity towards the norm. I don't know if I'm being clear?

*Paola Pagan:* Yes, I understand. On the one hand the intention is good, but looking at the practical side, there is a lot of papers to fill, a lot of deadlines to respect, they are not, being the law for all the other public entities as well, formed according to the needs of Higher Education institutions.

*Giuseppe Festinese:* Exactly.

*Paola Pagan:* Ok. As concerns your personal objectives and targets, in setting them, as Dr. Camerlingo has told me, all the directors participate, [Festinese nods] what do you think about them in terms of attainability, Realizability, are they clear? I know that you participate in setting them but there is also the contribution of dr. Camerlingo, of the general director, and the rector?

*Giuseppe Festinese:* The preventive condivision helps a lot both in terms of individuation of the objectives itself and in the individuation of the target. Except for the "mandatory objectives", that must comply with the norm...those type of objectives is necessary because we still must have favour the internalization of those processes in the administrative machine, until it becomes a natural procedure, it is still an objective that must be pursued. The other objectives, the ones that are more challenging, more performing, derive from the knowledge of the director of his/ her division, and from the critical issues that he points out and knows are characteristic of his/ her division, so critical issues that come from self-evaluation. Other than those, there are also some needs linked to the strategy of the university in a more general line, Dr. Camerlingo, General director, when you meet you try to find those specific operational objectives that help to satisfy three conditions: the condition of the director who wants to improve his division, the need of the general director to approach it in a more bigger picture of strategy, of rationalization of The Activity, and the one of the Dr. Camerlingo, that has to write the performance plan. So, the way they are set happens through the waterfall mechanism.

*Paola Pagan:* and can you make me an example of those, as you define them, mandatory objectives you were talking about before? And also, the other objectives?

*Giuseppe Festinese:* Yes, I'm going to take now my dossier. For example, a type of objective is mandatory, in some way, is this one: implementation and monitoring of transparency measures required from the anti-corruption and transparency plan to increased transparency of the university. Or implementation and monitoring of anti-corruption measures to contrast eventual corruptive actions in the university. These are objectives, that in weight 25% and 10% of my activity, these do have targets and indicators. Example the indicator on the contrast of corruption phenomena is given by the number of reports transmitted to the agency, from which it results my contribution and the one of my division, to the measures to prevent corruption. The number of hours of training and all the communications to be brought to the agency. The same type of indicator, in terms of transparency also applies to transparency. These types of objectives apply to all of the divisions of this university. Also, when I was at University of Milan, I had similar objectives.

*Paola Pagan:* It is a norm, is it not?

*Giuseppe Festinese:* Yes, there is. But I will tell you what I think: if it is a norm, it cannot be an objective. If it is a Norm it must be followed, the issue is that as these norms have deadlines, that are not always aligned with the ones of the university. The norm must be respected, so it Does not make sense to have that as an objective. It becomes an objective when there are difficulties in application. We Must carry out monitoring. Then of course there are other objectives, much more performing, nicer, more intriguing, fun. And from there I give objectives to my offices.

*Paola Pagan:* Ok. What can you tell me in terms of motivation? I know that you have had this period of standby from the University, but you have still been subject to the performance system in another University before 2017 am I correct?

*Giuseppe Festinese:* yes

*Paola Pagan:* How do you describe the effect of this system on your motivation?

*Giuseppe Festinese:* The effect of performance on my motivation?

*Paola Pagan:* Of this system of measurement, financial incentives on your level of motivation?

*Giuseppe Festinese:* It is not determinant. Motivation is independent of performance, independent of…. You must like this job in order to do it. If you like it you carry it out properly, if you don't do it at all. The point is that as I was saying before, these tools help you understanding how to improve Performance, the way in which you relate to each other in order to accomplish the objectives, but not to increase the motivation towards the job you do. You either believe in it or not.

*Paola Pagan:* Great. I'm satisfied. Thank you have a good day.

*Giuseppe Festinese:* Thank you you too. Bye!

## 9.3 Transcript Interview 3 – Maurizio Pinto (Director of Protection and Prevention Division)

*Paola Pagan:* Here we are. I would like to start with asking you which your role at the university is, what do you do as a director of The Division of Protection and Prevention, which are your responsibilities and how long you have been doing this.

*Maurizio Pinto*: So, as Director of this Division, I support 77 Employers, that have been chosen by a specific regulation of the university that deals with Security, that include directors of the departments, the general director, and each of these employers has certain obligations towards their employers in terms of protection that are carried out by the Department of Prevention and Protection of which I am the director. So, we're talking about the Supply chain of security, risks are evaluated, the report is drafted, in which there are measures that the single structures must adopt in order to reduce or eliminate these risks. Then there is a whole additional support activity for other activities that deal with security, for example setting up emergency teams for the security of the buildings, predisposition of the program in terms of security for the workers, obtaining licenses for the buildings preventing fires. Then I have a few more tasks, extremely varied as for example I'm sitting in tenders for the new buildings of the university, I am part of several commissions.

*Paola Pagan:* And how long have you been director of this division?

*Maurizio Pinto*: Since 2013.

*Paola Pagan:* And before that did you already have a role in the administration or?

*Maurizio Pinto*: Before that I was head of office so always in the real estate department. Still pretty high in ranks, I was guiding a team for civil engineering and architecture.

*Paola Pagan:* So how long have you been working for this university?

*Maurizio Pinto*: Since 2001.

*Paola Pagan:* Are you also teacher or you only have administrative tasks?

*Maurizio Pinto*: I'm only part of the administration.

*Paola Pagan:* Great. Talking about this PMS, how do you perceive it? In terms of coordinating your tasks, does it help you in everyday life, do you feel comfortable or would you rather have more autonomy?

*Maurizio Pinto*: As concerns the evaluation system, the whole process of setting annual objectives, for me is a very pleasant and stimulant moment, As I've always managed to Negotiate with the direction the objectives that I cared about, did I deemed important for improving the services for the users, so I've always been able to do things that I deemed important for the university in general, but also to simplified the tasks of The Division in particular. Under this aspect the experience is very positive. I would say though that what I feel like missing in this moment is having a perception of the benefits that the accomplishment of the objectives leads in the University community. I reached the target but maybe there's not the time or it has not been planned yet, a way to make sure that motivation to carry out this part of the job well is also increased by recognizing the benefits that the community has enjoyed and has been enjoying. The part is now missing.

*Paola Pagan:* You mean?

*Maurizio Pinto*: There should be a moment of analysis after I've reached the target, because of course my objectives produce benefits in a waterfall manner that the community can enjoy. Of course, I don't carry out your objective for me only and for the people I work with. Having this type of information requires further examination and investigation Among all the individuals who benefit from this result of the objective. The type of data collection is non-existent. There is some general investigation, investigations for example the one for well-being in the university, that is indicated by a general benchmark, for example for the perception of safety and healthy with passed from an average of 5.5 to an evaluation of 2017 of 6.4. I measured this as an effect also marginally brought by the objectives are accomplished. But this is the only benchmark I have.

*Paola Pagan:* So you mean that your objectives are *se stanti*? There is no monitoring of the effect that they produce on the people?

*Maurizio Pinto*: The monitoring of the achievement of the objectives over time there is, but the objective produces overtime other effects that are not investigated enough according to me, also because... Trivially, the achievement of the objectives is linked to a financial compensation, but we know that in life there is not only financial recognition, or at least that shouldn't be the only thing that moves people. A major push in order to improve this could come from having a clear perception of the contributors that your job has given in improving that aspect of the university.

Ok. Perfect. But the perception is positive?

*Maurizio Pinto*: Yes.

*Paola Pagan:* And you, as the Dr. Camerlingo told me, participate in setting the objectives that targets the measurements... But then there's also the contribution of the general director and of Dr. Camerlingo. What do you think about these objectives are they clear, or are you involved that the point that they are crystal clear? Realizable?

*Maurizio Pinto*: They are clear because a good part of them has been proposed by me. As regards me. In my vision of managing this division I have realized that in order to offer a service it granted a level of satisfaction to the users, I had to equip myself with certain tools, so in that moment I proposed as my own objectives the realization of those tools such that I could improve the service offered. For example, one of my objectives has been projecting and developing an application aimed at simplifying all the communicative line in terms of security among departments, structures that deal with medical visit, training. Will find this all activity, as it is now in the phase of testing, we are testing it on a department. I think this could help us a lot, so I just proposed it. And I'm very satisfied of the objectives that have been given to me.

*Paola Pagan:* Great. I wanted to go back to something you said, but it would be better to go back to that later. As concerns the effect on your motivation level, of the system of incentives that is also financial, there is also a compensation on whether you have or haven't reached the objective, how would you describe that's effects? With respect to 10 years ago, you already were director...?

*Maurizio Pinto*: I already had your objectives as my director, cascaded them to me and the other head offices so I participated anyway to the accomplishment of the objective. There were on objectives.

*Paola Pagan:* Is the financial compensation only of the director or also the heads of officers?

*Maurizio Pinto*: No also of the heads of officers. But the head of offices… it's a different structure but there is always a link between the objectives given to the reactor and then the objectives that the director asks to the heads of offices.

*Paola Pagan:* So, in terms of motivation with respect to 10 years ago when this whole system wasn't there but can you tell me, do you think something has changed do you see your motivation augmented or not change at all?

*Maurizio Pinto*: Personally, it did not change. As I was saying before, I always thought that the objective setting... That piece of work, with respect to daily routine work, allowed me to manage the process of improvement. If you get carried away by the daily tasks of The Division, you would get into a very flat routine, sometimes you need to have that determination to subtract some of the hours of the daily routines to plan and realize the improvement. This for me is very gratifying. I mean, the financial incentive is nice, but must not be the determining Factor. I used to achieve my objectives are even before the system existed with passion.

*Paola Pagan:* in your daily life, does the system help you? I will explain myself. Doctor is coming lingo or another director I interviewed, made me notice that these are things that add onto your daily tasks some, or are these objectives your main concern?

*Maurizio Pinto*: This is maybe the critical issue to be overcome. How you apply the system of evaluation of performance. If you read the law 150, etc., and everything that derived from it, it looks something very logical to me and very well structured. Problems may arise when this Performance cycle (objective-monitoring-reward) is not interpreted and implemented as a mechanism that must take on needs from the collectivity and translate them into a result. If the objective is not looked at in this way, and I start looking for and objectives that is not risky, as in they are not great risk of not achieving it, meaning it is more “compilativo”, rather than able to change the way of working more practically, it can happen easily that the objectives that I reach yes it's a small piece that can help improving service of the university, but according to me is not translated in getting to the place where the service is offered, understand what has to be improved them, and look for a set of actions such that after applying the cycle these services are offered in a better way, with major satisfaction of the user. So, if the objectives are more “compilativi”, it is not focused on the results you want to give, then I understand it could appear as something on top of what you're doing daily. I repeat, the way I structured my objectives, I imposed myself objectives that Help to give a better service to my clients.

If the objective is looked at in this way, maybe there is a higher chance you will not achieve it,If the objective includes changing behaviors, reorganization developing and implementing a software, it's something that becomes so large that it includes individuals who are not only part of my division. For example, in order to create this software, I had to interact with of course individuals from the IT of the university. We had to make a tender to choose who would have developed it. I had to handle the tender quickly and get the result. Otherwise I would have not achieved the objective. Speaking for myself, every time I work by objectives, I'm doing something that I know it will help the community and will help me to work in a more organized manner and more efficient.

*Paola Pagan:* So, summarizing the pros and cons of this system. Which are they?

*Maurizio Pinto*: Pros:  for sure that it is a clear set up, linear and easy to apply. Cons: using the fact that you need to have the capacity to interpret them not as a mere requirement of the law, saying to yourself I MUST to set the objectives because a law says so, and because I must to produce something that shows that I have done something at the time of the evaluation.  No.  The cycle should find a projectable capability in the person who applies it, a vision of improvement, where are we? What is missing? What should be done to get there? And from that vision create set of actions that will be useful to fill the gap.

*Paola Pagan:* We are all set we are aligned with the questions we got ready. Thank you very much have a nice day.

*Maurizio Pinto*: You too.

## 9.4 Transcript Interview 4 – Dr. Maurizio Tafuto (Director of Student Relations Division)

*Paola Pagan:* What is the biggest con of the system?

*Maurizio Tafuto:* Legal requirements that have a more general perspective, based on transparency of information. So as a con, I would say the additional work that was to be carried out and sometimes maybe you couldn't observe the effects concretely, at least I immediately.

*Paola Pagan:* Dr. Camerlingo told me that you or directors are involved into the choice of targets objectives and indicators. So, I was wondering if, as some directors have told me that they propose some objectives and these are the ones that then get assigned to them, is it the same for you as well?

*Maurizio Tafuto:* Yeah yeah. Also, my case there is a process of [---], but then gets discussed and then generates the objectives. They are the ones that are connected to the ones that the rector and the other collegial organs in terms of general principles. From them are derived the objectives that have to be accomplished over determined temporal periods of time, annual or plurennial.

*Paola Pagan:* Ok so you always found them very clear, realizable, you never had problems of having for example unclear objectives?

*Maurizio Tafuto:* So, as for example there has been for many years the objective of the digital "verbale" [written by teachers]. Since the past 2 years we have a coverage of over 80%, through which teachers write their "verbale" and the students sign with a PIN code. This was a very concrete objectives for a very concrete service. Maybe when he deals with transparency and anti-corruption, although clear, you can't feel its usefulness immediately. But in terms of clarity, that's always been there.

*Paola Pagan:* As concerns the effects of the system of measurements incentives on your level of motivation, do you think it has changed since the system was implemented or it didn't change at all?

*Maurizio Tafuto:* It changed as, when you have an objective, for me it is stimulating, whether you like your objectives or not, it is for me stimulating anyways to pursue it. Whether I make it or not.

*Paola Pagan:* So, it is better for you to have an objective rather than not?

*Maurizio Tafuto:* You can get flatter, if you've been doing the same job for so many years.

*Paola Pagan:* well with this system you think the situation got more interesting?

*Maurizio Tafuto:* Yes.

*Paola Pagan:* And you think also the financial incentive has changed your level of motivation or only the structure by objectives?

*Maurizio Tafuto:* By financial incentive we're talking about the benefits distributed based on the percentage of achievement of the objective. Of course, yes, it has contributed to motivate under this aspect.

*Paola Pagan:* One last question, in terms of coordination of your activities, we really talked about this pretty much, you believe that the system has contributed to organizing better your day?

*Maurizio Tafuto:* Well, yes… I don't see it that much on the daily life, but more over a longer period of time. Sometimes they look like two different levels, as you plan your work, but it is not completely absorbed by the objectives. The objectives cannot even absorb your whole time. But the effects of the objectives you see them over the semester or the year.

*Paola Pagan:* What do you think that the whole Management by objectives helps you?

*Maurizio Tafuto:* Let's say that I found myself, for the objectives that to me are more concrete rather than the more general once [ referring to the transparency ones], to pursue result in a more organized manner, and also more motivated. For example, with the online service for the Erasmus and so on, that carried out through objectives and measurements has been more direct and more motivating. Less with the more general objectives.

*Paola Pagan:* Can you think that the targets are realizable?

*Maurizio Tafuto:* Yes, they are realizable. I didn't always make it, but when I didn't it was because of my own responsibility, I got distracted with the deadlines and they were not 100% fully reached.

*Paola Pagan:* So, for example you wouldn't say they are too high?

*Maurizio Tafuto:* No no absolutely not.

*Paola Pagan:* that is good for me, thank you very much. A good day to you dr.

*Maurizio Tafuto:* You too!

## 9.5 Transcript Interview 5 – Dr. Gabriella Formica (Director of Personnel Division)

### 9.5.1 Part 1

*Paola Pagan:* First of all, if you can tell me what you do at Federico II in a few words and how long do you have been the head of this division.

*Gabriella Formica:* I deal with contractualised personnel, so both the technical administrative personal and the directors. Both the personnel working in university structures and the one that works in the hospital. Around 3000 employees and now 12 directors.

*Paola Pagan:* And how long?

*Gabriella Formica:* I've had this role since March 2009 always renewed every three years. Also, the Pensions Office is part of our division, for the whole university's personnel.

*Paola Pagan:* ok. Talking about the PMS how do you perceive it? Relating it to your daily tasks, do you feel comfortable with it or controlled? Would you like more autonomy, or do you think that the system helps you carrying out some activities that without it would take longer?

*Gabriella Formica:* No, well let's say that it helps also because especially my division is the one that supporting the general directors that Changed over time and to the evaluation nucleus, it is the one that over the years has created the system of evaluation. Starting with the first one that over time we have simplified order technical administrative personnel, so let's say that my division is exactly the one that, I repeat, always supporting the general director and evaluation nucleus has then elaborated this model of evaluation that clearly over the years has been subject to modifications also for the variations of the legal framework.

*Paola Pagan:* But in your case as a director, as this system has been imposed on You by law, and you had to adapt yourself to the changing law requirements…

*Gabriella Formica:* yes but I would say that it didn't create any problem for me, meaning that I don't see it as something that determines…[line gets interrupted].

[call again, troubles on the servers of the university due to works on the lines]

*Paola Pagan:* If you could further elaborate on how you see this system on how this affects your daily activities, if it makes you feel more motivated, or nothing is changed since the system was established. What type of changes has brought to you?

*Gabriella Formica:* since I became a director, this system is always been there, so there's always been the financial compensation by results. [she became director right in 2009]. I am not an old director, so I saw the system as an obstacle to my activities, absolutely not. I was already born in this context, with operational objectives. I can tell you, for personal experience, that for the old directors who were not used to being evaluated, We had to engage them in order to make them understand that the law required, so it was not possible anymore to act in that way, but I was already born in this context, in this mechanism.

*Paola Pagan:* And before 2009 were you already working at Federico II in another role or?

*Gabriella Formica:* yes, I was moved to Federico II after working in 2003 as an officer, before in 1996 I was at SUN University as an executive. In my previous roles of course, they would not have this culture, we are talking about 1997. When I have arrived here, of course it was not this evaluation system, for the technical administrative personnel. Already in 2009, here we started with the directors, the top management and then we applied it Also to the technical administrative first, and now the whole personnel get evaluated.

*Paola Pagan:* in terms of satisfaction, are you satisfied with the system or is something missing? If yes what?

*Gabriella Formica:*So, believe that the model nowadays, for the way the law has evolved for what a director is required to do, Should have according to me a substantial modification subject to customer satisfaction of the users that is still missing under this aspect. We started with the customer satisfaction since last year in the library services, and this year on some of the areas of the Administration. This is something that according to me must be there, also required by law. We must get into the mentality of looking at, linking also financial compensation to it, if the user is then actually satisfied or not. This requires a lot of effort and the people do not want to get evaluated further, the unions in fact hinder the administration. It is not easy. Because it is also a large university, lot of personnel, the offices of my division [line gets interrupted again].

### 9.5.2 Part 2

*Paola Pagan:* we were talking about how you perceive the system, on whether it helps you carry out your activities better, felt pressed by filling out the monitoring obligations, or if you want more autonomy or if you felt comfortable.

*Gabriella Formica:* It doesn't create me any sort of trouble. Also, the whole monitoring that we have to carry out is a nice occasion to monitoring all the offices in my division, of all their objectives. We have as objectives transparency and anti-corruption, topics extremely delicate especially for my division that holds many data to be published. So even the monitoring is helpful.

*Paola Pagan:* Okay. You told me that the objectives get distributed in a waterfall manner. In terms of cooperation, do you think that the system also helps you to collaborate better with them?

*Gabriella Formica:* Of course. Because the objectives that I received, except for some of them that I can choose myself, bring together all the offices. Now we want to have the digital dossier. It is clear that their collaboration is key. Otherwise you don't go anywhere.

*Paola Pagan:* So, which one do you think is the largest Pro and the largest con of the system?

*Gabriella Formica:* the pro is that these objectives should make sure also the cross [transversal] Objectives are addressed to improving public administration. Under this aspect it is necessary to work further to find more challenging objectives, for the users' interests. In this way this is a very useful instrument. As a con It is clear that this reporting and monitoring activity, on the other hand, represents a burden, in some moments can represent a mandatory fulfillment that must be carried out, a nuisance, and you lose the positive side of the thing. Because If you want to do it properly takes you lot of time to write and Report. The auspice, that is not easy, is to make it more automatized, in order to avoid these burdens. To simplify the monitoring sheet further. Already from the initial sheet simplifications have been made. Now on the IT side there will be an improvement. In order to capture a lot of data in automatic order procedures.

*Paola Pagan:* Then you told me that you have become a director when the system was already there, so for you it represents normality but a point that has been made in several of the past interviews was that in order to adopt to this new culture, as the university has this strong core of jurists, to adapt yourself to this new culture of measuring, controlling, evaluating.

*Gabriella Formica:* As I was saying, yesterday, we are all young, born with the system, in this evaluation context. It is clear that when the first model was created in...2004? I can't remember, I was just transferred to the university, but it is clear that there was the strong resistance from the directors who were 60-65 years old, next to retirement, who were not reasoning by objectives. With them we had to work more because they were not used to it, not for their fault, also the law requirements with different until then. With us there was no such a problem, because we were already born with this mentality.

*Paola Pagan:* But you saw with the previous directors.

*Gabriella Formica:* Yes because of my role, as I am also director of the personnel it is clear that I have collaborated with the general director at the time to create the model, I lived it. I lived this aspect.

*Paola Pagan:* In terms of motivation, do you believe that the system, of measuring evaluating and rewarding, has any sort of effect on you? Do you feel more energetic? Do you see this correlation?

*Gabriella Formica:* Yes. Because we have this link to our financial reward.

*Paola Pagan:* ok and as concerns the operational objectives, these are assigned by the general director in a waterfall way, but I know that you have some dialogues with the Dr. Camerlingo.

*Gabriella Formica:* With her only now, as from the 5th of November we've had this the reorganization of the administration. Before that it was all in my hands and in my divisions' and on general administration. Now there is this new performance office.

*Paola Pagan:* What do you think about the objectives you have been assigned over time? Did you find them challenging, realizable, or have you always been involved up to a point that…?

*Gabriella Formica:* under this aspect I'm a little critical. The importance of this thing is undervalued. There are not fundamental meetings, also together with all the directors, the general director, to reason together on the cross [transversal] objectives, these are quite fragmented, and in some cases assigned from above without realizing the true state of things, especially now that the law requires us. I'll make you an example of the digital dossier, that is something that of course must be done but it is necessary a massive upstream training, also on the IT side. If I need to sit in front of the computer and take ages only to design the introductory page because the computer programs are not working properly, it becomes complicated. The objective must reflect also the real situation, the workload, additional requirements, scarcity of personnel. Otherwise you don't manage. You can't manage to carry out those activities with unvaried resources, like the laws say. It is a sort of a joke to present for example one dossier, that I didn't manage to prepare the way I wanted. As it was not realizable because the procedures are not adequate with respect to what is requested. If, in order to upload a decree, I need to open 4 computer screens, that maybe is not working perfectly, it is clear that I and my colleagues see this as a burden, having also daily tasks on the side, in this case it is a burden, people say cannot make it, the procedure is not good enough. The IT procedures that are a true problem.

*Paola Pagan:* Not even today that there is this dialogue with this new team?

*Gabriella Formica:* Well, in this new one there is also a new critical aspect. There is a complete fragmentation because, there is the IT area, on the top of which there is a teacher, and the teacher does NOT have the objectives as we do, it is always a supporting structure, but it is not fully integrated. Sometimes decisions are taken at IT level without involving the offices who have to operate fully. While according to me, *in primis* you should start with the offices what they want/can do, and then...!

*Paola Pagan:* it is quite weird though, as in some other interviews I had I had the impression that they (as directors) established their objectives and targets. The ones proposed by them.

*Gabriella Formica:* That yes, now I am telling you as concerns the IT procedure. It may be that I was particularly touched by the situation and the objectives established for 2018. We talked about the digital dossier, that was supposed to start on January 2019. It did not as a matter of fact. As the IT procedure is not adequate according to the offices, there was not appropriate training, and the mechanism did not work. There have been lots of meetings but as a matter of fact the process was delayed to July. On the papers, the IT was ok. Now the IT person who was supposed to guide us was not appropriately trained, the platform is heavy.

*Paola Pagan:* In terms of strategic alignment of your objectives with the university's strategy, can you see this or not?

*Gabriella Formica:* Yes. For sure there is still work to do, and it is also the Evaluation Board saying that. With objectives more and more challenging, linked to the users. We have also joined projects the University of Milan, benchmarked ourselves with other systems with other universities. Federico

II actually showed up as a forefront model especially for evaluating the directors. For me it is still to be improved.

*Paola Pagan:* Last question in terms of evaluation, your incentive is distributed based on several criteria, on the judgement of your behavior and on the achievement of the objectives.

*Gabriella Formica:* Yes. 50-50%.

*Paola Pagan:* And soon we hope this customer satisfaction. And this evaluation of your behavior is based on a self-evaluation but also on an evaluation of the General Director. You believe this is too subjective or fair and correct as an evaluation criterion and based on that to get assigned or not your financial incentive?

*Gabriella Formica:* It is fair according to me as it cannot be otherwise. The model is structured in the same way for me to do it with my colleagues (the heads of the offices). I am aware of that. That has been widely criticized by the labor unions. We have worked hard to find the most objective indicators with the aim of reducing that discretion, but it is inevitable. As the director does it for his heads of offices and collaborators, it is fair that the GD does it with us. We are on strict collaboration. Who knows better than him?

*Paola Pagan:* What do you mean it was criticized by the labor unions?

*Gabriella Formica:* The critique is that the unions have complained about it, as it is subjective. There may be at once a severe director, another time a director that in order not to have any troubles everything is fine, and everyone is perfect. Unfortunately, this is the negative side of the evaluation by the responsible of the structure, especially in universities as ours, which are extremely varied. As there are the directors, and already among the directors I see that, as responsible of the personnel I was seeing the papers and I could see that there is the one person who in order not to have troubles, everyone was perfect. Another one, more rigorous, that is not true, this was not right. And even more in the structures where the heads are teachers, who are heads of some departments and assume an administrative function but as a matter of fact are professors. Some of them do not care and delegate this job to others, someone is not able to do it, it is not even fair...it is very complicated, as in it is fair that it is the responsible of the structure to evaluate as who knows more than him the behaviors etc., but it is also true that this situation of structures all at 100%, others not with a tougher director...a training is required in order to show the importance of the thing to all the employees, to make sure that all the ones who need to evaluate the personnel, do that consciously. All the employees want to move then from a structure to another. This thing always comes up when talking about this topic, also recently I have been at a conference with all the universities on the performance evaluation systems, and there everyone talks about this behavior of the heads of the structures. In other universities it is even harder as it is only the professors evaluating. Some evaluation models hit me. One of the universities was reasoning in terms of budgets. If I am led by a more rigorous director, I am penalized, and it is not fair. If I assign a budget to a structure the whole personnel are treated the same manner and I am not penalized, and I don't need to compare myself with another director who actually does not evaluate at all, if he gives the maximum to everyone.

I personally wrote some circulars to recall the attention for a fair valuation, as also the Evaluation Board has noticed that. They realized there was something wrong.

*Paola Pagan:* But for your personal evaluation, it is not a problem?

*Gabriella Formica:* No, I am certain a director who believes in this. This is an occasion for the director to point out the differences among the collaborators. I often have increased/decreased the grades to my collaborators who gave themselves full grade in their self-evaluation, but I am extremely careful when doing this, motivating why and proving it by something, for example a delay in delivering a practice. It is a little annoying task that must be carried out by the responsible. If an employee gives himself full grades (4/4), it comes easier for a director to agree on that, in order not to get any troubles. That is not what I think, but of course that comes at a price, as if I make an evaluation, I need to make a proper work around that, both if I raise but especially if a lower the score. Here we go back to the subjectivity of the indicators. If I grade someone 2/4 the story does not end there. It is annoying, but it is something that the evaluator must do, and must do properly. We are talking about 50 units of personnel in my division.

*Paola Pagan:* And the same happens with you and the GD?

*Gabriella Formica:* Now we are 12, before we were 9, few, so massacred with thousands of requirements...of course also he is invited to judge and discriminate...also the Brunetta law requires him to. The Board wants to be sure of that, and if it sees something anomalous, puts that on record.

According to me, on this aspect, there should be a good training. Especially in a context, such as the university one, where the evaluators are varied, there are directors, heads of offices, professors...in order to make sure that all of us uses the same parameters. And it is not easy as the professors for example are called to evaluate their collaborators, and often they [the professors] and not often there, he has other stuff to do so delegates these evaluations.

*Paola Pagan:* And the forms on which you are evaluated and evaluate are based on parameters that are the same for everyone?

*Gabriella Formica:* Yes, of course.

*Paola Pagan:* And are they established by law or?

*Gabriella Formica:* No, we made it, and every year we can make our own adjustments also with the support of the Evaluation Board. There is a distinction between the different classes, whether you are responsible for a structure, or in one of the categories of collaborators. There are different behaviors required for the one part of B, C, EP, calibrated for each category. We tried to make them as more targeted as possible.

*Paola Pagan:* Well for me questions are over, so I thank you for your time even in this servers' storm.

*Gabriella Formica:* Do not worry. I am glad you'll be able to finish it! Have a nice day.

## 9.6 Transcript Interview 6 – Dr. Rossella Maio (Division of Contractual Activities)

*Paola Pagan:* First of all, if you can tell me about what you do at the university and how long you've been director of this department.

*Rossella Maio:* I have been director of the contractual activity division since the 5th of November 2018. my experience as a director is relatively short. The Division includes the management of all the contracts of all the services, supplies jobs related to the university, for example police, cleaning services, for all the campuses of the university, all the contracts for works, maintenance, supplies, hardware, equip equipment, in some offices dealing with utilities of the university, power, gas, water. real estate, leases. Both debit and credit. If we rent, out at buildings. all of this is part of my division.

*Paola Pagan:* Before being a director were you already working at the university or?

*Rossella Maio:* Yes. I Was head of the office of the general of directors' staff, that was dealing with cross-coordinating the officers of the university and moreover I had ad-interim the role of head of the office dealing with contracts of works.

*Paola Pagan:* But when you were out of office you were already subject to this system of evaluation and reward of performance?

*Rossella Maio:* Yes.

*Paola Pagan:* As I got to know that also the heads of the offices are subject to the system. Talking about this PMS, what is your perception of it? how would you define it with respect to your daily activities, also asked concerned that all that it plays on yourself? do you feel controlled?

*Rossella Maio:* What I think is that the usefulness of the system of evaluation of performance is directly proportional to our sensibility not to feel controlled but merely helped by the system of measurement. this is essential. if I get objectives, when I was head of office and now that I'm a director, if I interpret them merely as requirements in order to get my compensation, of course this for me becomes only a burden to what I'm called to do every day. instead if I can understand, also through the monitoring, through which I have an overview of what is going on in my offices, this case the system is not just the implementation of a serious of requirements that Are a burden to my activities, but it is a way to improve them and control what my office is due. in order to be more specific, through the objectives that are assigned, in terms of transparency and anti-corruption, in line with the law requirements, allow to all of us, as directors, to carry on to a constant monitoring on our offices. We verify what our heads of offices are up to and we correct them. I think it's super useful. but the system and the Way It Is implemented at Federico II. ordinarily, we have objectives that are pertinent to our activity. for example, I get objectives that are specifically inherent to contracts. If the choice of the objective assigned is a choice that is functional to the activity of the administration, you do not feel controlled or subject to an additional burden, but you actually feel that that requirement leads to an operational improvement. For example, this year I have as an objective to give general guidelines in order to make more homogeneous any contractual activity in the university that deals with tenders. So, I will have to give general guidelines in order to make sure that all the officers dealing with tenders will use the same procedure. The standardization that are called to define is actually useful, as it allows for having just one simple procedure and saves a lot of time. So yes, in order to reply to your question, he performance measurement system is useful applied in a smart manner, it doesn't make me feel controlled but allows me to work better.

*Paola Pagan:* Perfect. and you told me you are head of this since November 2018.

*Rossella Maio:* Yes.

*Paola Pagan:* I don't know when you were head of department, this is the type of objectives you got mine was different, but how long have you been head of office?

*Rossella Maio:* Since 2009.

*Paola Pagan:* Ok so just when the whole thing started. did you find it difficult to adapt to the system? it's something that came up several times in previous interviews. as they were telling me that the university has this culture of jurists and so many skills of controlling were lacking.

*Rossella Maio:* The hardest thing was not adapting to the system, so to carry out the single predefined objective, it has been hard, and I think I am not talking only about myself, to get used to a culture of control, monitoring, aimed at improvement. this was a concept that was unknown for us. Becoming conscious what I'm telling you today, that objective helps me to work better and it is not only a way to have a financial compensation, and it is not only a further requirement was not understood right away. it was understood after a period of time, that showed us that control helps us working better, that those objectives are useful for us for other things. We did not get that at the beginning. We remained hit by this new reality, and at first, we thought ok, this is just a new requirement. Only that.

*Paola Pagan:* Ok, thanks. As concerns cooperation, I know that this distribution of objectives happens in a waterfall manner, so from the director to the heads of offices. Do you believe that this whole management by objectives system allows you to work better with your colleagues, in terms of cooperation?

*Rossella Maio:* In this case you need to consider two different variables, I think. One is the usefulness of the objective per se, And that I am able to communicate in a waterfall manner that usefulness of that objective also for my colleagues, I need to put some effort in order for the objective not to be perceived as a formal requirement, so that is my responsibility and it is up to me to translate that for my colleagues in a smart manner, so that also my Head of office can realize that by pursuing that objective makes his work useful. In this case he/she will be disposed to a major cooperation. this as an objective point of view. from a subjective point of view, the personal attitude of someone to adapt to the change, and to understand that even by carrying out a challenging and hard task in the long run leads to usefulness. But this is a personal attitude, as there's many people that are reluctant to carry out a challenging objective, although useful, but in the long run, but prefer an objective that is easier to reach but less useful, in the long run. But this is a personal attitude.

*Paola Pagan:* Ok, but the objectives of the heads of offices are established by you?

*Rossella Maio:* By me, but in a waterfall manner from those that are assigned to me. I get assigned a certain objective, so in order to reach it I use my heads of offices, by translating small bits of my objective into objectives for them.

*Paola Pagan:* But if it is up to you to establish objectives for your heads of offices, that isn't it up to you to choose the heaviness of these?

*Rossella Maio:* yes. I was making a general speech. my objectives are challenging and useful. but while there is a part of people who greet my objectives in a positive manner there are also others ( always considering that this is the first year that I do it as a director that I saw it on the other side)... being a part of the staff of the general director I was dealing with the performance plan and anti-corruption plan, so I saw the way other people were perceiving it... if on the other side a person is less receptive and prefers something easier to reach, I will have fewer cooperation.

*Paola Pagan:* I see. in terms of satisfaction are you satisfied with the system or...?

*Rossella Maio:* Yes. I am satisfied with it. now it is up to the people. I think the system is very well designed, and it is the content that we give out in terms of objectives that condition the effectiveness of the system. So, it is very important how it is implemented. Per se, the existence of objectives, in a waterfall manner, linked to an incentive, the system is good, it is normal that if the objectives are empty then the system becomes useless, empty.

*Paola Pagan:* Absolutely. So, which could be the biggest Pro and the biggest con according to you of having the system?

*Rossella Maio:* The biggest con is for sure, for the directors to becoming subject to the willingness of the heads of the offices, who do not greet with pleasure challenging objectives, and adapt themselves on objectives that do not repeat activities already carried out, or easy tasks, just in order to receive the financial compensation. this is the biggest con. that is not neutralized by the system itself, unless there is a tight control saying, "objective is not ok, as it not challenging enough, it is just part of the daily task, it is not an objective". The pro instead is to guarantee, through the management by objectives well defined and useful, a general improvement of the activities, because the objectives are challenging, and a better planning of the activities because very often do objectives allow for a generalized monitoring of the offices, through which we can understand the anomalies and correct them.

*Paola Pagan:* I see. And in terms of motivation, what can you tell me, both on the - pardon My Italian, as I'm trying to translate the questions from English- motivation linked to carry out your activities, having this planned system by objectives then linked to an incentive, did it have any influence on your level of motivation?

*Rossella Maio:* Personally, I've always been very motivated at this job. So, it wasn't the introduction of the system by objectives that increased my motivational attitude, but this is personal. this is me. while the system, is able to have an impact also on the people who maybe, not having a personal motivation, in order to carry out their activities with the idea of an incentive, are pushed to do better.

*Paola Pagan:* I get it. These operational objectives, that are assigned to you, but I know that you still participate to the establishment…

*Rossella Maio:* Yes, we get more or less consulted…

*Paola Pagan:* Ok, because some directors have told me that they are the ones who choose the objectives and presents them during these interviews with Dr. Camerlingo, and her team…

*Rossella Maio:* They are shared, meaning that there are proposals, that can start from the Dr. Camerlingo, and we share, or maybe we propose... it depends on the state of the activities. if there are some situations, that can be particularly interesting, challenging, we propose to the General Director and the Dr. Camerlingo, objectives that are coherent to the ones of the GD. So yes, they are shared, not imposed on us without verifying the feasibility, over the year.

*Paola Pagan:* How, even though it is the first period that you have been a director, but also when you were head of office anyway... you always thought the objectives were clear, challenging, realizable?

*Rossella Maio:* The ones I got this year as a director, I think they are challenging, useful. maybe in the past as a head of office, some were challenging, some were merely requirements, less innovative...

*Paola Pagan:* But in terms of clarity they've always been very clear?

*Rossella Maio:* Yes. and when during the proposals there was not clarity on the situation, we have always insured to make the targets clear. we're very careful in Establishing the target.

*Paola Pagan:* I see. in terms of alignment with the strategy of the university, as there is this strict legislation trying to integrate strategy and objectives, with the creation of the integrated plan…

*Rossella Maio:* More and more we managed to ensure this synergy of the strategic objectives of the university, objectives of the ex-anti-corruption plan, transparency. more and more. There is coherence.

*Paola Pagan:* You see it in the objectives that were assigned to you this year?

*Rossella Maio:* Yes, yes. because for sure, anti-corruption and transparency we have a link with the performance plan. as concerns your personal objectives, that we can say specific of my division, yes also in that case we are careful in linking it to those that are the strategic objectives of the university. absolutely yes.

*Paola Pagan:* Just one last question, after which I'm going to leave you to your night. the financial incentives are assigned to you also based on an evaluation of your behavior, that is partly carried out through your out of evaluation... and for you being the first year, I guess you did not do that yet.

*Rossella Maio:* No, not yet.

*Paola Pagan:* But you know the criteria. the other part is the evaluation of the GD. that's all right?

*Rossella Maio:* Yes.

*Paola Pagan:* Then there is the achievement of the objective. Except for the division where there is the customer satisfaction.

there will also be customer satisfaction.

*Paola Pagan:* How do you feel about these criteria, based on which the financial incentives Irvine to you? do you think it is too subjective, as this evaluation of your behavior is given by an evaluation of the general director, so it is not 100% objective? How do you feel about that?

*Rossella Maio:* I believe that there is not, I cannot imagine the different evaluation method, meaning that the evaluation of the general director is subjective, as he is a person, but he always is the one who are signs the objectives, That are given to him by the Board of Directors, And that he assigns to his directors in a waterfall manner, so it could not be anyone else but him to evaluate the behavior of the directors, together with the auto-evaluation, personal.

*Rossella Maio:* In this sense I believed that the system is correct fair. it is up to him to evaluate the behavior.

*Paola Pagan:* Thank you very much. we are good with this.

No thank you! sorry about the time.

*Paola Pagan:* We got the best out of it being alone now! Have a good night!

*Rossella Maio:* You too.

## 9.7 Transcript Interview 7 – Dr. Luisa De Simone (Director of Teaching Division)

*Paola Pagan:* First of all, thank you very much for this time you are dedicating me, is this a good time for you now?

*Luisa de Simone:* Yes, as good part of the servers of the university is not working, so ironically, we have more time!

*Paola Pagan:* [laughs] if you could tell me what your role at Federico II is.

*Luisa de Simone:* Director of the Teaching Division.

*Paola Pagan:* How long have you been in charge of this?

*Luisa de Simone:* November 2018.

*Paola Pagan:* And before that were you already an Employee of Federico II?

*Luisa de Simone:* Yes, I was an employee, responsible for the Teaching and research personnel office.

*Paola Pagan:* Ok so how many years have you been working for Federico II?

*Luisa de Simone:* Since 2001.

*Paola Pagan:* Ok. how long have you been head of the office?

*Luisa de Simone:* Since 2005.

*Paola Pagan:* So, you have been with the university for the entire period of this change.

*Luisa de Simone:* Yes.

*Paola Pagan:* I was wondering how you see this system in relation to your daily activities, if you believe that imposes sort of burden on your job, if you feel controlled, if you feel comfortable with it or you would like to have more than autonomy. how do you feel about this?

*Luisa de Simone:* So, in some cases it helps, to the extent that it controls that... some objectives that we have come from the law, so being under control ensures that we are carrying out our requirements, Which is also sort of protection for those who work on these objectives - I'm talking about especially the ones that come from the anti-corruption and transparency. even though those are objectives of the university, to which incentives are linked etc., they are requirements ordered by the law, so if we would not do it, somehow, we would be […] of responsibilities. So, on the one hand, the control is welcomed, as it allows us to respect the laws, but in some cases, it is perceived as an additional requirement, because those objectives are NOT always strictly linked to the work carried out in the office. e.g. I deal with recruiting, of teaching and research personnel, but it is never linked, to my objective, the objective on which I work [this is exactly what she said], if the university establishes to hire a certain number of professors, as it needs to reach some requisites, this is not linked to my personal objectives. I have a completely different thing as an objective. So, it is unlinked from my work. This is the incoherence that I perceive.

*Paola Pagan:* On some types of objectives or on all?

*Luisa de Simone:* On some types, the ones that do not come directly from the law e.g. anti-corruption and transparency. As the publication obligations we have them as objectives for example. But in reality, those come directly from the norm. So, it is true that they are in the Plan, as the law itself requires those to be present in the objectives of performance, but it is also a law requirement, so it is a good thing that someone monitors everything. it is also a protection for us. But some objectives are assigned in a way completely unlinked to the work carried out in a specific office.

*Paola Pagan:* So, on a practical side, they have nothing to do with what you do.

Exactly. From the practical side. They are linked anyways to the strategic objectives of the university but NOT linked to the single Director that deals with that.

*Paola Pagan:* I see. So, your perception of the system is overall positive/negative? Which is the biggest pro and biggest con of it?

*Luisa de Simone:* In principle, the perception is positive enough, and it is positive to the extent that it allows us to keep under control at least the law requirements. No, I don't feel controlled, at least not until now. Not for now, except changes [that might happen]. At least with respect to the method that they have been following until now to verify the objectives. Not. But starting from the moment that...already this year, they are building a customer satisfaction. it is true that it is towards a Division, but judging a Division where there is a Director, is as a matter of fact to evaluate the Director. So in that case, downstream of that type of evaluation, I would feel a bit controlled. For sure. Not now yet, not w.r.t. how this was thought up to this moment.

*Paola Pagan:* And do you believe that this management by objectives, system with targets, helps you more to achieve these tasks?

*Luisa de Simone:* Absolutely. Yes. Yes.

*Paola Pagan:* I don't think when you were Head of Office you were already hearing about this?

Yes, we were already talking about this, there were always objectives, there was not Brunetta (2009) but there were objectives assigned to a Head of Office.

*Paola Pagan:* Oh, and were they already linked to an incentive?

*Luisa de Simone:* Yes yes. already linked to an incentive. it was not such a well-planned system from the above, but the performance compensation of the top roles was already linked to the objectives.

*Paola Pagan:* By law or by decision of the university?

*Luisa de Simone:* I think already according to the Decree 29/93 there was already this need for those who were covering top roles to link a part of the performance compensation to the achievement of the objectives. Let's say when the political role was split from the management role with the 29/93 there was this link with the objectives assigned to those who had determined roles. It was not disciplined in a precise manner as the Brunetta law, but if I recall correctly something like this was already in the 165 [decree]. Maybe I am wrong, but for sure at the time I was already reporting on the objectives. Every year.

*Paola Pagan:* Ok. So, when you had to implement this new much more detailed system, was it hard for you to adapt to the situation?

*Luisa de Simone:* Not particularly.

*Paola Pagan:* Because for example many directors have told me that the university is characterized by a very strong culture of jurists, that in terms of controlling, management by objectives did not know anything. And so, for them, and all those who were in this process of adaptation to the system it was a little hard, as they had to start training, in determined skills.

*Luisa de Simone:* Maybe for those who had to plan the evaluation system that comes from the law. They had to create models for us, so maybe there was not such a culture for those who had to apply the law concretely, but for us, to whom the evaluation is destined, we found the work already done, from a planning point of view. Also, the make the evaluation more homogeneous, the university had to make some forms, for the monitoring, the objectives, so we were evaluated based on the work that someone had to do. In this sense, we were not equipped. We, who are evaluated, have a very easy form to be filled out, where the monitoring is showed, the final achievement, the target, the weight, we only have to do. So, I did not find particularly complicated the activity for responding to this type of evaluation. Both the auto-evaluation and the evaluation.

*Paola Pagan:* And in terms of cooperation with your colleagues? Do you think that the system...meaning with your heads of offices, etc. I know that now it is the first time you have been a Director.

*Luisa de Simone:* Yes, I am at the beginning, I am assigning objectives. So, I cannot give you a complete answer to that.

*Paola Pagan:* Maybe when you were already head of office.

*Luisa de Simone:* As head of office, I was evaluating the single units of personnel. What was the question again?

*Paola Pagan:* If you think that the system may have facilitated the cooperation with the other heads of offices for example.

*Luisa de Simone:* No. the other office heads, no, everybody makes his own evaluation. let's say not having a job of coordination -at the time- of the various offices, I have never interfaced with other office heads.

*Paola Pagan:* Your objectives have always been in themselves already independent of those of the other heads of offices.

*Luisa de Simone:* Absolutely yes. until now yes.

*Paola Pagan:* And in terms of satisfaction, are you satisfied with the system? Do you think there is something missing for the moment? some big something that weighs a lot for example or something that could be improved, here.

*Luisa de Simone:* Generally speaking yes, it can be fine, being a public administration […] everything can be improved you could certainly improve. The problem is that in any case sometimes it creates discontent for those who still ... each person is made in a different way so that everyone gives what he can give because everyone ... not everyone has the same kind of preparation, the same intelligence, the same speed and therefore it is obvious that an evaluation differentiates us. Then in the moment in which it differentiates us, malcontents are created anyway and therefore sometimes people are demotivated, even the little that they manage to give ... because maybe they have been here for so many years and they cannot give more than what they give. When you try to create a difference because maybe you feel that a person is keener than another one creates discontent compared to that person who has a slightly lower evaluation on some points and therefore the little, he gives ... becomes demotivated, and therefore he doesn't even give the little he was already giving.

*Paola Pagan:* Yes, I understand when for example it is evaluated ...

*Luisa de Simone:* and I found myself facing situations like this ... because if you do not want to flatten the evaluation and make it the same for everyone, in the end the downside of the coin is that we are a public administration, people get demotivated, they are do it with absences. .. you understand me; however, we are in the public service, people cannot be fired if they are not going well ... However, it is very complicated to apply in practice.

*Paola Pagan:* and let's talk a little bit better about this motivation according to your personal case. Let’s not talk about others.

*Luisa de Simone:* I mean how am I valued or how do I rate others?

*Paola Pagan:* How you are evaluated. According to you, the effect it has had on your motivation. Let's talk a little better about this.

*Luisa de Simone:* No no, for me the evaluation has always gone well. I am always strongly motivated by my work because in any case I have never felt undervalued, on the contrary I feel too satisfied with the evaluations I have had so far. I would have no reason to demotivate myself. Instead from above, I live it differently, because in any case I had an office that was always very consistent as I had about 30 staff units, so I hope ... I had to, I was forced to do the evaluation for ten years, since 2009 because there is this individual assessment. However, when I tried, I had to, promising to differentiate, I had to ... I clashed a lot with the people in the office. Everyone thinks they are doing the impossible. but from above you understand who does more and who does less. But whoever does what he can do, because not everyone has the same skills, the same level of preparation ... even with the same level and duties. There is the category C graduated and the category C not graduated. But I mean at the same level, I can't expect the same results ... from people who have a cultural level that is independent of the degree that allowed access to the administration. So if one wants to differentiate then it creates discontent in the people who ... who then in fact can do that. It is not that one can expect them to do more. However, the evaluation cannot be flattened. I realize, however, then this creates discontent in the people that the little they give in the agency don't even give that anymore. I don't know if it's clear.

*Paola Pagan:* The negative feedback pushes them deeper. So, when he was office manager ... how does this whole chain of evaluations work?

*Luisa de Simone:* It still works that we are evaluated by the GD. Then the director evaluated the managers the managers, the managers evaluate the heads of the offices. The office managers evaluate the staff units in their office.

*Paola Pagan:* Which are divided into classes?

*Luisa de Simone:* Yes. The staff units are divided into different B, C, D, E…in the various categories…you know in Italy the level of unemployment is very high, so when there is a public competition, even though one holds a degree, enters also a competition for people with a high school diploma. I have different categories of personnel, especially in the B, of people who hold even a PhD. Or in the C, where only the high school diploma is required, where people hold degrees. But there are C category members, hired back in the '80s, who are not at the same level and preparation of a person who has just got in and holds a higher education title. When I have to evaluate two people in the same…I cannot demand someone does more, as that is the level of culture they have. This comes up in the evaluation. When you compare two people at the same level [of category, I guess], one is able to do more for a matter of personal culture, skills, the other one gets demotivated, as has always…done that.

*Paola Pagan:* Very varied groups.

*Luisa de Simone:* And this can lead to demotivation of those you discriminate.

*Paola Pagan:* While when you were evaluated by your director, on the motivation point of view, the performance compensation played a determining role in your motivation?

*Luisa de Simone:* Of course!

*Paola Pagan:* Ok.

*Luisa de Simone:* Yes, yes yes.

*Paola Pagan:* As concerns these operational objectives, assigned to you by the GD, after these talks you had with the Dr. Camerlingo and her team, what do you think about them? Are they clear, well-defined? Realistic in terms of funding you receive, challenging?

*Luisa de Simone:* We do not receive funding for realizing the objectives. Some are concretely realizable, others not. As e.g. an objective we already imagined it was not realizable by this division, and then I confess you that another part of the administration was dealing with it. I tell you this in confidence…that will be remodeled. An objective that was assigned to me. It was carried out in a different manner.

*Paola Pagan:* But isn't there an open talk with the GD about these objectives?

*Luisa de Simone:* No, we had a talk with the Dr. Camerlingo, but NOT on all the OBJECTIVES that were assigned to me. Some of them came from the above directly. Others were discussed and shared.

*Paola Pagan:* You proposed your objectives and targets?

*Luisa de Simone:* Absolutely.

*Paola Pagan:* Varied objectives?

*Luisa de Simone:* Yes. On some of them there was a very extended discussion, but others were given to us directly.

*Paola Pagan:* Ok. But always clear?

*Luisa de Simone:* Of course.

*Paola Pagan:* And do you believe that these objectives that were assigned to you were in line with the strategy of the university? Do you see this link?

*Luisa de Simone:* Yes. Yes yes. Maybe we are even too much aligned with it, maybe that is why in the end…

*Paola Pagan:* Last question as concerns the criteria based on which you get the financial compensation. You get this when you are evaluated on your behavior by the GD and in the past, by your Director, as you have not been evaluated yet this year. And then another part based on whether you reached the objective. Do you believe the criteria on which you are evaluated are too subjective? Or do you think they are fair?

*Luisa de Simone:* No, they are fair. They cover all the aspects. No, they are not personal. They are all linked to the functioning of the service.

*Paola Pagan:* So, the fact that the evaluation is carried out by…

*Luisa de Simone:* Other things are linked to personal issues, such as the resolution of conflicts…the organization of the service, even the resolution of conflicts is linked to the way the office works...you cannot judge the character of a person based on how she resolves conflicts. This is what I recall as personal. But the others are not.

*Paola Pagan:* Okay. So, it is fair. Thank you for your time. I am satisfied.

*Luisa de Simone:* Great. I hope you are satisfied.

*Paola Pagan:* Have a good day.

*Luisa de Simone:* You too.

## 9.8 Follow up questions

### 9.8.1 Carla Camerlingo

Hello, here are my answers:

1. The current SMVP has a minimal impact on mine and my colleagues' aptitude to collaborate with other offices and divisions. In my opinion, the propensity to collaboration is more closely connected to character factors.

2. The economic incentive discretely affects my level of motivation, especially with reference to the extra activities to which the annual operational objectives are related.

3. Yes. By way of example, in 2019, emphasis was placed on the need to strengthen support for decentralized structures (Departments and Centers); to this are connected: the detection of customer satisfaction at the Departments (5% of my result salary); an operational objective that envisages periodic meetings, aimed at supporting the structures with regard to compliance with anti-corruption, transparency and performance.

4. I believe that the system is correctly set, as there is no purely subjective evaluation, but anchored to a series of parameters.

I am available for any other clarification.

Best wishes and good luck!

Carla Camerlingo

### 9.8.2 Maurizio Pinto

Very kind here are my answers:

1 - I believe that the system contributes in part to improving collaboration with office managers, in the sense that can increase the level of motivation for individuals particularly interested in the financial incentive associated with the objectives.

2- It is not very influential.

3- I do not know a document in which the University strategy has been disseminated, so I cannot make a comparison.

4- I consider the evaluation a fundamental moment in the annual work cycle, aimed at obtaining feedback on the work carried out in order to identify and implement any corrective measures for the following year. Each evaluation system is affected by the characteristics of the subjects that apply it: in the end, to have a fair evaluation it is necessary to have a good General Manager. In my case, I consider myself lucky.

Greetings

MP

### 9.8.3 Maurizio Tafuto

Dear Dr. Pagan,

I answer his questions in the order he proposed them to me:

1) I believe that the system allows for greater and better cooperation with the heads of the division offices, above all, on the issues covered by the objectives, developing a common will to achieve the goals set and a synergistic activity in the pursuit of the objectives set.

2) in the experience lived up to now, the financial incentive has had a degree of influence that is quite limited on the level of motivation.

3) the objectives to Directors are attributed on the basis of the University's strategic objectives. They therefore descend from them.

4) in a hierarchical organization the behavior must also be evaluated by the superior, therefore, in our case, by the General Director. In my opinion, moreover, all evaluation systems should be based on both absolute values and relative values, which is not always able to be achieved.

Excuse the delay in the response and the extreme conciseness. If you need to contact me further, do not hesitate to do so.

Good evening

Maurizio Tafuto

### 9.8.4 Giuseppe Festinese

1 - In terms of cooperation, do you believe that the system allows you to collaborate better with your colleagues (the heads of the offices of your division for example)? If so, how?

Not entirely. Although the system is born to facilitate the improvement of organizational relations and performance, it does not always succeed, as it is exposed to the risk of being taken as a requirement to be respected, between deadlines and activities.

2 - What influence does the financial incentive have on your level of motivation?

Low. I believe that work should be well paid as it is a job. There should be financial recognition or penalties based on the achievement or non-achievement of objectives. But that motivation and interest must be independent of the economic factor.

3 - Do you think your goals are in line with the University strategy? Can you give an example?

Quite. In the sense that I try, starting from the identification phase of the objectives, to have a proactive role. This also helps me to understand its meaning better.

4 - Finally, as regards the evaluation of your behaviour (one of the criteria on the basis of which you are assigned the compensation), how do you feel to be subjectively judged by the General Manager? In your opinion, is the evaluation system, right?

In general, the evaluation does not scare me, because it is an evaluation limited to the work performance, it is not the evaluation of the person. The behaviours evaluated are related to work, on which it is normal to have different opinions and positions. But the important thing is to be loyal and know how to motivate even a negative assessment. Also, for this reason, I do not believe that there can be an objective evaluation system but more complex or refined systems than others that examine more factors and can reduce - without completely eliminating them - the incidence of subjectivity.

I thank you once again for your time and wish you a good day.
Let me know if it is enough or want more.
Best wishes
Giuseppe