

Tips *to improve* performance management

CPA AUSTRALIA HAS DEVELOPED THE FOLLOWING TIPS* TO ASSIST BUSINESSES TO IMPROVE THEIR PERFORMANCE MANAGEMENT. AS STRATEGIC BUSINESS LEADERS, ACCOUNTANTS CAN REFER TO THEM WHEN ADVISING BUSINESSES ON THE WAYS THEY COULD IMPROVE PERFORMANCE MANAGEMENT AS THE ECONOMY RECOVERS.

The following tips are associated with high performance businesses. The tips will also help businesses to maximise efficiency in the current economic environment.

1 STRATEGIC PLANNING

A formal process for strategic planning will help the business to perform better. If staff continually participate in the generation of ideas, the business will have a better chance of success. However, if your business is focused on maximising efficiency, you are more likely to be successful if your planning process is less formal and there is less staff participation.'

2 STRATEGY IMPLEMENTATION

Strategy should be implemented and controlled through a combination of budgets and performance management systems (such as the Balanced Scorecard). Businesses focused on maximising efficiency should use their performance management systems to monitor and manage deviations from targets and hold management and staff accountable for pre-determined targets.

3 INFORMATION SHARING

Businesses should seek to encourage greater information sharing between management and staff by using performance management systems more intensely, rather than budgets. Using performance management systems may also encourage staff to direct their attention towards emerging opportunities.

4 ORGANISATIONAL STRUCTURE

Mechanisms to improve coordination across an organisation should include task forces, project committees and cross-functional teams. Staff autonomy is also considered important in an effective organisational structure. For businesses focused on maximising efficiency, the structure should facilitate top-down management. This can be delivered through operating procedures and targets. Flatter management structures generally yield better results.

6 MEASURING STAFF PERFORMANCE

Measures of performance, such as the quality of products and services and social responsibility, should be used in conjunction with measures such as financial performance and customer satisfaction to measure staff performance.



7 STAFF COMPENSATION

Research suggests that performance improves when a part of the staff compensation is contingent on the achievement of targets. Businesses with high performance management systems tend to favour objectively determined compensation based on short-term performance outcomes.

8 MANAGEMENT POLICIES AND PROCEDURES

Staff activities and risks taken by staff should be limited by the use of codes of conduct supported by sanctions for any breaches. Businesses should also consider reviewing, guiding and restricting staff action on projects through frequent reviews conducted before the projects begin. ■

5 HUMAN RESOURCES

If the values of individual staff members are similar to those that underpin the objectives of the business, then the staff member will be more likely to act in accordance with those objectives. The business should therefore endeavour to select staff with values similar to those of the organisation and ensure their ongoing commitment to those values. To help achieve this, the business should consider formally codifying and documenting their values, purpose and direction.

** These tips are taken from a collaborative research project between CPA Australia and the University of Technology, Sydney, titled Best Practice in Performance Management, which is authored by David Bedford and Professor Teemu Malmi. At the time of writing this document, the research had yet to be published. For more information, visit www.cpaaustralia.com.au*

The great disappearing act

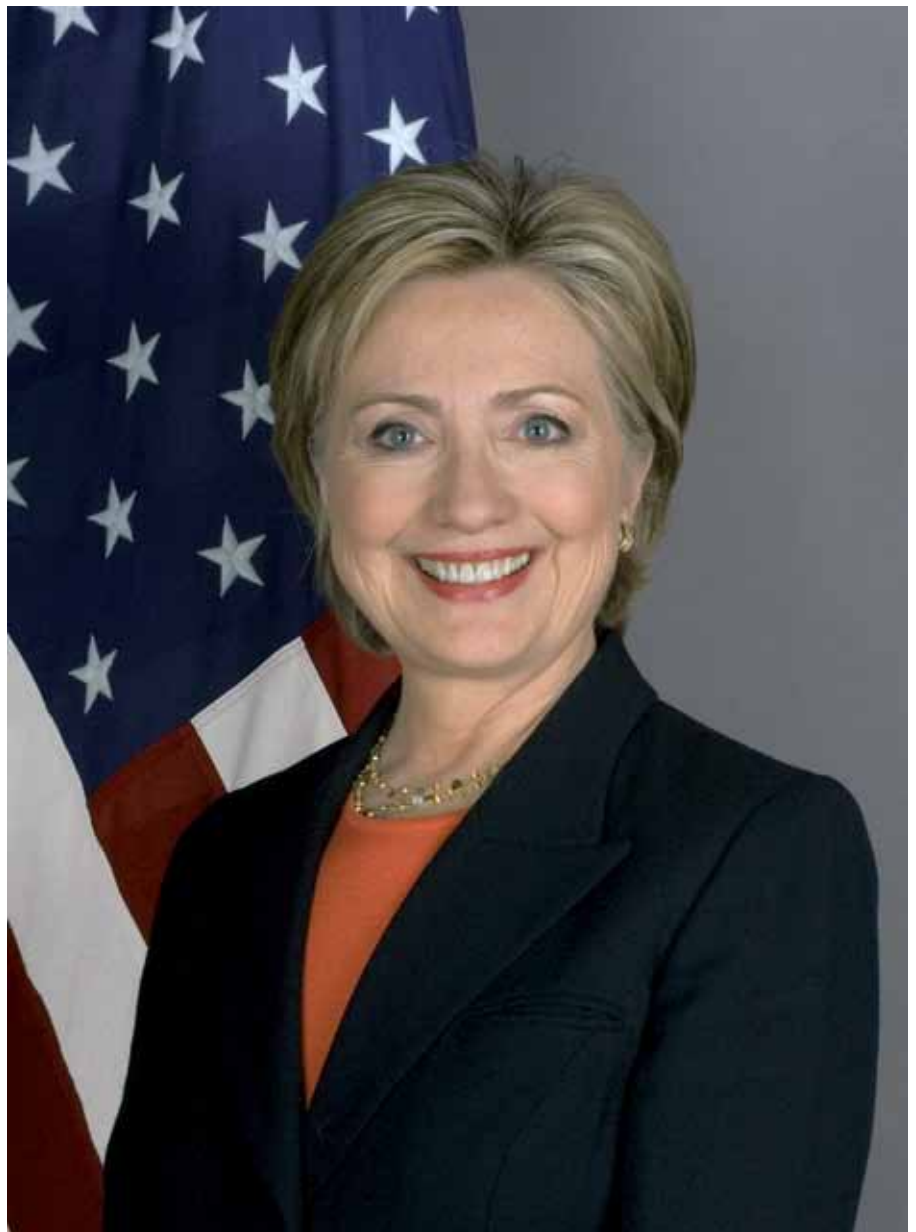
Anne Hashim

To many, Hillary Clinton will always be remembered as the most successful female US presidential candidate to run for office. But even she conceded at the end of her presidential race on 7 June 2008, when she bowed out to endorse Barack Obama, “I am a woman, and like millions of women, I know there are still barriers and biases out there, often unconscious.”

She has reiterated what many women all over the world feel – and know. Whether in politics or corporate offices, women have experienced a tough time breaking through the proverbial glass ceiling, that invisible barrier that prevents women from advancing to the top rungs of leadership.

In the United States, women make up 50 per cent of the workforce but out of the country’s 500 largest companies in 2009, only 15 are headed by female chief executives – that’s a measly 3 per cent gender stake. What’s more, the higher up the corporate ladder, the fewer women you encounter. Things are not much different in Malaysia. The percentage of women holding directorships on boards has seen a decline since 2004 from 9.9 per cent to 6.1 per cent in 2008. Moreover, only 12 per cent of women are at the top rungs of government-linked companies.

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So why aren't women at the top? Where have they disappeared to?

Several analysts are saying that the glass ceiling is not entirely at fault for this under-representation. Instead of gender bias, perhaps it is women themselves who are sabotaging their chances of moving up.

A study conducted by the University of New Mexico's Anderson School of Management revealed that women lacked confidence in their own leadership abilities, often underrating their value in nine evaluated areas (including communication ability and conflict management) by about 11 per cent on average.

The situation isn't unique to the United States. In Australia, head of women's markets at Australian bank Westpac, Larke Riemer, commented, "As women, we really need to understand that sometimes it's not about the fact that it is men putting this glass ceiling over us, but that we create the glass ceiling. Our experience is that we advertise the role (post) but we don't get women applying because they read the skills set and they might have eight out of 10 of the skills and they don't apply. Men will apply with six out of the 10 and get the job."

Rita Sim, Executive Director of Sin Chew Media Corporation Berhad, also echoed a similar sentiment at last year's Women's Summit in Malaysia, that

women need to let others know what they can do and market themselves to get to the top. In most cases, women, she said, were only concerned about doing the work and shy about trumpeting their accomplishments.

Other sources say that the dwindling number of women in decision-making posts is a sign that women are re-evaluating their priorities. Member of the Australian Parliament and Shadow Minister for Early Childhood Education, Childcare, Women and Youth, Sophie Mirabella, sees this trend among Australian women. "We must also allow for the possibility that a growing proportion of women – including university-educated professional women – have made a choice not to pursue their careers to the highest levels. That they've worked out where their priorities and the joys in life actually lie. We must allow for the fact – not often debated and discussed in polite circles – that many women, while immensely enjoying their careers, view parenting as their most satisfying and important role



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in life.” Despite the joys and rewards of parenting, some women do want to have it all – a successful career and a happy family life. By right, they should be able to pursue both, especially since increasing numbers of companies are offering some form of family-friendly work solutions to staff such as telecommuting, job-sharing and part-time employment.

But how successful are these initiatives in allowing women to satisfy both their career ambitions and family responsibilities?

Some quarters view these as simply token gestures; although companies are introducing various work arrangement options, employees have to sacrifice job satisfaction and their sense of contribution to the company.

A survey by Bain & Company of 1,800 business people worldwide revealed that a majority of the respondents said that their companies offered “one-off initiatives” to family-friendly work arrangements rather than ensuring they are implemented correctly to bring real benefits and work satisfaction to staff. While 75 per cent of those surveyed admitted that the companies they worked for offered some form of flexible work programme and mentorship, only less than 25 per cent said the initiatives were successful.

According to people like Marty

Nemko, career coach in the United States, flexible work arrangements are hurting, rather than helping, women’s chances of moving up in their careers. In his article, “The Real Reason So Few Women are in



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the Boardroom,” he says that getting to the top is not a gender issue, it’s about how much time you devote to work. He cites a study conducted by The Business Roundtable, an association of CEOs, that reports the average CEO puts in 58 hours a week, and adds that Fortune 500 CEOs are likely to put in more than that. “Far fewer women than men are willing to work 58+ hours a week and to take work home or do extensive after-work professional development activities during evenings and weekends,” he says. His advice? “If women want a moderate work-week, then they cannot fair-mindedly aspire to the boardroom.”

There is another trend that explains the falling participation rates by women in senior corporate positions. Many are opting out to set up their own businesses where they can call the shots. Bain & Company reports that women entrepreneurs initiate 1,600 new companies in the United States daily. Many universal studies on the subject have indicated that 60 per cent of businesswomen cite the desire for better life and time management as reasons for their entrepreneurial decision. It’s also interesting to note that many of these women do not actively seek opportunities to grow their business, further implying that their primary goals and motivations for staying in business are for reasons other than financial gains, such as better quality of life, time flexibility and happiness.

While the “glass ceiling” may continue to be cited as the reason for the dismal number of women at the top, increasingly more people – more women – are realis-

ing that gender bias isn’t the only thing stopping them from moving up the ladder. In many cases, women are making a conscious choice about where their happiness lies – and it isn’t necessarily in the boardroom, facing endless working hours away from the family.

In the long run, there is a strong indication that the corporate world will operate on different terms than at present. With baby-boomers retiring, the working-age population, too, will shrink. When that happens, perhaps there will be better policies, initiatives and incentives to bring women back into the workforce – and keep them there – at every level. ■