A Study of Strategic Communication in Supporting the Performance Management System: A Case at an Indonesian Private University

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Abstract— The purpose of this paper is to describe about the role of strategic communication in implementing and institutionalising Balance Score Card (BSC) as a performance management system at an Indonesian private university. The nature of faculty management’s role in communicating the key performance indicators (KPIs) for evaluating and measuring faculty performance are all discussed in this paper. A qualitative methodology were used because it provides a structured approach and analytical techniques that can build upon existing theory and literature. To be more specific, an explanatory case study method was used whereby data was collected through semi structured interviews, document reviews, informal conversations and observations. It allows an in-depth understanding of the ways strategic communication were used on a day-to-day basis in performance management system implementation. Result shown that in the last three years, through a strategic systematic communication, all KPI’s target that divided into four perspective; customer, internal business process, learning and growth also financial was reached above 100%.

Keywords—component; strategic communication, key performance indicator, performance management system

Introduction

Nowadays, Institutions of Higher Learning (IHLs) as those with the status of ‘university’ and ‘college’, especially private IHLs in Indonesia are all facing dynamic environment that force them to be more competitive in order to sustain their existence. These give rise to the need to manage not only the institutional performance, but also performance of lecturers, employees, groups and processes to ensure that the institution’s objectives and stakeholder’s expectations are met favourably. In this case, utilisation of performance management system can be regarded as important to achieve a competitive position in global IHLs marketplace (Sahoo and Jena, 2012; Carenys & Sales, 2012).

Due to the dynamic change in science and technology, there is a need for IHLs to reach their objectives and to attain good performance by leveraging on a strategic communication in order to inform and set the awareness of all members in reaching all the KPIs as targeted in early year annually. As IHLs are unique activities, every managers at every faculty as decision-makers faced the problems of finding the right strategy in institutionalising and communicating the appropriate KPIs for evaluating and measuring its own faculty performance. It requires a separate analysis and research because of the specificity of the academic activities as compared to other ordinary organisations. Therefore, while planning the KPIs of faculty activity, it is important to predict precisely all the targets and quantify it accurately [3].

In line with the above, it is timely to make vital and necessary financial and non-financial reporting system to respond to those global challenges in order to remain resilient. In this respect, appropriate performance management system must be used as best practices to assist in making informed decisions [4].

Hence, the main purpose of this paper is to describe from both the normative and empirical study also from observation regarding Balance Score Card (BSC) effectiveness as a measurement and management system in one of the private university in Indonesia. This paper focuses in examining at a macro level about the role of strategic communication in supporting and helping faculty managers as decision makers and as the agent of change in institutionalising BSC as the performance measurement and management systems at faculty activities. In so doing, observation and several interviews were conducted and along with all faculty’s data were analysed as a triangulation process to gain insights on the role of strategic communication in supporting the implementation of performance measurement and management practises at a faculty of a private university in Indonesia.

I. STRATEGIC COMMUNICATION AT IHLs

A. Strategic Organisational Communication
Organizational communication continues to evolve in this dynamic world characterized by the explosion of new technologies, by an intense competition on a global level and by sudden changes in every area including in educational and academic area (Mitrofan & Bulborea, 2013, p.512). It takes on the role of the most important driving force of organisational performance (Gay, Mahoney...
Organisational communication is describing at how communication processes contribute to the coordination of behaviour in attaining organisational and individual goals. Thus, the function of organisational communication even in IHLs is to connect all members (lecturers, and academic staff) with the organisation. It conceptually consists of members’ perceptions of the information flow and the climate in which the communication occurs (Pace, 1983). Several research indicate the positive relationship between communication in the organisation to the level of member’s commitment to reach organisation objectives (Falcone, Sussman & Herden, 1987; Trombetta and Rogers, 1988).

Several studies has shown that organisational communication is one of the most vital link in the organisational chain as the organisation’s strength or weakness depends on the organisation communication strength or weakness. As such, organisational communication is an important driving force of ensuring organisation performance (Mitrofan & Bulborea, 2013) as communication as it ensure that the organisational cooperative system is dynamic and links the organisational purpose to the participants (Jaradat & Sy, 2012).

B. Management’s roles in Communicating KPIs

The purpose of management, is to enable making people capable of joint performance of people through common goals, common values, right structure, and providing the training and development they need to perform and respond to change. It is to secure, as it faces change, the vitality and endurance of an organisation through the ongoing co-ordination of activities, efforts and resources. Thus, the management process includes establishing organisational directions; and aligning organisational structures, processes and systems to support established directions and securing the commitment [4].

Managers use different modes of communication in their work with each type plays a vital role in attaining managerial effectiveness. As compared to written communication, oral communication is preferred by most organisational members as it permits immediate feedback, i.e., one can comment, ask questions, or points can be clarified. Even though written communication are used less often, it still important as written messages can be disseminated to various members of the organisation at the same time in the form of emails, memos, and others. Lastly, non-verbal communication involves all messages that are non-language responses. This mode of communication should not be taken for granted; as hidden messages can influence the process and outcomes of face to face communication (Jaradat & Sy, 2012).

Creating efficient and effective organisation communication is not an easy process. Managers at different levels need to communicate goals and tasks to employees, while the employees need to understand their tasks so contribute to the achievement of the organisational objectives. This process are closely related to the subjectivity of those involved. In this context, employees and manager’s perceptions about the communication process must be considered, because what they think or feel affects how they interact and act with the organisational environment (Borca & Baesu, 2014).

Communication in organisational environment is usually stated as strategic communication as it is viewed as a production and distribution function where strategies and decisions were made, and communication practitioners were given the task to produce internal or external messages and transmit them through different channels in ensuring attainment of the organisation objectives (Grunig, 1992; Grunig and Hunt, 1984; Falkheimer, 2014).

Strategic communication is largely information transfer controlled by the sender, whose messages are assumed to act as persuasive sources of motivation on passive audiences, in other words is about messaging for effects [9]. Moreover, as advocated by Hallahan and et al (2007), strategic communication can be understood as ‘the purposeful use of communication by an organisation to fulfil its mission’ and it is used in different academic areas such as management, marketing, public relations, technical communications, and political communication [10]. Thus, the term strategic communication embraces various goal-oriented communication activities, signalling a managerial approach to the ways in which organisations off all kind communicate [11]. Zerfaß et al (2012) mention that strategic communication has become an important organisational asset, and in many cases, presume as a valued dimension of strategic management processes [8]. Thus, organisational leaders depend on communication strategists to make them better communicators [12]. Strategic communication is used by managers as it contributes to the organisation’s effectiveness, trust and legitimacy and efficiency. Strategic communications is used as a tool for enforcing, enhancing or changing the organisation’s identity among employees and the organisational culture. Strategic communication is related to the importance of maintenance, change or strengthening organisation’s images among stakeholders (Falkheimer, 2014).

Various researchers argued the importance of strategic communication in organisation development. Managers are increasing demanded to be communicative leaders (Heide and Simonsson, 2011), i.e., to be strategic communicators of visions, values and goals as well as facilitators of organisational change. Moreover, constructing effective information and communication systems between management and organisational members, and also between organisations and their stakeholders, have become crucial for efficiency.
Furthermore, learning from feedback have made managerial communication a core asset for organisations [8].

The importance of strategic communication for organisational development is based on four interrelated arguments: First, strategic communication is often used by organisations because communication is considered as a contributor to the organisation’s effectiveness. Second, strategic communication is considered important to maintain also strengthening organisation’s images among stakeholders. Third, strategic communications is used by organisation as a tool for enforcing and enhancing the organisation’s identity and culture among employees. Fourth, strategic communications are justified that it may favour openness and transparency between members of the organisation, stakeholders and the public sphere [8].

In this paper, strategic communication and its role in supporting the performance management system for faculty activities at an Indonesian private university has been reflected and described through some arguments which is hope to be valuable in raising further empirical research.

II. BALANCE SCORE CARD (BSC) AS PERFORMANCE MANAGEMENT SYSTEM FOR IHLs ACTIVITIES

A. Performance Management System

Performance Management System (PMS) is a dynamic and balanced system that facilitates support of decision-making processes by elaborating and analysing all relevant information. PMS, when used appropriately, can be used an instrument to achieve better results as it build on creating a shared vision of what should be achieved and it also integrates performance with its corporate and functional strategies and objectives. The information from the PMS systems enable the managers, employees and stakeholders necessary to regularly plan, continuously monitor, periodically measure and review performance of an organisation and increases the likelihood of attaining both long term and short term objectives (Striteska, 2012) Wagnerova, 2011). Through the use of the PMS system, the managers and employee has the capability to improve their organisation’s direction, traction, also speed, and most important is to move it in the right direction. (Adkins, 2006).

Thus, the PMS system has the potential in supporting decision making, motivating employees, stimulating learning and improving organisational coordination and communication. In this case performance management can consider as the management processes and management uses/adopts to manage the performance of an organisation and influences the behaviour of organisational members. Its consisting of specific steps and principles, which interact and work together in an interdependent way to achieve specified objectives (Taticchi, 2010). Thus, all the main activities, processes and functions within companies are the object of a performance management system (Neely, 2002; Chiesa, Frattini, Lazzarotti, & Manzini, 2008; Paolo Taticchi, Balachandran, & Tonelli, 2012).

B. The Usage of BSC at IHLs

The framework Balanced Score Card (BSC), has known as one of the system in measuring organisation performance that has been widely used and studied in the most literature. There are already many references on BSC. One is introduced by Kaplan and Norton (2001), where in- depth analysis and case studies were presented. In fact, by now BSC is not clearly defined itself as many companies which used multi-dimensional matrix measurements all claim that they implemented BSC. Specckbacher et al. (2003) identified three classes of implementation in practice, where BSC-III has the fullest contents to support action plans and incentives. There are already many existing approaches to implementing the balanced score-card, using different numbers of steps, for example, Ahn (2001), Brewer (2002), Letza (1996), Lohman et al. (2004), and Papalexandris et al. (2005), who gave an integrated method to combine the existing approaches. Kaplan and Norton themselves, in a more recent book “The Execution Premium” (Kaplan and Norton, 2008)– locate the BSC as the core of a systems approach that integrates strategy with operations. The Balanced Scorecard is the most widely used of the various performance management tools. This method of performance management has been implemented by government institutions, small businesses and corporations. Standardised Balanced Scorecards are easily accessible for organisations and can have a potentially positive impact on many organisations [18]. In most of Indonesian organisations, especially for state-owned enterprise, BSC is implemented and used as the tools to measure the performance of the organization. In the case on providing information, the BSC becoming an analytical model of strategic information for all types of organisation, including for educational organisation such as IHLs.

On the case institution, as a part of an Indonesian private university, BSC is used on day to day activities as performance measurement and management system. This can include planning, evaluating and analysing, controlling, identifying problems, justifying the decision-making processes involving both the financial and non-financial aspects and perspectives.

III. THE BSC PRACTICE ON THE CASE INSTITUTION

The BSC practice on the case institution, began from the condition on a critical notes such as escalating costs, diminishing resources, increased competition, unhappy customers (students, parents, etc.) and legislators demanding accountability are pressuring these education institutions to manage their costs better without reducing quality. Robert S. Kaplan and David P. Norton believe that the answer lies in the form of four barriers that must be eliminated: first, the vision barrier, only 5% of the workforce understand the strategy; second, people’s estimates, only 25% managers have incentives related to strategy; third, the management barrier, 85% of the executive team uses less than one hour of time to discuss strategy and fourth, resource barrier, 60% of organisations do not link the budget with strategy.

Hence, to achieve the institution’s objectives and tackle the crisis successfully, reforms have to be made by improving or upgrading existing systems to meet these specific needs. One of the reforms is the performance management system.

The performance management system activities contribute to the academic vitality and financial well-being of IHLs and monitoring how effective
they are in delivering their services to the final clients or customers [19]. This gives them an alternative view as to how they should formulate better planning and make informed decisions for IHLs activities. Performance management system model with balanced scorecard approach can improve the quality of a university to be able to compete with universities both within and outside the country and to help the achievement of faculty strategic targets and indicators.

As a part of the university which has an objective as a world-class university, there are some targets that should reached by faculty. The dictionary has defined the term world-class as: “…Ranking among the foremost in the world; of an international standard of excellence…”. The context of KPIs in a world-class university can be seen in different perspectives, as there are a number of views offered as to what it is all about. Altbach (2004) lists the following characteristics as benchmarks of international competitive status involving; (1) excellence in research; (2) top quality academic staff and favourable working conditions; (3) academic freedom and an atmosphere of intellectual excitement; (4) freedom to pursue knowledge (academic freedom); (5) significant measure of internal self-governance; (6) adequate facilities for academic work; and (7) consistent and substantial funding to support the university’s research, teaching and other functions. The concept of a world-class university reflects the norms and values of the world’s dominant research-oriented academic institutions. The world-class idea falls into the global sphere. It assumes that the university is competing with the best academic institutions in the world and is aspiring to be the pinnacle of excellence and recognition (Altbach, 2004; Azhar et al., 2009).

On the case institution, BSC with 4 perspectives are used as performance measurement and management system at every faculties in every level. The KPIs as describe below:

Table 1. Four Perspective of BSC

<table>
<thead>
<tr>
<th>NO</th>
<th>RESPONSIBILITY</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>CUSTOMER (8)</td>
</tr>
<tr>
<td>1</td>
<td>Student satisfaction</td>
</tr>
<tr>
<td>2</td>
<td>Employee satisfaction</td>
</tr>
<tr>
<td>3</td>
<td>Student’s International scale achievement</td>
</tr>
<tr>
<td>4</td>
<td>Percentage of on-time graduation</td>
</tr>
<tr>
<td>5</td>
<td>Percentage of on-time exam scoring</td>
</tr>
<tr>
<td>6</td>
<td>Ratio of student’s resignation</td>
</tr>
<tr>
<td>7</td>
<td>GPA score</td>
</tr>
<tr>
<td>8</td>
<td>Ratio of lecturer:student</td>
</tr>
<tr>
<td></td>
<td>INTERNAL BUSINESS PROCESS (10)</td>
</tr>
<tr>
<td>1</td>
<td>Number of accredited study programme (A and B)</td>
</tr>
<tr>
<td>2</td>
<td>Ratio of lecturer’s research</td>
</tr>
<tr>
<td>3</td>
<td>Scopus/Thomson indexed research publication</td>
</tr>
<tr>
<td>4</td>
<td>Non Scopus/Thomson indexed research publication</td>
</tr>
<tr>
<td>5</td>
<td>As a Committee of International conference</td>
</tr>
<tr>
<td>6</td>
<td>Number of lecturer with doctoral degree</td>
</tr>
<tr>
<td>7</td>
<td>Ratio of lecturer without academic functional position</td>
</tr>
<tr>
<td>8</td>
<td>Number of Professor and associate professor</td>
</tr>
<tr>
<td>9</td>
<td>Number of lecturer as first author on publication</td>
</tr>
<tr>
<td>10</td>
<td>Doctoral degree proportion as the leader in the reasearch</td>
</tr>
<tr>
<td></td>
<td>LEARNING &amp; GROWTH (8)</td>
</tr>
<tr>
<td>1</td>
<td>Number of patent</td>
</tr>
<tr>
<td>2</td>
<td>Ratio of lecturer’s blog activities</td>
</tr>
<tr>
<td>3</td>
<td>Number of certified lecturer</td>
</tr>
<tr>
<td>4</td>
<td>Number of community service programme</td>
</tr>
<tr>
<td>5</td>
<td>Number of Study book</td>
</tr>
<tr>
<td>6</td>
<td>Number of student creativity proposal uploaded</td>
</tr>
<tr>
<td>7</td>
<td>Number of student creativity proposal accepted by DIKTI</td>
</tr>
<tr>
<td>8</td>
<td>Lecturer’s EPRTs score</td>
</tr>
<tr>
<td></td>
<td>FINANCIAL (4)</td>
</tr>
<tr>
<td>1</td>
<td>Student, account receivable</td>
</tr>
<tr>
<td>2</td>
<td>Revenue from existing student</td>
</tr>
<tr>
<td>3</td>
<td>Financial Absorption</td>
</tr>
<tr>
<td>4</td>
<td>Operating Ratio</td>
</tr>
</tbody>
</table>

A. Scoring The Faculty Performance

Faculty performance is determined at the beginning of the year annually through a one on one meeting between faculty’s managers and the board of foundation. These meeting set up all the KPIs, targets and weightings of each perspective of the balanced scorecard approach.

Those KPIs written on a management contract and based on the annual message of foundation and the university’s strategic plan. Then at faculty level all KPIs will be written on
the faculty managerial work plan. This faculty managerial work plan are set quarterly and the management contracts are signed by the Rector and Dean. The performance measurement and the KPIs achievement calculation is determined quarterly according to the evidence that provided by faculty’s managers.

The framework of the setting up KPIs, contract management and faculty managerial work plan are as describe below:

Figure 1. Implementation Model of BSC on the Case Institutions

B. The Institutionalisation of BSC

At the beginning of implementation around 2014, the institutionalising of BSC at university level also faculty level still faces challenges especially from lecturers and staff as its directly impacts on reward management system, including monthly remuneration. Continue with the condition in the middle of 2014, there is still no understanding among employees because the communication has not been running well and the targeting is still felt not yet transparent, the faculty members mostly don’t understand the definition of indicators and performance calculation.

The faculty managerial effort was conducting a strategic communication to build faculty members understanding about the importance of reaching KPIs targets, calculating the individual performance as the base for calculating faculty performance. The strategic and systematic communication was conducted in every formal and non-formal forum such as annual meetings, faculty meeting, managerial meeting and staff meeting.

Because academic activities are unique, faculty managers as decision-makers faced the problems of finding the right strategy in institutionalising and communicating the appropriate key performance indicators (KPIs) for evaluating and measuring faculty performance. It requires the capability of faculty manager to analyse the appropriate target for every level of the lecturers and staff, also to separate the target due to the specificity of each level of the faculty member.

According to some interviews with faculty management about the implementation of BSC as performance management system, the process was not easy because as a service industry, all the KPIs setting cannot just adopt from production industry. And because the case institution is a private university that will also different from public sector, this institution is being required to monitor how effective they are in delivering their services to the final customer and how to report to all stake holders.

IV. RESEARCH METHODOLOGY

In this research, an explanatory case study method was used whereby data is collected through semi structured interviews, document reviews, informal conversations and observations. It allows an in-depth understanding of the ways in which performance management system are used on a day-to-day basis [21].

To examine the process and the practice of performance management system inside the institution, the specific and appropriate approach would be needed. This study was conducted by studying a real case at a faculty of a private university in Indonesia by collecting data using semi-structured interviews as the main data collecting tool.

Some observation and data collection process was conducted as a triangulation process. This research also using some participation method by attending at some meetings and forum to get the description of managerial strategic communication in the process of communicating the KPIs and evaluating the KPIs achievement quarterly.

In collecting the data, this study perform some in-depth and face to face interview with faculty managers in a leading position with regard to academic and administration process. Three main respondent (dean, first vice dean and second vice dean) was interviewed in the first stage of research, then research was continued by interview the chief of academic, the chief of laboratory, the chief of human resource and general affair and the last one was the chief of student affairs. Total respondent was 7 members of faculty managerial, all of them was interviewed using semi structured interview.

In-depth interview method was selected as it allows the researcher to obtain a detailed insight into the factors underlying the organizational context, the knowledge transfer channel and the relation between elements. The analysis of the
interviews is based on a thematic sorting and classification of the answers. Various sorting tools, such as simple tables, probably will be used. The background data is based on faculty manager’s information.

To analyze the data, thematic sorting and classification of answers was used to identify the practice of performance management system inside the faculty of an Indonesian private university.

V. RESEARCH FINDINGS AND DISCUSSIONS

According to Burns and Scapens (2000) the new rules and routines, such as the new performance management system, might not be institutionalised if the new system challenges the prevailing institutions. However, it will be said as a successful process when all faculty members can adapt to new system and the faculty managers can institutionalise the new system successfully by using their power to enable the change [21].

Practically the BSC implementation at a first quarter until second quarter of 2014 stayed at the level of ceremonial implementation. It means the rules and routines could be implemented but not translated into the daily activities of the organisation. The implementation of KPIs and the faculty managerial work were not strong enough to challenge the interpretive schemes of the faculty members.

On the third quarter of 2014, faculty management implement the system through the use of power possessed by the university and the foundation. Although resistance came from the lecturers and staff, the power over decision making possessed by the top faculty management dominated the power over resources possessed by the university and foundation management. At the end of 2014, some of the faculty members already get the insight about the importance of reaching up KPIs target and all the consequences if the faculty couldn’t reach the KPIs inside the faculty managerial work plan.

Based on that perspective, the institutionalisation of the BSC as performance management system at the case institution was not driven by the technical pressures but mainly by the institutional top down pressures.

The achievement of KPIs target year to year quarterly is describe below:

The figure above describe the achievement of faculty KPIs from 2014 until early 2016.

The year 2014 was the beginning of the establishment of the case institution, which are merged from 4 private institution into one big national scale university and toward international or world class university. That would explain the condition on the third quarter of 2014 which KPIs of faculty was not reach score 100%. It was because of lecturer’s research doesn’t reach the target also the webometric rank doesn’t reach the target.

But after fourth quarter of 2014 until the middle of 2016 the achievement of faculty KPIs all above 100%. This proven by some evidence such as the increasing of lecturer’s research number, the rank of webometric scale up, the student satisfaction etc.

This condition can prove that the strategic communication implemented by faculty managers through every media and forum was effective to motivate all faculty member in reaching up all KPIs targets.

VI. RESEARCH GAP AND FUTURE RESEARCH AGENDA

Through several decades of research on performance management system and practices, the measurement for IHLs performance studies have produced some deal of data, but has not been discuss about how the performance measurement and management system for IHLs activities being communicated to the members, how specifically the information and KPIs inform to the members considering the uncertainty and dynamic changes of academic and technology environment in IHLs activities. Poolton and Barclay conclude that faculty managers are still relying on gut feeling regarding “best practice” in IHLs. Some research has tended to be theory-driven instead of being application-driven.

Moreover, literature shows that an effective performance measurement and management system for IHLs needs an appropriate structure. Designing the structure of the performance measurement and management system for IHLs means to identify the control objects whose performance have to be monitored and to select the specific dimensions of performance and indicators they are responsible for. In this case the role of faculty and university leaders
in conducting and communicating strategically in monitoring the performance management system implementation, in evaluating the KPIs and also in decision making is considerably important. Defining also communicating standards for performance measurement is far more challenging in IHLs than other business activities. Considered the significant differences between academic activities with other industrial activities, it is reasonable to expect that the design of the constitutive elements and the way that leaders conducting, communicating also evaluating should be differentiated according to the IHLs type to which it is applied [22].

This empirical qualitative research conclude that there are no such appropriate strategic communication in conducting and implementing performance measurement and management system that might be fit for every IHLs activities in such a different environment. Therefore, first, indicators within the IHLs performance measurement and management system need to be modify to keep the overall IHLs goals reached.

Second, faculty and university leaders need strategic communication to deliver every information related to KPIs and institution’s objectives so the faculty members can get precise understanding of their targets. Leaders through strategic communication will involved within each phase of the faculty activities to guides the team members in identifying their contributions in terms of achieving the overall goals. Further, strategic communication of the faculty leaders will establish the allocation of roles and responsibilities to the correct personnel will ensure the right people are doing the right job thus enhancing the quality of work.

This situation opens up an opportunity for researcher and academicians to seek more information and develop some in depth review about proper strategic communication to support the performance measurement and management system specifically for IHLs activities.

As a conclusion, there is no such strategic communication in conducting, implementing and evaluating performance measurement and management system that work successfully for all kind of IHLs activities. Every university, every faculty will need different forms of control and measurement and thus a different strategic communication.

This paper uncovers avenues for future research encompassing the following areas:

a. In-depth research on the specific model of strategic communication for management control system, performance measurement and management system specifically for IHLs activities. Research concerns should revolve around such questions as what kind of information needed and what kind of strategy in communicating the key performance indicator suitable for the IHLs.

b. Research that emphasises strategic communication types, dimension and values along different types of IHLs activities. This should enrich the existing literature about performance measurement and management system for IHLs activities, which is currently limited.

c. In-depth research about the use of strategic communication in supporting performance management system for IHLs activities.

d. How the strategic communication can support the performance management system and could help the decision making and learning process.

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