INTERACTIVE EVALUATION MANAGEMENT PROCESS AS A COMPLEMENTARY EVALUATION METHODOLOGY TO ANALYSE ORGANISATIONS

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The aim of this paper is to define the concept of the Interactive Evaluation Management Process as a tool for the complementarity of methodologies evaluating organisations. The interaction among the Goal-Based, the Systems Resource and the Multi-Actor Evaluation Methodology may be seen to produce an interactive dynamic process. Interactive Evaluation Management Process (IEMP) is defined here as, "a dynamic cycle of constant feedback, which enables the flexibility and the modification of the organisational behaviour, whenever necessary". This paper explains how strategies and indicators offer possibilities for understanding and learning about the reality of the organisation, taking into consideration the different steps of the IEMP: strategy implementation, strategy measurement and strategy formulation. Having an IEMP controlled and evaluated through indicators permits the successful development of corporate frameworks, that need to be complemented through strategies. The strategies constitute the thread that keeps organisational actions coherent in the present by using the three evaluation methodologies in the future. The interrelation and the integration of the three evaluation methodologies enrich the measuring of the organisation's performance. Articulating the outputs of the organisation's processes and the participants' desires, the indicators of those outputs produce an interactive loop of learning.

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1. INTRODUCTION

The interaction between the Goal-Based Systems Resource and Multi-Actor Evaluation Methodology may be seen to produce an interactive dynamic process. The three evaluation methodologies, working in interaction, would permit a closer observation of the fundamental variables that are involved in any organisation. According to Gregory (95):

> Theoretically, Goal-Based Evaluation Methodology is based upon the organisation reaching formal goals. The Systems Resource Evaluation Methodology is based upon the idea that it is impossible to act without causing multiple reactions throughout the organisation. It is important to analyse the organisation as a coherent system with structure and processes. The Multi-Actor Evaluation Methodology is based on the principle that organisational success is based on satisfied stakeholders. It is a pluralistic approach that takes into consideration the different points of view of all organisational actors and stakeholders and their relationship.

When building the IEMP, an internal and an external loop were developed. Figure 1 "IEMP as a Dynamic Measurement of Organisational Effectiveness" focuses on external and internal loops to achieve organisational improvement. In relation to the operational or internal loop IEMP measures organisational effectiveness. In relation to the external loop, the IEMP should enable the definition of strategies through the improved observation and understanding of the critical variables that are involved in any organisation as a whole, using the synergy as a result of the complementary of the methodologies.

It is a feedback process that is split in a first and second loop of learning. The synergy, generated by the experience and knowledge of the participant group toward the achievement of the strategy, feeds this evaluation loop. Participant groups can use the measurement in order to auto-control and to understand the cause and effect of their problematic situation in which they are involved. The IEMP not only measures the indicators' change but also the strategic change. These changes are very important in the organisational

learning process.

Figure 1: IEMP as a Dynamic Measurement of Organisational Effectiveness
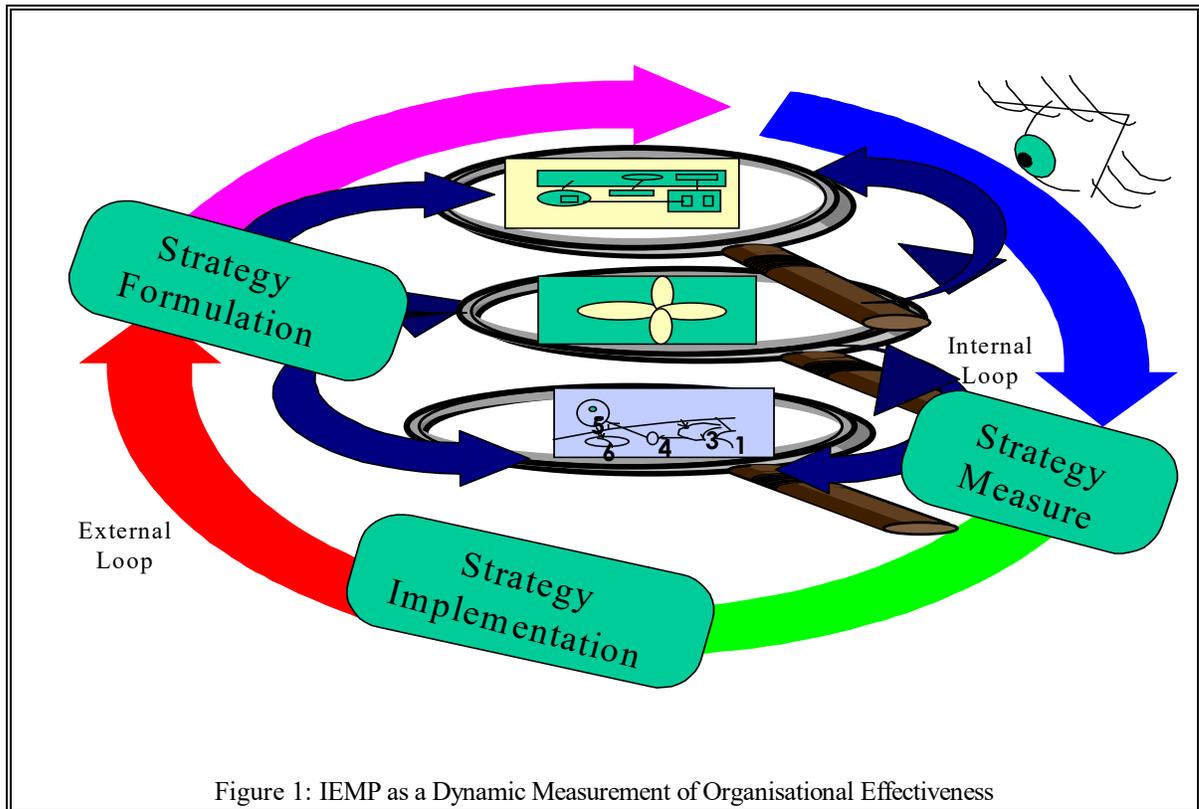
The IEMP begins with the clarification of a shared vision, the mission and the strategies that the organisation is attempting to reach. The lineal process of establishing a vision, a mission and the strategy's discussion with participant groups in the organisation align the initiatives and the actions to get some long, medium and short term strategies.

The word "strategy" has an important connotation to the IEMP. The IEMP is a heuristic method that enables one to formulate, to develop, to implement and to measure strategies. This makes "strategy" as the most important word for measuring organisational effectiveness. Morales (1992) defined strategy as:

A systematic process of looking towards the future to identify what the enterprise would like to achieve. At the same time, IEMP serves to find the most convenient way for an enterprise to reach its preferred future.

Considering the former definition of strategy, IEMP enables the enterprise to achieve strategies for the future. Figure 1 shows the necessary steps for achieving an IEMP. They are formulating strategies in the future, developing, implementing and monitoring strategies in the present and adjusting them for the future.

2. RELEVANT STEPS IN AN EFFECTIVE INTERACTIVE EVALUATION MANAGEMENT PROCESS AS A FRAMEWORK TO SUPPORT THE EVALUATION METHODOLOGIES

Members in the organisation need to understand strategies within the organisation and the roles that each of them play in it. The IEMP requires a greater commitment in each area of the organisation and the development of a "strategy culture" in the organisation.

The IEMP and its indicators over time provides an overview of the present measuring effectiveness in the formulation, implementation and monitoring strategies; Figure 1 shows the necessary steps to achieve strategies in the IEMP. As was explained this is a dynamic and interactive process that works together simultaneously. However, in describing the process in detail I shall start by explaining the implementation of Plan (N), the formulation of Plan (N+1), and the comparison of two plans (Plan (N+1) vs. Plan (N)) then will adjust them.

The IEMP as a planning process involves the Goal-Based, the Systems Resource and the Multi-Actor Evaluation Methodologies. The following explanation starts with the strategy implementation where each step is a dynamic process in the Figure.

Strategy implementation. Plan (N) is the result of implementing strategies in the *Goal-Based Statement Plan*. The Goal-Based Evaluation Methodology is centred on control and monitoring the *Goal-Based Statement Plan* and its strategies, goals, objectives and targets for each Strategic Business Unit, as well as fractionating, aggregating, and segregating objectives in a recursive manner.

Strategy formulation. An IEMP that formulates and determines strategies for Plan (N+1) must focus on two relevant dimensions. First, it should respond to external environmental changes, secondly, it should provide an analysis of the organisation's internal environment. Consequently, it may be argued that it is important to enrich the Goal-Based, the Systems Resource, and the Multi-Actor Evaluation Methodologies and have them work to complement each other.

A consolidation of internal and external forces, using the Evaluation Methodologies, helps in ameliorating not only the opportunities and threats present in the environment but also to address the strengths and weaknesses of the enterprise. The IEMP helps executives to balance internal and external variables, and to understand the requirements necessary to maintain internal stability.

The analysis of the internal and external states of the organisation are advantageous in the formulation of strategies for the organisation in Plan (N+1) because they permit the understanding the real possibilities or capabilities of the enterprise, and, thus, formulate goals and objectives strategically necessary for defining Plan (N). They allow the enterprise to develop a strategic profile in accordance with the way it fixes the boundaries of the business, defines competitive positioning and enunciates the positioning based on the environmental conditions.

Strategy measure. A set of measurements of performance arising from the three methodologies will generate the basis for a significant organisational evaluation process in practice. This assumes that the evaluation has to be linked to different understandings of Plan (N) and Plan (N+1) and their interrelationship that will identify the organisational performance measures that are dealing with the organisational environment. IEMP develops a new recursive structure and interactive process for a managerial system. Consistency and coherence are important characteristics on the Interactive Evaluation Management Process for strategy formulation, implementation and measurement. There should be, a great impact in the communication of the organisational strategy.

The formulation, the implementation and the measurement of the strategy belongs to a specific SBU within the established context to each level of the company. All of these strategies converge to encompass a general strategy for the whole organisation. The order in which these steps will be considered in the organisation depends on the development of the *organisation in the evaluation process*. If the organisation has a previous Goal-Based Statement Plan, the first step would be the strategy implementation Plan (N), which acts as a diagnosis in the IEMP. Otherwise, the formulation of strategy Plan (N+1) would be the first.

2.1. Strategy implementation

Strategies are formulated and defined in the Plan (N+1) for the medium and long terms using the complementary of evaluation methodologies and will be implemented in Plan (N) for a short period of time according to the Goal-Based Evaluation Methodology. This process is then converted into a dynamic loop in the IEMP.

The Goal-Based Statement Plan(N) is a circular strategic process shown in Figure 2 "Strategy Implementation" and carried out when Plan (N) is monitored and controlled during time N. The implementation of strategies in the present is defined in the Goal-Based Statement Plan (N) and is shown in detail according to what happens to the organisation in a short time.
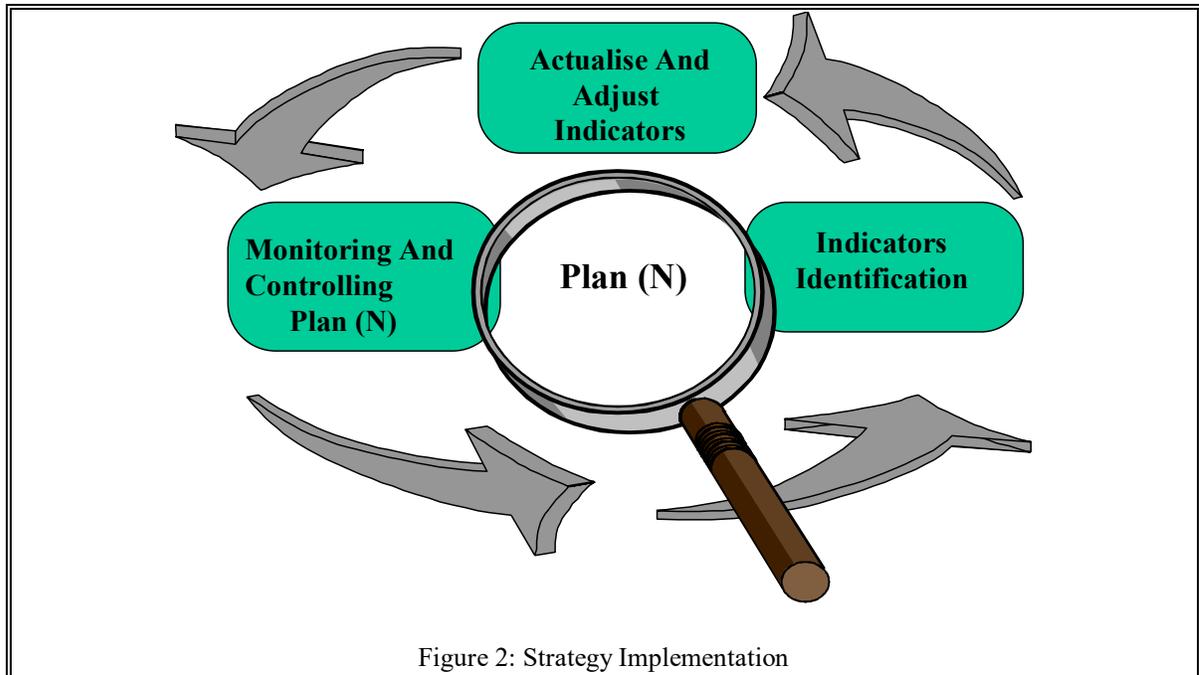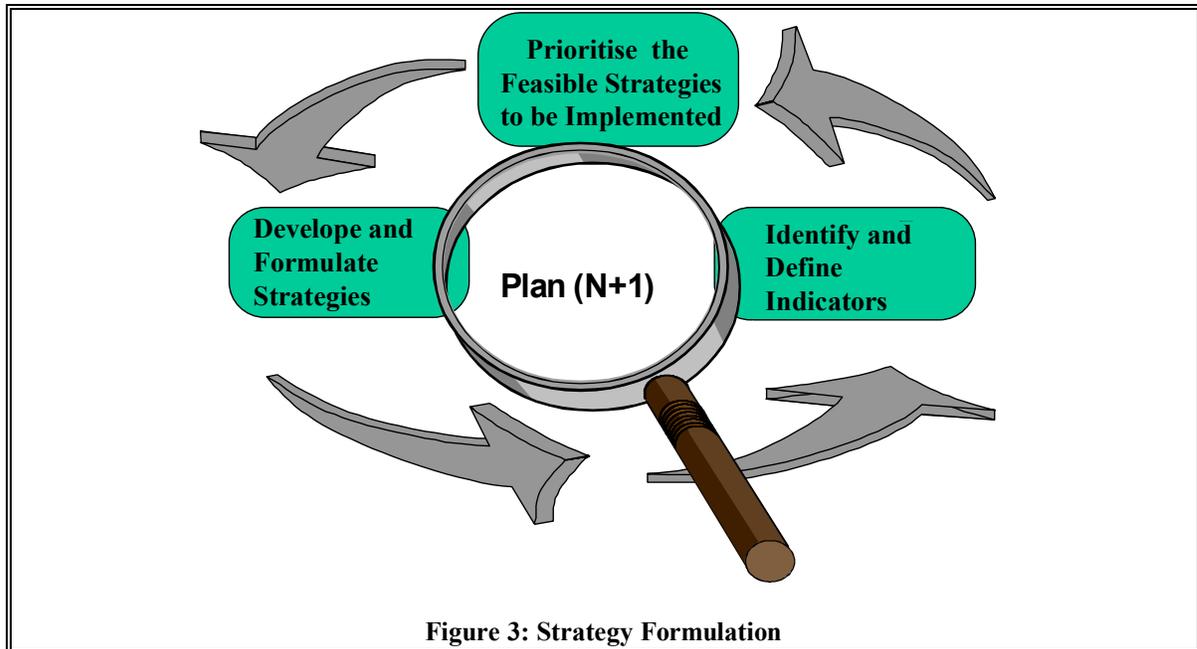

Figure 2: Strategy Implementation

The Goal-Based Evaluation Methodology considers it important to revalidate strategies, goals, objectives and targets if the desired results are to be achieved with efficiency. It is important to actualise and adjust them and then to identify and measure the necessary indicators for monitoring and controlling the Goal-Based Statement Plan (N).

In order to implement strategies it is necessary to define indicators, to measure, actualise and adjust them in the short term. It is also necessary to monitor and control the Plan (N) while considering the planning horizon. The planning horizon is defined in relation to each organisation according to the given short period of time.

2.2. Strategy formulation

According to Figure 3 "Strategy Formulation" of Plan (N+1), it is important to formulate and develop what, to prioritise the feasible strategies to be implemented, identify and define measurement indicators.

The different evaluation methodologies are concerned with the definition of the organisational strategies. It is important to determine the opportunities and the threats in the organisation given by the different methodologies. The resources of the enterprise are to be used to optimise all opportunities or to counter-attack any threats in the environment. The organisation cannot survive in isolation from its environment. A strategic profile stipulates the variables the enterprise considers essential in facing competitiveness, on the one hand, and environmental conditions, on the other.

Figure 3: Strategy Formulation

The design of the Plan (N+1) in Figure 3 is the output of the feasible strategies to be implemented considering the complementary of the evaluation methodologies. In the definition of Plan (N+1)" important variables are taken into consideration in order to design Plan (N+1). The identification and measurement of indicators for the future is more difficult and the achievement of plans in the medium and long term have to deal with uncertainty.

2.3 Strategy measure

There is a continuous monitoring and controlling of the strategic process in the short, medium and long term. Figure 4 the "Strategy Measure" is a circular process that adjusts and actualises the present Plan (N) and the future Plan (N+1) through strategies and indicators. In the figure there are some steps defined which takes into consideration both Plan (N) in the short term and Plan (N+1) in the long term. These steps are to identify, define and actualise Indicators; Indicators measure, and actualise and adjust strategies. Figure 4 is a circular strategic process, which permits the adjustment of strategies interactive in time. The figure shows the "Interactive Evaluation Management Process over Time". Plan (N) is formulated for short term in time T (N) and Plan (N+1) is formulated for the future in time T (N+1). The integration of Plan (N) and Plan (N+1) and their interrelationship on time make the IEMP a dynamic process.

It is really difficult to measure strategies because of the resources, constraints and bottlenecks involved. "Inevitable consequences" are produced when results are not achieved on time or when the goal of the implementation of the Goal-Based Statement Plan has a long lead-time. However, these 'consequences' are overcome with continuous monitoring of Plan (N) and Plan (N+1) and their indicators and measurement. All the strategies and indicators will have to be re-evaluated constantly to work in the short, medium and long terms.

The complementarity of evaluation methodologies is considered in achieving and re-evaluating Plan (N) and Plan (N+1). In this case, Goal-Based and Systems Resource Evaluation Methodology can interrelate, integrate and complement each other in order to provide a better evaluation. In the Multi-Actor Evaluation Methodology, making a correct strategic measurement possible, an efficient working team is necessary. The process of identifying, discussing and adjusting strategies and indicators take most of the time allowed. All the issues are constantly debated to attain continuos feedback for the process of collecting and adjusting the information

Figure 4: Strategy Measure
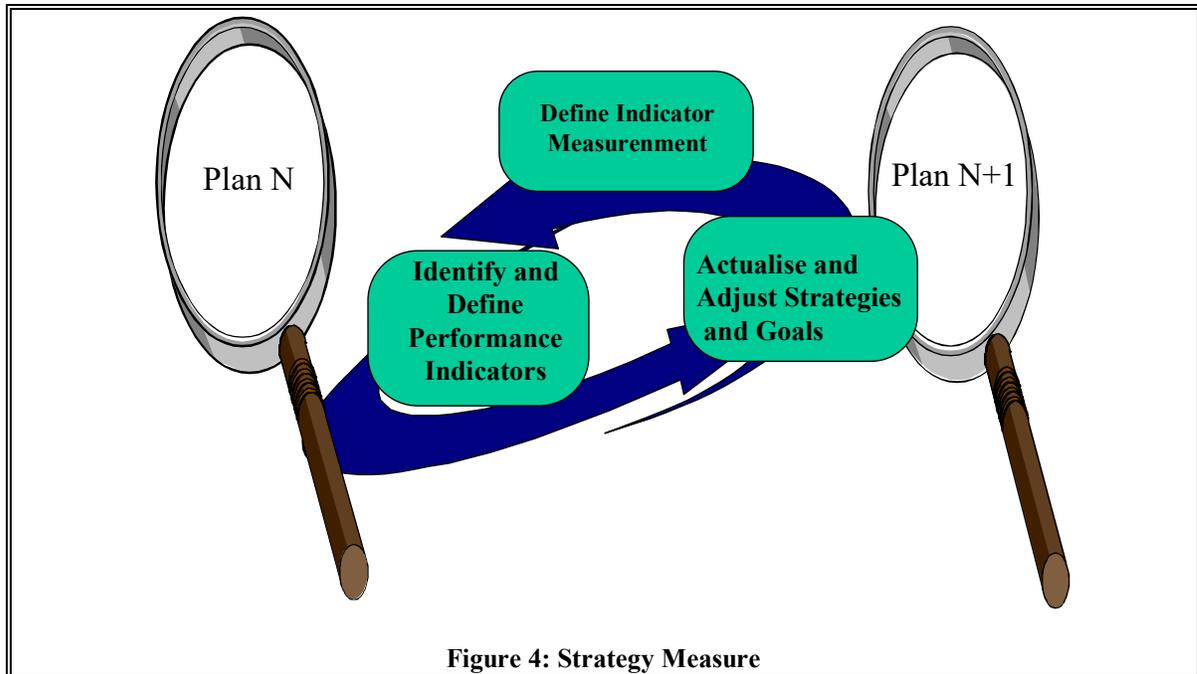
Measuring strategies are especially concerned with indicators for more than one evaluation methodology. An Indicator System is necessary to re-evaluate not only the IEMP but also the indicators themselves as soon as any result has been obtained. Identifying and defining the right indicators and their measurements can be used in the design of future plans.

3. THE IMPORTANCE OF INDICATORS IN THE INTERACTIVE EVALUATION MANAGEMENT PROCESS.

IEMP is not just a diagnostic tool, used to evaluate organisational past actions. It is also used as a consensus tool in order to communicate strategies and co-ordinate individual actions in achieving common goals. It is an interactive process and a framework that achieves methodology users' learning. The IEMP should be based on a series of input-output relationships derived from the strategy and split into the recursive organisation, including time estimation, quality and costs, as a result of the feedback. The feedback process among participants picking up data from hypothesis, reflection, strategic formulation and adaptation is fundamental in the implementation of a successful managerial strategy.

IEMP is not just a vehicle in order to help the organisation to translate the strategy into practice. This includes indicators from the Goal-Based, Systems Resource and Multi-Actor Evaluation Methodologies that could put only one strategy into practice. The produced indicators resulting from the complementarity has a special impact in the definition of an integral general strategy and produce a change in the organisational culture. The IEMP is a managerial tool used to move and to guide the organisation in a new strategic direction.

3.1. Indicators for a Goal-Based Evaluation Methodology

The success of the Goal-Based Statement Plan depends on the comprehensive study of the internal and external Indicators of the enterprise. The study furnishes an accurate measurement of the Goal-Based Statement Plan at any given moment. The results of the measurement may influence the structuring aspects of behaviour and finally, may facilitate the creation of a more consolidated future for the enterprise.

The mechanisms of control, executing and monitoring the plans, could be successful only if the indicators, used for measuring strategies in each recursion level have been correctly identified and defined. The defined indicators should enable the detection of instabilities and stabilities emerging from the behaviour of the resources used. The IEMP seeks to balance the operative short-term behaviour of Plan (N) with the strategic formulation of Plan (N+1) in the long-term with the IEMP it is possible to consider financial indicators of the past behaviour together with the measuring indicators for future behaviour.

The organisational executives can measure, in their Strategic Business Units, their goals in order to improve their future behaviour. The personnel use complementary indicators as outputs of the different evaluation methodologies. In the organisation, if these measurements could manage the operational outputs carried out by their employees in half level of adequate form.

3.2. Indicators for Systems Resource Evaluation Methodology

According to Systems Resource Evaluation Methodology, Viable Systems Model is used to determine the important organisational processes. These are the processes relating to the implementation, co-ordination, control, planning and decisions function that are identified at each recursion level of the organisation.

Indicators registered in each process could be measured only when income resources, output products and transformation occur and diverse organisational processes have been quantified. An isolated performance of the different organisational processes could not be considered without a constant interaction. Sometimes this interaction could have the characteristic of a cycle or value chain.

Strategy is an incremental process. The best strategy emerges as a result of other strategies at other recursion levels in the organisation. Having and sharing the best vision is the first step in the process of achieving IEMP. It helps to get a clear definition of the results according to the needs of the organisation. The indicators are balanced between the output of present behaviour indicator and the indicators for future behaviour. The IEMP helps to balance the measure of easily quantified objectives with the subjective indicators for measuring behaviour.

3.3. Indicators for Multi-Actor Evaluation Methodology

There is a need for developing a human resource that permits organisations to be more adaptive and have a better capacity to learn, survive and change in a more competitive environment. Managers need to understand and evaluate their complex organisations. The survival of the organisation demands indicators that monitor how the individuals and organisations increase their capacity to learn and to adapt. The success resides in designing indicators that enable organisations to be successful. These indicators should consider measurement of performance considering individuals and culture.

The development of a coherent organisation with a high level of understanding between the members is necessary. SSM introduces the analysis of problematic situations under this Multi-Actor Evaluation Methodology. It permits the construction of a complete picture of situations where human resources are involved. In this way the indicators chosen must offer an evaluation of the organisation according to the criteria has multiple actors involved in the creation of the organisational culture.

The indicators are the result of the actors involved in a situation, where their knowledge is a fundamental requirement. Each individual is the most important input of the organisation, one that could manage her/his indicators of success. This depends on their own background and experience. Then, an understanding of their emotional behaviour and relationships with others is necessary

Participation is shared and it evolves from the relationship between the members and how they achieve commitments. A good leader is one who recognises the necessities of the others in a group. To generate a good organisational climate requiresa mechanism that encourages interaction. There is a need for permanent feedback to

enable indicator adjustment.

3.4. Indicators for more than one evaluation methodology

Each actor trained in the different evaluation methodologies has the capacity to identify and to measure the indicator(s), which plays a specific measurement role within her/his work. Each indicator should be assimilated and conjugated for each individual in the organisation.

Each indicator has a specific role to play in the organisation. The synergy shared through the interaction with another indicator and with the environment is fundamental in the measurement of the organisational performance. As a result of this process of interaction, there emerges a culture with a specific structure and social character that includes the several common visions of all the groups in the organisation.

The IEMP should transform the strategy of each Strategic Business Unit and its indicators. Efforts should be made to include both qualitative and quantitative indicators. Qualitative indicators are commonly seen as the most difficult to define and obtain. The selection of indicators implies what monitoring will need to be undertaken by the organisation.

4. MEASUREMENT OF INDICATORS IN MEDIUM TERM

IEMP is a new form of business management. IEMP should be used in order to develop a new managerial system. The Indicator System should be a tool to define and to measure goals, processes or values. IEMP helps to obtain feedback from the indicators measurement in an interactive process.

As was shown previously in Figure 1, IEMP is a circular strategic process which permits the formulation, re-formulation and design of Plan (N +1) and the design, re-design and developing of Plan (N), adjusting strategies between the present time T (N) and the future time T (N+1) through indicators. Before designing the Plan (N+1) for time T (N+1), it is necessary to choose the feasible strategies that have been implemented in Plan (N) in time T (N). It is also necessary to achieve an evaluation of this plan through identifying and measuring indicators. In Figure 5 the internal loop corresponds to Plan (N) in Figure 2, and the external loop corresponds to Plan (N+1) in Figure 3.

As was discussed previously, Indicators are defined as variables that act as filters and ensure that executives are provided with relevant information. In this way, it is possible to say that the sets of indicators for evaluating strategies constitute the enterprise's valuable end product. Figure 6 shows a summary of the "Different Kinds of Indicators" as a result of the complementarity of the different evaluation methodologies. These indicators permit a continuous evaluation of the organisational processes, goals and values.

Survival of the organisation is an end in itself, whether it is profitable or not. It means that success or failure could be measured through indicators. The result of such measurements permits to improve Plan (N) and Plan (N+1). Structure, goals and values need to work as a whole through correct actions and to foster a dialogue to initiate and execute policies among executives.

From a mechanistic approach, the formulation of a Goal-Based Statement Plan is based on the behaviour of indicators considered stable by the organisation. It is possible, through simulations, to adjust the stability criteria that more closely fit the real situation to achieve plans. Through simulations, it is also possible to adjust the stability criteria that most closely apply to the real situation. Instabilities would make the outlining of a good Goal-Based Statement Plan impossible because of the difficulty in designing and evaluating excellent indicators that may otherwise provide a useful result in terms of the measurements to be used by managers.
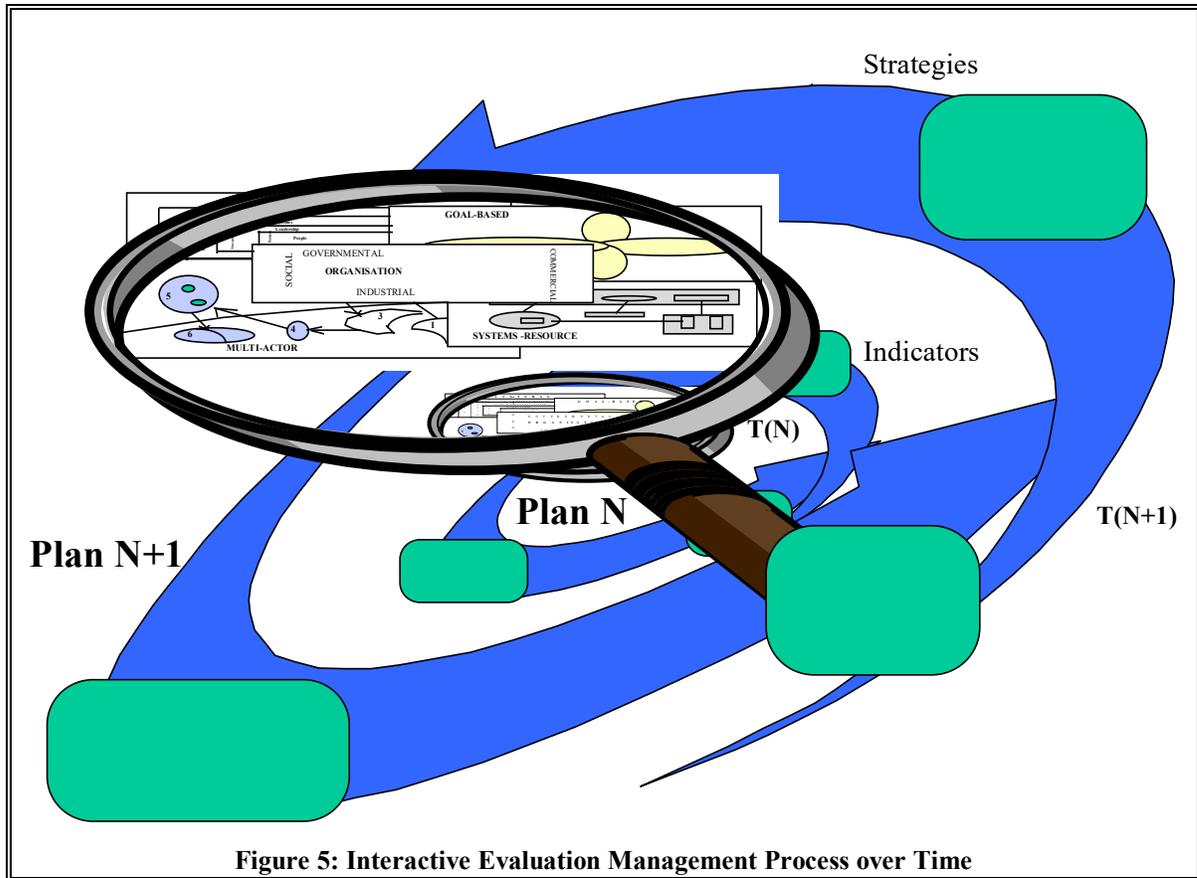
Figure 5: Interactive Evaluation Management Process over Time

From the Systems Resource Evaluation Methodology perspective every organisation has its own particular process; the defined indicators would be relevant only to that specific organisation and not to any other one. To make the identification of indicators easy, it is paramount to find what should or should not be included in their definition. If each organisational process could be guaranteed an optimum of resources and rationalisation of internal transformation, as well as their final result, the identified indicators will help to obtain a more accurate measurement of the organisation over time.

From a Multi-Actor Evaluation Methodology, there is a need for indicators, which focus on the comprehension and evaluation of the stakeholders and of the organisational culture. At the same time they would permit analysis of the relationship between individuals and their culture. These indicators would permit that the indicators identified in the Goal-Based and the Systems Resource Evaluation Methodologies which can achieve coherence between plans and effective processes. Organisational culture must permit the implementation of these indicators that have a strong influence on the actions of the individuals.

The identification of indicators must follow a systematic process that enables the justification of why some indicators are more important than others to a given type of organisational process at any given moment. An Indicator System is necessary to re-evaluate not only the IEMP but also the indicators themselves as soon as any result has been obtained. In this way indicators could be used in the design of future plans. This IEMP permits formulation of the management strategies, objectives, policies and plans for the organisation under the criterion of stability, which is very important in measuring indicators.

Figure 6: Different Kinds of Indicators
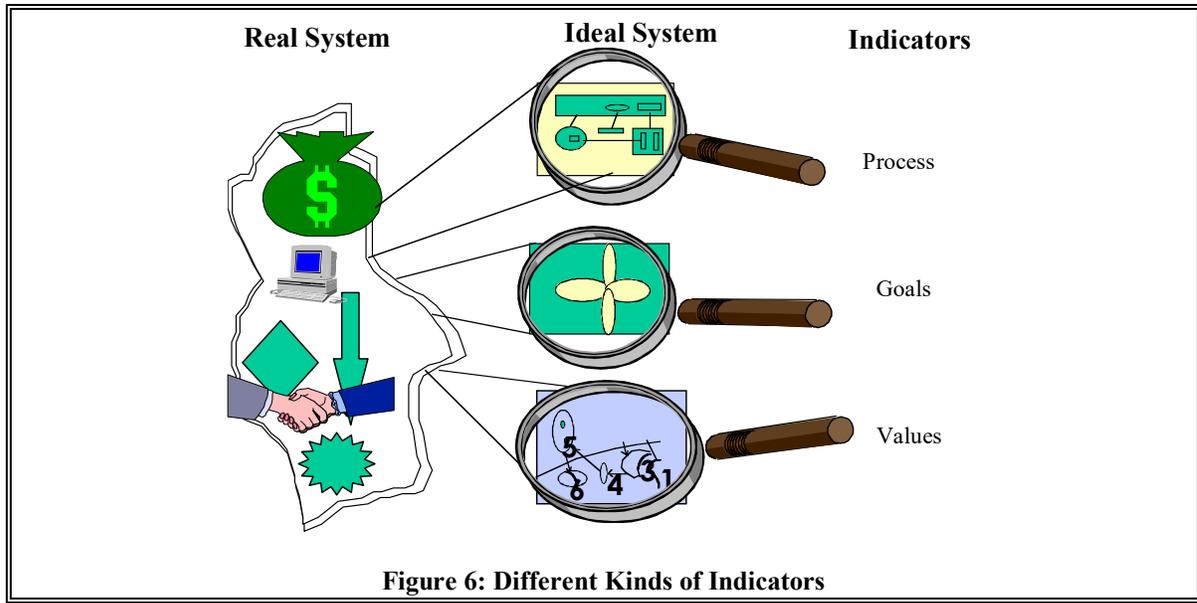
5. CONCLUSION

Corporate Integration must consider each evaluation methodology in such a way that an IEMP allows all parts of the organisation to be evaluated both simultaneously and integrally.

In the Goal-Based Evaluation Methodology we concentrate on defining and monitoring goals, objectives and targets used in the Goal-Based Statement Plan. According to the Goal-Based Evaluation Methodology it is essential for the executives to understand the need to develop new ways of designing or generating a Goal-Based Statement Plan, as well as how to analyse and evaluate this by means of Indicators. The Goal-Based Evaluation Methodology resides in the strategic activities and particularly in the setting of goals and objectives, and in continuously determining the circumstances through observing the actions that are designed to deliver those goals and objectives.

The Systems Resource Evaluation Methodology would help to define rational strategic planning. With the Systems Resource Evaluation Methodology we concentrate on structures and processes to make the organisation dynamic in achieving the plan. The Systems Resource Evaluation Methodology ensures that the organisation is environmentally intelligent and reactive to changes. Implementation of goals also ensures that the organisation is proactive as well as reactive, as the Systems Resource Evaluation Methodology would imply.

According to the Multi-Actor Evaluation Methodology successful IEMP should be produced with the co-operation of the stakeholders and individuals involved and their understanding of the organisation. This makes it important how individuals participate in observations; interviews and continuous debates that help them reach the optimal organisational evaluation.

The IEMP considers the complementarity of the three evaluation methodologies' approaches. Complementary evaluations have to be executed in a whole interactive process producing synergetic action in the organisation. The interrelation and integration of the three evaluation methodologies enriches the measuring of performance in the organisation. Having an IEMP controlled and evaluated through indicator permits the successful development of corporate frameworks that need to be complemented through strategies. The strategies constitute the thread that keeps organisational actions coherent in the present and future together using the three evaluation methodologies.

The IEMP enables executives to understand not only the need to develop new ways of formulating and generating strategies in Plan (N+1) but also the necessity for implementing them in Plan (N) and measuring them. Subjecting the "real world" to the complementarity lens should guarantee that the identified and measured indicators provide

the most accurate reflection of the organisation.

This IEMP uses all the possibilities of improving, understanding and learning from the organisational reality. It is a dynamic process that helps to define strategies clarifying the future of an enterprise and also enabling the selection of the optimum way to allocate resources in relation to the business environment, the organisational constraints and the bottlenecks.

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