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Performance measurement in business networks

Purpose of this paper is to describe management and leadership models, which are being used in Finland for construction project business and investigate how these models should be adjusted for Russian business environment. The first strategic research question is what are main features of management and leadership models and performance measurement indicators (PMI) used at present in Finland in construction project business, and secondly how these models and PMI should be adjusted to Russian business environment. In project business management models interact with practical leadership. Traditionally strategic planning and strategy implementation may be carried out with numerical models described below by setting measurable targets for each dimension. Many issues will affect on target setting: results from the previous year, the country in question, and the political, economic, sociological, technological and environmental situation (PESTE) and development of these factors in future etc. Variables to be monitored are the key success factors of a company or a business network. Management issues and different numerical indicators have a strong emphasis in decision making and target setting. The Russian situation is a bit more complicated: political, economic, sociological, technological and environmental situation is totally different and unpredictable. Setting exact targets is very difficult as e.g. prices of raw materials may change more than 50% in year. Also business culture is totally different: power and responsibility is concentrated to the main director of a company even in according to Russian law, tradition supports strong and authoritarian leadership; former acquaintances are highly appreciated as a part of business culture as well as in common life. First strategic research question is what are the main features of management and leadership models and performance measurement indicators (PMI) used at present in Finland in construction project business, and secondly show how these models and general approach should be adjusted for Russian business environment. We have selected a constructive approach which has eight phases: 1) Building up theoretical models, 2) Observation in companies, 3) Academic piloting, 4) Piloting with adult students, 5) Piloting with companies, 6) Development and tailoring of models, 7) Dissemination of Results, and 8) Market test of achieved models. With a constructive research approach we would like to combine the qualitative and quantitative methods with business practices and use triangulation (Denzin 1970, 1978) in four different forms: 1. Multi-method, as qualitative and quantitative methods are used. 2. Multi-investigator, as there are 21 researchers. 3. Multiple data sets, as there will be about 10 different data sets. 4. Multiple theory triangulations are possible due to the numerous theories in place in different business organizations in Finland and Russia. Circa 60 interviews have been carried out in Finland and in Russia. This research has shown that approaches for planning and implementation of strategy can be applied in Finland and in Russia in construction project business during normal conditions. However, way of application in Finland and Russia should be different as in Russia position of main director is different compared to Finland. For Russian main director there should be adequate resources in order to carry out all duties towards Russian authorities and Finnish headquarters. Improving staff innovation ability and initiatives will be challenging in Russia, as this has not been appreciated within companies earlier. Start point for adopting learning organization concept could be development discussions. During discussions development and learning targets as well as possible bonuses should be agreed upon as bonuses are very important for Russians.