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**The drivers and purposes of  
performance measurement: An  
exploratory study in English local  
public sector services**

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## **ABSTRACT**

**This dissertation focuses on the interactions between local public sector organisations and institutions in the development of performance measurement (PM) targets and indicators. The research is grounded in the performance measurement and management literature and adopts a joint new institutional and resource dependence perspective. Empirically, the research, which is qualitative and theory-building, consists of case studies undertaken in local public sector organisations in England. The iterative comparison of theory and data has enabled the investigation of a number of relevant themes.**

**In the last decade, the British Government has placed great emphasis on the consistency of objectives, targets and indicators from national to local levels with the aim of enhancing performance, transparency and accountability, and of driving behaviour. However, this research shows that the influence of several organisations and the co-existence of various PM initiatives generate confusion and overlaps locally. Moreover, in the cases considered the unmanageable number of indicators and the lack of clarity regarding the drivers and purposes of PM have led to confused messages and counter-productive approaches to the measurement and management of performance.**

**From a theoretical viewpoint, the favourable comments expressed by interviewees regarding the current PM regime contrast with critics of New Public Management. Furthermore, legitimacy-seeking and efficiency-enhancing rationales have emerged as intertwined and loosely coupled. This is in opposition to what is maintained by early new institutional theorists. In line with resource dependence theory, PM systems were found to be significant components of power systems in organisations.**

**Through the examination of the roles of PM and the investigation of relevant concepts such as 'golden thread' and performance culture, this research aims to make an impact on policy-making and to improve the ways in which targets and indicators are set and used, hence having a positive effect on the services delivered.**

**Keywords: Performance Measurement, Organisation Theory, Public Sector, Performance Management, Measurement Theory.**



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Immense gratitude also goes to my famiglia, vriendinnetje and friends for their unconditioned love, moral support and positive vibrations. Once again I found that no man is an island (not even while working on a PhD!) and that whatever we achieve as individuals is always the result of a collective effort. I do believe that feelings, beliefs, personal intuition and passion, although rarely recognised as 'scientific', are fundamental elements of a research process. I guess that we, as researchers, owe much more to these aspects than we will ever be inclined to admit.



*The gods did not reveal, from the beginning, all things to us,*

*But in the course of time through seeking we may learn and know things better.*

*But as for certain truth, no man has known it,*

*Nor shall he know it, neither of the gods*

*Nor yet of all things of which I speak.*

*For even if by chance he were to utter The final truth, he would himself not know it:*

*For all is but a woven web of guesses.*

Xenophanes

(Translated by Karl Popper)





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## **LIST OF ACRONYMS**

**BCU = Basic Command Unit**

**BSC = Balanced Scorecard**

**BVPI = Best Value Performance Indicator**

**CCT = Compulsory Competitive Tendering**

**CEO = Chief Executive Officer**

**CFO = Chief Fire Officer**

**CPA = Comprehensive Performance Assessment**

**CSCI = Commission for Social Care Inspection**

**DoH = Department of Health**

**GCSE = General Certificate of Secondary Education**

**GPRA = Government Performance Results Act**

**HC = Healthcare Commission**

**HMI = Her Majesty Inspectorate**

**IRMP = Integrated Risk Management Plan**

**LAA = Local Area Agreement**

**LBBD = London Borough of Barking and Dagenham**

**LPSA = Local Public Service Agreement**

**NHS = National Health Service**

**NPM = New Public Management**

**ODPM = Office of Deputy Prime Minister**

**Ofsted = Office for Standards in Education, Children's Services and Skills**

**PAF = Performance Assessment Framework**

**PCT = Primary Care Trust**

**PI = Performance Indicator**

**PM = Performance Measurement**

**PMS = Performance Measurement System**

**PPAF = Policing Performance Assessment Framework**

**PSA = Public Service Agreement**

**SFRA = Stoke on Trent and Staffordshire Fire and Rescue Authority**

**SLR = Systematic Literature Review**



## CHAPTER 1

### INTRODUCTION

#### 1.1 Overview

This research focuses on the interactions between local public sector organisations and institutions in developing performance measurement targets and indicators. In recent years scholars have investigated topics related to the measurement of performance in the public services. However, the relationships between the performance measurement (PM) systems being used at different levels of the public sector have rarely been studied in an empirical way. Furthermore, in the literature there is a gap between applied and theoretical perspectives, and in both types of approaches the philosophical bases of PM have not received sufficient attention.

Governments in several countries are also demonstrating growing interest in this area, as are the press and media, and are using performance targets and league tables in order to push through modernisation programmes, and demonstrate that value for taxpayers' money is being delivered. In this context, the British Government<sup>1</sup> has used the metaphor of the 'golden thread' to cascade and align objectives, targets and performance indicators from central government to local organisations. However, despite the substantial costs associated with it, there is little evidence of results being achieved through the adoption of PM systems at the local level.

From a personal perspective, the researcher is committed to the improvement of public services' performance through a more efficient and effective use of PM systems. Therefore, this research aims to make a contribution at theoretical, methodological and practical levels. To do so, both applied and theoretical approaches have been taken into consideration, as well as the ontological and epistemological bases of performance measurement. Moreover, through three distinct phases – exploratory case studies, pilot interviews and in-depth case studies – the relationships between local and national levels of government are empirically studied. Thus, the appropriateness of the 'golden thread' metaphor is critically assessed and the responses deployed by local organisations to institutional pressures examined. Finally, the drivers and purposes of PM in the public sector are investigated and recommendations are made for both its theory and practice. This introductory chapter provides an overview of the dissertation by presenting the theoretical background, empirical phases and findings of the research; the structure of the thesis is given in Figure 1.1.

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<sup>1</sup> Within the UK different performance measurement regimes have been implemented. Therefore, although this dissertation refers to the British Government, since the empirical analysis is based on the study of public sector organisations in England, the research findings relate only to England and not to the whole of Great Britain.

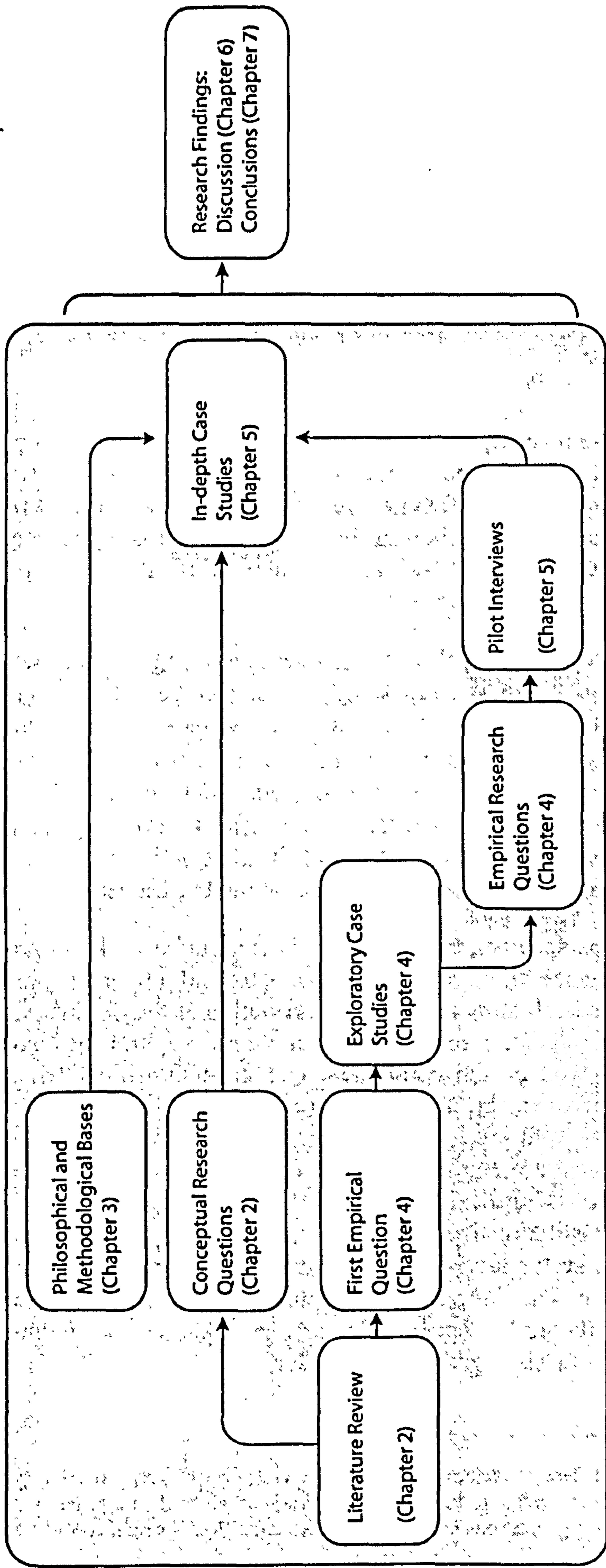


Fig. 1.1: Main phases of the research and structure of the thesis



## 1.2 Theoretical background

Different bodies of literature were reviewed in order to ensure that the research is rigorous on both the theoretical and methodological levels. First of all, contributions in the field of PM were considered together with the definitions of 'performance measurement system' and the use of PM models and frameworks in public and non-profit organisations. Subsequently, an in-depth review of the academic contributions to performance measurement in the public sector was performed. This led to the identification of a number of research gaps. Furthermore, although a considerable number of studies have been carried out in this field, contributions seem mostly of two kinds: articles concerned mainly with practical aspects and papers that deal with mostly theoretical issues. Relatively little research is both firmly grounded in theory and relevant to practice, and a gap appears between these two bodies of literature (Covaleski, Dirsmith and Samuel, 1996; Meredith and Samson, 2002).

After considering the more 'applied' contributions, the use of several organisational theories in the field of PM was examined. As a result, a more in-depth and systematic literature review (Tranfield, Denyer and Smart, 2003) was undertaken on the uses and possible contributions of two theories – new institutional theory and resource dependence theory – in the subject of PM in public sector organisations. In essence, new institutional theory is concerned with reproduction, imitation and acquisition of legitimacy, which are central concepts in the field of PM in the public sector (cf. DiMaggio and Powell, 1983; Geiger and Ittner, 1996; Scott, 2001). Resource dependence theory looks at issues such as power, control and interdependencies between and within organisations, which are equally important in this area (Oliver, 1991; Pfeffer and Salancik, 1978).

Despite the differences existing among the perspectives considered, several research gaps emerged as interrelated. Following the review of the PM literature, the researcher decided to focus on the following issues:

1. the characteristics and uses of an organisation's PM system
2. the role of stakeholders, especially in the design of PM systems
3. the balance between internal and external (mandatory) indicators.

Taking into consideration the research gaps that emerged in the systematic literature review, this research concentrates on the following two subjects:

1. the study of strategic responses to institutional pressures
2. the interconnections between legitimacy and efficiency.

The identification and selection of the research gaps enabled the formulation of two overarching theoretical research questions:

- *What are the relationships between local public sector organisations and institutions in the development of performance targets and indicators?*
- *What are the strategic responses, conflicts, tensions and behaviours that arise?*

Before undertaking the fieldwork, a number of philosophical and methodological issues that could influence the course of the research were examined.

### **1.3 Philosophical and methodological bases**

Although this research does not aim to investigate in depth the implications of the philosophy of science on PM, the researcher believes that solid ontological and epistemological bases would foster the development of PM as a field of research. Therefore, this thesis begins with a brief critique of the positivist paradigm that is prevalent in both management research in general and, in particular, in the field of performance measurement. Subsequently, the implications of adopting an objectivist ontological and subjectivist epistemological perspective are discussed, building on relevant contributions from philosophy of science and measurement theory in physics. Consistently with the ontological and epistemological positions adopted and the previous contributions in this area, this research is qualitative and theory-building. Case study was chosen as the research strategy and, in terms of data elicitation methods, different types of evidence were utilised: structured interviews, written texts and data obtained through observation. The triangulation of data greatly enhanced the validity of the research and mitigated the personal bias of the researcher.

The research consists of three empirical phases. Two exploratory case studies were undertaken in a healthcare trust and a police force. Subsequently, unstructured interviews were carried out in nine local public sector organisations. Finally, two in-depth case studies were performed in a local authority and a fire service. In the exploratory cases, publicly available documents were the main source of data, whereas in the in-depth case studies also 22 structured interviews were carried out. In terms of data analytic procedures, the data gathered was coded with the support of NVivo software.

### **1.4 Exploratory case studies**

After defining the theoretical questions, the researcher set out to identify a suitable empirical context. The review of the PM literature shows that there is a relative lack of empirical research that describes in detail the systems and processes being used at different levels of government, particularly at the local level, to measure and manage performance (Talbot, 2005). In this context, the phrase ‘golden thread’ is used to express the consistency of objectives, targets and indicators throughout the different

levels from central government to service delivery (Audit Commission, 2002). In recent years, the British Government has used the metaphor of the 'golden thread' to cascade and align objectives, targets and indicators with the aim of enhancing performance, transparency and accountability, and influencing behaviour. Given the dynamic context outlined above and the relative lack of empirical studies in this area, a preliminary research question was formulated:

- *Does the metaphor of the 'golden thread' correctly represent the way performance targets and indicators are developed in public sector organisations in England?*

In order to address this question, the PM framework that is effectively in operation in part of the public sector in England was mapped. Operationally, two exploratory case studies were carried out in two different areas of the public sector – healthcare and the police. The analysis of the data shows that there is actually no coherent and clear set of priorities for the public services in England that align with a golden thread running from central government to local delivery agencies. Indicators cascading through the public sector multiply at a significant rate and an explicit sense of priority amongst the multitude of indicators seems to be missing at the local level. Furthermore, the identification of the role of the measurement system emerged as a primary concern.

As for the research conducted on this latter issue, academics have been inclined to adopt different foci. A number of scholars have looked at the reasons for measuring performance from a general point of view, ranging from control to accountability to performance improvement (Smith, 1995a; Kopczynski and Lombardo, 1999). Others have concentrated on the internal/managerial uses of PM (Behn, 2003; Bovaird and Gregory, 1996; Pidd, 2005), whereas a third group has focused almost exclusively on central control (Power, 1997; Townley, 2002). Furthermore, articles written on this topic are seldom empirically grounded. Therefore, this research investigates the roles of PM in the public sector in more depth. The following empirical research questions were formulated:

- *What are the roles of performance measurement in local public sector organisations in England?*
- *What responses do local public sector organisations enact as a result of the institutional pressures toward conformity that are exerted on them?*

## **1.5 Pilot interviews and in-depth case studies**

In order to better scope the breadth and depth of the case studies, a series of unstructured interviews were carried out in nine organisations belonging to different areas of the public sector. These interviews led to the identification of a range of issues wider than the one achievable by looking at just one sub-sector. They also provided the researcher with a better understanding of the possibility of considering different areas of the public sector and the consequent limitations of the final results of the research. The identification of a number of contextual and non-contextual aspects informed the choice of the subsequent in-depth case studies. Furthermore, the researcher had the opportunity

to familiarise himself with the performance regimes existing in the public sector in England and the role of audit bodies. Finally, by means of such interviews, it was also possible to pilot the interview protocol and matrix subsequently used in the in-depth case studies.

Building on the literature review and previous empirical stages, two significant cases, one holistic and one embedded, were carried out in two quite different organisations: a fairly simply structured and homogeneous fire authority (SFRA), and a complex multi-service local authority (LBBD). The first case was initially considered as a single unit of analysis and investigated separately. The second case was broken down into four units – corporate level and three different services. These four units were then analysed both separately and jointly; finally, the two case studies were compared and contrasted.

The primary finding is that, despite the differences of the organisations in size and scope, the issues raised were particularly consistent across cases. Moreover, somewhat unexpectedly, few respondents criticised the quite centralised PM regime, which pervades the public sector in England. Both national and local targets and indicators were considered generally appropriate and PM regarded as an indispensable element to promote change and improve service delivery. In both cases, respondents working at the corporate level focused on strategy, provision of ‘joined up’ services and ways in which a culture of performance management could be fostered locally, whereas nearer the frontline service delivery more emphasis was given to technical and more specific issues related to the performance targets and indicators.

Finally, few discrepancies could be found when making comparisons among units of analysis in LBBD and between LBBD and SFRA. In the fire authority greater emphasis was given to leadership as an element to promote the use of performance measurement. This was mostly due to the recent introduction of PM in the fire service. Similarly, the acceptance of national indicators was regarded more favourably by services where PM had been in use for a shorter period. This could be because, in line with the argument put forward by resource dependence theorists, the introduction of PM influences the level of attention paid to services both nationally and locally, and the number of opportunities for them to attract funding.

## 1.6 Discussion

A number of themes could be identified by comparing the literature with the empirical results. First of all, although the organisations considered in this research greatly differ in terms of internal structure, links with the environment and services provided, the analysis of documents and interviews show that they face similar challenges in relation to PM.

Secondly, although central government has put great emphasis on the consistency of objectives, targets and indicators from national to local levels, the practice of the ‘golden thread’ in the public sector in England is not as consistent as could be expected. The cases considered show that this is mainly due to the influence of a number of other organisations and stakeholder groups, and the co-existence of conflicting PM initiatives.

Thirdly, the majority of interviewees expressed positive comments as to the current PM regime, notwithstanding the substantial body of academic literature and anecdotes reported by the media that deeply criticise it. Indeed, local organisations have national indicators in place because they are statutorily required to, but they often consider them appropriate and useful. Moreover, although issues were raised regarding the audit process, relationships with government departments and auditors were described as increasingly satisfactory and collaborative. Therefore, this research contradicts some of the arguments put forward by critics of New Public Management concerning the design and use of performance targets and indicators, and relationships between national and local organisations.

Fourthly, instrumental work processes (e.g. the use of performance indicators) and symbolic display of rational organisational practice (e.g. compliance with externally developed indicators) were found to be intertwined and difficult to discriminate. Therefore, it could be argued that the concepts of legitimacy and efficiency are loosely coupled, rather than in opposition as argued by early new institutional theorists. From a resource dependence point of view, increases in the number of targets were welcomed at both local and national levels, since they implied more attention paid to areas of competence and, possibly, allocation of greater resources. However, resistance and tensions also emerged in relation to the control of resources exerted through the PM system by departments on local organisations, and, within the latter, by corporate on service levels.

From a more technical perspective, the main problems local public sector organisations in England seem to be facing are related to the often unmanageable number of performance indicators (PIs) in place. Government departments and audit bodies are surely responsible for the indicators local organisations are required to report on. However, it is mostly the intervention of other organisations and PM frameworks along the 'golden thread', and the introduction of PIs by local organisations themselves, that make the number of indicators grow. Furthermore, conflicting demands and lack of a coherent strategy have a negative impact on the promotion of a 'joined up' delivery of services. In this sense, the introduction of Local Area Agreements and a more participative approach by the auditors were particularly valued.

An important concept emerging from the data is 'performance culture'. Several interviewees, especially at corporate level, related it to people's capability to connect single indicators and analytical pieces of information to the organisation's wider objectives. However, other respondents, close to the front-line, referred more to the focus of staff on PM, ability to measure performance and, ultimately, contribution to achieving high scores in the assessments undertaken by the auditors. The adoption of the former approach to PM ('culture of performance management') could bring about a more integrated and cost-effective use of the PM system. Whereas the latter ('culture of performance measurement') could generate malfunctions, such as fixation on targets and indicators, rather than achievement of underlying objectives.

Finally, this research explicitly investigated the drivers and purposes of PM in the public sector. As several interviewees remarked, sometimes centralisation, rather than service improvement seems to be the main reason for implementing a PM system. However, although central government's influence on how performance is measured

locally cannot be underestimated, only a limited number of indicators are introduced with the sole purpose of monitoring performance. Moreover, from a central government point of view PM is considered a fundamental means to ensure accountability. However, even though interviewees agreed on the importance of PM and its role in fostering accountability, they claimed that public is actually interested in services delivered, instead of information related to targets and indicators.

From a local point of view, comparisons of performance between and within organisations are very valued. A number of national PIs are used by central government to calculate league tables and allocate resources. However, comparative data is sometimes used by local organisations to identify good practices. Furthermore, elected members and top managers seem particularly sensitive to rankings and comparisons with other authorities. Finally, as to the fourth major role identified – ‘managerial use’ – issues related to strategic direction, decision-making, internal allocation of resources, and organisational learning consistently emerged from the analysis of documents and interviews.

Although different categories could be defined, the two in-depth case studies show that boundaries between these categories could often be thin and difficult to define. More importantly, interviews demonstrated that it is virtually impossible to define a system of independent and hierarchically-related categories in which each indicator could be univocally ‘labelled’, since every indicator usually fulfils more than one role. Indeed, one of the major findings of this research is that, as all interviewees remarked, data relative to national indicators are collected and analysed not only to report to auditors and government departments, but also for internal purposes. However, it is the insufficient clarity on drivers and purposes of PM that could lead to confused messages and counter-productive approaches to PM and performance management.

## 1.7 Conclusions

The researcher believes that by creating knowledge that is firmly grounded in theory and relevant to practice it is possible to improve our understanding of PM and performance management in the public sector. Therefore, the objective of this research is to advance the theory and practice of PM, to impact on policy-making and to improve the ways in which targets and performance indicators are set and used, hence having a positive effect on the services delivered.

From a theoretical point of view, this research contributes to the field of PM and to the organisation theory literature. From a methodological perspective, the researcher found that the iterative comparison of theory and data was essential to investigating issues that are relevant to both theory and practice. Moreover, the use of case studies and the data triangulation of interviews and documents led to the identification of several ‘rich’ themes. Finally, this research also has important implications for policy makers and for the design and use of performance targets and indicators in the public sector.

## CHAPTER 2

### LITERATURE REVIEW AND THEORETICAL BASES

#### 2.1 Overview

The aim of this chapter is to describe how the review of the literature provides the research with solid theoretical bases and leads to the formulation of the conceptual research questions. Different bodies of literature were reviewed in order to ensure that the research is rigorous on both the theoretical and methodological levels (cf. Table 2.1). Since this research focuses on the measurement of performance in public sector organisations, the review of the literature started by considering the main academic contributions in the area of performance measurement. This provided the researcher with a solid background in the field. In section 2.2 the main findings of this part of the literature review are discussed.

Secondly, a review of the definitions of 'performance measurement system' was carried out and an extensive literature review was undertaken to understand the use of PM models and frameworks in public and non-profit organisations (cf. section 2.3).

Thirdly, an in-depth review of the academic contributions to performance measurement in the public sector was performed. In order to better understand the main challenges in relation to how performance is measured and managed in public sector organisations, books and articles in the area of New Public Management were considered (cf. section 2.4).

This extensive review of the literature also showed that contributions in performance measurement (PM) in the public sector are mostly of two kinds: articles concerned mainly with practical aspects, and papers that deal predominantly with theoretical issues. In order to explore the latter type of approach, the use of five organisational theories – new institutional theory, resource dependence theory, agency theory, resource-based view of the firm, and contingency theory – in the field of PM was reviewed (cf. section 2.5). As a result, a more in-depth and systematic literature review (Tranfield, Denyer and Smart, 2003) was undertaken on the uses and possible contributions of two theories – new institutional theory and resource dependence theory – in the subject of PM in public sector organisations (cf. sections 2.6 and 2.7).

Finally, research gaps identified in the 'applied' and 'theoretical' bodies of literature are examined and used to formulate two overarching theoretical questions that drive the research. Chapter 3 reports the review of material regarding philosophy of science, methodology and methods. In chapters 4 and 5 the empirical phases this research consists of are presented.

<b>Area of the literature / main issues investigated</b>	<b>Work undertaken and results obtained</b>	<b>Section of the dissertation</b>
Performance measurement	Review of contributions from a number of management fields such as operations, management accounting and strategy. On the basis of this review and in collaboration with a number of colleagues, the researcher developed the call for papers for upcoming special issue of Long Range Planning on strategic performance measurement he is guest editor of.	Section 2.2
Definition of performance measurement systems	Literature review and analysis undertaken in collaboration with colleagues from Cranfield's Centre for Business Performance. As a result an article has been published on the Journal of Operations and Production Management (cf. Franco et al., 2007)	Section 2.3
Performance measurement frameworks in public and non-profit sectors	Extensive review of the literature on the use of performance measurement frameworks in public and non-profit organisations. As a result an article has been published on Production, Planning and Control (cf. Micheli and Kennerley, 2005)	Section 2.3
Performance measurement in the public sector	Extensive review of the literature in the area of New Public Management. Previous versions have been presented at academic conferences (cf. Micheli and Neely, 2006) and published in a report to the National Audit Office on the use of performance information in the public sector (Neely, Micheli and Martinez, 2006).	Section 2.4
Use of organisation theories in performance measurement	Literature review, in collaboration with colleagues from Cranfield's Centre for Business Performance, of the use of five organisational theories (agency theory, contingency theory, resource based view of the firm, new institutional theory and resource dependence theory) in the field of performance measurement. Presentation of a paper at the Performance Measurement Association conference (Micheli et al., 2004)	Section 2.5



Use of new institutional theory and resource dependence theory in the field of PM in the public sector	Systematic literature review of the use that has been, and could be made of new institutional theory and resource dependence theory in the field of PM in the public sector. The results of this review have been presented at an EIASM conference (Micheli and Kennerley, 2004).	Sections 2.6-2.7
Efficiency and quality in the public sector	Review undertaken in collaboration with colleagues from Cranfield's Centre for Business Performance of academic contributions and government reports in relation to the concepts of efficiency, quality and productivity in the public sector. The results of the analysis have been published in Measuring Business Excellence (cf. Micheli et al., 2005b).	Section 5.2
Philosophy of science	Review of articles and books on ontology and epistemology. Ongoing collaboration with Prof. Ferraris, Director of the Laboratory of Ontology at University of Turin.	Section 3.2
Measurement theory	Review of material concerning the epistemology of measurement and measurement in physical science. Ongoing collaboration with Prof. Mari from Catholic University, Milan.	Section 3.2
Methodology and method	Review of a number of contributions to support the methodological choices made during the course of the research.	Section 3.3

Table 2.1: Literature reviews

## 2.2 Performance measurement

Over the last thirty years the field of performance measurement has been the focus of considerable attention from academics and practitioners alike in both the private and public sector (cf. Behn, 2003; Bovaird, 1996; Hood, 2006; Johnson and Kaplan, 1987; Kaplan and Norton, 2004; Neely, 1999; Pollitt and Bouckaert, 2004). Research has shown that, through appropriate measurement and management of performance, organisations can greatly benefit in the following areas:

- formulation, implementation and review of organisational strategy (e.g. Ahn, 2001; Butler, Letza and Neale, 1997; Euske, Lebas, and McNair, 1993; Veliyath, 1992)
- communication to stakeholders of the results achieved, and strengthening of brand and reputation (Atkinson et al., 1997; McKevitt and Lawton, 1996; Smith, 1995)
- motivation of employees at all levels, creation of a performance improvement culture, and fostering of organisational learning (Gittell, 2000; Malina and Selto, 2002).

Furthermore, research has shown that private companies have made substantial investments in performance measurement. Recent reports suggest that the average organisation with one billion dollar sales spends over 25,000 person days planning and measuring their organisational performance. Additionally, companies such as Volvo believe that up to 20% of management time is associated with planning and budgeting, while Ford report that they spend some 1.2 billion a year on their budgeting process (Neely et al., 2001).

In the public sector, following the recent introduction of 'New Public Management' reforms in a number of OECD countries, considerable attention has been paid to performance measurement by governments, practitioners and the media. In the UK, government departments estimate that they spend more than £150m per year solely to monitor progress on national targets (this figure does not include the costs of front line organisations providing data) (Neely, Micheli and Martinez, 2006).

Empirical research conducted in this field has shown how performance measurement can be generally productive and help improve organisational performance (cf. Cavalluzzo and Ittner, 2004; Davis and Albright, 2004; Ittner, Larcker and Randall, 2003). However, if done poorly, it can be very expensive, and not only ineffective but harmful and indeed destructive (Royal Statistical Society, 2005). Therefore, in order to realise value and to help organisations become more sustainable in the longer term, it is crucial to improve the ways they measure and manage their performance.

## 2.3 Main definitions

Before turning our attention to the PM literature specifically related to the public sector, it is important to consider and define relevant concepts in the field. Looking at research conducted in recent decades, it could be noted how PM has been the focus of

considerable attention from scholars coming from areas as diverse as management accounting and control, operations management, public management, human resources, organisational behaviour, strategy management, information systems and marketing.

While multi-disciplinary research is appealing, it can also create complications. The different approaches towards PM have led to numerous definitions of performance measurement and performance measurement system (PMS)<sup>2</sup>. From an operations perspective, performance measurement can be defined as “the process of quantifying the efficiency and effectiveness of action” (Neely, Gregory and Platts, 1995, p. 81)<sup>3</sup>. Neely (1998) also found that a PMS consists of “three inter-related elements:

1. individual measures that quantify the efficiency and effectiveness of actions
2. a set of measures that combine to assess the performance of an organisation as a whole
3. a supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated” (in Kennerley and Neely, 2003, p. 218).

Always from an operations point of view, a PMS has been defined as the reporting process that gives feedback to employees on the outcome of actions (Bititci, Carrie and McDevitt, 1997).

From a strategic control perspective, two different aspects of a performance measurement system have been identified. On one hand, a PMS reflects the procedures used to cascade down those performance indicators used to implement the strategy within an organisation (Gates, 1999). On the other hand, a PMS is the system that not only allows an organisation to cascade down its indicators, but also provides it with the information necessary to challenge the content and validity of its strategy (Ittner, Larcker and Randall, 2003). From a management accounting perspective, PMS have often been considered to be synonymous with management planning and budgeting (Otley, 1999).

Given this plurality of connotations, a comprehensive review of the performance measurement literature was undertaken. After considering over 300 documents (including journal articles, books, conference papers and working papers), only seventeen definitions of performance measurement system could be found.

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<sup>2</sup> The researcher was involved in a collaborative project on the review of the definitions of performance measurement systems. Part of the information reported in this section is included in an article the researcher is co-author of that has recently been published on the International Journal of Operations and Production Management (cf. Franco et al., 2007).

<sup>3</sup> In section 3.2 the concept of measurement is discussed in more depth, taking into account contributions from measurement theory.

As a result of the analysis, three main characteristics of PM systems emerged:

- **Features:** the properties or elements which make up the system
- **Roles:** the purposes or functions that are performed by the system
- **Processes:** the series of actions that combine together to constitute the system.

In terms of features, it could be argued that there are only two necessary features of a PMS: 'performance measures' (or 'performance indicators') and 'supporting infrastructure'. Although the need to include other dimensions of performance than just financial has long been discussed (Drucker, 1954; Goold & Quinn, 1990; Johnson & Kaplan, 1987), there is no consensus on the generic types or characteristics of indicators that should be included in any definition of a PM system (Kennerley & Bourne, 2003). Several definitions also talk about linking indicators to strategy or strategic objectives. However, there are measurement systems that only have operational goals, which may or may not be linked to strategy. Therefore 'goals' or 'strategic goals' may not be considered necessary features of a PMS.

Looking at the roles of PMS, five major categories could be identified: measure performance; strategy management; communication; influence behaviour; and learning and improvement. In section 4.4 further reflections on the roles of performance measurement, particularly in relation to public sector organisations, are presented.

In terms of processes, five categories emerged from the analysis of the definitions: selection and design of measures; collection and manipulation of data; information management; performance evaluation and rewards; system review. All these processes can take place at either organisational, team or individual levels.

In conclusion, it is interesting to notice how, although a great number of academics and practitioners have demonstrated interest in the study of PM, the review of the definitions of performance measurement systems shows that there is little consensus over what is intended by 'performance measurement system'. This ambiguity not only influences the generalisability and comparability of studies, but it could also inhibit the very development of PM as a field of research. Further remarks in this sense are presented in chapter 4.

In practice, performance measurement systems are being used more and more in both private companies and public sector organisations. The most successful framework in the last decade has certainly been the Balanced Scorecard (Kaplan and Norton, 1992; 2004). Other frameworks are also being adopted by an increasing number of companies to help them design their PMS: these include the Performance Prism (Neely, Adams and Kennerley, 2002), the Performance Pyramid (Lynch and Cross, 1990), the Business Excellence Model, etc.

As regards to this, the researcher investigated the use of PM models and frameworks in public and non-profit organisations<sup>4</sup>. To do so, a thorough review of existing performance measurement frameworks utilised within the public and non-profit sectors was carried out in order to assess the applicability of existing approaches and to identify the characteristics necessary for an effective framework or model in this context. This review highlighted many of the complexities of measuring performance in public and non-profit sectors and the difficulty of applying measurement frameworks in these contexts. In particular:

1. It is important to recognise that the development of a PMS is always subject to political and social choices, especially in the public sector, and one of the main goals a performance measurement system must be to reflect this (Van Peurse, Pratt and Lawrence, 1995). Furthermore, a PMS operates in an organisational context and, being a rational model, it has the power to alter organisational dynamics but also the potential of being altered by organizational dynamics (Harris, 1998).
2. Any general PMS should be modified for different organisations and internal capabilities should be developed in order to be able to better manage it during time. PMS have important limitations as drivers of change and improvement, particularly to the extent that these systems are externally imposed (Sanderson, 2001).
3. In the development of a PMS there should be understanding of what this could encompass and what hard and soft data would be better to include, resisting the temptation to try to 'capture' all the soft data by incorporating them into the formal system (Goddard, Mannion and Smith, 1999).
4. In trying to promote efficiency and effectiveness in organisations through the application of a PMS, the very essence of the involved institutions should not be jeopardized (cf. Lawrence and Sharma, 2002).
5. Different approaches in the development of PMS could be required depending on the characteristics and current state of an organisation. For instance, a flexible approach may be more appropriate to certain types of public sector executive agencies, especially those where objectives are ambiguous and where there are unclear cause-and-effect relationships. On the other hand, a system of setting mission statements, objectives and targets would be desirable, but together with sensitivity to context and awareness that the creation of a good system needs creativity and experiment and the possibility of renewal.

In conclusion, this review of the literature emphasises two major points related to the development of performance measurement systems in public and non-profit organisations. First of all, there is a need to better understand the analogies and differences between public, non-profit and private sectors. By identifying and emphasising these characteristics, it is possible to design a PMS which is appropriate for use in the appropriate context, thus avoiding the adoption of systems and tools

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<sup>4</sup> For a more extensive description of the use of performance measurement frameworks in public and non-profit sectors, please refer to Micheli and Kennerley (2005).

originally conceived to suit other types of organisations. Secondly, especially in the phase of design of the PMS, it is crucial to identify the wants and needs of the organisation's key stakeholders (Kennerley and Neely, 2003). The adoption of a stakeholder-centric view of performance measurement, although important in any context, is particularly relevant for public and non-profit organisations.

Another concept widely used in the literature is 'performance management'. The Improvement Development Agency suggests that performance management "involves you understanding and acting on performance issues at each level of your organisation, from individuals, teams and directorates, through to the organisation itself. As well as involving PM, systems and processes, performance management is about managing people and 'the way people within an organisation operate and work together'. Issues such as leadership, decision making, involving others, motivation, encouraging innovation, and risk taking are just as important to bring about improvement" (IDeA website – Glossary of performance terms). This definition also clarifies the relationship between the concepts of performance management and PM (effectively a subset of the former), which are often conflated in the literature.

## **2.4 Performance measurement in the public sector**

The first part of this section provides a historical background of performance measurement in the public sector. In combination with the information presented in the empirical phases, it provides the research with important contextual details. Subsequently, the main themes emerged from the review of the PM in the public sector literature are discussed.

### **2.4.1 Historical background**

Performance measurement in the public sector is not a recent phenomenon as it was already present in the 1960s. In 1965 the Planning, Programming and Budgeting system was introduced in the United States, whereas in 1966 the Fulton Committee was established to transfer managerial ideas into Whitehall. Subsequently, in the 1980s a system similar to the Planning, Programming and Budgeting - the Financial Management Initiative - was conceived in the UK by the Thatcher administration. The principle elaborated in the FMI was that "managers at all levels in government should have 'a clear view of their objectives; and assess, and wherever possible measure, outputs or performance in relation to these objectives'" (Carter, Klein and Day, 1992, p. 5).

Although PM in the public sector has its roots in the 1960s, it has gained substantial momentum through the acceptance by several countries of the so-called New Public Management (NPM) principles from the mid-1970s onwards (Hood, 1991; 1995). Nowadays, governments of several countries are demonstrating growing interest in the

measurement of performance in the public sector, as are the press and media, and are using performance targets and league tables in order to push through modernisation programmes, and demonstrate that value for taxpayers' money is being delivered.

In many advanced economies, such as those of the Anglo-Saxon countries, Scandinavia and the Netherlands, public services have come under increasing pressure to improve their efficiency and effectiveness, reduce their demands on taxpayers, but at the same time to maintain the volume and quality of services supplied to the public. In the drive to achieve this, public service organisations have been subjected to the introduction of various 'private sector' management techniques, frequently complemented by the adoption of some form of neo-market system in which the purchasers and providers of public services are split and required to contract with each other (Brignall and Modell, 2000). Effectively, the reforms that have been introduced place great emphasis on agency performance, customer focus, stakeholders' interests and other methods of assessment (Kouzmin, Loeffler, Klages, and Korac-Kakabadse, 1999).

Nevertheless, in spite of allegations of internationalisation and adoption of a new global paradigm in public management, considerable variation has been found in the extent to which different OECD countries have adopted NPM principles (Hood, 1995). Furthermore, although cost reduction and improvements in efficiency and effectiveness have been among the main drivers in the NPM doctrine, in the UK for example, "regulation grew markedly both in the two decades up to 1997 and in the plans and activities of the Blair government from 1997 and 1999" (Hood, James and Scott, 2000: 283). While the British public sector downsized considerably in staff (with a decrease of 30%), there have been steady increases in regulation inside government and in a number of public sector organisations in terms of both direct spending (which more than doubled between 1976 and 1995) and staffing (which had a more than 90% increase) (Hood, James, Jones, Scott and Travers, 1998).

In the UK, the Conservative Government introduced Compulsory Competitive Tendering (CCT) throughout the 1980s with the aim of bringing greater efficiency to local government and health services through the use of competition. Although it could be argued that strong incentives were needed to stimulate reform, the impact of CCT was not as positive as originally envisaged and generated considerable resistance from local public sector organisations (for a review of the characteristics and impact of CCT, cf. Bovaird (2006) and Boyne (1998)).

Following the 1997 elections, the Best Value initiative was introduced by the New Labour Government in order to provide a framework for the planning, delivery and improvement of public services. Its main purpose was "to establish a culture of good management in local government for the delivery of efficient, effective and economic services that meet the users' needs" (IDeA website) (cf. Boyne, Gould-Williams, Law, Walker (2002) for a comprehensive discussion of the case of Best Value). Although local public sector organisations are still required to report against Best Value performance indicators, the "term 'best value' no longer features so prominently in the lexicon of local government improvement. It has faded with the emergence of the Comprehensive Performance Assessment (CPA). (...) CPA was introduced by a Government white paper in December 2001. Inspections began in 2002 and were carried out by the Audit Commission, as a means of bringing together the wider audit

and inspection framework for local government to produce an overall assessment of council performance and continuous improvement” (IDeA website) (cf. also Chapters 4 and 5).

### 2.4.2 Review of the literature

In order to explore the literature on performance measurement in the public sector, an extensive review was undertaken. As a result it was possible to identify five broad areas on which authors interested in New Public Management have focused and where relevant research gaps have been identified. These include:

1. the characteristics and uses of performance measurement systems (Berman and Wang, 2000; Halachmi and Bouckaert, 1994)
2. the role of stakeholders, especially in the phase of PMS design (McKevitt and Lawton, 1996; McKevitt, Millar and Keogan, 2000; Smith, 1995a)
3. the existence of benchmarking within or outside a certain organisational field (Bowerman, 1995; Poister and Van Slyke, 2002)
4. the balance between internal and external (mandatory) performance indicators (Hyndman and Eden, 2002; Streib and Poister, 1999)
5. the satisfaction related to the PMS and the trade-off between costs and benefits (Boyne et al., 2002; Cavalluzzo and Ittner, 2004).

The next sections present and discuss these five themes.

#### *The characteristics and uses of performance measurement systems*

The first area of interest identified includes the examination of a number of issues. Scholars have concentrated on the relationship between PM, organisational mission and strategy (Behn, 2003; Berman, 2002), a theme that is also fundamental in the current private sector literature (e.g. Kaplan and Norton, 2004). In this sense, various papers have remarked the importance of the commitment of CEOs and managers to the development of a PMS. Hennessey (1998), for example, emphasises the role of leadership in the “reinvention of government” in his study of nine federal offices in the US. Bourgault and Tremblay (1994) examine the use of performance management and evaluation in the Canadian public sector since the 1970s. In this context the authors show how the successful implementation of PM initiatives depends on the involvement of managers and organisations as a whole. In particular, “organizations must provide all the organizational support required for successful performance management, while managers must be able to fulfil all the tasks involved in its management (setting objectives, supervising, developing management information, communicating successfully ‘face to face’, making sufficiently objective evaluation judgments, and proposing corrective measures). They must also be prepared to devote to it the time and



energy required" (Bourgault and Tremblay, 1994, p. 546). In their analysis of the Australian public sector, Fuller and Roffey (1993) identify a number of key areas, which, it is argued, serve as necessary prerequisites to accountability arrangements within the public sector such as: an improved strategic approach to budgetary arrangements; infrastructure support for these arrangements in the form of greatly improved management information systems; and systematic advances in relevant performance measurement. According to the authors, improvements in these areas are principally the responsibility of CEOs and supporting executive management levels. Without such essential underpinning, they claim, "moves toward management and administrative devolution are unlikely to succeed in improving the efficiency and effectiveness of public sector organisations" (Fuller and Roffey, 1993, p. 149).

A number of scholars have also focused on the adequacy of the infrastructure in place. In their study of management strategies and capacity for successful information technology outsourcing by public sector organisations, Chen and Perry (2003) look at the links between performance measurement and IT infrastructure. Similarly, Halachmi and Bouckaert (1994) investigate the issue of relating the measurement of performance to organizational design and structure in the context of IT. Although it could be argued that physical infrastructure is crucial to support the development and use of a performance measurement system, "not only are [performance indicators] the children of information technology, but they can also be the victims in the sense that capacity for handling and transferring vast quantities of data quickly may outstrip the capacity of the organisational system, and of the individuals within it, to handle them" (Carter et al., 1992, p. 181). Other authors have considered the competencies and training of people involved in the measurement of performance (cf. Birkett, 1992). In their analysis of the adoption of PM in US counties, Berman and Wang (2000) focus on the capacities required for the successful implementation of performance indicators. According to their analysis, the absence of capacities does not forestall the initial application of performance indicators, but threatens their widespread use.

From the analysis of these articles, the following issues that require further research emerge:

- the links between strategy formulation and execution and performance measurement
- the involvement of CEOs and managers in the development of PMS
- the role of information systems as support infrastructure for the development of PMS
- the skills and competencies required within an organisation for the successful design, use, implementation and review of a PMS.

### *The role of stakeholders, especially in the phase of PMS design*

The second area of the literature consists of issues such as public governance and the involvement of the organisation or the people responsible for performance measurement

in setting objectives and targets (Bovaird and Loeffler, 2003; Davies, 2002; Flinders, 2002). In this context, De Lancer Julnes and Holzer (2001) point out a number of factors to be identified and actions to be performed in order to get to a real utilisation of the performance indicators adopted. According to these authors, these are: assessment of the organisation's "readiness" to develop and implement performance indicators; the identification and involvement of the organisation's internal and external interest groups; the involvement of employee unions; the awareness and culture that the adoption of performance indicators can create; and the existence of a "performance measurement culture" (de Lancer Julnes and Holzer 2001). Other stakeholder-centred contributions have considered the role of the citizen/customer's preferences in developing the PMS. McKevitt et al. (2000) found that the development of citizen-centred performance indicators requires that managers and professionals develop a capacity and competence in skills of communication, listening and sharing of information. These conclusions resonate with previous reflections on the importance of adopting a multi-stakeholder perspective, particularly in the phase of PMS design (cf. 2.3).

Other scholars have looked at the effects of public sector reforms on PMS and/or the modification of the indicators. In their study of UK public sector organisations, McKevitt and Lawton (1996) argue that that top-down implementation of PMS is likely to lead to middle-manager disenchantment and, eventually, to end-user dissatisfaction. Moreover, according to these authors, insufficient consultation with staff, lack of information, and insufficient training are among the most crucial factors to affect the development of a measurement system. Hood et al. (1998) looked at the number of stakeholders and regulators that influence UK local public sector organisations. They found that in 1995 there were 134 regulatory bodies, which not only amounted to a considerable cost for taxpayers, but also determined duplication, overlap and unrationalised proliferation of separate units. Hood (2006) recently reiterated a similar message, arguing against 'targetworld' and provocatively comparing the UK performance regime to the one existing in the Soviet Union in the 1930s.

Looking at the design of performance targets and indicators, a number of scholars have emphasised the difficulties encountered in designing targets and indicators (Di Francesco, 1999; Dobmeyer, Woodward and Olson, 2002) and in actually quantifying the services delivered (Heinrich, 2002). Propper and Wilson (2003) argue for a more rigorous implementation of performance measurement systems. According to them, piloting of performance measurement initiatives, better understanding of the link between process and outcome, and identification of independent information sources could contribute to achieving this goal. Several authors have pointed out the imperfection and limitations of performance indicators (cf. Stewart and Walsh, 1994) and claimed that their role should be to inform the political debate and enhance accountability through the democratic institutions that allow that debate to take place (Royal Statistical Society, 2005; Smith, 1995a).

In essence, a number of themes that require further analysis could be identified:

- the degree of involvement of a number of stakeholders in the various stages of development of a performance measurement system

- the role of regulators in promoting the development of a PMS
- the possible uses of performance information in enhancing accountability at local and national levels.

### *The existence of benchmarking within or outside a certain organisational field*

The third area identified in the New Public Management literature comprises contributions related to communication between and within organisations (Bowerman, 1995) and the spread of 'best practices' among public sector organisations within or outside an organisational field (sub-sector). Ammons (1995; 1999), for example, argued that increased emphasis on relevant performance comparisons between local public sector organisations could capture media and citizen attention and, thus, prompt greater accountability. Kouzmin et al. (1999), building on experiences developed in the private sector in relation to benchmarking, examined the possibility to have benchmarking in the public sector and critically presented a number of positive examples. Further reflections on the use of benchmarking in the public sector are presented in section 4.4.

A number of scholars have also considered the possibility of performing cross-national comparisons between public sector organisations (cf. Kickert, 2003; Kümpers, van Raak, Hardy and Mur, 2002; Rubienska and Bovaird, 1999). Christensen and Yoshimi (2001) look at performance reporting procedures in Australia and Japan at the same time that New Public Management changes have been observed. Although characteristics of NPM could explain part of these changes, differences among countries depended on a series of other factors not NPM-related (cf. Hood, 1995; Eshima, Katayama and Ohno, 2001).

The two main areas emerged as requiring further research in this context:

- the dimensions and limits of benchmarking in the public sector
- the possibility of and difficulties related to comparative analyses of public sector performance across countries.

### *The balance between internal and external (mandatory) performance indicators*

A number of articles have compared the design and use of performance indicators developed internally to mandated ones, and the consequent degrees of internal support and level of agreement around the resulting PMS (Usher, Locklin, Wildfire, and Harris, 2001). According to Sanderson (2001), "in the UK, the development of performance management in the context of the 'new public management' has been primarily 'top-down' with a dominant concern for enhancing control and 'upwards account-ability' rather than promoting learning and improvement. The development of performance management and evaluation in local government in the UK has been conditioned by external pressures, especially reforms imposed by central government, which have

encouraged an ‘instrumental–managerial’ focus on performance measurement” (p. 297). According to the author the existence of considerable external pressures induces a limited internal use of the measurement system. In their study of US governmental agencies, Cavalluzzo and Ittner (2004) found that PMS implemented to satisfy external requirements are less likely to influence internal behaviour than are those implemented to satisfy the organisation’s own needs.

Scholars have also adopted a change management perspective, looking at the involvement of the organisation as a whole in the process of regulations and key performance indicators setting, and the change of indicators and targets over time (e.g. change of the whole measure, change of target, change of people involved, etc.) (Van Peurse et al., 1995). Others have studied the involvement and motivation of employees during the development of the PMS, and the frameworks and guidelines the organisation has to adopt/comply with (e.g. Best Value, Investors in People, Government Performance Results Act, etc.) (Hoggett, 1996; Johnsen, 1999; Keenan, 2000; Martin and Davis, 2001).

In conclusion, although several pieces of research have been undertaken, there still is a need for future studies regarding the design of performance targets and indicators, particularly considering the interplay between internal and external forces and rationales (cf. Modell, 2002).

### *The satisfaction related to the PMS and the trade-off between costs and benefits*

Both academics and practitioners have looked at the impact of the PMS on the organisation in terms of efficiency, effectiveness, transparency and accountability (Boyne et al., 2002). Reflecting the growing interest in the influence of performance measurement on organisations, scholars have concentrated on a number of issues, such as the quantification of costs associated with PM and of benefits in relation to costs (Halachmi, 2002; Hood et al., 1998). In this context, Cavalluzzo and Ittner (2004) found “little evidence that the perceived benefits from recent mandated performance measurement initiatives in the US government increase with greater measurement and accountability” (p. 243).

Scholars have also focused on the use of the collected data (Jackson, 1993; Pollitt, 2006; Propper and Wilson, 2003); the perceived usefulness of the PMS for the organisations and the employees (Hirschmann, 2002); and the unintended consequences and distortions brought about by PMS (Radin, 2005; Smith, 1995b). Even though studies have considered whether public sector organisations are really benefiting from the implementation of performance measurement systems (Kelly and Swindell, 2002), there is still mixed and often anecdotic evidence as regards to this (Streib and Poister, 1999). Therefore, further research has been advocated to assess the costs and benefits of performance measurement systems in the public sector.

## 2.5 Applied and theoretical approaches

Although a substantial number of studies have been carried out on performance measurement, the challenge with much of the work undertaken to date is that it tends to adopt too pragmatic a perspective to deal with the issues outlined above (Carruthers, 1995; Modell, 2003). An extensive review of the literature in the field of PM in the public sector confirmed that contributions are mostly of two kinds: articles concerned mainly with practical aspects, and papers that deal with mostly theoretical issues. Relatively little research is both firmly grounded in theory and relevant to practice, and there seems to be a gap between these two bodies of literature.

The majority of articles are of a predominantly applied kind, in that they primarily address the practical aspects of PM systems, i.e. improving and refining performance measurement techniques. These contributions often lack a strong theoretical grounding and mostly build on other practical application papers. Contributions in this category are often concerned with how PMS are developed, implemented or managed, and the impact they have on people's behaviour and organisational results (Franco, Bourne and Neely, 2003).

The other body of literature, consisting of the so-called alternative approaches (Covaleski, Dirsmith and Samuel, 1996), deals principally with theoretical issues. Authors taking a more theoretical stance have grounded their work in organisational and sociological theories, and have considered PM as a social practice rather than a technique. From these perspectives, various factors are considered as influencing the nature of PM systems, such as: cultural norms, social patterns of interaction and societal presuppositions, political events, ideologies and subjective meanings (Covaleski et al., 1996; Dacin, 1997). Following Davis and Marquis (2005), this latter approach often appears 'paradigm-driven', since empirical settings, if present, are primarily a context to test previously formulated hypotheses.

In order to better understand the use that has been and could be made of organisation theories in the field of PM, the researcher, in collaboration with colleagues from Cranfield's Centre for Business Performance, undertook an extensive literature review<sup>5</sup>. As a result, it was possible to identify five organisational theories that have been extensively applied to undertake research on PM systems: agency theory, contingency theory, resource-based view of the firm, new institutional theory, and resource dependence theory<sup>6</sup>.

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<sup>5</sup> A previous version of the information reported here has been presented at the Performance Measurement Association conference (cf. Micheli, Franco, Marr and Bourne, 2004).

<sup>6</sup> Critical theory has also been used in a number of instances in the performance measurement literature and has enabled a number of scholars to look at a wide variety of issues from an alternative perspective (cf. Broadbent, 2002; Guthrie and Parker, 1999; Lawrence and Sharma, 2002; Lehman, 2005; Power and Laughlin, 1996). However, it could be argued that, given its emphasis on human emancipation and focus on the very nature of social science (Blaikie, 1993), critical theory is more a philosophical perspective, which implies a certain view of the world, and not just a 'lens' through which we look at phenomena.

The purpose of this literature review was to describe the main features of these five organisational theories and to clarify their use in the field of PM, in an attempt to provide bridges over the gap between the theoretical and applied literature. The researcher believes that, in order to further our understanding of performance measurement and management in the public sector, it is important to create knowledge that is firmly grounded in theory and relevant to practice. To do so, the complementarity of the 'applied' and 'theoretical' perspectives should be more widely acknowledged and the two approached reconciled (cf. chapter 7).

In the following sections, the first three theories are described by outlining their development in general and their application in PM in particular. Subsequently, the systematic literature review of the uses of new institutional theory and resource dependence theory - the theories that are most relevant for the purposes of this research - in the field of PM in the public sector is presented.

### 2.5.1 Agency theory

Agency theory aims to describe the relationship between two parties: the principal(s) and the agent(s). The principal's role is to supply capital, bear risk, construct incentives, and delegate work to the firm's agents. The agent's role is to work for the principal, which involves effort as well as decision-making responsibilities. In a private sector context, the principal can be thought of as a 'representative shareholder', and the agent as the 'top executive team'. According to agency theorists, there are two main problems arising from the principal-agent relationship: moral hazard and adverse selection. A moral hazard problem arises due to the conflicting interests of both parties and to the fact that it is difficult or expensive for principals to verify agents' actions. The principal cannot directly observe whether the agents have behaved appropriately. An adverse selection problem arises because of the different levels of information the principal and the agents have regarding, for example, agents' skills or private interests. Taking into account that the principal and the agents have different attitudes towards risk, agents may choose to misrepresent their private information and pursue actions that might not be in the best interest of the principal (Gomez-Mejia, 1994).

Both moral hazard and adverse selection problems are characterised by information asymmetry between agents and principals. If these problems are not resolved, they will lead to a loss in efficiency and a reduction in organisational value. This phenomenon is known as agency costs (Baiman, 1982). Most of the literature based on the agency model argues that in order to reduce the agency costs, principals have two choices: (1) purchase information about the agents' actions, investing in information/performance measurement systems (e.g. PM systems, accounting and budgeting system, management by objectives, board of directors); (2) design a compensation contract that makes agents contingent upon the performance measures included in the information system (Barkema and Gomez-Mejia, 1998; Lambert, Larcker and Weigelt, 1993). In theory, if the principals' information system accurately reports agents' actions, and if the compensation contract motivates agents to focus on achieving principals' goals, then adverse selection and moral hazard can be eliminated (Baiman, 1982). This means that principals' expected goals would more likely be achieved.

Most agency-based research has historically focused on managerial accounting information systems, which provide principals and agents with measures of financial performance (e.g. costs, revenues, profits). Examples of the systems or processes studied are: monitoring systems, budgeting systems, variance investigation systems, cost allocation systems, and transfer pricing systems (Baiman, 1990). Only recently, agency researchers have begun to pay more attention to PMS and the use of non-financial measures in information systems (e.g. Feltham and Xie, 1994; Hemmer 1996; Sliwka, 2002). The major areas of concern for agency-based performance measurement theorists are: the choice of the most appropriate performance measurement system for a particular principal-agent relationship (e.g. Baiman, 1982, 1990; Holmstrom, 1982), and the selection of the 'right' measures of performance (e.g. Lambert et al., 1987; Banker and Datar, 1989; Bushman, Indjejikian and Smith, 1996; Demski, 1994; Ittner et al., 1997; Jensen and Murphy, 1990).

Given the characteristics outlined above, agency theory seems most appropriate to use in a study examining principal-agent relationships and related subsequent decisions in terms of performance indicators and/or compensation schemes. For instance, actual research looking at performance measurement frameworks, design of performance indicators, weights' choice, and target selection could benefit from the insights extracted from agency theorists (cf. Otley 1999; Ittner and Larcker, 1998). In addition, studies looking at the relationship between PMS and reward systems could also use agency models as theoretical frameworks (Ittner et al., 2003). For an insightful critique of agency theory, please refer to Seal and Vincent-Jones (1997).

### 2.5.2 Contingency theory

Contingency theory is one of the overarching or general paradigms in the management field and, at the same time, it can be considered one of the simplest ones (Gomez-Mejia and Balkin, 1992). The contingency theory of organisations is a subset of the contingency approach in science, which basically says that the effect of one variable (X) on another (Y) depends upon some third variable (W) called 'moderator'. In the contingency theory of organisations the relationship studied is between one or more characteristics of an organisation (X) and performance (Y). A contingency is any variable that moderates this relationship (Donaldson, 2001). In the PM literature, contingency-based studies have mostly focused on the relationship between management control systems and organisational performance. The contingency factors that have been studied are: competitive strategy, culture, organisational size, organisational structure, uncertainty or risk, and industry (Chenhall, 2003). As stated by Waweru, Hoque and Uliana (2004, p. 675), "the contingency theory of management accounting is based on the premise that there is no universally appropriate accounting system applicable to all organisations in all circumstances".

Contingency management control research, which includes performance measurement systems (Flamholtz, 1983), can be classified into four categories according to the level of complexity of its analysis (Fisher, 1995). At the first level, one contingent factor is correlated with one management control system. From this perspective, no attempt is made to evaluate whether the correlation between the contingent factor and the control

mechanism has any impact on an outcome variable (e.g. Simons, 1990). The second level of analysis investigates the joint effect of a contingent factor and a control mechanism on an outcome variable, which is usually organisational performance. This level is the most common in the control literature (e.g. Govindarajan and Gupta, 1985; Simons, 1987; Hoque and James, 2000). At the third level of analysis, the joint linkage between multiple control mechanisms, a contingent factor, and an outcome variable is examined (e.g. Merchant, 1981). The last level is similar to the third but looks at multiple contingency factors, rather than focusing on just one. It has been noted that most contingency management control research has been based on either the first or the second level of analysis. Fisher (1995) argues that more studies adopting the third and fourth types of approach are needed in order to advance understanding of management control systems.

In terms of possible uses in the field of PM, contingency theory would be most suitable if a range of PM systems adopted by different organisations is examined. In this case, the focus would be on the best fit between PM and certain organisational or contextual characteristics. Research looking at the impact of contextual variables (e.g. culture, organizational structure or strategy) on the effectiveness of PM systems could also benefit from contingency theory premises (cf. Hoque and James, 2000). Furthermore, the study of the relationship between two or more performance measurement systems (e.g. the linkage between balanced scorecard and budgeting processes) and the impact of this relationship on overall performance is a topic that could be framed within a contingency theory framework.

### 2.5.3 Resource-based view of the firm

The resource-based view (or resource-based theory) originates from the strategic management literature and is centrally motivated by understanding performance differentials between organisations based on the different resources organisations possess (Conner, 1991). At the core of this theoretical approach is the notion that the heterogeneous resource architecture of firms is the source of economic rents and, therefore, driver of organisational performance and competitive advantage (Barney, 1991). According to resource-based theory, a competitive advantage can be achieved by possessing unique, difficult-to-imitate, and hard to substitute skills, knowledge, resources or competencies (Barney, 1991, Teece, 1998; Wernerfelt, 1984). As Conner (1991) points out, this perspective has long been central to our understanding of organisational performance. Barnard (1938), Selznick (1957), Chandler (1962), and Rumelt (1974), for example, all connect performance with organisations' specific competencies in deploying and combining their human, physical, and reputational capital. However, Edith Penrose (1959) is often quoted as the first scholar to sketch a comprehensive view of resource or competence-based competition. This was later picked up by Wernerfelt (1984) and Rumelt (1984), who are seen as developers of the modern resource-based view of the firm (Foss, 1997).

Central to today's understanding of the resource-based paradigm is that resources are bundled together, depending on and influencing each other (Lippman and Rumelt, 1982). It is therefore difficult to identify how individual resources contribute to success



without taking into account the interdependencies with other resources (Lippman and Rumelt, 1982; Dierickx and Cool, 1989; King and Zeithaml, 2001). Furthermore, in order to create sustainable performance, firms have to build the ability to create new forms of competitive advantage by appropriately adapting, integrating, and reconfiguring organisational skills, resources, and competencies to match requirements of a changing environment (Teece et al. 1997). At the same time, though, they have to take into account the path-dependent 'evolution' of organisational resources and competencies, which is influenced by past decisions and actions (Nelson and Winter, 1982).

Spender and Grant (1996) argue that if a firm is a set of resources – including knowledge as a central resource – then we need to find ways to identify and measure such knowledge resources. King and Zeithaml (2003) build on this and present a methodology of measuring knowledge-assets in firms. The findings of Wiklund and Sheperd (2003) suggest that knowledge-based resources (applicable to discovery and exploitation of opportunities) are positively related to organisational performance and Henderson and Cockburn (1994) discuss how firms can start measuring competence in pharmaceutical research. Furthermore, much of the discussion about integrating intangible value drivers into PM systems is grounded in the resource-based theory (cf. Sveiby, 1997, Marr, Gray and Neely, 2003). Marr and Schiuma (2001) have documented how Lycos and Great Universal Stores identified their knowledge-based resources to include into their PM system. Another application is in acquisitions situations which require an understanding of the nature and sources of intangible assets of the two firms, how they complement one another, and how they can be leveraged to strengthen the acquirer's competitive position (Montgomery and Wernerfeld, 1988).

In terms of avenues for further research, resource-based theory seems most appropriate to ground work on designing comprehensive strategic measurement systems, which include the organisational value drivers as well as outcome indicators. It would apply especially to the increasing work on measuring intangible assets and intellectual capital. Organisations often struggle with how to select and include the right value drivers in their PM systems and it seems that the resource-based perspective can be used to answer some of these questions by linking value drivers to competitive advantage. Furthermore, it might offer firms more insights into the design of causal maps reflecting the way different value drivers are linked with each other to create outcome value (cf. Dierickx and Cool, 1989; Roos and Roos, 1997); and therefore address some of the criticism relating causality in strategy maps (Norreklit, 2000).

## 2.6 Theoretical bases of the research

Although the previously described organisation theories are certainly relevant for the study of PM, new institutional theory and resource dependence theory were adopted with the aim of analysing and explaining the empirical phenomena considered in this research. Section 2.7.1 substantiates the choice of these theories and the decision to undertake a systematic literature review (Tranfield et al., 2003) with the aim of understanding the uses and possible contributions of new institutional and resource dependence theory in the area of PM in the public sector.

In the next three sections the two organisation theories are first described separately and then compared. The main methodological aspects of the systematic literature review, i.e. the protocol used, and the overall results of the search, selection, and quality assessment stages are reported in section 2.7. Subsequently, a number of interrelated themes which have been identified through the systematic review process, and which have emerged from the articles and books considered are presented. Finally, suggestions on possible ways to bridge the gap between the 'theoretical' and 'applied' bodies of literature are made.

### 2.6.1 New Institutional Theory

A description of the main features and concepts of new institutional theory is not easy to provide. However, since in the literature the phrase '(new) institutional theory' is often used to connote different theoretical perspectives and traditions, a clear statement about what is meant by this phrase in this research is required. In order to do this, the author makes use of the analysis performed by Scott (2001). Describing the different contributions in 'neoinstitutional organisation theory', Scott identified three main types of approach:

1. neoinstitutional theory in economics (transaction cost economics; evolutionary economics)
2. neoinstitutional theory in political science (historical institutionalism; rational choice theory)
3. neoinstitutional theory in sociology, with its theoretical roots in cognitive theory, phenomenology and cultural studies, and ethnomethodology.

Substantial differences exist both between and within the different approaches. Nevertheless, the ambiguity in the terminology may lead to substantial confusion, i.e. 'institutional theory' can be used to allude to each one of them, and the phrases 'neoinstitutional theory', 'new institutional theory', 'new institutionalism', 'institutional theory', 'institutional sociology', and 'institutionalism' are used interchangeably in the literature to refer to the third approach – neoinstitutional theory in sociology. In this research, the approach to be considered is 'neoinstitutional theory in sociology' as described by Scott (2001).

The first contributions concerning new institutional theory were published in the mid-1970s and, since then, they have generated much interest and attention among scholars. More recently, new institutional theory has been indicated as the leading perspective among organisational sociologists in the United States (Mizruchi and Fein, 1999). The first articles dealt mainly with the structure of organisations, the interactions between organisations belonging to the same field, and their ability to survive (cf. DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

In contrast to the traditional focus on efficiency and effectiveness, new institutionalists explained the behaviour of organisations through the concepts of ceremonial conformity

and legitimacy, which are often at odds with practical activity. In this context, legitimacy can be defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). According to early new institutionalists, the achievement of legitimacy is the way in which organisations ensure their survival. In their view, a stable solution between the need to support the so-called ‘institutional myths’ and the requirements of practical activity consists of maintaining the organisation in a loosely coupled state. This involves “building gaps between (...) formal structures and actual work activities” (Meyer and Rowan, 1977, p. 341). As Covalleski and Dirsmith (1988, p. 563) stated, “an organisational survival requires it to conform to social norms of acceptable behaviour as much as to achieve high levels of production efficiency”.

More recent contributions in new institutional theory have partly moved away from the idea of legitimacy as the dominant factor that drives the action of organisations and from passivity in the behaviour of managers that looks to industry norms, firm traditions and management fads to formulate strategies, without making truly autonomous decisions (Oliver, 1991). Contradicting Meyer and Rowan’s view concerning the relationship between formal structures and organisational efficiency, some new institutional theorists have looked at the lack of coupling between goals and performance indicators in public sector organisations as a sign of system failure (Modell, 2003). Furthermore, studies in new institutional theory have been accused of being too theoretical and having “a hard time in providing practical recommendations” (Farashahi, Hafsi and Molz, 2005, p. 15).

### 2.6.2 Resource dependence theory

Pfeffer and Salancik established the bases of resource dependence theory in the late 1970s and their work is still quoted by the majority of academics who refer to this perspective. Resource dependence theory examines what “resources and activities are critical to the organisation and what individuals or groups do at present, or could potentially, to provide or affect those resources” (Pfeffer and Salancik, 1978, p. 84).

In this sense, organisational attempts to manage and avoid dependencies focus on two major components of inter-organisational power: (1) the focal organisation’s dependence on important critical resource exchanges; (2) the control that other organisations might possess over the exchange of that resource. The concepts of power, critical resources and environment are fundamental in this theory. Here, the environment is considered “not only a given to be avoided, absorbed, or accepted. It is itself the dynamic outcome of the actions of many formal organisations seeking their own interest” (Pfeffer and Salancik, 1978, p. 190). Although both new institutional and resource dependence theories seem to be very relevant in the study of PM in public sector organisations, the latter perspective has not been used as widely as the former in this sense.

### 2.6.3 New institutional theory and resource dependence theory

By comparing the two organisation theories, it is possible to understand how they significantly differ in some of their characteristics. First of all, new institutional theory is more concerned with reproduction and imitation, whereas resource dependence theory looks at the exercise of power, control and the negotiation of interdependencies to achieve organisational stability. Furthermore, the two theories “have attributed different degrees of resistance, activeness, and self-interest awareness to the behaviour of organisations responding to external constraints and demands” (Oliver, 1991, p. 149).

Despite these differences, several authors have decided to use them conjointly, emphasising their common focus on stability and legitimacy, and their complementarity. The theoretical arguments related to the resource dependence perspective, in fact, can be viewed as particular forms of coercive isomorphic pressures (cf. DiMaggio and Powell, 1983). Carpenter and Feroz (2001) supported this argument while focusing on management accounting in the public sector. “Resource dependence results in coercive isomorphic pressures for change, which can be a dominant factor in influencing a government's choice of accounting practices. Thus, the theoretical arguments related to the resource dependency perspective represent a particular form of coercive isomorphic pressures” (Carpenter and Feroz 2001, p. 573).

Concerning the conjoint use of the two theories, Oliver (1991) was the first author to combine them and her article constitutes a watershed between older and more recent contributions in the field of new institutionalism. In this paper, a framework regarding strategic responses to institutional processes was formulated. In contrast with most institutional theorists, Oliver did not assume organisations' responses to be invariably passive, but also active and resistant to institutional pressures and expectations. The author identified and described different types of strategic responses (acquiescence, compromise, avoidance, defiance and manipulation) and then formulated various hypotheses, which have been used as bases of several studies conducted by other authors, but have only been partially tested (Modell, 2001).

## 2.7 A systematic review of the literature

### 2.7.1 Rationale for the systematic literature review

Following the extensive review of the uses of organisation theories in the field of PM, it was decided to perform a systematic literature review of the uses and possible contributions of new institutional and resource dependence theory in the subject of PM in public sector organisations. There are several reasons why these two theories were chosen.

First of all, the researcher wanted to explore more symbolic aspects of PM in the public sector. One of the fundamental stances of new institutional theorists is that “no organisation is just a technical system and that many organisations are not primarily technical systems. All social systems, hence all organisations, exist in an institutional environment that defines and delimits social reality” (Scott, 1987, p. 507). Concepts like isomorphism, legitimacy and institutional pressure recur in the new institutionalist literature and they are particularly powerful to explain issues regarding the measurement and management of performance in public sector organisations. As Geiger and Ittner (1996, p. 550) argued, “the survival of government units depends primarily on the support of external constituents and only secondarily on actual performance, conforming to accepted social norms and external requirements is required to maintain organisational legitimacy, thereby strengthening support and ensuring continued funding”.

The role of institutions is very important, especially in the public services, where legitimacy and the consequent flow of resources determine the survival of organisations. Various authors argued that pressures to conform to accepted practices could be particularly powerful in government organisations (e.g. DiMaggio and Powell, 1983; Meyer and Rowan, 1977). Moreover, one of the recurrent themes in the new institutional literature is the relationship between efficiency and legitimacy. Regarding this, scholars have pointed out how a ‘logic of appropriateness’, rather than economic efficiency, often applies in a public sector context (March and Olsen, 1989).

Specifically regarding the use of new institutional theory, performance measurement has been considered as being implicated in the social construction of reality (Covaleski et al., 1996). Through a new institutionalist approach, it is argued, it is possible to “direct greater attention to the dynamic interplay between more or less competing interests in the structuration of an organisational field and how this impinges on the development of PM” (Modell, 2003, p. 335).

The choice to consider resource dependence theory in this review is determined particularly by the analogies and differences between the two organisation theories identified by Oliver (1991). Authors adopting a resource dependence perspective have considered performance measurement systems mainly in terms of power relationships and political advocacy (e.g. Collier, 2001; Covaleski et al., 1996). Regarding the acquisition of resources, the public sector shows peculiar characteristics, such as the fact that political decision-makers rarely experience the consequences of their actions (Pfeffer and Salancik, 1978). Moreover, looking through the lens of resource dependence theory it is possible to better understand the display of different types of

behaviours in response to institutional pressures and directed towards the acquisition of greater legitimacy.

### 2.7.2 Methodology

A systematic way of reviewing the literature has been recently developed in opposition to traditional narrative reviews (Hart, 1998). The latter type, it is argued, frequently lacks thoroughness and in many cases the review is not undertaken as a genuine piece of investigatory science (Tranfield, Denyer and Smart, 2003). One of the main tenets of the systematic literature review (SLR) process, drawn from its application in the medical science, is that the assumptions and the steps followed by the authors will have to be made clear. The main attributes of the SLR, in fact, are: explicit protocols set upfront; possible replication by other researchers; quality assessment made with clear criteria; and minimisation of researcher's bias by explanation of the values, assumptions and steps followed during the review. The SLR process has been followed throughout the review of the use and possible contributions of new institutional and resource dependence theory in the subject of PM in public sector organisations.

In this section the main issues concerning the systematic review are presented. First, the main features of the process and the protocol used are reported. The protocol enabled the researcher to carry out a review, which has been systematic and transparent. Subsequently, the overall results of the search, selection, and quality assessment stages are described.

### 2.7.3 The protocol

The aim of this systematic literature review was to understand the contribution of new institutional and resource dependence theory to the subject of performance measurement in public sector organisations. To achieve this goal, the protocol was structured in order to identify, review and assess all the papers and books in which these two perspectives have been used in relation to the previously mentioned subject. The protocol was developed by the researcher, but several academics and practitioners were also involved in order to provide different perspectives on this subject and to suggest various sources of information that may have not come out in the initial scoping study, the keyword search and the cross-references analysis (Table 2.2).

<b>Stage 1: Planning the review</b>
Phase 0 – Identification for the need for a review
Phase 1 - Preparation of a proposal for a review
Phase 2 - Development of a review protocol
<b>Stage 2: Conducting the review</b>
Phase 3 - Identification of the research
Phase 4 - Selection of studies
Phase 5 - Study quality assessment
Phase 6 - Data extraction and monitoring progress
Phase 7 - Data synthesis
<b>Stage 3 - Reporting and dissemination</b>
Phase 8 - The report and recommendations
Phase 9 - Getting evidence into practice

Table 2.2: Systematic review general stages and phases. Source: Tranfield et al. (2003)

#### 2.7.4 Search strategy – Search terms, databases and process

The papers to be systematically reviewed come from four different sources: scoping study, keyword search, recommendations made by academics working in the field, and crosscheck of references of the papers included. Regarding protocol and keywords, a first version was designed by the researcher, submitted to a selected group of scholars, amended, and finally practically used.

Between the first and final sets of keywords, three major differences can be identified. First of all, in the early version, the researcher grouped the keywords into three sets - performance measurement, public sector, and organisation theories – reflecting the focus of this systematic literature review. After consultations with academics, the search strings had to be modified, since great difficulty was found in identifying the keywords that could allow encompassing all types of organisations belonging to the public sector. Tables 2.3 and 2.4 report the final sets of keywords and rationale. It was therefore decided to express in the selection criteria whether a paper was going to be included or not on the basis of what kind of organisations the empirical data or theoretical reflections were referring to.

KEYWORDS	RATIONALE
Performance measure*	Includes: performance measurement, performance measures, performance measurement system(s) (PMS)
Performance management	Expression sometimes used instead of performance measurement
Performance evaluation	Expression sometimes used instead of performance measurement
Management control*	Includes: management control, management controlling and management control system(s) (another way to indicate PMS)
Management accounting	Includes: management accounting (expression often used instead of performance measurement) and management accounting system(s) (another way to indicate PMS)
Accounting	See management accounting
Control system*	See management control

Table 2.3: Performance measurement – Keywords

The final search string was: (Performance measure\* OR Performance management OR Performance evaluation OR Management control\* OR Accounting OR Control system\*) AND (Institutional\* OR Resource Depend\* OR Organi\* theor\*). This search string was inserted in three databases, which were identified according to the preliminary literature review and consultations with librarians and academics - ABI ProQuest; EBSCO Business Source Premier; Science Direct.

Other information sources to be included were mainly books, if their findings had not been already expressed in the journals included in the databases. It was believed that conference papers and unpublished papers were difficult to review in a systematic way, given the cross-disciplinary nature of the topic and the limited possibility to access them. As to this, suggestions by academics and practitioners were considered to be very helpful. Finally, the scoping study enabled the researcher to conclude that the journals included in the databases were the most relevant in relation to the subject of interest; therefore, specific journal searches were not strictly required.



KEYWORDS	RATIONALE
Institutional*	<p>This keyword allows overcoming the problems caused by the plurality of words/expressions used to designate “New Institutional Theory”:</p> <ol style="list-style-type: none"> <li>1- “Institutional Theory”, although there are other school of thought called “Institutional Theory” (e.g.: “(Old) Institutional Theory” “Institutional Theory” in economics etc.: as to this, an explicit exclusion criterion has been set);</li> <li>2- “Theory” can be substituted by “perspective”, “point of view” etc.</li> <li>3- Some academics use “Institutionalism” or “Institutionalization”, without explicitly using the words “New Institutional Theory”.</li> </ol>
Resource Depend*	<p>In the literature the word “dependence” can be spelled in three different ways: dependence, dependency, dependance. Furthermore, as previously said, authors use alternatively the words theory, perspective, point of view etc. Resource Depend* enables the researchers to include them all.</p>
Organi* theor*	<p>Since both New Institutional and Resource Dependence Theory are OT, a more general expression could be “organization theory”, mostly because some authors do not explicitly mention specific theories in their titles and abstracts, but refer just to organization theories. Organi* theor* includes: organisation/organization and theory/theories.</p>

Table 2.4: New institutional and resource dependence theory – Keywords

The second major difference between the first and final versions of the protocol derives from the first papers to be identified after carrying out the systematic search. The researcher, in fact, realised that the number of articles in which performance measurement in public sector organisations was studied from a new institutional and/or resource dependence point of view were not numerous. Furthermore, the great majority of authors quoted predominantly theoretical material that did not necessarily dealt with performance measurement, but that was crucial in order to understand the main concepts and constructs of the two theories. It was therefore decided to look also at the major theoretical articles and books found by scanning the references listed at the end of the selected studies.

Finally, as previously mentioned, performance measurement is an emergent subject of interest, no general definition is accepted and just few are available. For this reason, the search string regarding performance measurement, as phrased in the initial protocol, was kept as broad as possible and allowed looking at papers that did not refer exactly to PM, but also to related areas, such as budgeting and cost allocation.

### 2.7.5 Selection and quality assessment criteria

The inclusion and exclusion criteria were formulated following the same rationale used to phrase the keywords. The papers to be included, in fact, had to deal with performance

measurement and the authors had to adopt a new institutional and/or resource dependence point of view (cf. Tables 2.5 and 2.6).

CRITERIA	RATIONALE
No restrictions regarding time frame	There is no particular reason for excluding papers on a time basis. However, the papers that to be found have been written thirty years ago at most, given the relatively recent use of the two OT
No restrictions on a geographical basis	The stated purpose of the review is not focused on a particular geography
No methodological constraints	No particular methodology can be discarded a priori

Table 2.5: Inclusion criteria

CRITERIA	RATIONALE
Performance measurement, program evaluation, performance appraisal and accounting	If the main contribution of an article/book comes from its analysis of empirical data or from theoretical reflections specifically on a certain subject, its primary focus has to be on PM or on a closely related field of interest. Material on program evaluation, performance appraisal and financial accounting is excluded, since these subjects are too weakly connected to PM. Their focus, in fact, is respectively on: the ex-post assessment of governmental programs, performance from a human resource point of view, and accounting just in a financial sense.
Private and non-profit organisations	If the main contribution of an article/book comes from its analysis of empirical data or from theoretical reflections on a certain sector or sub-sector, the material to be included has to discuss cases and/or make a theoretical contribution predominantly on public sector organisations, and not on issues regarding private or non-profit ones.
Theoretical perspectives other than New Institutional or Resource Dependence	All the material to be included must have a new institutional and/or resource dependent standpoint, or make a relevant contribution to issues related to those theories (e.g. definition of concepts widely used in the literature identified through the scoping study, keyword search, cross reference analysis and suggestions by academics).
Theoretical basis	Papers or books that do not have a sufficient theoretical basis are excluded
Institutionalism	The words "institutional", "institutionalism", "institutionalization" etc. have to be related to New Institutional theory and not just to institutions in general
English language	The databases and most of the other sources considered enable the authors to systematically review just material written in English

Sources	The sources of information selected could constrain, although to a limited extent, the body of literature to be taken into account
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Table 2.6: Exclusion criteria

In the systematic approach, each paper or book, after passing the inclusion and exclusion criteria, has to be assessed on the basis of its quality. For this purpose, a Study Quality Assessment table was structured in order to further select which papers to include. Five aspects were considered: (1) theory robustness, (2) implications for practice, (3) data supporting methodology, (4) generalisability, (5) contribution that the article makes to the existing knowledge (Table 2.7).

Furthermore, two thresholds were set in order to select articles on the basis of their content. For each of the five aspects to be considered in the quality assessment, a scale from 0 to 3 was devised and the possibility of inapplicability of any element was also taken into account. The first threshold regards the contribution made by the paper: if it did not make an important contribution and it was not clear the advances it made (i.e. contribution rated as 0 or 1), the paper did not pass the quality assessment criteria and it was excluded. If, on the contrary, the contribution was very high (level 3, i.e. it further develops existing knowledge, expanding the way the concept/phenomenon was explained so far), the paper was selected. Therefore, fundamental theoretical papers and books were included in the review. The second threshold concerns generalisability: articles in which the literature was reviewed, but not in an original way, and then no relevant empirical contribution was made, were excluded.

Element	Level				Not applicable
	0- Absence	1- Low	2- Medium	3-High	
Theory robustness	The article does not provide enough information to assess this element	Poor awareness of existing literature and debates. Under or over referenced	Basic understanding of the issues around the topic that is being treated	Deep and broad knowledge of relevant literature and theory relevant for addressing the phenomenon	This element is not applicable to the document
		Low validity for theory is given	Although data support the theory, the link is weak	Good relations theory-data	
Implication for practice	The article does not provide enough information to assess this element	Very difficult to implement the concepts and ideas presented. No relevant for practice	There is a potential for successfully implement the proposed ideas, with minor adjustments	Significant benefit may be drawn if the principles are put into practice. Relevant issues for practicing managers	This element is not applicable to the document
Data supporting arguments, Methodology	The article does not provide enough information to assess this element	Data inaccuracy and not related to theory. Flawed research design.	Data is related to the arguments, though there are some gaps. Research design may be improved	Data strongly supports arguments. Besides, the research design is carefully "crafted": sampling, data gathering methods, and analysis	This element is not applicable to the document
Generalisability	The article does not provide enough information to assess this element	Only the population studied	Organisations of similar characteristics	High level of generalisability	This element is not applicable to the document
Contribution	The article does not provide enough information to assess this element	Does not make an important contribution. It is not clear the advances it makes.	Although using other's ideas, builds upon the existing theory	Further develops existing knowledge, expanding the way the phenomenon was explained so far	This element is not applicable to the document

Table 2.7: Critical appraisal tool

### 2.7.6 Data extraction and synthesis

The data extraction process concerns the papers that have met the selection and quality criteria. More specifically, the categories of information to be extracted were: citation information (author and title of the article; title of the journal, volume, part, month/season and pages); descriptive information (location, context/industry); methodological information (empirical/theoretical, methods of data collection and analysis, study characteristics/philosophical approaches); thematic information (key findings, notes on ideas, approaches and theories used).

The synthesis phase of the SLR enabled the researcher to bring together the findings obtained from different sources. Through this process it was possible to classify and categorise the data according to main characteristics and key concepts; to do so, the ProCite database was used.

### 2.7.7 Results

The protocol was utilised to structure the literature review process. In the next paragraphs, information is firstly provided regarding the articles identified through the keyword search, and then in terms of the number that passed the different stages of the selection. A significant number of articles were identified through the keyword search (Table 2.8).

Search string \ Database	ProQuest	EBSCO	Science Direct
(Performance measure* OR Performance management OR Performance evaluation OR Management control* OR Accounting OR Control system*) AND (Institutional* OR Resource Depend* OR Organi* theor*)	972	694	441

Table 2.8: Keyword search results

However, excluding articles just on the basis of their titles and eliminating papers found in more than one database, the total number dropped to 292. All the corresponding abstracts were then examined and the number of papers to be thoroughly examined was 94 (Table 2.9). Regarding databases, ProQuest was the first one to be looked at, EBSCO the second and Science Direct the third; therefore, if an article appeared in both ProQuest and EBSCO, it was considered as appearing just in ProQuest.

Database \ Stage	Keyword Search	Analysis of the title	Analysis of the abstract
ProQuest	972	201	66
EBSCO	694	59	24
Science Direct	441	32	4
Total	2107 (*)	292	94

Table 2.9: Keyword search – Three stages

(\*) Including overlaps between databases

During this process of preliminary selection, any overlap with the papers belonging to the scoping study was also considered. Subsequently, a similar procedure was followed regarding the material suggested by academics and found by scanning the references at the end of the papers to be submitted to the inclusion and exclusion criteria. The number of papers to be examined was 119; Table 2.10 presents the total number broken down according to sources.

Source	Scoping study (SS)	Panel recommendations (PR)	Cross references (CR)	Keyword Search (KS)	Total
Number of articles	39	4	9	67	119

Table 2.10: Number of articles and books before the selection criteria

The inclusion and exclusion criteria were then applied to the 117 articles and 2 books. Consequently, the ones that passed them were assessed on the basis of their quality. The final results are presented in Table 2.11.

	Before inclusion and exclusion criteria	After inclusion and exclusion criteria	After Quality Assessment
Number of papers	119	48	42

Table 2.11: Results - Inclusion, exclusion and quality criteria

The papers included are of two main types:

- 1- Articles/books that deal with performance measurement or with related subjects of interest from a new institutional and/or resource dependence standpoint. The level of generalisability is higher than the one of the population studied and there is a clear contribution from an empirical or theoretical point of view. If the main contribution derives from the analysis of empirical data or from theoretical reflections on issues regarding a certain sector or sub-sector, the cases presented or the theoretical reflections have to concern predominantly public sector organisations.
- 2- Very relevant theoretical articles/books that adopt a new institutional and/or resource dependent standpoint, or make a substantial contribution to issues related to those theories.

Approximately two thirds of the articles to be assessed did not pass the selection and quality criteria (Table 2.12).

Element \ Level	0	1	2	3	N/A
Theory robustness			12	30	
Implications for practice		5	21	1	15
Methodology		1	21	6	14
Generalisability			21	13	8
Contribution			19	23	

Table 2.12: Quality assessment of the articles reviewed

### 2.7.8 Main findings

In order to understand how new institutional and resource dependence theories have been and could be used to explain phenomena related to the measurement of performance in the public sector, a systematic review process was followed. The main themes that emerged from the review of the articles and books selected can be grouped into nine interrelated sets:

1. The need to link theory and practice. The review strongly confirmed what had been found previously and provided more evidence concerning the existence of two different approaches to the study of PM in the public sector. The main criticism made of the 'applied' approach is that practical issues are considered, but theories are very often neglected and remarks rarely made on a general level. Conversely, the 'theoretical' approach seldom deals with practical aspects and authors do not seem much concerned about the practical relevance of their research.

2. In the studies where performance measurement in public sector organisations has been examined using new institutional and/or resource dependence theories, PM systems have been considered mainly as: enablers of data acquisition, analysis and dissemination (Ansari and Euske, 1987); servers of both objective and symbolic functions (Boland and Pondy, 1983); and drivers of behaviour (Pfeffer and Salancik, 1978). In the next section, more details are provided and suggestions are made on how to bridge the 'applied' and the 'theoretical' bodies of literature.
3. Reflections on the dissimilarities between public and private sectors have often been concerned with the possibility for organisations to respond strategically to institutional pressures. However, most of the papers considered support the conclusion that public sector organisations can behave strategically, almost as much as their business counterparts (Casile and Davis-Blake, 2002; DiMaggio and Powell, 1983; Geiger and Ittner, 1996; Meyer and Rowan, 1977). The analysis of the environment and the roles of management (i.e. the possibility of managers to behave pro-actively), together with the framework developed by Oliver (1991) and the studies that have made use of it, can provide a very strong basis for the study of strategic responses to institutional pressures in a public sector context.
4. The concepts of efficiency, effectiveness and legitimacy, and their mutual relations have proved to be very relevant in explaining a wide variety of issues related to the subject of PM (Bowerman, 2002; Carruthers, 1995; Suchman, 1995). Particularly interesting insights have been achieved by looking at the temporal aspects associated with the adoption and development of performance measurement systems (Westphal, Gulati and Shortell, 1997).
5. The concept of loose coupling has also been utilised in several studies, but the majority seem to have misinterpreted it (Orton and Weick 1990; Weick 1976). In the context of PM, loose coupling could be considered in relation to which performance measurement systems accommodate or oppose external and internal standards of expected performance (Collier, 2001).
6. The phenomenon of institutionalisation, its connections with power and self-interest within and outside organisations, and the existence of conflicting rationalities were discussed by various authors (Ansari and Euske, 1987; Carpenter and Feroz, 1992). Self-interest and power are important factors that influence whether or not institutional pressures for change are successful, and PM systems are a significant component of the power system in an organisation.
7. The concept of isomorphism has been widely used and seems particularly relevant in a public sector context (Townley, 2002). The distinction between competitive and institutional isomorphism reflects the dichotomy between efficiency and legitimacy as justifications or explanations for social action. Through this concept it is possible to structure a framework that takes into account coercive forces (consistent with resource dependence theory), mimetic processes (more related to the core of new institutionalism), and normative isomorphism, which can be seen as a network influence (Mizruchi and Fein, 1999).



8. Interesting reflections have been made regarding the research level of analysis: most of the authors who have adopted a new institutional perspective have carried out cases on an organisational field level (DiMaggio and Powell, 1983). Nevertheless, there has been some criticism and different levels of analysis have been advocated, particularly to take into account intra-organisational processes and forces, and not just inter-organisational ones (Abernethy and Chua, 1996; Collier, 2001).
9. Finally, interesting contributions have been made in relation to methods and methodologies. In the papers reviewed, authors showed a strong preference for case studies, rather than surveys, and to qualitative, rather than quantitative analysis. This is in contrast to the more practitioner-focused type of studies where quantitative approaches are more widespread.

### 2.7.9 Conclusions – Starting to bridge the gap

In this review of the literature a gap between the theoretical and the applied literature in the field of PM has been identified. It is not argued that either of those streams is more or less important; what is argued for is convergence. It is believed that by creating new knowledge that has a firm theoretical basis and at the same time is relevant to practice, it is possible to bridge these streams and further our understanding of this field. Without a theoretical lens it is difficult, if not impossible, to interpret findings in the applied literature.

This systematic literature review has specifically discussed the use that has been, and could be made of new institutional and resource dependence theory. Many ‘applied’ papers highlight issues relating to purpose, characteristics and utilisation of an organisation’s performance measurement system, such as the weakness of the relationship between PM, organisational mission and strategy (Berman, 2002; Behn, 2003); the inadequacy of the information system and the competencies of the people involved in performance measurement (Berman and Wang, 2000; Halachmi and Bouckaert, 1994, Birkett, 1992); or the low level of commitment shown by managers during the development of a performance measurement system (Cavalluzzo and Ittner, 2004). Applying the two suggested organisation theories might enable researchers to gain improved insights into the issues outlined above.

The existence of conflicting demands and pressures from institutions, for example, strongly influences the development of a PMS, particularly in a public sector context. Political influence and, at the same time, the attempt to gain legitimacy to ensure a sufficient level of critical resources for the organisation, play a fundamental role (Greening and Gray, 1994). Once legitimacy is achieved, new institutionalists claim, the organisation will focus on its practical activities, neglecting the techniques and tools that do not contribute to it. Therefore, if certain performance indicators, or the whole PMS, are imposed on a public sector organisation, the commitment demonstrated by managers might be strong in the beginning of the PMS development, but might progressively decline once the compliance with institutional requirements has ensured the survival of the organisation (McKevitt et al., 2000).

New institutional and resource dependence theories also relate to the issues of stakeholder involvement, design and use of performance measurement systems, by using concepts like resource dependence, legitimacy and loose coupling. The insufficient involvement of relevant stakeholders in the development of PMS, and the compliance with regulations that are often at odds with organisational efficiency and effectiveness are strongly related to the need of financial resources and the power of the organisation relative to institutions and stakeholders. Various articles have emphasised the discrepancy between the collection of massive amounts of PM data and the use that is subsequently made of it (Carpenter and Feroz, 2001), which is a particularly relevant issue in public sector organisations (Propper and Wilson, 2003). Organisational theorists have often described this difference between external and internal behaviour with the concept of loose coupling/de-coupling and the contraposition between legitimacy and efficiency (Meyer and Rowan, 1977).

The reflections presented here are an attempt to bridge the two bodies of literature. Future research is advocated to build on these organisation theories, in order to improve our understanding of the subject of PM in general, and particularly in relation to public sector organisations.

#### **2.7.10 Promising avenues for further research**

Through this literature review it was possible to highlight a number of areas and related research questions, which would be worth investigating. The general suggestion coming from this systematic review regards the wider use of organisation theory in the field of PM. Moreover, a substantial number of gaps and possibilities for further research into PM in the public sector emerged:

1. The necessity to complement new institutional theory with resource dependence theory, or, at least, to incorporate into the first theory elements that take into consideration the possibility of strategic choice and aspects related to power and self-interest in both inter- and intra-organisational contexts (Abernethy and Chua, 1996; Collier, 2001).
2. When studying the institutionalisation of systems, practices and techniques, institutionalisation could be considered as an ongoing process rather than as an outcome (Covaleski, Dirsmith and Michelman, 1993). This would enable research to focus on “the complex recursive processes by which institutional forces both shape and are shaped by organisational actions” (Scott, 2001, p. 179). More attention should also be paid to the relationships between institutional and technical environments: in this context, more empirical studies of how isomorphic pressures interact with intra-organisational and technical factors are required (Modell, 2002).
3. Empirical studies should investigate the subject of strategic responses to institutional pressures (Oliver, 1991). The conflict between the three institutional ‘pillars’ (Scott, 2001) – normative, regulative and cognitive – should also be considered (Broadbent, Jacobs and Laughlin, 2001). In this case, it would be interesting to examine the relationship between instrumental work processes and

“the symbolic display of rational organisational practice in response to institutional pressures” (Dirsmith et al., 2000, p. 515). The consequences of resistant strategies, in particular for organisational efficiency and effectiveness, as well as the reasons for conformity or resistance ought to be investigated (Oliver, 1991). Finally, it is important to understand whether the same factors that affect early responses to new standards also affect the pace of adoption of those standards, and if different rationales for adopting new practices lead to heterogeneous adoption patterns (Casile and Davis-Blake, 2002).

4. The interconnection between legitimacy, efficiency and effectiveness is an issue which has not been sufficiently addressed in an empirical sense (Carruthers, 1995). Most new institutional scholars have assumed that practices designed to secure external legitimacy are only symbolic and always decoupled from internal operating systems, but have rarely substantiated this reflection with empirical evidence (Abernethy and Chua, 1996). The possibility of attaining legitimacy and the ways in which it could be done have also been studied in insufficient depth (Bowerman, 2002).
5. The concept of loose coupling should be conceived “not as a black box, but as a set of mechanisms, which warrant description and interpretation” (Collier, 2001, p. 483). Furthermore, unpredictability should be treated as a topic of interest, rather than as nuisance (Weick, 1976).
6. In the study of the differences between public and private organisations, it would be interesting to understand if these two types of organisations differ in the way they respond to institutional pressures, and if it is possible to achieve normative consistency in such environments (Casile and Davis-Blake, 2002). Moreover, empirical studies could examine how the introduction of private firms into a public sector field increases the heterogeneity of responses to change associated with the development of PMS (Roy and Seguin, 2000).

These six areas are crucially important if we look at performance measurement in the public sector. In the next section, the research gaps identified here and promising avenues for further study emerged in the New Public Management literature are brought together in order to formulate the theoretical questions that drive this research.

## 2.8 Research gaps

The review of the literature enabled the identification of a number of opportunities for further research. Despite the differences existing among the fields considered, several research gaps appear to be interrelated. The linkages between the identified areas, the relevance of the topics, and the researcher’s personal interests are the main reasons for determining the areas of particular focus for this research. Regarding the review of the PM and new public management literatures, this research focuses particularly on the three following issues:

1. The characteristics and uses of the organisation's performance measurement system, principally in terms of design of PMS and links between strategy formulation and execution, and performance measurement.
2. The role of stakeholders, especially in the phase of PMS design. In this sense, particular attention is paid to the involvement of stakeholders in the various stages of development of a PMS and the possible uses of performance information in enhancing accountability at local and national levels.
3. The balance between internal and external (mandatory) indicators as a consequence of the interplay between internal and external pressures and rationales.

The first area of interest is particularly relevant in a public sector context, since, despite the increasing use of performance targets and indicators (Hood, 2006), empirical research is required to understand how these targets and indicators are designed and utilised (Streib and Roch, 2005).

The issue of stakeholder involvement is crucial for organisations that depend on, and have to report and engage with, a number of different parties. This is especially the case with the public services, where "not only public agencies, but also non-governmental stakeholders such as business and the media exercise an influence upon the way the rules of the game are formulated and how it is played out in the public domain" (Bovaird and Loeffler, 2003, p. 167).

Finally, the balance between internally defined and externally set targets and indicators greatly influences the actual use that is made of performance information both within and between organisations (Bowerman, 1995; Modell, 2003). In this context, the links between centre (e.g. national and regional governments, audit bodies, etc.) and periphery (i.e. organisations in charge of delivering services to end-users) become of primary importance (Talbot, 2005).

Taking into consideration the research gaps that emerged in the systematic literature review, this research concentrates specifically on the two following subjects:

1. the study of strategic responses to institutional pressures (Oliver, 1991)
2. the interconnections between legitimacy and efficiency (Carruthers, 1995).

These issues are relevant from both theoretical and empirical points of view. Institutional pressures, legitimacy and efficiency are fundamental concepts in new institutional and resource dependence theories, but have also been widely used in the New Public Management literature. In particular, various academics have emphasised the necessity of empirically examining the relationship between the symbolic display of rational practices and real organisational processes in response to institutional pressures (Dirsmith et al. 2000). Furthermore, the link between legitimacy and efficiency is an important issue, which has rarely been studied in an empirical context. While authors have hypothesised that in organisations efficiency and legitimacy are at odds (Meyer and Rowan, 1977), in practice this seems not necessarily so (Abernethy and Chua, 1996).

## 2.8 Conceptual research questions

The identification and selection of the research gaps existing in the literature enabled the formulation of two overarching theoretical research questions. This research focuses on the interactions between local public sector organisations and institutions in the development of PM targets and indicators. Therefore the following questions are to be addressed:

- *What are the relationships between local public sector organisations and institutions in the development of performance targets and indicators?*
- *What are the strategic responses, conflicts, tensions and behaviours that arise?*

In order to firmly ground the research in the theory, concepts are drawn from the different streams of literature considered. In particular, the work of Oliver (1991) regarding the formulation of strategic responses to institutional pressures, and the criticism it received, are particularly valuable sources (e.g. Abernethy and Chua, 1996; Carpenter and Feroz, 2001), as well as articles that discuss the concept of legitimacy and efficiency (e.g. Meyer and Rowan, 1977; Suchman, 1995; Neely, 1998; Modell, 2003). In order to explore these issues from an empirical point of view, two exploratory case studies were carried out. Chapter 4 reports the process followed and results achieved.



## CHAPTER 3

### PHILOSOPHICAL PERSPECTIVE AND METHODOLOGY

#### 3.1 Introduction

This chapter presents the philosophical and methodological bases of the research. It starts by discussing characteristics of the positivist paradigm, which is prevalent in both management research in general and, more specifically, in the field of PM. Critics of positivism claim that this paradigm suffers from transferring explanation modes which are appropriate in the sciences of organic and inorganic matter to social science. Scholars have also remarked the lack in positivism of an underpinning theory of the object and its limits in addressing fundamental epistemological questions.

Although this research does not aim at investigating in depth the implications of philosophy of science on PM, it is believed that solid ontological and epistemological bases would foster the development of PM as a field of research. Therefore, the researcher examines philosophical aspects considering in particular the implications of adopting an objectivist ontology and a subjectivist epistemology. To do so, relevant contributions from philosophy of science and physics are reviewed and presented in relation to the measurement of performance.

Consistently with the ontological and epistemological positions adopted, this research is qualitative. From an empirical point of view, this research consists of three phases. Two exploratory case studies were undertaken in a healthcare trust and a police force (cf. chapter 4). Subsequently, unstructured interviews were carried out in nine local public sector organisations (cf. section 5.2). Finally, two in-depth case studies were performed in a local authority and a fire service (cf. chapter 5). In the exploratory cases, publicly available documents were the main source of data, whereas in the in-depth case studies also 22 structured interviews were carried out. In terms of data analytic procedures, the data gathered was coded with the support of NVivo software. The methodological remarks reported in this chapter refer predominantly to the in-depth case studies (cf. Fig. 3.1 for an overview of the main philosophical and methodological dimensions of the research).

Methodological aspects are considered in relation to criteria used to assess the quality of research. Following choices made on both philosophical and methodological grounds, dimensions such as replicability, reliability and validity are seen as target points, but not as necessary conditions, as would be the case in positivist research. On the other hand, practical relevance and credibility are introduced as fundamental quality criteria. Given the philosophical position adopted, the discussion on methodology ends with remarks on self-reflexivity and mitigation of personal bias. Finally, section 3.4 introduces the three empirical phases this research consists of.

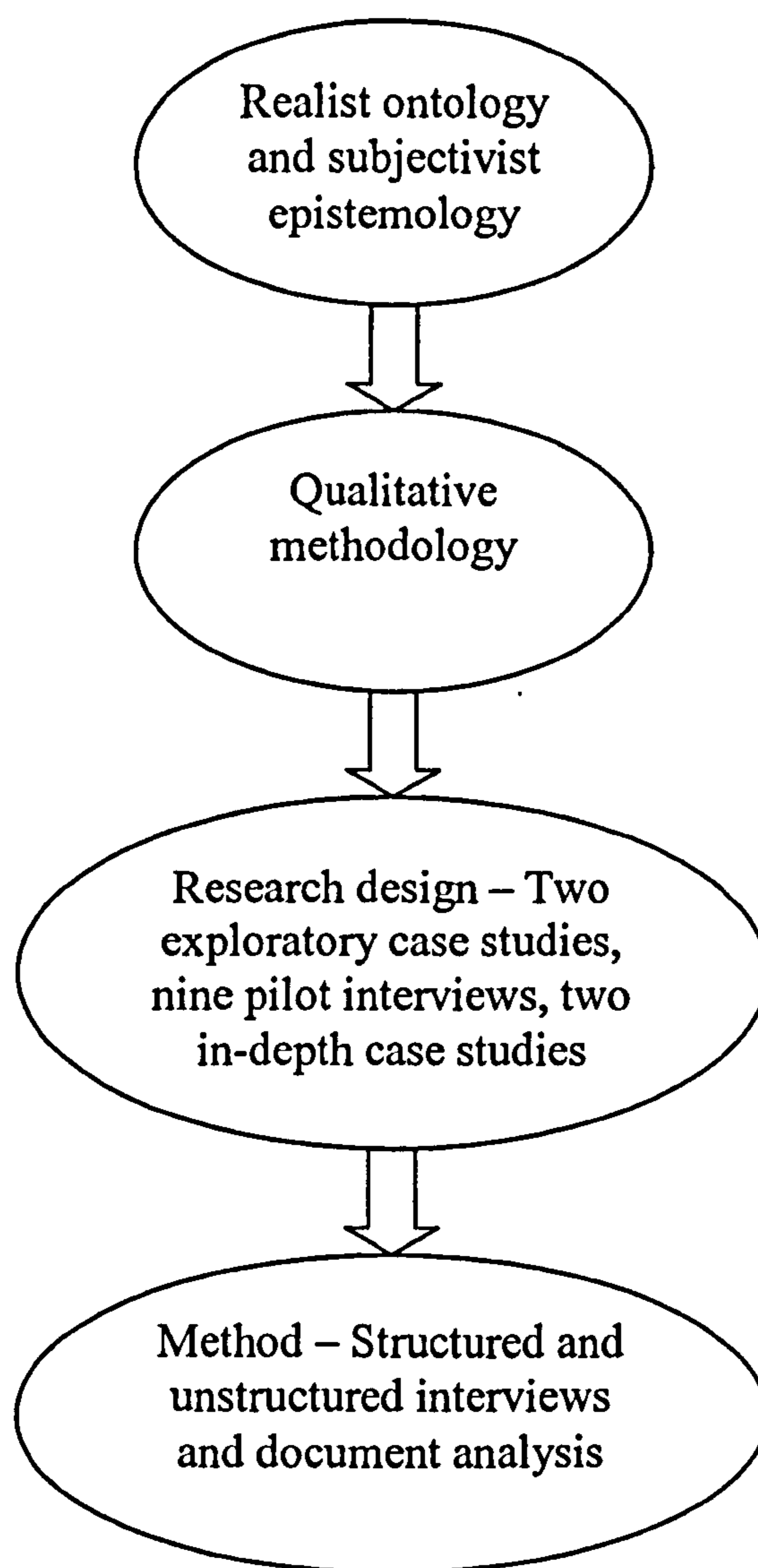


Figure 3.1: Philosophical and methodological dimensions of the research

The next sections examine and justify issues related to philosophy and methodology from a prevalently theoretical point of view. In chapter 5, the choice and characteristics of the in-depth case studies performed and the actual tools used for data collection and analysis are introduced.

## 3.2 Philosophical approach

### 3.2.1 The current (implicit) paradigm

As discussed in the previous chapters, contributions to the field of PM are often related to the development of procedures and tools that could improve the efficiency and the effectiveness of organisations. Therefore a wide body of literature has developed around



topics such as the design and implementation of PM systems, and the links between performance targets, indicators and compensation schemes.

So-called 'alternative approaches', have considered PM and management accounting more as social practices rather than techniques. In this context, several authors have advocated deeper reflections in the PM field in order to move away from a 'what gets measured gets done' standpoint (Chua and Degeling, 1993). However, although a number of scholars have remarked that the "concept of objectivity in accounting is largely a myth" (Morgan, 1988, p. 477), PM, accounting and auditing are still seen as objective evaluations of reality by most academics and practitioners (Power, 1997).

Interestingly, little has been written about the fundamental questions related to the ontological and epistemological bases of PM. This concern resonates with remarks made by eminent scholars about management as a social science (cf. Ghoshal, 2005), who noted how few articles published in management journals include explicit statements regarding the philosophical position of the authors. This research does not aim to discuss in depth how the philosophy of science could inform the discipline of management as a whole. Therefore, only certain aspects which are especially relevant for the purposes of this research are reviewed in the following sections. Subsequently, reflections are made regarding the implications of adopting a particular philosophical perspective.

First of all, when considering management literature in general, it could be argued that there seems to be little clarity regarding differences among sciences. Elster (1983), as presented in Ghoshal (2005), noted that different types of science require different modes of explanation and theorising. Elster categorised such modes as causal, functional, and intentional (Table 3.1).

Science	Explanation mode
Inorganic matter (e.g. physics)	Causal
Organic matter (e.g. biology)	Functional
Social sciences (e.g. management)	Intentional

Table 3.1: The different modes of explanation of the different sciences (adapted from Elster, 1983), as quoted in Ghoshal, 2005).

For the sciences of inorganic matter, like physics, the causal mode is the only acceptable mode of explanation, whereas in sciences of organic matter this is not the case. "Functional explanations, based on notions such as benefits, evolution, or progress have no role in physics" (Ghoshal, 2005, p. 77), but are adequate in the sciences of organic matter, such as biology. This claim is justified by the existence of the theory of natural selection, which provides an overarching causal theory.

The appropriate explanation mode in the social sciences, Elster argues, is one of intentionality, since individual action is always guided by some intention. This makes social science fundamentally different from sciences of inorganic or organic matter. However, as Ghoshal (2005, p. 79) notes, “management theories at present are overwhelmingly causal or functional in their modes of explanation. (...) [A] precondition for making business studies a science as well as a consequence of the resulting belief in determinism has been the explicit denial of any role of moral or ethical considerations in the practice of management”. Therefore, it is claimed that, although management is part of the social sciences, most management scholars use modes of explanation that are appropriate in other types of sciences, like physics or biology.

Secondly, it has also been argued that fundamental differences in the processes of theorisation have not been sufficiently taken into account (Ghoshal and Moran, 1996). Management theories, unlike theories in sciences of inorganic or organic matter, have a consistent impact on the subject they relate to, i.e. the ways in which organisations function. In social science theories tend to be self-fulfilling, whereas in physical science they clearly do not (Gergen, 1973). Therefore, the more a theory is based on strong assumptions on human self-interest and opportunism, as is the case with agency theory, the more it will induce exactly those types of behaviours (Ghoshal and Moran, 1996).

Another important difference between sciences is indicated by the concept of double hermeneutics, for which the epistemic role of the human agent should be considered in social science studies. “Whereas natural scientists interpret data that are not preinterpreted by natural things, social scientists interpret data that are preinterpreted by social agents” (Numagami, 1998, p. 6).

However, despite the existence of significantly different explanation modes, management academics have adopted the “‘scientific’ approach of trying to discover patterns and laws, and have replaced all notions of human intentionality with a firm belief in causal determinism for explaining all aspects of corporate performance” (Ghoshal, 2005, p. 77). In the Nobel Memorial Lecture delivered in 1974, Friedrich von Hayek similarly stated that economics, like other social sciences, is subject to so-called ‘physics envy’, which leads authors to draw inappropriate conclusions and to forcefully adopt methodologies and methods drawn from physical science. Von Hayek referred to this issue as ‘scientistic error’.

Although these concerns are common to both management in general and PM specifically, this thesis does not intend to discuss the implications of philosophical perspectives on management in a broad sense. Rather, the following sections present how the adoption of a realist ontology and a subjectivist epistemology could further the development of the PM field. To do so, the researcher builds on recent debates and advances in the philosophy of science and, somewhat paradoxically, in physics.

### 3.2.2 Ontological and epistemological bases<sup>7</sup>

The researcher believes that, drawing on reflections made regarding the theory of the object in philosophy and the epistemology of measurement in physics, it is possible to contribute to the development of performance measurement as a field of research. Ontology is the branch of philosophy that deals with the nature of being. It studies being or existence, and the claims and assumptions which are made about the nature of reality. Therefore, ontology has important implications for the conceptions of reality.

According to an objectivist view of ontology, social and natural reality exist independently of human knowledge and cognition. This means that the world exists without any human awareness of this existence as being necessary (Blaikie, 1993). A subjectivist view of ontology assumes that what we take to be reality is an output of human cognitive processes, i.e. there is no reality 'out there'. Therefore, as postmodernists argue, reality is conventional and relative (Johnson and Duberley, 2000).

Epistemology is the branch of philosophy that studies the nature of knowledge, in particular its presuppositions and foundations, and its extent, scope and validity. It investigates the theories of the origins, nature, and limits of knowledge. Therefore, a fundamental epistemological question would be: how do we know what we know?

An objectivist view of epistemology implies that it is possible to have a theory-neutral observational language, i.e. to access the external world objectively. Consequently, general laws are usually generated in 'closed systems', where other environmental influences can be controlled. A subjectivist view of epistemology denies the possibility of such an epistemological foundation. From this perspective, the central role of the human agent has to be stated, but with reference to the interactions with an independent external reality, which can constrain or facilitate human action (Johnson and Duberley, 2000).

Following the definitions of ontology and epistemology, and having emphasised the differences between related objectivist and subjectivist views, it is possible to map the main philosophical approaches to research (Fig. 3.2). Although substantial differences exist between ontology and epistemology, the two concepts have often been conflated, reducing what reality is – an ontological question – to what we (are able to) know about it – an epistemological one. As Ferraris (2003) argues, this error, known as 'the transcendental fallacy', was a major flaw in Kant's Copernican Revolution, as Kant's idea was that "we do not have to ask ourselves how things are in themselves, but how they should be so as to be known by us" (Ferraris, 2005, p. 149). Ferraris also maintains that positivism, the most widely (and often implicitly) accepted paradigm in management, but also empiricism, postmodernism and pragmatism, among others, share this basic flaw and lack an underpinning theory of the object.

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<sup>7</sup> The reflections presented in relation to ontology have greatly benefited from the conversations the researcher had the pleasure to have with Prof. Maurizio Ferraris, whose enlightening work – mostly ignored in management studies – is widely referenced in this dissertation.

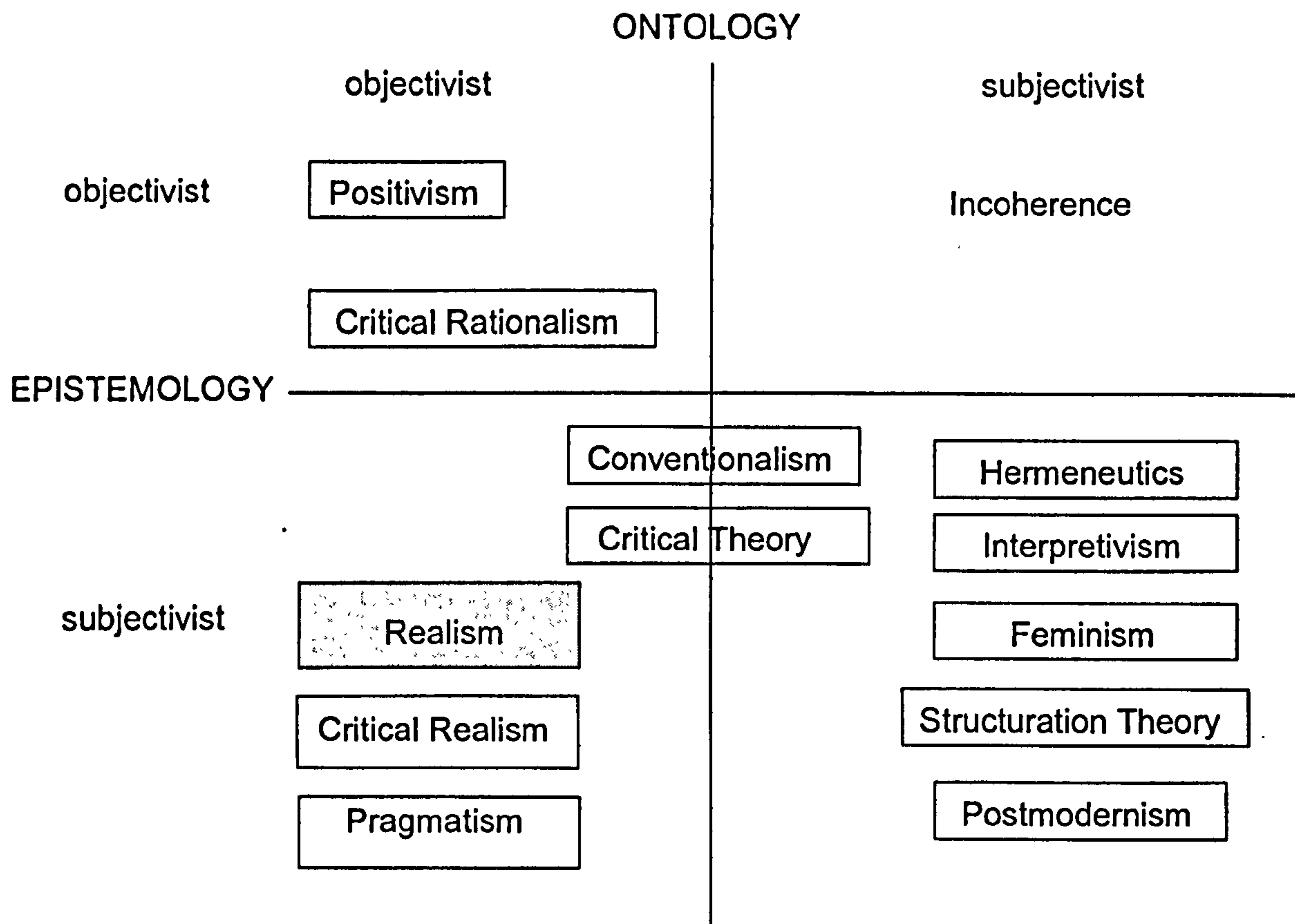


Figure 3.2: Map of the main philosophical approaches to research (adapted from Johnson and Duberley, 2000)

From an ontological point of view, it is argued that the “minimum requisite to constitute an ontology of social objects is the adoption of a realist perspective” (Ferraris, 2003, p. 448). This implies that we have to adopt a clear objectivist view of ontology – what Ferraris calls a ‘realist’ ontological perspective. Building on the theory of the object (cf. Meinong, 1904; Husserl, 1907), this means that when we study a certain phenomenon “*the last word goes to the object, and not to the subject, because it is the experience that has to verify, and then falsify, and then verify again, continuously confronting itself with the object*” (Ferraris, 2005, p. 141). Only by doing so could we avoid falling into the transcendental fallacy trap.

From an epistemological point of view, it could be noted that while reality is indivisible (Bohm, 1980), the ways in which we know about it change over time: by using different ‘lenses’ (or theories), we see different aspects of that reality. This is in contrast with positivism and Karl Popper’s critical rationalism: “the trouble with the social sciences is that the logic of falsification, which is so very essential for the epistemology of positivism, is very hard to apply with any degree of rigor and ruthlessness in the domain of social theories. Typically, no theory – which are all, by definition, partial – explains a ‘phenomenon of organised complexity’ fully, and many different and mutually inconsistent theories explain the same phenomenon, often to very similar extents” (Ghoshal, 2005, p. 86).

The researcher's philosophical position is in line with 'realism' as intended by Ferraris (2005) – i.e. objectivist in ontology and subjectivist in epistemology. Therefore, while the author maintains that social and natural reality exist independently to human knowledge, it is acknowledged that 'truth' is neither absolute nor purely conventional and relative (Johnson and Duberley, 2000). Consequently, the researcher aims at formulating a general theoretical framework, recognising that his beliefs about the world are subject to all kinds of historical and other kinds of determinations (cf. section 3.3.5).

Furthermore, by denying the possibility of creating and studying closed systems in social science the researcher advocates a type of management theory that "does not pretend to be scientific laws, but merely serves as temporary 'walking sticks' – in Fritz Roethlisberger's (1977) terms – to aid sense making as we go along, to be used only until a better walking stick can be found" (Ghoshal, 2005, p. 81). Since social science entails practical interventions in social life and value judgments by the investigators (Bhaskar, 1978), it cannot aim at formulating a 'theory of truth' (Mir and Watson, 2001). Furthermore, "a theory is primarily a form of *insight*, i.e. a way of looking at the world, and not a form of *knowledge* of how the world is" (Bohm, 1980, p. 4). As a result, in terms of theory construction, the author agrees with Weick's (1989) 'disciplined imagination', as opposed to Karl Popper's (1969) formalised falsification.

Relating these epistemological claims to the field of PM, it could be argued that "because of their usually tentative nature, performance indicators should be seen as 'screening devices' and not over-interpreted" (Royal Statistical Society, 2005, p. 2). Since this calls into question the very concept (and possibility) of PM, the following section discusses the epistemology of measurement. To do so, recent developments in measurement theory in physics are analysed and compared to the current situation of PM as a field of research.

### 3.2.3 The epistemology of measurement<sup>8</sup>

Having established the importance of embracing a realist view of ontology in social science, the implications of adopting a subjectivist view of epistemology are examined. According to the positivist paradigm, research in management is based on a number of assumptions:

- "Variables other than the ones whose variation we would like to observe are perfectly controlled for.
- The empirical scales measure the constructs completely.

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<sup>8</sup> This section and subsequent reflections on the epistemology of measurement have been developed through an ongoing collaboration with Prof. Luca Mari, whose work on measurement theory has proven very relevant for the purposes of this research. As in the case of Ferraris' research on ontology, no evidence could be found of studies in performance measurement and management that have been influenced by Mari's work, despite its significance.

- There is no cognitive disagreement among social agents about the definition of the situation.
- Social agents have an ability to reflect, that is, they can think about their own thinking and that of others” (Numagami, 1998, pp. 4-5).

Interestingly, these assumptions are aligned with traditional principles in physical science, for which measurement is “a process of empirical, objective assignment of symbols to attributes of objects and events of the real world, in such a way as to represent them, or to describe them” (Finkelstein, 2003, p. 41). However, the researcher argues that, not only are these assumptions examples of ‘physics envy’ and ‘scientific error’, but also current debates in measurement theory are questioning the validity of those very principles in physical science. For the purposes of clarity, a brief overview of the history of measurement in the ‘hard sciences’ is provided.

### *Measurement – Definitions and history*

The etymology of the word ‘measure’ provides us with an interesting insight into the concept and history of measurement science (for a more in-depth analysis, please see Mari (2003)). ‘Measure’ initially referred to a “comparison with an external standard, to point to a universal sort of inner ratio or proportion, perceived both through the sense and through the mind. (...) [A]s time went on, this notion of measure gradually began to change, to lose its subtlety and to become relatively gross and mechanical” (Bohm, 1980, p. 21). This shift from “inner ratio or proportion” to mere quantification of (properties of) objects also implied that measures ceased to be seen as forms of insight; rather, they started to appear to be absolute truths about reality as it is. Bohm argues that this change has had significant consequences on both the ontological and the epistemological bases of science.

However, according to Mari (2003), developments in measurement theory have questioned this mechanistic view. In order to support this claim he defines three main historical phases:

1. the metaphysical period
2. the anti-metaphysical period
3. the relativistic period.

The first position was expressed by the founders of the physical sciences, such as Aristotle, Galileo and Kepler, for whom numbers are present in the world, and measures are inherent properties of the objects being measured. According to them, any phenomenon considered has the characteristic of being quantitative (Mari, 2005). Consequently, as Galileo stated, the task of scientists is to count what is countable, measure what is measurable, and what is not measurable, make it measurable.

According to the second perspective, “measures are results of operations that preserve the relations observed among measured things” (Mari, 2003, p. 23). This position separates itself considerably from the previous one. From an anti-metaphysical point of view, a phenomenon is represented by a quantitative expression, rather than being inherently quantitative. In mathematical terms, this implies that measurement is a homomorphism (cf. Finkelstein, 2003).

Finally, from a relativistic standpoint “measures are results of operations recognized as adequate for their goal of obtaining information on measured things” (Mari, 2003, p. 24). This stresses the importance and unavoidability of interpretive models in acquiring knowledge about reality, and that a phenomenon is quantified according to the model in use.

The move from the first to the second position is fundamental, as it implies a shift from ontology to epistemology. The results of measurement are not part of reality, as “measurement acts like a bridge between reality (to which the object under measurement belongs) and the linguistic/symbolic realm (to which the measurement result belongs)” (Mari, 2007, p. 2). Therefore, measurement relates to the knowledge we have about the state of an object, and not about the object itself. Along the same lines, Bohm (1980, p. 23) remarked how “measure is an insight created by man. A reality that is beyond man and prior to him cannot depend on such insight”.

From an anti-metaphysical – or ‘representational’ – point of view, measurement has to be empirical, objective, and its results must only give information about the measured property (Ceconi, Franceschini and Galetto, 2006). In this context, objectivity means “the numbers assigned to a property by measurement must, within the limits of error, be independent of the observer” (Finkelstein, 2003, p. 41). Therefore, the information produced through measurement has to be non-ambiguous and inter-subjective. ‘Empirical’ implies that measurement “must be the result of observation and not, for example, of a thought experiment. Further, the concept of the property measured must be based on empirically determinable relations and not, say, on convention” (Finkelstein, 2003, p. 41).

The move from the second to the third position is also radical as it entails a shift from error to uncertainty, and from a truth-based view to a model-based view. Error here refers to the empirical inability in the measurement process of determining the true value of the property of an object. Rather, uncertainty is the “lack of complete certainty on the value that should be assigned to describe the object under measurement relatively to the measurand” (Mari, 2007, p. 18). This definition acknowledges that measurement is a knowledge-based process, and not the empirical determination of the property of an object.

### *The relativistic view*

While in measurement theory the ‘metaphysical position’ is now considered obsolete, the anti-metaphysical and relativistic perspectives seem to coexist. This section briefly examines the latter, as it is believed it could shed light on the measurement of

performance in organisations. First of all, from a relativistic perspective the concept of model becomes of primary importance. A model-based view also takes into account pragmatic components, which are not considered in the two other positions, and aims at attaining ‘adequate’ results, rather than ‘true’ results. “In the presence of ambiguity, a decision can be made only on the basis of a contextual criterion. (...)The interest of balancing the costs of such resources with the quality of the measurement results makes the pragmatic dimension a relevant component of measurement. (...) Measurement results must be assigned (and not determined) according to the goals for which the measurement is performed, with the consequence that they are adequate if they meet such goals” (Mari, 2007, p. 27-28).

Secondly, repeatability is another differentiating factor between this position and the other two. Following the definition of Cecconi et al. (2006), which encapsulates the representational perspective, in measurement subjects have to be independent, i.e. ‘experiments’ may be repeated by different observers and each will get the same result. On the other hand, advocates of the relativistic perspective maintain that “repeatability is only a desirable, but by no means a necessary, feature of measurement” (Mari, 2007; p. 18).

Third, inter-subjectivity and objectivity, fundamental features of the representational position (Finkelstein, 2003), are considered here to be target points. Therefore, measurement has to aim at achieving complete inter-subjectivity and objectivity, for instance by increasing the number of experimental situations. However, both experimental (e.g. noise in a general sense), and conceptual issues (e.g. measurand identification / definition) make it impossible to reach them.

Finally, in opposition to the metaphysical and anti-metaphysical positions, according to the relativistic view (building on Mari, 2003 and 2007):

- Measurement is not a determination, but an assignment;
- Measurement results are informational, and not empirical, entities;
- The measurability of a property conceptually depends on the current state of knowledge on the property (and therefore it is not an ‘intrinsic characteristic’ of the property);
- The measurability of a property operatively depends on the availability of experimental conditions (and therefore it cannot be derived from formal requirements);
- In a measurement process there is an important qualitative trade-off between the specificity – previously referred to as ‘precision’ – of a value and the trust attributed to it – previously referred to as ‘accuracy’. Both aspects depend on the available experimental knowledge of the measurand. This implies that objects could be measured with great accuracy, but precision can be misleading, as metrics can be precisely wrong.



### 3.2.4 Implications for performance measurement

The reflections presented in the previous sections help shed light on a number of issues related to the theory and practice of PM. First of all, in relation to so-called 'physics envy', it is paradoxical to note how debates in physics could inform management theory and practice, but they seem not to have been sufficiently taken into account. Specifically regarding PM, the current epistemology seems to be somehow in between the metaphysical and anti-metaphysical positions expressed in measurement theory. However, the main tenets of the relativistic perspective should inform current debates on PM and more clarity is required regarding the philosophical underpinnings of measurement in social science.

Secondly, it is important to remark that measurement can relate to three types of object: physical (which exists in space and time); ideal (which exists outside space and time); and social (which has a beginning in time and is socially constructed) (Meinong, 1904; Ferraris, 2005). Metrology, as part of physical science, has traditionally focused on physical objects, such as bodies and substances. PM is most often concerned with social objects (from stakeholders' satisfaction to return on investments, from intellectual capital to brand management), which are often complex and difficult to define and measure. Therefore, it could be argued that in PM, even more than in physical science, complete objectivity and empiricity must be considered as targets and not as necessary conditions. Moreover, following the 'relativistic perspective' in measurement theory, pragmatic aspects, such as costs, benefits, specificity and trust also become essential features of PM.

Third, the transcendental fallacy plays an important role in contemporary theory and practice of PM. This concept implies that 'performance' is reduced to what is possible to measure of performance. In practice, a performance indicator is equalled to the actual activity being performed, e.g. number of complaints expressed by employees = employees' satisfaction; impact factor of publications = academic standing, etc. This issue is particularly relevant and problematic, if we consider the great difficulties encountered in – and, frequently, the impossibility of carrying out – the measurement of very complex activities and processes performed by organisations. Unfortunately, as emphasised by von Hayek (1989), in the social sciences what is treated as important is what happens to be accessible to measurement. This claim confirms that the ontological and the epistemological dimensions are often conflated, thus reducing reality to what it is easy to access of reality.

Following these reflections, it is possible to conclude that, in the field of PM, the adoption of explicit realist ontology and subjectivist – or 'relativistic' – epistemology implies a re-conceptualisation. The focus of measurement has to shift from what is measurable, which is a prevalently epistemological act, to the nature of the objects that we want to measure, i.e. the actual organisational processes and activities being performed. Moreover, indicators should not be considered as exact pictures of reality or as unveiling presumed truths. On the contrary, they ought to be used as ways to gather information about organisational performance that is as adequate as possible. Therefore, when we measure performance the last word has to go to the object being measured, and not to the subject; as subjects we have to continuously confront ourselves with the object and not vice versa (cf. Ferraris, 2005).

This leads to another significant implication in relation to the issues of organisational learning and PMS review. As Bohm (1980, p. 23) argued, “the attempt to suppose that measures exist prior to man and independently of him leads (...) to the ‘objectification’ of man’s insight, so that it becomes rigidified and unable to change, eventually bringing about fragmentation and general confusion”. This means that, if confusion exists between reality and its measurement, in such a way that measurement is seen as capturing the essence of objects, PMS will inevitably be static. On the contrary, only by analysing the data gathered through the PM system and, in particular, reformulating the system itself, can organisations improve their performance and ensure that single and double loop learning take place (Argyris, 1977). Therefore, the review of the system has necessarily to happen through an in-depth comparison between what is measured of the activities performed, and which activities really take place.

### 3.3 Methodology

After discussing the philosophical bases of this research, it is important to consider its main methodological aspects. Methodology is “the analysis of how research should and does proceed, i.e. how theories are generated and tested, what kind of logic is used, how particular theoretical perspectives can be related to particular research problems” (Wikipedia). In a broader sense, methodology could be defined as “a way of thinking about and studying social reality” (Strauss and Corbin, 1998, p. 3).

This research is of a theory-building nature and is qualitative. ‘Qualitative’ refers to a type of research that leads to findings which are not achieved through statistical procedures or other means of quantification. Rather, it is “a nonmathematical process of interpretation, carried out for the purpose of discovering concepts and relationships in raw data and then organising these into a theoretical explanatory scheme” (Strauss and Corbin, 1998, p. 10-11). In other terms, “the real purpose of qualitative research is not counting opinions or people, but rather exploring the range of opinions, the different representations of an issue” (Gaskell, 2000, p. 41). Therefore, in this research the findings are arrived at by continuous comparison between theory and data. Operationally, following the work of Bauer, Gaskell and Allum (2000), three methodological dimensions are taken into account:

1. research design: formulated “according to the strategic principles of research, such as the sample survey, participant observation, case studies, experiments and quasi-experiments”
2. data elicitation methods, “such as interviewing, observation and the collection of documents”
3. data analytic procedures, “such as content analysis, rhetorical analysis, discourse analysis and statistics” (p. 4).

These aspects are first discussed in theoretical terms. In chapter 5 they are presented as practical steps towards the completion of the research.

#### 3.3.1 Research design

To answer the research questions presented above, case study was chosen as the research design. Despite the advantages of the case study method (cf. Yin, 1994), its validity has been questioned, particularly by positivist scholars. In the positivist paradigm, science has to be nomothetic – i.e. it has to look for universal laws – and reliability, replicability and external validity are fundamental criteria to be met. Positivists argue that case studies do not enable researchers to score sufficiently highly along these dimensions.

However, the researcher, in line with the chosen philosophical position, does not see the objective of his research – or any management study – as the search of an invariant law, but as a way to improve current theory and practice, and to encourage reflective

dialogue in society (Numagami, 1998) (cf. section 3.3.5). In relation to replicability, it is believed that social phenomena can be difficult to reproduce, “because it is nearly impossible to replicate the original conditions under which data were collected or to control all the variables that might possibly affect findings” (Strauss and Corbin, 1998, p. 266). Although aspects of reliability and external validity are surely to be considered, relevance and explanatory range take precedence (Baehr, 1990; Johnson and Duberley, 2000) (cf. 4.3.4 for further details).

Given the lack of empirical studies on the issues considered, this research is of an exploratory character; therefore, following Yin (1994), the in-depth cases are primarily descriptive and partly explanatory. Although description is often regarded as being just observation and reporting, it is believed that any descriptive research inevitably involves selection and that, to be of value, it has to be relevant (Sen, 1980).

This research is of a theory-building nature. A number of authors have depicted case study research as an indispensable building block for theorising (Kaplan, 1983; Carpenter and Feroz, 1992; Voss, Tsiriktsis and Frohlich, 2002; Yin, 1994). As remarked by Kaplan (1986), case studies “provide a firmer basis for our modeling theory-building, and hypothesis-formation activities, activities that today occur in the absence of data and observations” (p. 445). The review of the literature and the a priori specification of part of the constructs help shape the research (Eisenhardt, 1989), and enable the researcher to avoid the degeneration of the case studies into a ‘story’ (Hartley, 1994). Moreover, linking the emergent theory to existing literature improves the theoretical level of theory building obtained through case study research (Eisenhardt, 1989).

### 3.3.2 Data elicitation methods

While carrying out the in-depth case studies, different types of evidence were utilised (Yin, 1981): data triangulation (Denzin, 1978) was achieved by carrying out interviews, analysing written texts, and collecting data through observations. While carrying out the cases, the theory and data were continuously compared, iterating toward a theory that fits the data (Eisenhardt, 1989). Triangulation was obtained through the use of different methods of data collection; this strengthened the validity of the research and enriched the researcher’s understanding of the phenomena under investigation by allowing for new or deeper dimensions to emerge (Voss et al., 2002). Furthermore, the use of qualitative methods played a prominent role by eliciting data and suggesting conclusions which other methods could not enable to draw, and potentially generate what anthropologists call ‘holistic work’ or ‘thick description’ (Jick, 1979).

The interviews undertaken have the following main attributes:

1. they are qualitative – they “provide a framework within which respondents can express *their own* understandings in their own terms” (Patton, 1990, p. 290)
2. they are individual, since the research objective is to perform case studies with repeated interviews over time (Gaskell, 2000)

3. they are of a standardised open-ended type, i.e. interviews consist of “a set of questions carefully worded and arranged with the intention of taking each respondent through the same sequence and asking each respondent the same questions with essentially the same words” (Patton, 1990, p. 281).

By controlling and standardising the interview, the researcher aims to obtain systematic and thorough data for each respondent, although it is acknowledged that this process reduces flexibility and spontaneity. Particular attention is given to the wording of each question and a limited number of probes are used to pursue issues that were not anticipated while writing the questions.

This type of interview is in line with a realist approach to data collection and analysis (King, 2004). The researcher’s concern was to obtain accurate information from the interviewees, untainted by relationship factors. While trying to be self-reflexive, acknowledging his personal biases and previous knowledge, the researcher tried to minimise the impact of inter-personal processes on the course of the interviews. Finally, a sample of respondents representing important distinctions within the organisational population was included; this improved the validity of the analysis, since it increased the number of different viewpoints collected via interviews.

### 3.3.3 Data analytic procedures

The information gathered through documents and interviews was analysed consistently (utilising NVivo software for coding), and themes and findings were compared, following data triangulation. The data gathered was both qualitative and quantitative, and the analysis was performed through coding and analysis of the discourse, similar to what was done in the exploratory phase (cf. section 4.3). The results obtained were then compared to the theory, and conclusions drawn using concepts and categories coming from the literature and emerging from the data.

The process of analysis started from the description of the data gathered through the identification and reporting of relevant quotes, and then moved on to a more interpretative phase (Patton, 1990). Through content analysis it was possible to identify, code, and categorise the primary patterns in the data. ‘Coding’ refers to “the analytic processes through which data are fractured, conceptualised, and integrated to form theory” (Strauss and Corbin, 1998, p. 3). In this research, codes are partly derived from theory, reflecting the purposes of the research (Bauer, 2000), but also emerge from the data. Appendix B provides an overview of the nodes utilised in the in-depth case studies. Moreover, it reports examples of coding practice and quotes related to the main themes identified during the analysis.

### 3.3.4 Quality criteria

Having presented the philosophical underpinnings and the principal methodological dimensions, it is important to reflect on a number of methodological criteria. This

research aims at creating knowledge that is firmly grounded in theory and relevant to the practice of PM in the public sector. The adoption of an objectivist ontology and subjectivist epistemology certainly influences the selection of 'quality criteria' to be met. Here replicability, reliability, internal and external validity are considered as target points, but not as fundamental characteristics, as would be the case if the author adopted a positivist stance. On the other hand, practical relevance and credibility are introduced as criteria to be met to ensure the quality of this study. In the next sections, these dimensions are presented and discussed in relation to the research.

### *Replicability and reliability*

From a positivist perspective, replicability and reliability are considered as key parameters to evaluate research. Replicability refers to the rate of success obtained by performing successive studies or experiments, possibly by the same researchers. In physical science it corresponds to "the variation in measurements taken by a single person or instrument on the same item and under the same conditions" (Wikipedia). The use of a case study protocol, a consistent series of questions while conducting the in-depth case studies, and the Nvivo software to code the material enhanced the degree of replicability of this research. Moreover, carrying out the analysis of data following a systematic process of decomposition, composition and interpretation contributed towards this aim. However, the author maintains that it is not possible to completely reproduce the conditions under which data are gathered in a social science study. Therefore replicability is considered as a target which is desirable, but neither necessary nor possible to fully reach.

Reliability refers to "the ability of a test or experiment to be accurately reproduced, or replicated, by someone else working independently" (Wikipedia). It could also be defined as agreement among interpreters. "Establishing reliability involves some doubling of effort: the same person may make a second interpretation after a time interval (to determine intrapersonal reliability, consistency, stability), or two or more people may interpret the same material simultaneously (interpersonal reliability, agreement, reproducibility)" (Bauer, 2000, p. 143). As in the case of replicability, maintaining a chain of evidence contributed to the reliability of this research. Moreover, the involvement of two practitioners in the review of the interview protocol in order to understand whether the questions were comprehensible, meaningful and thorough, and the critical reflection by the researcher (self-reflexivity) were important in this sense (Hammersley and Atkinson, 1995). However, the researcher acknowledges the determining epistemic role of the human agent. Therefore, reliability is considered as an important, but never totally achievable, criterion. Rather than reliability in a strict sense, the author aims at achieving a 'quality control' as depicted by Miles and Huberman (1994).

### *Validity*

Validity is a central concept in both physical and social science research. Authors often refer to three dimensions of validity:

- **Construct validity:** “the extent to which we establish correct operational measures for the concepts being studied” (Voss et al., 2002, p. 211).
- **Internal validity:** “the extent to which we can establish a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships” (Yin, 1994, p. 35).
- **External validity:** “knowing whether a study’s finding can be generalised beyond the immediate case study” (Voss et al., 2002, p. 211).

Construct validity could be enhanced through the use of multiple sources of evidence. This has been achieved in the empirical stages of this research. However, construct validity also relates to the possibility of checking whether a construct could be differentiated from another (also known as ‘discriminant validity’) and “if predictions made about relationships to other variables are confirmed” (Voss et al., 2002, p. 212). Since prediction and statistical relationships between variables are not central components of this research, construct validity is not considered a fundamental criterion.

Scholars have remarked how some of the characteristics which have been considered in this research, such as the use of different respondents from a number of organisational levels and cross-case analysis, could enhance internal validity (Gummesson, 2000; King, 2004). However, the researcher argues that in social science we study open systems, for which “no constant conjunction of events is constant. As a consequence, identification of a causal law with a constant conjunction of events is inadequate and ought to be rejected” (Tsoukas, 1989, p. 552). In accordance with Tsoukas, it is maintained that, although the use of different respondents and cross-case analysis are certainly also important from a realist perspective, complete internal validity could not be achieved in management studies.

In terms of external validity, Yin (1994, p. 10) argues, “case studies, like experiments, are generalisable to theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a ‘sample’, and the investigator’s goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)”. When ‘analytic generalization’ is followed, “a previously developed theory is used as a template with which to compare the empirical results of the case study” (Yin, 1994, p. 31). Therefore, the emergent theory has been constantly tied to the literature (cf. Eisenhardt, 1989). Other authors have remarked that it is possible to generalise even from one single case, provided that the researcher achieves “a fundamental understanding of the structure, process and driving forces, rather than a superficial establishment of correlation or cause-effect relationships” (Gummesson, 2000, p. 89). This remark leads to a further quality criterion that, according to the philosophical position adopted, is central for this research.

*Credibility and practical relevance*

A number of scholars have noted how researchers using a qualitative methodology “hope that their work has direct or potential relevance for both non-academic and academic audiences” (Strauss and Corbin, 1998, p. 6). Moreover, “qualitative methods can be used to explore substantive areas about which little is known or about which much is known to gain novel understandings” (Strauss and Corbin, 1998, p. 11). These comments are aligned with the objective of this research to improve current theory and practice, and to encourage reflective dialogue in society on PM in the public sector.

Therefore, although aspects of reliability and validity are surely to be considered, relevance and utilisation of findings take precedence. As argued by Miles and Huberman (1994, p. 280), “even if a study’s findings are ‘valid’ and transferable, we still need to know what the study does for its participants, both researchers and researched – and for its consumers. We simply cannot avoid the question of ‘pragmatic validity’ (Kvale, 1989); it’s an essential addition to more traditional views of goodness”.

Carrying out the empirical investigation in three phases – exploratory cases, pilot interviews, and in-depth cases – and having a constant comparison of theory and practice contributed to the practical relevance of this research. Furthermore, the presentation and discussion of provisional results and directions of the research in front of both academic and practitioner audiences provided important ‘reality checks’ (cf. chapter 7 for further details on communication and dissemination). This also ensured substantial access to documents and people working in a number of organisations. Following the discussion on the importance and the limitations of the quality criteria, a summary of the actions undertaken throughout the research is reported in Table 3.2.



Quality of the research	Actions undertaken
Replicability and reliability	<ul style="list-style-type: none"> <li>• Use of case study protocol</li> <li>• Pilot interviews</li> <li>• Review of the interview protocol with practitioners</li> <li>• Maintain a chain of evidence</li> <li>• Use of the Nvivo software to perform the coding</li> <li>• Data analysis carried out following a systematic process of decomposition, composition and interpretation</li> </ul>
Construct validity	<ul style="list-style-type: none"> <li>• Multiple sources of evidence – data triangulation</li> <li>• Coding – maintain links between the research issue and tools</li> <li>• Maintain a chain of evidence</li> </ul>
Internal validity	<ul style="list-style-type: none"> <li>• Use different respondents from a number of organisational levels</li> <li>• Cross-case analysis</li> </ul>
External validity	<ul style="list-style-type: none"> <li>• Analytic generalisation</li> <li>• Tie the emergent theory to existing literature</li> <li>• Investigation of the structure, process and driving forces related to PM in the organisations considered</li> </ul>
Credibility and practical relevance	<ul style="list-style-type: none"> <li>• Exploratory cases</li> <li>• Pilot interviews carried out in different organisations</li> <li>• In-depth case studies</li> <li>• Accurate gathering and analysis of data</li> <li>• Links between theory and data</li> <li>• Actively make the findings available to the scientific community and the public</li> <li>• Personal commitment to the task of research</li> </ul>

Table 3.2: Quality Criteria

### 3.3.5 Self-reflexivity

The idea of self-reflexivity (or 'epistemic reflexivity') involves a critical reflection by the researcher on a number of socio-historical aspects, personal presuppositions, values and interests related to the research (Johnson and Duberley, 2000)<sup>9</sup>. Indeed, as Paul Klee said (and painted), I believe that 'Ich bin mein stil' and that every person has his/her own view of the world, which, in an academic context, influences his/her own research. However, it could be argued that subjective factors are often underplayed, or even totally neglected, by scholars in the attempt to demonstrate that the results of their studies are 'objective facts' (Porter, 1995). On the contrary, I believe that all data involve theoretical presuppositions, i.e. there is no 'uncontaminated' data (Hammersley and Atkinson, 1995). Therefore, during the course of the research I have repeatedly interrogated myself about the influence of my personal characteristics and preferences on the results of the research.

First of all, my interest in this subject springs from my will to improve both the theory and practice of performance measurement and management, particularly in the public services. I believe that relevant research with firm theoretical bases could really bring about improvements in the efficiency, effectiveness, accountability and transparency of organisations. I decided to focus on the public sector because I would like to contribute to the performance of organisations that provide products and services which are necessary for the sustainability of local and wider communities, and that can make a considerable difference to the quality of life of citizens.

Therefore, my ultimate goal is to acquire further knowledge in this field, to engage in a continuous dialogue with both academics and practitioners, and to have an impact on policy-making. These are the main reasons why in recent years I have been progressively involved in attending and organising events in which I had the opportunity to discuss these themes with informed and challenging audiences, and to contribute to practically relevant research projects (cf. section 7.4).

My personal characteristics and background influenced the course of the research in a number of ways. First of all, having a manufacturing engineering background, as most of my colleagues at the Centre for Business Performance, meant that before starting the PhD I was already familiar with the performance management literature from the point of view of operations. This was an advantage, but also an issue, since I had little knowledge of the other major disciplines and perspectives that are relevant for the purposes of this study. To overcome this problem, I gradually developed connections with academics and practitioners working in the areas of management accounting, public management and organisational behaviour.

This certainly was an interesting and fascinating journey. However, it was not easy, since my knowledge of a number of relevant issues was sometimes inadequate. Furthermore, I soon understood that 'science' is made by communities and each community tends to set its own rules of 'scientific respectability' (Porter, 1995) and

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<sup>9</sup> Since this section deals with self-reflexivity, it was deemed appropriate to use the first, rather than the third person.

adopt a specific lexicon. As a consequence, my 'problem-driven' approach (Davis and Marquis, 2005) was either valued or criticised, depending more on the type of audience, rather than on the actual content of the research.

Being in some way an 'outsider' was also an advantage as it gave me the opportunity to explore certain aspects in a different way. For example, my background in physical science was useful in considering broader issues regarding measurement in social science and to draw comparisons between the two types of science. This, in combination with my interest in the philosophy of science, has enabled me to look at the foundations of measurement and to identify relevant issues for the development of performance measurement as a field of enquiry.

From a more empirical point of view, knowledge of the practical and structural aspects of the English public sector was required to undertake this piece of research. Neither being a British citizen, nor having worked in the public sector before were obstacles I had to overcome, especially in the first phases of the research. Therefore, I had to familiarise myself with the history, present issues and jargon of the public sector areas on which I had decided to concentrate on as much as I could.

Most importantly, since the first phase of the research consisted of a literature review, my initial impressions of PM in the public sector were based predominantly on academic articles and books. From the beginning it turned out that these are often very critical of the use of PM systems in the public services. A number of academics, in particular, considered performance measurement purely as a means of control, or even surveillance, over people and organisations. Therefore, the research questions and interviews I carried out focused on the problems local organisations experience in relation to PM. Looking at practice, though, I realised how central control, although of primary importance, is not the only driver for PM in the public services. In this context, the analysis of the data, especially in the in-depth case studies, led to interesting findings. It would therefore be intriguing to carry out another study on this same topic examining more directly the positive, rather than negative, aspects of PM.

Finally, while acknowledging my personal characteristics, presuppositions and values, I tried to mitigate my influence particularly in the phases of data collection and analysis (cf. previous section). In particular, in the exploratory case studies I analysed the data and drew the conclusions jointly with my mentor, Prof. Neely. Subsequently, in the in-depth case studies, a structured approach was adopted and triangulation was obtained between documents and interviews. Thus, the content and validity of these empirical phases of the research could be enhanced.

### 3.4 Empirical phases of the research

After discussing the adoption of a realist philosophical position and its implications on a methodological level, it is important to introduce the three empirical phases this research consists of (cf. also Fig. 1.1 and Table 5.1 for an overview). Following the review of the literature, two exploratory case studies were undertaken in a healthcare trust and a police force (cf. chapter 4). Through these cases it was possible to gain a better understanding of the consistency of the PM systems developed at different levels of the public sector. Moreover, several issues related to the cascading of targets and indicators emerged, especially in relation to the roles fulfilled by PM in the public sector. At the end of chapter 4, the review of the literature and the findings of this empirical phase are brought together to formulate the empirical research questions.

Following the exploratory case studies, unstructured interviews were carried out in nine different local public sector organisations (cf. section 5.2). This empirical phase enabled the researcher to identify issues that could be relevant to local public sector organisations. Furthermore, these interviews informed the choice of the in-depth case studies to be undertaken. Finally, the interview protocol and the matrix (used in the in-depth case studies to capture information related to the development of performance indicators) were piloted.

On the bases of the philosophical and methodological issues discussed previously, the literature reviewed and the results of exploratory cases and pilot interviews, two in-depth case studies were performed in a local authority and a fire service in order to address the research questions (cf. chapter 5). From a methodological point of view, publicly available documents were the main source of data in the exploratory cases, whereas in the in-depth case studies also 22 structured interviews were carried out.

The choice of having three empirical phases and a constant comparison of theory and practice contributed to enhancing both the rigour and relevance of this research. As mentioned in the previous section, the presentation and discussion of provisional results in front of both academic and practitioner audiences were fundamental too. In particular, the researcher has been co-ordinating the Centre for Business Performance's Public Sector Performance Roundtable for some time. The roundtable gives groups of executives, directors and managers the opportunity to meet together to discuss and research current issues and trends in performance measurement and management that may influence the way they run their organisations. Through the roundtable they have the opportunity to share experiences and ideas, and to learn about current research programmes and findings in the academic world. The Public Sector Roundtable has grown quickly since its formation in 2003 and has members from local authorities, healthcare trusts, central government departments, fire and rescue services and police forces. For the purposes of this research the roundtable has represented a key opportunity not only to gain access to data, but also to discuss and validate findings and explore their implications with managers interested in the measurement of performance in the public services.

## CHAPTER 4

### EXPLORATORY CASE STUDIES

#### 4.1 Introduction

This chapter presents the first empirical phase of the research. From the review of the literature, the consistency between objectives, targets and indicators at different levels of the public sector – the so-called ‘golden thread’ – emerged as an issue which has not been sufficiently studied from an empirical point of view. Therefore, two exploratory case studies were carried out in an English healthcare trust and police force to assess the consistency of the PM systems developed within those sectors. The analysis of the data reported in this chapter shows that there are several issues related to the cascading of targets and indicators. Moreover, the identification of the roles fulfilled by PM in the public sector emerged as a primary issue that requires further research. Finally, the review of the literature and the findings of this first empirical phase are utilised to formulate the empirical research questions. Following the remarks made in chapter 3 in relation to philosophical and methodological issues, chapter 5 presents the pilot interviews and in-depth case studies performed to address the research questions.

#### 4.2 Empirical context: the English ‘golden thread’

After defining the theoretical research questions, the researcher re-examined the New Public Management literature, with the aim of identifying a suitable empirical context. As a result, it is possible to argue that, despite the significant volume of research performed in the field of public sector PM, there is a relative paucity of empirical research that describes in detail the systems and processes being used at different levels of government, particularly locally, to measure and manage performance (Talbot, 2005).

In this context, the phrase ‘golden thread’ is used to track the targets set by central government down to delivery at the local level, i.e. to have an overall coherence of the ‘chain’ of government set targets. Therefore, ‘golden threads’ are present if objectives, targets and performance indicators are consistent throughout the different levels from central government to service delivery (Audit Commission, 2002). In recent years, the British Government has used the metaphor of the ‘golden thread’ to cascade and align objectives, targets and performance indicators throughout the hierarchical levels of the public sector from central government to local organisations with the aim of enhancing performance, transparency and accountability, and of influencing behaviour.

The emphasis put by the British Government on the provision of public services has been considerable since the early 1990s. PM and performance management have been pushed through all public sector levels, and organisations are required to measure and

report their performance to improve public accountability and to become more efficient and effective. As the 2005 report issued by the Royal Statistical Society states: "A striking feature of UK public services in the 1990s was the rise of performance monitoring, which records, analyses and publishes data in order to give the public a better idea of how government policies change the public services and to improve their effectiveness" (p. 2). Along the same lines, Hood, James and Scott (2000, p. 301) remarked that "the UK's New Public Management era cannot be adequately understood without reference to this growth of public-sector regulation".

Although the design and use of performance targets and indicators across the different levels of the public sector is a very relevant and contemporary issue, little empirical research has been carried out to address it. This aspect is common to most research carried out in the field of public management, for which strong empirical research is deemed essential, and better relationships with practitioners are needed (Streib and Roch, 2005).

### 4.3 Exploratory case studies

#### 4.3.1 Research design and methodology

Given the dynamic context outlined above and the relative lack of empirical research in the area, this stage of the research has a predominantly exploratory character<sup>10</sup>. To drive this first empirical part of the research, the following research question was formulated:

- *Does the metaphor of the 'golden thread' correctly represent the way performance targets and indicators are developed in public sector organisations in England?*

In order to address this question, the researcher set out to map the PM framework that is effectively in operation in part of the public sector in England. Case study was chosen as the research strategy, since this study deals with a contemporary phenomenon within a real-life context and the context is deliberately part of the design (Carpenter and Feroz, 1992; Kaplan, 1983). Operationally, two exploratory case studies (Yin, 1994) were carried out in two different areas of the public sector: healthcare and police. They enabled the researcher to illustrate in one case the relations between the PMS developed by the Treasury, the Department of Health (DoH) and the Healthcare Commission (HC), and the indicators used by a Primary Care Trust (PCT), which is directly controlled by the National Health Service (NHS) and, to a large degree, by central government; in the other case, the linkages between the PM systems used by the Treasury, the Home Office and one of the country's police forces (which are formally delivery agencies with substantial independence from central government).

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<sup>10</sup> The researcher and his mentor, Prof. Neely, conducted the empirical work described in this section. Although Prof. Neely focused more on the police force case and the researcher on the healthcare one, the analysis of data and consequent conclusions were jointly drawn by the authors. This enriched the content and enhanced the validity of this empirical phase of the research. A previous version of the information reported here has been presented at the American Academy of Management (cf. Micheli and Neely, 2006).

Police forces and healthcare trusts show substantial differences on a number of levels, such as the services they deliver, the environment they work in, and the diversity and number of skills they have to mobilise to deliver those services (cf. Carter et al., 1992). However, given the substantial influence played by central government on how performance is measured, there is a high degree of similarity in the ways in which performance targets and indicators are designed across levels in both services. Therefore, this exploratory phase of the research looks at the two cases separately in order to identify specific issues, but also compares them searching for common aspects related to PM and the concept of the 'golden thread'.

The author started by familiarising himself with the PM framework in use, as perceived by the Treasury. The data collection methods used at this stage included document analysis and, to a lesser extent, participant observation and unstructured interviews with key informants. Subsequently, document analysis was used to investigate how the framework developed by the DoH relates to the one designed by the HC and how these two frameworks are deployed in a Primary Care Trust. Similarly, the researcher examined how the framework designed by the Treasury has been applied in the Home Office and deployed through to a police force.

In so doing, it was possible to establish whether the PM framework in use could be mapped using publicly available material that departments and delivery agencies use for reporting their performance both to the Treasury and to the electorate. Given the relevance of public accountability and disclosure of performance data to the public in the government's discourse, publicly available documents are used as a primary source of information. However, relying on documents also implies certain limitations, which were taken into account in the subsequent steps of this research.

The analysis of these exploratory case studies is presented in the next sections and consists of two main phases. It starts by assessing the internal consistency of the elements of the organisational PM systems, i.e. if the targets and indicators within an organisation are consistent. Second, the consistency of the PMS designed by the different organisations within the two sectors is examined, e.g. the degree of congruence between the targets and indicators set by the DoH, the HC and a Primary Care Trust. The information gathered through documents and interviews is analyzed consistently and the NVivo software is utilised for the coding. This analysis also involves an examination of the language used and the identification of possible differences in the emphasis put on certain aspects. In the conclusive sections more general reflections are made, and patterns emerging from the analysis of the data are tied to arguments found in the organisation theory literature.

### **4.3.2 The English performance measurement framework: a Treasury perspective**

At the heart of the English PM framework is the Public Service Agreement (PSA) regime. PSAs were first introduced in 1998 and form a central plank in the contract between the Treasury and government departments. In England Spending Reviews are conducted every two years. During these, the Treasury and government departments negotiate over departmental priorities, deliverables and budget. The agreed priorities

and deliverables are encapsulated in the PSAs, which are published upon completion of the Spending Review process. To assess delivery, each PSA consists of a number of objectives, targets and an accompanying technical note, which explains how progress towards each target will be measured. The objectives within departments' PSAs are designed to encapsulate the full scope of the departments' responsibilities. However, PSA targets focus on departments' key priorities – e.g. areas where a national aspiration is considered appropriate in order to drive forward a step-change in performance, or where it is appropriate to set a national 'standard'. In the 2002 Spending Review, this process resulted in around 130 PSA targets being proposed for 20 different departments. This compares favourably with the 250 performance targets set in 1998 and the 160 targets set as a result of the 2000 Spending Review. In the 2004 Spending Review this figure has reduced even further, with 110 PSA targets being agreed. At the time the original data on the police and health service was collected, however, the 2002 targets were used, as the 2004 targets had not been agreed yet.

Interestingly, during these case studies the researcher had the opportunity to work with Prof. Neely, who is in the position of observing the discussions that take place during the Spending Review on a regular basis. This enabled him to notice that while departments recognise the need to rationalise the number of PSA objectives, targets and indicators, there is also political pressure in each department to increase the number of PSA objectives and targets they have as this increases the departments' perceived influence at governmental level. This observation is in line with notions of organisations wishing to increase their legitimacy and power as discussed by new institutional and resource dependence theorists.

From a Treasury perspective the PSA objectives, targets and accompanying technical notes are the major elements of the English public sector PM framework. Once agreed, the Treasury recognises that departments will seek to translate the PSA objectives, targets and technical notes into more detailed statements, but the Treasury plays no formal part in this cascade process. This part of the research focuses on two specific departments (the DoH and the Home Office), how these departments seek to translate the subset of their PSA objectives that relate respectively to Primary Care Trusts and the police force, and how, as a result, targets and indicators are designed locally.

### 4.3.3 Healthcare

#### *Healthcare – A departmental perspective*

In the English healthcare system there are various bodies involved in the design and development of PM systems. Firstly, the Treasury, through the DoH, details the aims, objectives and targets of the whole sector, according to the previously formulated Spending Review. Under the 2002 Spending Review, the DoH agreed an overarching aim, three PSA objectives, including one value for money target, 12 associated targets and 32 resulting indicators.

Second, the HC – the independent inspection body for both the NHS and independent healthcare – sets specific targets and indicators for the different trusts (acute,



ambulance, mental health, and primary care). Third, before each primary care trust applies or adapts these indicators to its own particular situation, several other bodies intervene and influence the way performance targets and indicators are structured.

The analysis of published material enabled the identification of four different organisations or frameworks that played a major role in this sense: the Priorities and Planning Framework; the Personal Social Services Performance Assessment Framework; Best Value; and the Strategic Health Authorities. Finally, the last level of this hierarchical structure consists of individual primary care trusts, which formulate their objectives, targets and indicators. In the sections that follow, the linkages between the PM systems developed by the DoH and the HC and how they relate a Primary Care Trust – the West Suffolk Primary Care Trust – are examined.

The documents are analyzed in a four-step process. First, the internal consistency of the DoH PM system is examined. Second, a similar procedure is followed for the HC's performance indicators for Primary Care Trusts. Third, the consistency between these systems is discussed. Finally, the two frameworks are compared with the indicators developed by the West Suffolk PCT. In the case of healthcare, the analysis also focuses on the language used in the documents, and on the identification of possible differences in emphasis placed on specific indicators.

### *Department of Health*

Each indicator developed by the DoH is related to a specific target, and each target to an objective. The high level of consistency amongst the different elements enhances the clarity of the system – i.e. targets are consistent with objectives and the indicators are good metrics for the targets to which they refer (Fig. 4.1).

For example, the first PSA objective is to “improve service standards”; the targets related to this objective cover five main areas: (1) inpatient and outpatient waiting lists; (2) accident and emergency wait; (3) access to professionals; (4) hospital appointments; and (5) accountability to the public. It is possible to see how the targets are connected to the overall objective (they all relate to the provision of service) and they express the willingness of the DoH to improve the service that has been delivered so far. Examining the value for money target, it is interesting to notice how three keywords of the New Public Management literature, such as value for money, efficiency and effectiveness are all used.

A good degree of consistency also exists between targets and indicators. The first target for the first PSA objective, for example, is to “reduce the maximum wait for an outpatient appointment to 3 months and the maximum wait for inpatient treatment to 6 months by the end of 2005, and achieve progressive further cuts with the aim of reducing the maximum inpatient and day case waiting time to 3 months by 2008”. The two associated indicators are: (1) the number of people waiting longer than 13 weeks for a first outpatient appointment; (2) the number of people waiting longer than 6 months for inpatient treatment. The first indicator translates the first part of the target in an operational metric (waiting for an outpatient appointment), while the second one

strongly relates to the second part of the target (waiting for inpatient treatment). The last part is not translated into an indicator, probably because it refers to a longer-term objective.

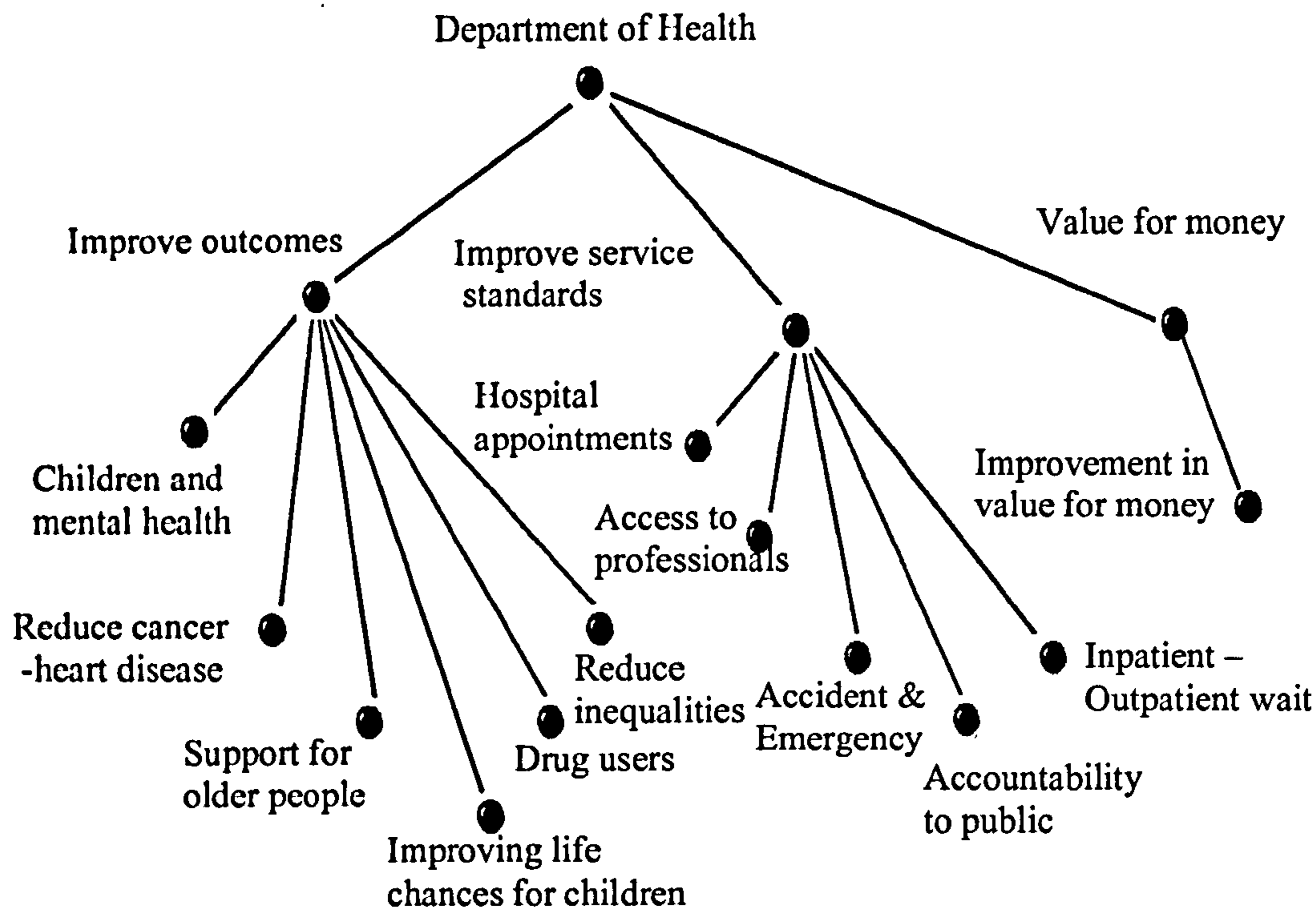


Figure 4.1: Department of Health's objectives and targets

### *Healthcare Commission*

The examination of the documents pertaining to the HC (PCT section) provides a very different picture. In this case the 'key targets' are by no means related to the 'Balanced Scorecard indicators'. Furthermore, it is not clear what it is meant by 'Balanced Scorecard' (BSC), since the BSC originally developed by Kaplan and Norton (1992; 1996) refers to a totally different framework to the one proposed by the HC.

It is curious that the description of the 'key targets' also includes the description of the indicators that make them operational, and that the 'Balanced Scorecard' indicators are structured in the same way as the 'key targets'. There is therefore confusion as to what is considered a target and what an indicator. Furthermore, two questions emerge from the analysis:

1. What is the relation between PCT key targets and BSC indicators?
2. What is the relation between PCT key targets and BSC indicators, and the DoH targets and indicators?

To answer the first question, the researcher checked whether key targets and BSC indicators dealt with similar issues. The first coding showed little connection between the two, namely no code could be applied to both a key target and a BSC indicator. To confirm or refute these initial findings an analysis of the discourse was undertaken, which led to some interesting conclusions:

1. The relation between ‘key targets’ and ‘BSC indicators’ is almost non-existent: just a few key terms are used in both parts and there is no evidence of a relationship between them. This applies even to terms that are usually widely utilised in documents regarding PM in healthcare, e.g. child, community, equity, teenager, accident and emergency, etc.
2. A few terms are used in both ‘key targets’ and ‘BSC indicators’ sections, but they often refer to different issues (e.g. access, general practitioners, smoking, etc.).
3. In the two areas where there are similarities (inpatient/outpatient waiting and staff surveys), there are differences between the sources of data (information comes from different databases) and the timescales of the indicators.
4. The main difference between ‘key targets’ and ‘BSC indicators’ appears to be in the use of technical terms. In the latter, some of the targets and indicators relate to specific expressions (CAMHS, CHD, Cervical screening etc.), whereas in the former such terms as not utilised.

Therefore, it is possible to conclude that the ‘key targets’ and the ‘BSC indicators’ developed by the HC do not show any evident relation between one another (cf. Table 1 – Appendix A). This contradicts the general assumption in the PM literature that targets and indicators should be connected. Furthermore, the names ‘key targets’ and ‘BSC indicators’ are also inappropriate, since they both refer to targets and indicators at the same time, and the phrase ‘Balanced Scorecard’ is not properly used either.

It appears that the HC could rename their ‘key targets’ as ‘general targets and indicators’, and the ‘BSC indicators’ as ‘specific targets and indicators’ without significant loss of form or function. Furthermore, in future revisions of the HC’s PM system it would seem appropriate to show how these different sets of targets and indicators are connected, in terms of content, sources of data, type of indicators, and so on.

Although it was not possible to use the same codes in both parts of the HC document, targets and indicators could still be grouped according to the issues that they refer to. In so doing, the main priorities of the HC could be identified and compared with the DoH documentation. Eight groups were defined (Fig. 4.2): there are some common areas of interest (mainly access and treatment), but also issues, which are included either in the ‘key targets’ or in the ‘BSC indicators’ (e.g. financial, internal and patient surveys). Furthermore, even in areas of interest like ‘access’, where two targets and two BSC indicators mapped in each category, it is possible to see how targets and indicators differ. The key targets, in this case, refer to “the percentage of patients able to be offered a routine appointment to see a GP (or a PCP) within one working day”. The first BSC indicator, on the contrary, is “constructed by aggregating responses from the

survey questions which relate to access and waiting". The second concerns "single telephone access through NHS Direct to GP out-of-hours care", which still refers to access, but by measuring a very specific aspect, not included in the key targets.

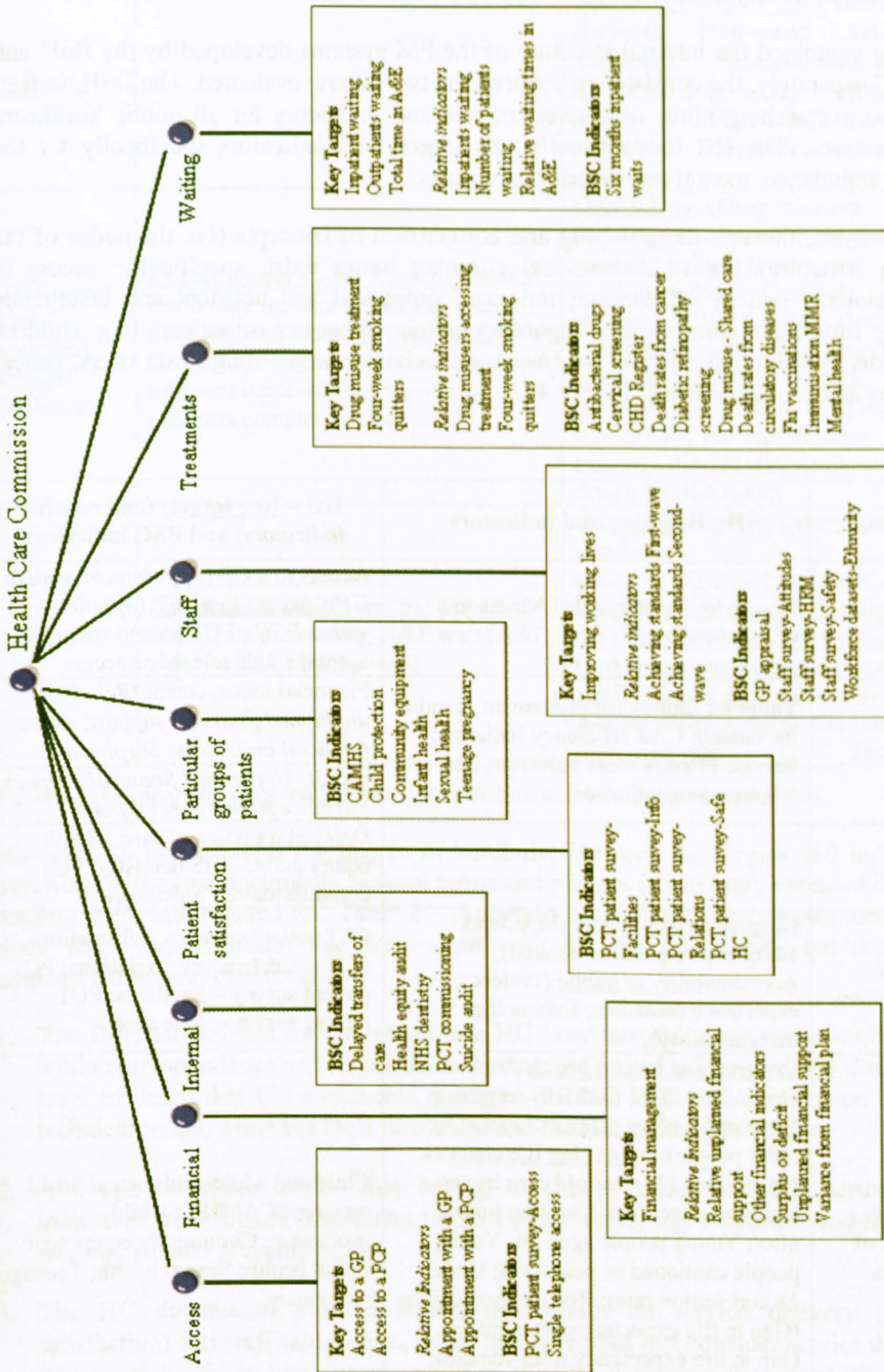


Figure 4.2: Healthcare Commission's targets and indicators

*Healthcare – Analysis of the different perspectives*

Having examined the internal structure of the PM systems developed by the DoH and the HC separately, the consistency between the two is now evaluated. The DoH, in fact, sets the overarching aims, objectives, targets and indicators for all public healthcare organisations. The HC independently sets targets and indicators specifically for the acute, ambulance, mental and primary care trusts.

The analysis, through the grouping and comparison of concepts (i.e. the nodes of the coding structure), shows that several common issues exist, specifically: access to professionals; patient satisfaction; inpatient, outpatient and accident and emergency waiting times; and some aspects regarding certain categories of patients (e.g. children and older people) and specific treatments or technical targets (e.g. drug users, cancer patients and cardiac patients) (Table 4.1).

Groups	DOH <u>targets</u> and indicators	HC – <u>Key targets</u> (and relative indicators) and BSC indicators
Access	<u>Access to professionals</u> (Access to a GP; Access to a PCP);	<u>Access to a GP</u> ( <i>Appointment with a GP</i> ); <u>Access to a PCP</u> ( <i>Appointment with a PCP</i> ); PCT patient survey – access; single telephone access
Financial	<u>Value for money</u> (Improvement in value for money; Cost efficiency indicator; Service effectiveness indicator; Service effectiveness indicator)	Financial management ( <i>Relative unplanned financial support; Other financial indicators; Surplus or deficit; Unplanned financial support; Variance from financial plan</i> )
Internal		Delayed transfers of care; Health equity audit; NHS dentistry; PCT commissioning; Suicide audit
Patient satisfaction	<u>Hospital appointments</u> (Inpatients admitted; outpatients booked); <u>Accountability to public</u> (Patient experience measures; Enhancing accountability);	PCT patient survey – information; PCT patient survey – relations; PCT patient survey – Facilities; PCT patient survey – Safe care
Particular groups of patients	<u>Children and mental health</u> (Vs Suicide; Crisis resolution; CAMHS services); <u>Support for older people</u> (Support for older people); <u>Improving life chances for children</u> (19 year old care leavers; Children education; Children looked after; Young people aged 16; Young people cautioned or convicted; Under 18 conception rate); <u>Reduce inequalities</u> (Gap in life expectancy rates-males; Gap in life expectancy rates-females; Change in reference costs; Gap in infant mortality rates)	Child and adolescent mental health services (CAMHS); Child protection; Community equipment; Infant health; Sexual health; Teenage pregnancy

Staff		<i>Improving working lives</i> (Achieving standards First-wave; Achieving standards Second-wave); <i>GP appraisal</i> ; <i>Staff survey – safety</i> ; <i>Staff survey – HRM</i> ; <i>Staff survey – attitudes</i> ; <i>Workforce datasets – ethnicity</i>
Treatments and technical targets/ indicators	<u>Reduce cancer - heart disease</u> (Reduce death rates for cancer; Reduce death rates for heart disease); <u>Drug users</u> (Drug misusers for treatment; Drug misusers successfully retained; Drug misusers completing treatment)	<u>Drug misuse</u> ( <i>Drug misusers accessing treatment</i> ); <u>Four-week smoking quitters</u> ( <i>Four-week smoking quitters</i> ); Cervical screening; CHD Register; Death rates from cancer; Death rates from circulatory diseases; Diabetic retinopathy screening; Drug misuse - shared care; Flu vaccinations; Immunisation MMR; Antibacterial drugs; Mental health
Waiting	<u>Inpatient-Outpatient waiting</u> (Inpatient wait; Outpatient wait); A&E wait (A&E short wait; A&E long wait)	<u>Outpatients waiting longer than the standard</u> ( <i>Number of patients waiting</i> ); <u>Patients waiting longer than the standard for elective admission</u> ( <i>Inpatients waiting</i> ); <u>Total time in A&amp;E: 4 hours or less</u> ( <i>Relative waiting times in A&amp;E</i> ); Six-month inpatients wait

Table 4.1: Comparison between Department of Health and Healthcare Commission

However, to better assess the degree of similarity between the targets and indicators described in the two documents, several terms and phrases (48 in total, obtained through coding) were interrogated (cf. Table 2 – Appendix A). These searches confirmed that there were various issues that were dealt with in both documents, but they also emphasised several differences:

1. The DoH targets and indicators and the HC ‘key targets’ show some similarities, while correspondence with the BSC indicators is limited. This is partly due to the level of detail that the documents divulge – i.e. the BSC indicators often involve technical terms, while the DoH document and the HC key targets do not.
2. Although there are targets that belong to similar areas, the way performance indicators are designed is different in most of the cases, e.g. outpatient and inpatient waiting, suicide prevention, etc.
3. The HC documents show a strong focus both on service delivery (patient satisfaction) and staff satisfaction, while the DoH ones just consider service delivery (the word ‘staff’ is never used, while in the HC document it is used 37 times). Furthermore, while appraisals and surveys are core concepts in the HC document, they are not even mentioned by the DoH.

4. The formulation of the DoH document has been strongly influenced by the New Public Management lexicon, in contrast to the HC document. Keywords, like accountability, effectiveness, efficiency and value for money, can be found in the DoH text, but not in the HC text.
5. Some words or phrases which could be expected to appear in such documents are totally absent in the DoH document, e.g. equity, human resource, ethnic, financial, information, safety, staff, smoking, etc.
6. Comparing the two documents, it seems that while the objectives, targets and indicators developed by the DoH have the aim of informing citizens, the HC mixed similar elements with metrics that will be used to assess the way various trusts operate. This means that external indicators concerning service delivery, for instance, are sometimes mixed with internal PIs regarding imposed mechanisms – e.g. audits correctly carried out, etc. This generates confusion about the goals and role of the PM system.

The comparison of the DoH and the HC documents emphasises a substantial degree of incongruence and, certainly, an insufficient explicit linkage between the two. The DoH never mentions the HC, whereas the HC refers just seven times to the DoH and only twice to PSAs. In this respect, a more explicit connection might be expected as well as the explanation of the existence of certain targets and indicators. Finally, looking at the main elements of the two documents it is possible to notice how the DoH targets correspond just partially to the HC ones. More specifically, the analysis shows how just four of the PSA targets are totally covered (i.e. 1, 3, 5, 6), six are partially covered (2, 7, 9, 10, 11, 12) and two are not covered at all (4, 8).

### *Healthcare – The local perspective*

Following the same procedure used also in the case of the police force, the researcher compared the documents produced by the DoH and the HC with those produced by the West Suffolk Primary Care Trust. This analysis investigated the differences between the targets and indicators used by the West Suffolk PCT and the ones set by the DoH and the HC. In fact, the degree of correspondence was very low.

The comparison shows that just about one-fifth of the indicators used by the PCT are also present in the two other documents. A further 15% are used in one, but not the other, and in more than 40% of cases it was not possible to find any correspondence. A major reason for this is that, as with the case of the police, significant PCT funding comes from joint initiatives with local authorities and other delivery agencies, and each of these initiatives tends to have its own monitoring and evaluation framework, with associated PIs (Fig. 4.3).



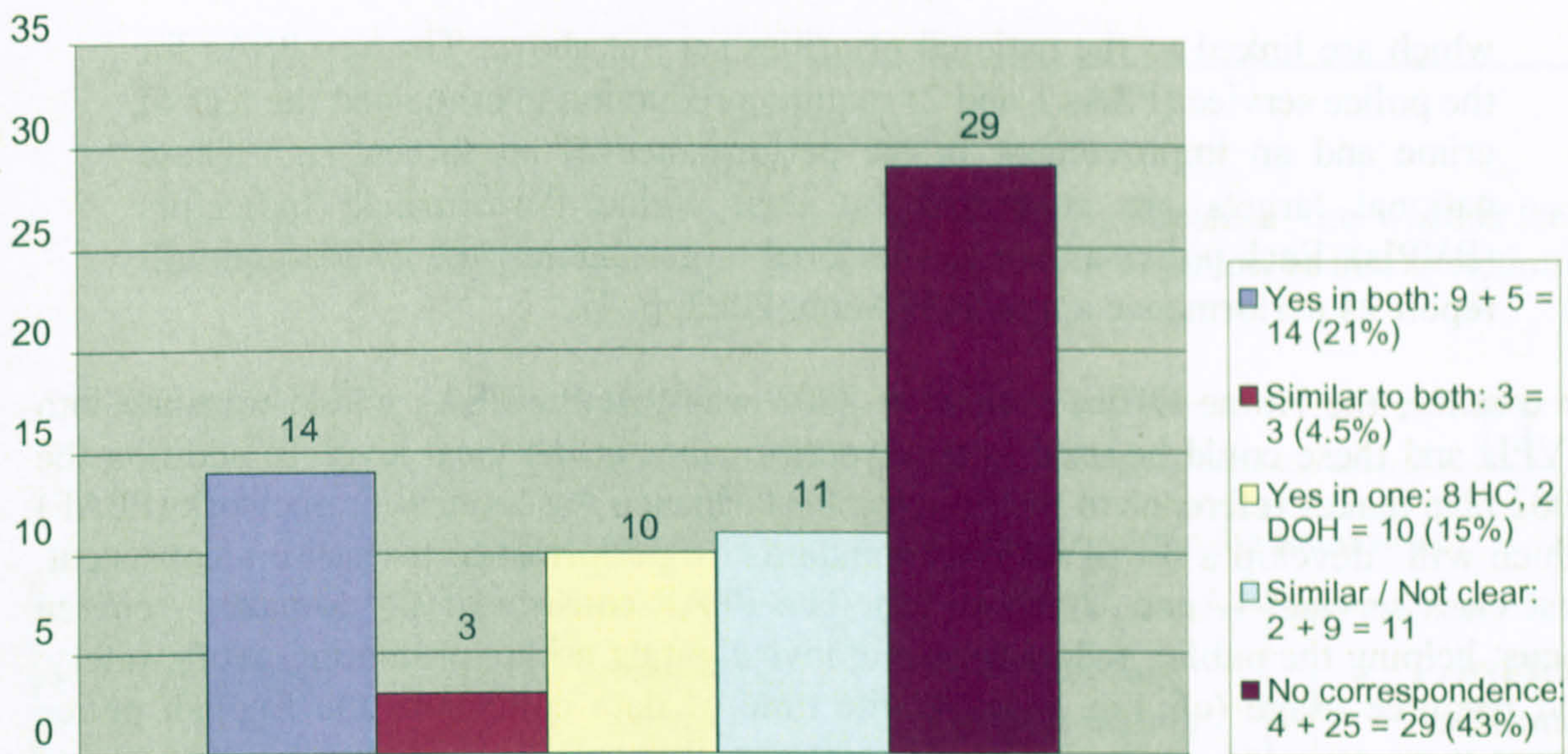


Figure 4.3: Correspondences between Department of Health, Healthcare Commission and West Suffolk Primary Care Trust's indicators.

#### 4.3.4 Police force

##### *Police force – A departmental perspective*

Under the 2002 Spending Review the Home Office agreed an overarching aim: seven PSA objectives, including one value for money target with the Treasury, with ten associated targets and 37 resultant indicators. Once the PSA objectives, targets and technical notes have been agreed with the Treasury, the individual government departments determine how they will break down these high-level objectives into specific initiatives and actions. There is no mandated process for doing this and, hence, each department has discretion over how they translate the PSA objectives and associated targets into language that is meaningful and appropriate. This section focuses on the approach adopted by one major department – the Home Office – and explores how this department translates its PSA targets into an appropriate PM framework for the English police force. Examining the 37 indicators the Home Office agrees with the Treasury, it is possible to see how the first nine and the 37<sup>th</sup> apply specifically to the police force. Therefore, these are the indicators considered here.

In 2002, the Home Office released the first National Policing Plan, covering the period 2003–2006. In 2003, this plan was updated to cover 2004–2007. The introduction to the first plan explains the PM framework designed by the Home Office as follows:

“The Government and the public need to be able to judge whether forces are delivering the quality of service that everyone expects. This requires a robust and transparent performance management system for assessing the effectiveness of forces and individual Basic Command Units (BCUs) in tackling crime and the fear of crime. The planning framework (...) sets out how local plans will be measured in terms of raising police performance. Central to this framework are the Home Office Public Service Agreements,

which are linked to the national priorities set out above. The key PSAs for the police service (PSAs 1 and 2) require a reduction in crime and the fear of crime and an improvement in the performance of all forces. (...) These national targets are supported by Best Value Performance Indicators (BVPIs). Each police authority sets local targets against the BVPIs and will report its performance annually” (Anon, 2002, p. 4).

In essence, the Home Office’s view in 2002 was that the PSAs would translate into BVPIs and these could be used to track performance at the local level. In addition the 2002 plan makes reference to the Policing Performance Assessment Framework (PPAF) which will “develop a set of national standards on performance to ensure a consistent, first class service” (Anon, 2002, p. 32). The PPAF consists of six domains – citizen focus; helping the public; reducing crime; investigating crime; promoting public safety; and resource usage (cf. Fig. 4.4). At the time of data collection, the English police forces were assessed on the basis of an interim framework, consisting of 49 separate indicators, documented in the National Policing Plan 2003–2006. These 49 indicators cluster around three broad categories. Six of them are identified as relating to PSA 1:

- PSA 1: Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime in Crime and Disorder Reduction Partnerships areas and the best comparable areas; and reduce:
  - Vehicle crime by 30% from 1998–99 to 2004.
  - Domestic burglary by 25% from 1998–99 to 2005.
  - Robbery in the ten Street Crime Initiative areas by 14% from 1999–2000 to 2005.
  - Maintain this level.

Another 12 indicators are classified as relating to PSA 2:

- PSA 2: Improve the performance of all police forces, and significantly reduce the performance gap between the best and worst performing forces; and significantly increase the proportion of time spent on frontline duties.

The remaining 31 indicators are derived from the Best Value Regime and mapped onto the six dimensions of the PPAF framework.

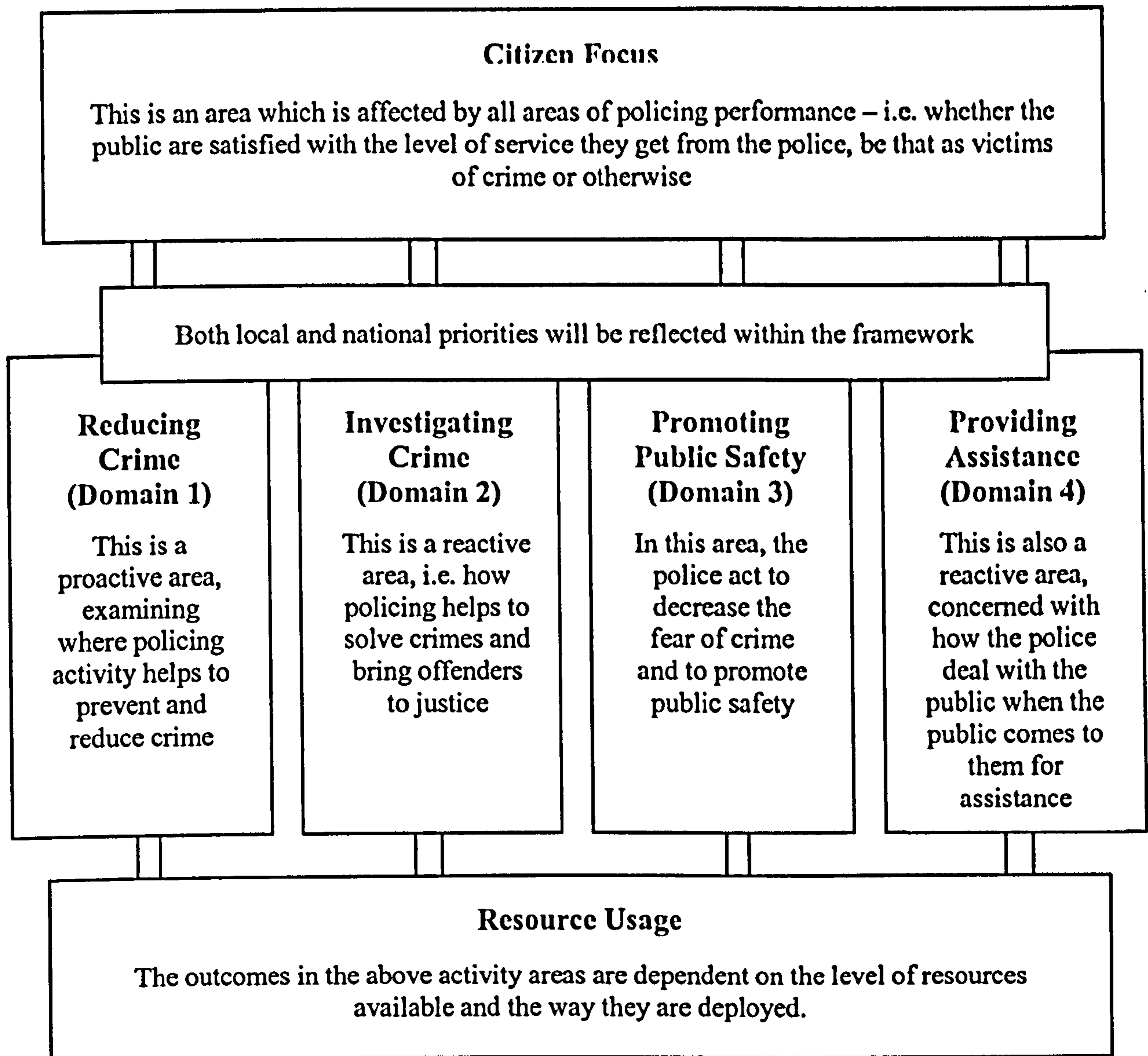


Figure 4.4: The Policing Performance Assessment Framework (PPAF)

*Police force – A local perspective*

For the police, the local level is the county or regional level. For the purposes of this phase of the research Cambridgeshire was chosen as the focus. In Cambridgeshire, two further plans are developed – the Police Authority Strategic Plan and the Local Delivery Plan. The first of these plans covers the time period 2003–2005, while the second covers 12 months. It should be noted that in the introduction to the latter document the Chief Constable states:

“The Police Authority has to maintain an effective and efficient police service for the county under the requirements of the Police Act 1996. Under this same Act we also have to produce a Local Policing Plan. For 2003/04, this continues to be part of an overall Local Performance Plan which

includes the key delivery requirements from the *National Policing Plan*, a *Local Priority Plan*, the *Efficiency Plan*, the *Best Value Performance Plan*, *Community Safety Strategies* and our *Finance and Resourcing Plan*" (author's emphasis).

In the section devoted to performance indicators the plan states:

"Cambridgeshire Police Authority has a responsibility to monitor and report on the Constabulary's performance in service delivery in a number of different areas. This responsibility comes from a number of sources, including:

- The National Policing Plan, outlined in the Local Policing Plan;
- The National Crime Reduction Strategy;
- The suite of Best Value performance indicators, which support the Best Value Performance Plan; and
- The Constabulary's Service Charter."

Therefore, while in theory the targets and indicators should cascade neatly from PSAs to PPAF to Local Delivery Plans, in practice the Local Delivery Plans have also to take account of: (i) National Policing Plans, (ii) Local Policing Plans, (iii) Best Value Key Performance Indicators, (iv) Constabulary Service Charters, (v) Efficiency Plans, (vi) Community Safety Strategies and (vii) Financing and Resourcing Plans (cf. Fig. 4.5).

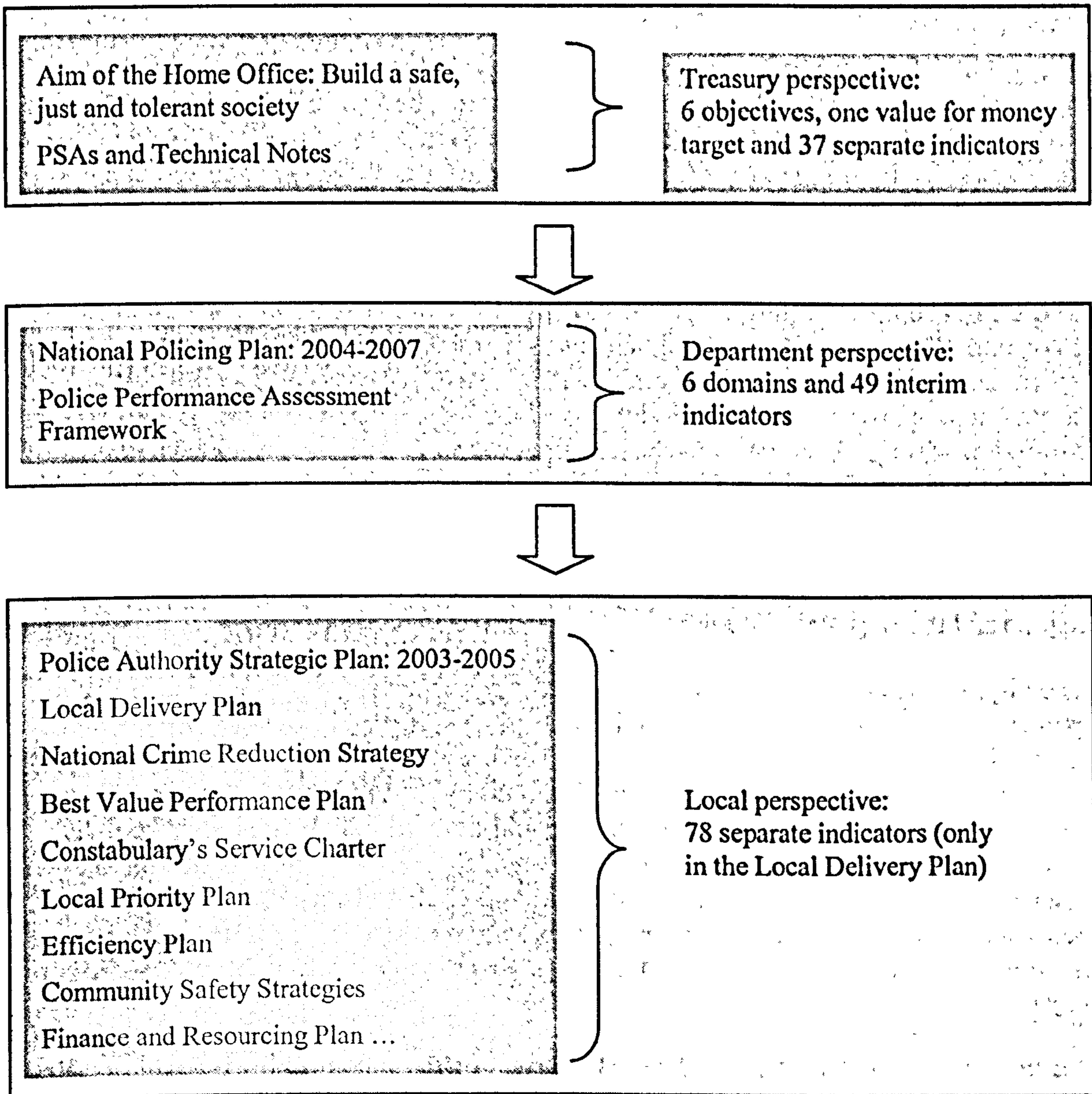


Figure 4.5: The cascading of indicators in the police force

This multitude of influences results in the 78 performance indicators used to track performance at the local level. Importantly, while at Treasury and Home Office levels the PSA and associated indicators are most widely discussed, at the local level the Best Value regime appears to become more influential. This is probably because while central government see the Best Value Regime as outdated, the regime was enshrined in the statute books through the Local Government Act 1999 and hence is still fairly important at the local level. Furthermore, it is important to notice how in some police BCUs, up to 50% of funding comes from ‘projects and special initiatives’ rather than ‘base budgets’ (e.g. through Crime and Disorder Reduction Partnerships, special Home Office schemes, etc.) – and each of these separate short-term funding streams tends to have its own monitoring and evaluation frameworks, generating separate performance indicators (PIs).

*Police force – Analysis of the different perspectives*

As a result of analysing the previously mentioned documents some interesting and important issues emerge. The first point to note is the rate of growth of indicators through the system. Through the PSA process the Treasury and the Home Office agree seven PSAs and 37 separate indicators, of which three PSAs and ten indicators are relevant to the police. In the Home Office's interim framework these three PSAs and ten indicators are converted into 49 separate indicators. At the local level the 49 PIs identified in the Home Office's interim framework are converted into 78 separate indicators. Therefore, effectively the cascade process manages to convert the three PSAs into 78 separate PIs, giving an average of 26 indicators per PSA. If every department followed the same process, then the 130 PSA targets defined in 2002 would translate into approximately 3380 indicators at the local level. Therefore, it is important to question why this happens and whether the resources required to track this number of indicators are justified. In the case of the police it appears that the answer to this question is that the local level performance indicators are derived from the Best Value review framework introduced by the Labour Government when it first came to power. Indeed it could be argued that there is a disconnection between the Treasury's PSA Regime and the Best Value Regime.

Secondly, the documents show that there seem not to have been sufficient reflections upon the relationships between the indicators. Moreover, little explicit sense of priority among the variety of targets and indicators has been established both at the local and departmental levels. Strategy maps (Eccles and Pyburn, 1992; Kaplan and Norton, 2004; Neely, Adams and Kennerley, 2002) could be used to overcome these problems, as they are designed to help people identify which are the critical indicators and to understand – or at least endeavour to articulate – the relationships between the different indicators. Potentially this approach might prove valuable to those in the public sector designing measurement systems as they seek to rationalise the number of indicators they use.

The third point involves a more detailed analysis of the relationships between the PIs. For each of the 78 indicators the researcher explored whether it could be mapped directly back onto: (i) the original PSAs; (ii) the ten PSA indicators; and (iii) the 49 interim indicators identified in the Home Office's interim framework. This analysis demonstrated that two-thirds of the local level indicators can be linked back directly to the ten PSA indicators via the 49 interim indicators. However, if the two PSA indicators – 7 and 8 – are removed, then this figure drops to just one-third of the local indicators. PSA indicators 7 and 8 refer to "performance in the six domains of the Policing Performance Assessment Framework", which in itself is a very broad ranging framework. The breadth of these two PSAs is illustrated by the fact that about 75% of the local level indicators can be mapped onto them. This in itself calls into question their validity.

It is interesting to carry this analysis further: of the ten PSA indicators, there are 160 mappings – i.e. 160 separate occasions that local level indicators map onto specific PSA indicators. Of these 160 mappings, four PSA indicators – 1, 3, 7 and 8 – account for more than 90% of them. This suggests that the indicators used at the local level are heavily skewed towards two broad categories of PSA indicators – those that relate to the

overall level of crime and those that relate to the PPAF framework. It also calls into question why the remaining six PSA indicators have been included at the same level in the framework, or at least questions whether much progress will be made against them.

The same analysis can be applied to the interim indicators. In this case there are 138 mappings, split across 42 indicators. For seven interim indicators there is no corresponding local level indicator, whereas ten interim indicators account for more than half of all mappings, suggesting a strong bias of attention towards certain specific areas (i.e. violent crime, public satisfaction and fear of crime). The 7 interim indicators onto which none of the local level indicators map are:

- Number 5 - Disrupt more organised criminal enterprises by 2005-06 compared with 2003-04.
- Number 6 - Level of the economic cost of crime (under development).
- Number 16 - Level of recruitment as measured by the published Police Personnel Statistics.
- Number 24 - Fairness and equality – user satisfaction.
- Number 25 - Fairness and equality – sanction detection rates.
- Number 47 - Percentage of officers and staff with Personal Development Reviews completed in the previous 12 months.
- Number 48 - Percentage of crime scene investigations, which lead to detections.

The highest numbers of mappings occur in relation to interim indicators:

- Number 11 - Progress on detections and convictions as measured by BVPI 136a and b.18 and 19 [13 mappings].
- Number 35 - Percentage detected of violent crimes per 1,000 population [10 mappings].
- Number 15 - Level of public satisfaction with the police as measured by the British Crime Survey [8 mappings].
- Number 19 - User satisfaction: quality of service surveys [8 mappings].
- Number 1 - Level of violent crime (including alcohol related violent crime) as reported by British Crime Survey 2006 to be lower than that reported in 2002 [6 mappings].
- Number 27 - Violent crimes per 1,000 population [6 mappings].
- Number 31 - Level of serious violent crime (including gun crime) [6 mappings].
- Number 12 - Level of fear of crime as measured by BCS [5 mappings].
- Number 21 - Using the British Crime Survey, the fear of crime [5 mappings].
- Number 30 - Level of crime (BCS data) per 1,000 population [5 mappings].

### 4.3.5 Findings

The analyses reported in the previous sections have focused on issues that emerged from the examination of each case separately. Comparing the results obtained, it is possible to notice how a number of areas of concern are actually common. First of all, in both the police and health service cases the level of consistency in terms of indicators, and consequently targets and priorities, is relatively low across the hierarchy that constitutes the public sector. This negatively addresses the empirical research question set at the beginning – despite the emphasis put on PM by central government and regulatory bodies, the practice and theory of the ‘golden thread’ in the English public sector are not as consistent as one may think.

Secondly, looking at the linkages between performance targets and indicators at different levels in both sectors, the analysis shows a substantial growth of indicators through the system and a high degree of confusion at the local level regarding priorities. Third, in none of the cases is it possible to see evidence of adequate reflections made on the relationships between performance indicators, and rarely is it feasible to identify connections between targets and indicators.

Concepts drawn from new institutional and resource dependence theory seem particularly powerful in explaining what happens both at government department level and locally. At both levels the concepts of legitimacy and efficiency take precedence, as the aim of departments is to survive and increase their influence, while at the local level, there is a constant battle for resources, which can be acquired either pro-actively or by accommodating external institutional pressures.

From a resource dependence point of view, performance indicators are introduced mainly to fulfil the requirements of major funding organisations. As this varies across organisations (e.g. BCUs in the police, PCTs in health), there should be similar variation in the types and numbers of indicators found at local level. Where resources are secure, less attention will be paid to both the collection and interpretation of PIs related to that funding organisation. On the other hand, where resources are short-term and insecure, disproportionate effort may have to be devoted to collecting and responding to PIs from such organisations. This explains what happens in the public Spending Review process, where departments aim at maximising their PSA targets as a way of demonstrating their importance and legitimacy in delivering the government’s agenda, in the “competition for shares of the public purse” (Carter et al., 1992, p. 30). Resource dependence theory also allows one to better understand the bias of attention towards certain areas highlighted in the police force and, similarly, what happens in the case of one- and three-year matched funding schemes for specific initiatives in PCTs from Single Regeneration Budgets, European Union programmes, etc.

Drawing more on the new institutional literature, the three types of institutional isomorphism – coercive, mimetic and normative – (DiMaggio and Powell, 1983) help explaining a wide variety of behaviours, especially at the local level. The concept of coercive isomorphism is central to understand the ways in which local police forces and PCTs respond to certain aspects of the PM regime (e.g. system design and reporting procedures are likely to become more similar over time, in line with the prescriptions from higher level agencies). Mimetic isomorphism is present mostly in non-intersecting



sets of agencies, which make up distinct 'communities of practice' (e.g. the adoption of Balanced Scorecard approaches within the same family of health organisations). The very use of the 'Balanced Scorecard' expression in the HC documents could be the result of such a type of isomorphic pressure and willingness to acquire legitimacy. Finally, normative isomorphism helps to explain certain behaviours, in line with advice from professional groups, but much of this is isomorphic in terms of resistance to certain central directives, rather than compliance with them. Over time, PMS become part of the institutional framework, but at a different rate in different public programme areas – and therefore generate their own set of gatekeepers and monitors – with associated overhead costs.

Following this analysis, it is clear how the conflicting interests and different rationales existing at different levels of the public sector generate confusion locally. Organisations like the Cambridgeshire Police Force and the West Suffolk Primary Care Trust need access to resources if they are to deliver the service. They are forced to adopt measurement targets and indicators that can be used in the political negotiation process. And yet this is where the system breaks down. For it is not always clear at the local level who holds the power, and hence access to finance, at the central level. Locally, organisations are forced to respond to the requests of the PSA framework imposed by the Treasury, but also to frameworks imposed by others – e.g. the Best Value and the Comprehensive Performance Assessment regimes. It is these competing demands that cause much of the confusion at the front line about the true priorities. The documents analysed clearly show this lack of prioritisation, especially at the local level, and little integration of the single targets and indicators within an overarching framework.

#### 4.3.6 Discussion and conclusions

One of the most significant implications of this stage of the research is that there is not a very coherent and clear set of priorities for the public services in England that align with a golden thread running from central government to local delivery agencies. Furthermore, indicators cascading through the public sector appear to be multiplying at a significant rate. At the level of the Treasury relatively few targets and indicators are agreed. At central government department level – the Home Office and the DoH – significantly more indicators are introduced, while locally the number of indicators mushrooms once again. In some ways this is unsurprising. In any organisation there is always more that can be measured at the front line than in the equivalent of the Home Office. What is of concern, however, is the lack of any explicit sense of priority amongst the multitude of indicators at the local level or indeed amongst those at the central government departmental level.

From a theoretical perspective it seems clear that part of the problem is the interaction between the conflicting priorities expressed by the organisations involved through their PM systems. Recognising the different stances and hence responses of different actors at different levels in the system is essential if we are to make some progress in reconciling and rationalising the PM regimes that exist. Moreover, following previous research (e.g. Hood et al., 1998; Power, 1997), further reflections upon the costs involved in the measurement of performance throughout the public sector in England

would certainly be appropriate. An empirical analysis of this issue would also contribute to the debate between new institutionalist academics on the contraposition between efficiency and legitimacy (Meyer and Rowan, 1977; Modell, 2001).

Finally, a number of questions emerged from this study. The first concerns the possibility of adopting certain tools or practices to improve the overall process of design and use of performance targets and indicators. In the case of strategy maps, private sector companies have made much progress in their application, and it is believed that public sector organisations could benefit from them too, as this is a general tool, which is neither context nor sector specific.

Second, while investigating measurement in the public sector, the identification of the role of the measurement system becomes a primary concern. It could be argued that the Public Service Agreements process is designed to control local delivery, to improve accountability, to compare organisations' performance, and to influence behaviour and action in order to improve public services. Each of these roles has important implications for the design of the PMS and its implementation. It is clear that the current PMS in both police and health suffer from trying to fulfil too many of these roles at the same time. This is not only inefficient, but it also leads in many cases to confused messages and counter-productive approaches to performance measurement and management.

#### **4.3.7 Main implications for this research**

This empirical study enabled the researcher to gain relevant insights and carry out an analysis of several issues related to PM in the public sector. However, this phase of the research also had limitations. In particular, other sources of information have to be considered in order to have a deeper understanding of the phenomena considered.

Since the UK Government has often emphasised the importance of public accountability and the disclosure of performance data to the public, it was decided to use publicly available documents as a primary source of information. However, it is acknowledged that a more direct contact with people working in this field would be required (e.g. interviews). Furthermore, following the conclusions drawn from the two cases considered, the researcher decided to investigate in more depth the roles of PM in the public sector.

#### 4.4 The roles of performance measurement in the public sector

Following the literature reviews and the conclusions of the exploratory study, particular attention was paid to the identification of the roles fulfilled by PM in the public sector. Although it has been acknowledged that performance indicators “have a variety of uses depending on their purpose and location in each organisation” (Carter et al., 1992; p. 42), little research, especially empirical, has been performed to understand what these roles are and what are the factors that influence them.

A number of academics have seen PM, like auditing, as a normative check orientated towards compliance (Power, 1997; Townley, 2002). As Butterfield, Edwards and Woodall (2004, p. 398) argue “these formalised control systems have more to do with sustaining a myth of control and external legitimation than with any real improvements in operational efficiency”, in line with early new institutionalist theorists. Smith (1995b, p. 278) also focused on control, but distinguished two roles: political control – “external, of the sort that legitimate stakeholders – such as voters, service users, elected representatives and taxpayers – might want to exercise”; and managerial control – “internal, as sought by managers within the organisation”. In the first case the driver for measuring performance is external, while in the second it is internal.

Other studies have emphasised roles of PM in the public sector besides control. The Royal Statistical Society (2005) pointed out that public accountability and comparisons of performance to identify well-performing or under-performing organisations are primary reasons for measuring performance. Regarding the use of data to compare performance within and between organisations, three different types of benchmarking in the public sector have been defined (cf. Bowerman, Francis, Ball and Fry, 2002):

- voluntary (as is the case in most private sector companies)
- compulsory (externally driven)
- defensive (to prove to an external agency that the organisation is doing well).

While the first is internally driven and aims at improving performance, the second and third are more orientated towards legitimation, accountability and central control. Another study (Pidd, 2005) acknowledged the previously mentioned roles and pointed out the importance that PM has internally in organisations, as it enables them to ‘see what works’ and identify competences. Bovaird and Gregory (1996) recognised four managerial roles for PM: giving strategic direction; resource allocation; exercising control; encouraging learning. More recently, Nicholson-Crotty, Theobald and Nicholson-Crotty (2006) reviewed other studies that focus on the drivers and purposes of PM in the public sector. Kopczynski and Lombardo (1999) argued that PM helps organisations to recognise good performance, identify performance targets, perform jurisdictional performance comparisons, enhance accountability, and build coalition and trust. To this list Hatry (1999) added internal and external budgeting activities, problem identification, evaluation, strategic planning, and improvement. Finally, Behn (2003) focused on the ‘internal use’ of PM and defined the following aspects: evaluate, control subordinates, make budgetary decisions and requests, motivate employees, promote the

organisation to stakeholders and political principals, celebrate accomplishments, learn about programme efficacy, and improve performance.

Interestingly, the public sector literature tends to place particular emphasis on the external drivers and purposes for measuring performance in organisations; whereas the private sector literature focuses almost exclusively on internal drivers and purposes, e.g. improving product/service delivered; formulating, developing and challenging strategy; communication; alignment of behaviours; individual and organisational learning, process improvement and continuous improvement, etc.

Building on the insights drawn from the literature, it is possible to define four main roles of PM in the public sector, which could be used to further examine the results obtained in the exploratory cases:

1. **Central control:** in both police and healthcare cases central control emerged as a very important driver for measuring performance. In this light, the PSA process and the Best Value regime could be considered mainly as mechanisms to enable central government to control local delivery.
2. **Public accountability:** national accountability is Government's first argument regarding the performance measurement and 'audit explosions' (Power, 1997), but there is little empirical evidence to sustain this argument (Pollitt, 2006). Since targets for local organisations are mostly developed centrally and performance data is reported principally to departments and regulatory bodies, local accountability seems to be promoted only to a limited extent through PM.
3. **Comparison of performance:** generally speaking, there is greater potential for benchmarking in the public sector than in the private sector, because of the availability of a wide choice of comparators, and the little competition in the sector. However, compulsory and defensive, rather than voluntary, benchmarking have emerged as the most prominent forms in the public sector in England (Bowerman et al., 2002). These forms do not promote performance improvement, but rather acquisition of legitimacy, central control and, supposedly, public accountability. In the cases considered there was little evidence of voluntary benchmarking, while a number of indicators were used for league table purposes;
4. **Managerial use (internal):** in both cases this did not emerge as a strong driver, although it is usually the main such driver for internally developed PIs. Therefore, it could be argued that the way the Treasury and government departments operate actually reduces the power of managers to design and use local targets and indicators.

The initial review of the literature, the empirical findings of the two exploratory case studies, and further reflections on the roles of PM in the public sector enabled the formulation of the empirical research questions, which are discussed in the next section.

## 4.5 Empirical research questions

This research focuses on the interactions between local public sector organisations and institutions in the development of PM systems. As emerged in the literature, the majority of studies of PM in the public sector lack a strong theoretical grounding, despite the potential contribution of theory to explaining and understanding a wide variety of issues. Furthermore, few empirical studies have been carried out on the measurement and management of performance at different levels of the public sector, especially from a local perspective, and the different roles fulfilled by PM have not been sufficiently investigated. Therefore, this research aims to provide deeper insights by studying this topic in the context of local public sector organisations in England. The following empirical research questions are addressed by this study:

- *What are the roles of performance measurement in local public sector organisations in England?*
- *Which responses do local public sector organisations enact as a result of the institutional pressures toward conformity that are exerted on them?*

The next presents in detail the pilot interviews and in-depth case studies that address the empirical research questions. In chapter 6 the findings of the different empirical phases are brought together with the insights drawn from the literature.



## CHAPTER 5

### PILOT INTERVIEWS AND IN-DEPTH CASE STUDIES

#### 5.1 Introduction

This chapter presents the main empirical findings of the research. Building on the literature review and the exploratory case studies, the conceptual and empirical questions were formulated (cf. chapters 2 and 4). On the basis of the reflections made on the philosophical and methodological underpinnings of the research, case study was chosen as research strategy (cf. chapter 3).

In order to identify issues that could be relevant to local public sector organisations, the researcher decided to carry out unstructured interviews in nine organisations. These interviews also enabled the definition of the characteristics of the in-depth case studies to be undertaken. Moreover, the interview protocol and the matrix (used to capture information related to the development of performance indicators) were piloted.

Following these pilot interviews, two significant cases, one holistic and one embedded, were carried out in two quite different organisations: a fairly simply structured and homogeneous fire authority (SFRA), and a complex multi-service local authority (LBBD). The interview protocol and matrix were used in 22 interviews (six at SFRA and 16 at LBBD). The interviews were then transcribed and analysed with NVivo software; data triangulation was achieved through the examination of a number of documents (cf. Table 5.1). The first case was initially considered as one unit of analysis and investigated separately. The second case was disaggregated into four units of analysis – corporate level and three services. These units were then analysed separately and conjointly. Finally, the two case studies were compared and contrasted.

In the next sections the findings of the pilot interviews are followed by the rationale for cases, data collection tools and data analysis techniques used in the in-depth case studies. Subsequently the two organisations are described in detail and the themes emerged during the analysis presented. Appendix B provides an overview of the nodes utilised and reports examples of coding practice and quotes related to the main themes identified during the analysis. In chapter 6 the theoretical insights gained through the review of the literature are compared to the issues identified in the empirical phases of the research.

Empirical phases	Organisations considered	Main data sources
Exploratory case studies (cf. chapter 4)	Treasury, Department of Health, Healthcare Commission, West Suffolk Primary Care Trust, Home Office and Cambridgeshire Constabulary	Publicly available documents
Pilot interviews	Nine local public sector organisations operating in different areas – local government, healthcare, police force, fire service, environment, culture	Nine unstructured interviews of approximately 1 hour with performance managers
In-depth case studies	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	- Six structured interviews of the approximate duration of 1 ½ hours. Interview protocol and matrix utilised. - Relevant PM documents.
	London Borough of Barking and Dagenham	- 16 structured interviews of the approximate duration of 1 hour. Interview protocol and matrix utilised. - Relevant PM documents.

Table 5.1: Empirical phases of the research

## 5.2 Pilot interviews

Following the reviews of the literature and the formulation of the research questions, the researcher set out to identify the major issues being faced by local public sector organisations and to define the appropriate research strategy and empirical context. Pilot interviews were carried out with performance managers of nine different organisations. Given the exploratory nature of this phase of the research, choosing a representative sample was not the primary driver and opportunistic sampling was utilised, primarily to deal with the issue of gaining access to relevant organisations. Therefore most of the organisations selected belonged to the Centre for Business Performance's Public Sector Performance Roundtable (cf. section 3.4). The roundtable also played a crucial role in validating the results of this pilot phase, since the researcher had the opportunity to deliver several presentations and informally discuss these issues in a number of instances with roundtable members.



The organisations chosen belong to several public sector domains:

- local government (two county councils and a borough council)
- healthcare (a strategic health authority and an ambulance trust)
- an environmental organisation
- a police force
- a fire authority
- a museum.

Through this variety of sectors it was possible to examine a range of issues wider than the one achievable by looking at just one area. This also provided the researcher with a better understanding of the possibility of considering different areas of the public sector and the consequent limitations of the final results of the research. Furthermore, the identification of a number of contextual and non-contextual aspects informed the choice of the subsequent in-depth case studies. Finally, the researcher had the opportunity to familiarise himself with the performance regimes existing in the public sector in England (e.g. Best Value, Comprehensive Performance Assessment, etc.) and the role of audit bodies, such as the Audit Commission and the National Audit Office (cf. also sections 5.3).

The pilot interviews were “informal conversation interviews”, which relied “entirely on the spontaneous generation of questions in the natural flow of an interaction” (Patton, 1990, p. 280). They proved extremely useful in opening up this research “to the range of possible meanings, properties, dimensions, and relationships inherent in any bit of data” (Strauss and Corbin, 1998, p. 88). During these interviews, the researcher prompted the discussion on PM-related issues and asked questions following the interviewees’ answers. In so doing, it was possible to explore different topics across the interviews and to identify some contingent or common factors, some of which could be related to the previously reviewed literature.

The themes emerged are discussed in the next sections, starting from the analogies between organisations. First of all, though, it should be remarked that one of the main findings of this empirical phase is that, although the organisations considered greatly differ in terms of size, services provided and geographical areas covered, substantial commonality of issues was found.

### 5.2.1 Common themes

#### *Design of targets and indicators*

One of the primary findings of this empirical stage regards the variability in the targets and indicators used in the public services. The highly political nature of designing them and the frequent changes in general policy (also, but not only, as a result of changes in

national or local political leadership) make it very hard to establish cause-and-effect relationships. According to the performance manager of a county council, frequent changes in the type and number of performance indicators is "an obstacle for the calculation and interpretation of trends".

Furthermore, in all organisations considered it was possible to see how several organisations influenced the design of the indicators. Or even, as a respondent put it: "indicators are imposed upon us". In the case of museums, for instance, the Department for culture, media and sport sets targets and indicators in relations to funding agreements. However, the interviewee claimed, "funding agreements are not very much affected by performance" and rarely are sanctions defined in terms of funding. This calls into question the use that is made of performance data both within and outside organisations.

In terms of development of targets and indicators, insufficient involvement of local organisations was lamented and differences existing between organisations were said to be not considered enough by government departments. Moreover, as in the case of museums, the Gershon Review, the National Audit Office and the Heritage Lottery Fund, among others, as well as all the partners involved in specific projects play important roles in the measurement and management of performance. According to the performance manager interviewed, this plurality of key stakeholders can generate lack of clarity and confusion at the local level.

### *Measurement of performance*

Various respondents remarked the difficulty of quantifying inputs, outputs, outcomes, productivity and quality in the public sector. Several scholars have also remarked the difficulty of capturing the quality and outcome of public services (cf. Smith, 1995a). In certain instances, such as the reporting of attempted and substantive crimes by police forces, there is lack of clarity even over how to record inputs and outputs. Similar reflections could be made as regards to the assessment of costs and benefits of performance measurement in local organisations. Although this certainly is an important topic (cf. section 2.4.2), since it is very much dependent on a number of assumptions and caveats, it would require a specific and in-depth study which goes beyond the scope of this research.

Despite the inherent issues with the quantification of performance in the public sector, several interviewees remarked the importance of "passing from input to output and outcome indicators" (performance manager of a county council). In the case of the environmental organisation considered, for example, the scorecard adopted was criticised as being "too operational and better measures are needed, especially as to outcomes".

Moreover, several interviewees emphasised the importance of benchmarking and sharing of information between organisations (not necessarily operating in their same sub-sector) as ways to improve performance. However, according to a number of interviewees, central government seems to be more interested in the publication of

league tables than in fostering performance improvement through the comparison of performance between organisations (cf. also section 4.4).

As regards to this, the researcher, in collaboration with colleagues from the Centre for Business Performance, analysed a number of public sector reports, such as the Gershon Review, the Atkinson Report and Public service productivity report on health, and literature on the design and use of league tables. From the analysis emerged that league tables are often statistically flawed, and that the ways in which the results of public sector reports are communicated and used tend to be too simplistic and to drive wrong behaviours (cf. Micheli, Mason, Kennerley and Wilcox, 2005) (cf. also chapter 6).

Another issue to be raised regards the measurement of performance when services are jointly delivered by different local organisations. For example, as remarked by the performance manager of the strategic health authority, although social services play a key role in healthcare, national targets and indicators for social services and healthcare trusts are quite different. Similarly, although police forces and local authorities need to co-operate to prevent and tackle crime, indicators and information required by government departments and auditors are different and this, as emphasised by the performance manager of a local authority, can cause tensions between organisations.

### *Performance culture*

Most of the interviewees showed great interest – and, at the same time, concern – regarding the development of a performance culture within the organisation. The imposition of performance targets and indicators from other organisations (often identified with the expression ‘performance monitoring’), and a culture of blame seem to be the main barriers to the achievement of a culture of performance within organisations. In all organisations considered the performance indicators against which data are currently collected appeared as neither sufficiently related to strategy nor organised according to priorities. Furthermore, in certain instances the complexity of the system in place was seen as an obstacle to performance management and the creation of a performance culture.

Several performance managers underlined the importance of changing the culture of the people working within their organisations. According to the performance manager of a borough council, “a culture of performance is not about ticking boxes, but about really managing performance”. This could be achieved by linking BVPIs to the internal performance indicators and having greater consistency in the measurement of performance. Always referring to performance culture, another respondent emphasised the link between the measurement of performance and the use of data to support decision-making processes (cf. Neely, Micheli and Martinez, 2006). Moreover, somewhat curiously, respondents emphasised the necessity to both acknowledge weak performance and celebrate success when targets are met, which, currently, are not sufficiently taking place.

### *Data collection*

For the development of this research, the pilot interviews also led to an interesting finding on a methodological level. Although there are many documents available on the Internet, it is hard to gather all the relevant information on objectives, targets and indicators of a public sector organisation. The pilot interviews showed how integrated PMS are rarely present at the local level and this is reflected in a considerable dispersion of data, even where performance managers and performance teams are present (Adams and Micheli, 2005). Particularly in complex organisations, many indicators are owned by different individuals and reported to other people and organisations, sometimes without being checked by a central department within the agency. Furthermore, the indicators published are very often the statutory ones, whereas this research is also interested on what is done differently by local organisations and why. Therefore, although the analysis of publicly available documents is certainly important, by itself it would not be sufficient for the purposes of this research (cf. section 7.1.2).

### **5.2.2 Differences between cases**

Despite the substantial differences between the types of organisations considered most themes emerged as common. This is mainly due to the role of government departments and audit bodies, and the ways in which targets and indicators are developed, which are consistent across different public sector areas.

The principal difference that could be identified from the analysis of the interviews regards the complexity of an organisation's PMS. In several organisations, such as local government and healthcare organisations, the number of performance indicators appeared as incredibly high. Since in most cases each performance indicator is linked with several sub-indicators, the measurement system could be very complicated. Moreover, in bigger organisations the PMS consists of different levels, which are rarely grouped in a single scorecard. In County Councils, for example, there is often a corporate scorecard plus about 30 frameworks or lists of indicators for each of the separate services, which are then sub-divided into various other levels. In one local authority the total number of indicators was estimated by the performance manager as greater than 1,000. Another local authority reported that only in relation to Local Service Partnerships, there were approximately 350-400 indicators. At the other end of the spectrum, the museum considered had only 26 performance indicators in total and the police force and the fire authority less than 50.

Therefore, from the analysis presented in this section, it could be argued that the pilot interviews enabled the researcher to identify a number of relevant themes and to better focus the breadth and depth of the research. In particular, issues regarding the design, implementation and use of targets and indicators, and the reporting of information to institutions appeared as quite consistent across cases. On the other hand, the difference in complexity of the PMS emerged as a fundamental issue to be considered in the sampling of the in-depth case studies. In the following sections the rationale for the

cases and the processes for data gathering and analysis are described. Subsequently the case studies are discussed in detail.

## 5.3 In-depth case studies

### 5.3.1 Rationale

In chapter 3 the choice of case study as a research strategy was justified from a theoretical point of view. In an empirical sense, the researcher decided to look for significant cases, i.e. local public sector organisations, where interesting practices related to PM had been developed (cf. Kaplan, 1986). Following Eisenhardt (1989), since case study research relies on theoretical sampling, cases are chosen for theoretical, not statistical, reasons.

The findings of the pilot interviews and the framework developed by Carter et al. (1992) are also used to better scope this search. In particular, these authors introduced two relevant dimensions – heterogeneity and complexity – onto which they mapped several types of organisations:

- heterogeneity refers to the number of different products or services provided
- complexity is defined as the extent to which an organisation has to mobilise a number of different skills in order to deliver its services or produce its goods.

Building on Carter et al. (1992) and, more broadly, on the literature reviews and the pilot interviews, it could be argued that in the public sector the concepts of heterogeneity and complexity usually go hand-in-hand. Organisations like healthcare trusts and local authorities are multi-service and require the mobilisation of a number of skills with a substantial level of interdependence between the different actors. On the other hand, organisations like police forces and fire authorities rate fairly low in heterogeneity and complexity, as the number of activities performed and the skills required are limited.

Therefore, it was decided to carry out two case studies. The first was conducted in an organisation with a fairly simple PM system: the Stoke-on-Trent and Staffordshire Fire and Rescue Authority (SFRA). The second case was undertaken in a local authority: the London Borough of Barking and Dagenham (LBBD). This organisation uses a complex PM system, which has to reflect the wide range of services provided, from social services to housing, from leisure to revenues and benefits. Specific rationale for each case is provided while discussing the cases in depth.

Following Yin's (1994) categorisation, the first is a holistic case study, i.e. it consists of a single unit of analysis. The second is an embedded case, as multiple units of analysis were considered: the corporate level and three services. In line with the philosophical perspective outlined in the chapter 3, cases are first considered separately and then compared (Miles and Huberman, 1994) (Fig. 5.1). Before examining the cases and describing in detail their characteristics, the procedures followed to gather and analyse the data are presented.

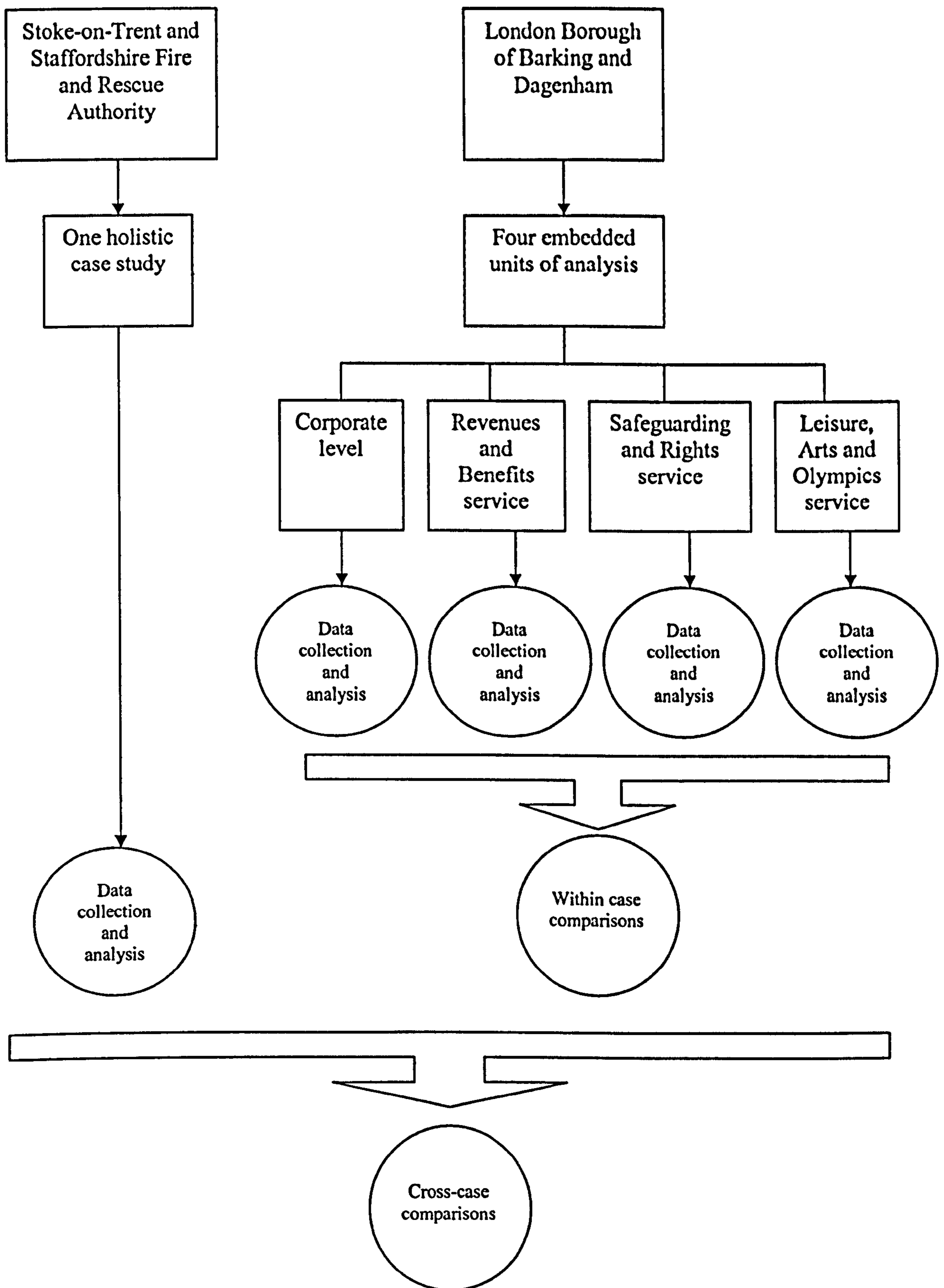


Figure 5.1: In-depth case studies – Collection and analysis of the data

### 5.3.2 Data collection tools

Data was collected mainly through structured interviews and documents, and partly through participant observation. A pre-defined protocol and a limited number of probes were used to perform the interviews. In order to understand whether the questions were comprehensible, meaningful and thorough, the interview protocol was piloted with the Head of Planning and Performance and a Principal Service Analyst at SFRA.

The final protocol was obtained through the analysis of the literature and the insights gained through the exploratory study and pilot interviews (cf. Appendix B1). The first questions regard the objectives of the organisation and what the respondent considers as success for the organisation. Subsequent questions are derived from new institutional and resource dependence theory, as they investigate what is currently measured in the organisation and if PM contributes to the achievement of the previously stated objectives. Particular attention is paid to the relationships between the organisation considered and the organisations that influence the way performance targets and indicators are developed. These questions are linked to the following main themes:

- drivers and roles of PM (cf. section 4.4)
- design, characteristics and uses of the organisation's PM system (cf. section 2.4.2)
- existence of conflicting demands and their implications on the development of PM systems (Modell, 2001)
- the relationship between instrumental work processes and the symbolic display of rational organisational practice in response to institutional pressures, e.g. discrepancies between reasons for collecting data and actual use of the information gathered (cf. Dirsmith et al., 2000)
- examination of strategic responses to institutional pressures and the identification of the factors, which influence the nature of these responses (cf. Oliver, 1991)
- effects of alignment and non-alignment to externally imposed performance targets and indicators on organisational efficiency, effectiveness and legitimacy. Possible intertwining of legitimacy-seeking and efficiency-enhancing rationales (Suchman, 1995; Abernethy and Chua, 1996).

Furthermore, building on the 'PM Record Sheet' developed by Neely, Richards, Mills, Platts, and Bourne (2003), a matrix was also designed to capture and structure the information related to the development of the indicators, and to identify possible discrepancies between how an indicator is mandated and the way it is defined and used by the local organisation. This matrix was filled in with the support of documents and by interviewing one person working on PM in each unit of analysis considered, i.e. a Performance Analyst at SFRA; one Analyst at corporate level and three at department level at LBBD. The interview protocol and matrix are reported in Appendices B1 and B2.



### 5.3.3 Data analysis

The two cases are first analysed separately – in the case of LBBD it is also possible to make comparisons between services – and then conjointly. In particular, cross-comparisons are performed at the organisational level, between similar levels (e.g. senior management, middle management, etc.), and also between each LBBD service and SFRA, given their comparability in size and their focus on one function. To increase the external validity of this research and to achieve further triangulation of evidence, presentations were made at various stages at the Cranfield Public Sector Performance Roundtable in front of very diverse groups of public sector managers (cf. also section 7.4).

In the discussion and analysis of the themes quotes are often used in order to report as much as possible the interviewees' opinions on the issues investigated in this research (cf. Eisenhardt and Graebner, 2007). To put particularly emphasis on the material gathered, the quotes included in sections 5.3.4 and 5.3.5 are reported in italics. Finally, the codes used during the analysis have been derived from the literature, but also emerged from the data (cf. Appendix B). The themes presented at the end of each section reflect and bring together these codes (Strauss and Corbin, 1998).

### 5.3.4 First case study – Stoke-on-Trent and Staffordshire Fire and Rescue Authority

#### 5.3.4.1 Rationale

The English fire service is an interesting context for this research, as in recent years it has started moving from an autonomous and corporate culture to a more managerial one with increasing pressures to cut budgets and improve efficiency and service quality (Redman and Snape, 2004). A number of initiatives have been undertaken with regard to PM, the most relevant ones being Best Value and the Comprehensive Performance Assessment (CPA). Best Value was introduced shortly after the 1997 elections in order to foster continuous improvement in the public services. CPA started in 2002 aiming to analyse *“performance and indicate where the organisation has strengths and weaknesses”* (SFRA website). The Audit Commission carries out both Best Value and CPA reviews in the fire service.

One of the main differences between the CPA and Best Value is that the former has been piloted in various organisations in order to improve the process and ensure better results. In the fire service four authorities were selected for the CPA Pilot Test, which took place in late 2004, and SFRA is one of them. In the CPA 2005 review, SFRA was rated ‘good’ (the levels being excellent, good, fair, weak and poor), thanks to the good performance achieved through the *“strongest possible grade for political and professional leadership”* (SFRA website). It should be remarked that *“CPA is an assessment, at the corporate level, of how well the Authority is being run. It does not give an opinion about how well the fire service responds to emergency incidents”* (Audit Commission website).

The factors discussed in the previous section, the changes taking place in the English fire service, and the particular characteristics and processes the organisation went through, make the case of SFRA relevant for this research.

#### 5.3.4.2 Background information

The Stoke-on-Trent and Staffordshire Fire Authority covers an area of 270,000 hectares with a population of 1.06 million in 432,920 domestic dwellings. As the CPA Report released in 2005 states, “Staffordshire is a county of diverse contrasts with sparsely populated moorlands and rural areas where agriculture is the predominant industry, and concentrations of dense urban populations. (...) Traditional employment areas of coal, steel, ceramics, textiles and brewing have declined dramatically in recent years, giving rise to a changing risk profile, and transitions in unemployment rates. (...) Overall, unemployment is lower than the national average. Although affluent in parts, the fire authority area has concentrations of deprivation and social exclusion in the urban areas, (...), [but] there are also issues of deprivation in rural areas related to accessibility of jobs and services”.

In terms of budget, for 2004–2005 the Authority had £35 million, within which capital budget accounted for £1.25 million. However, from 2004–2005, “with the introduction

of precepting, the fire authority has had to balance its aspirations and challenges to deliver improvements in community and staff safety against the Government's requirement to contain council tax rises within acceptable single figures" (CPA Report 2005).

Regarding structure, SFRA is "a combined fire authority comprising 19 elected members from Staffordshire County Council and six elected members from the City of Stoke-on-Trent Council" (CPA Report 2005). Community safety and statutory fire safety services are co-ordinated at nine area command locations and 30 fire stations operate on three different crewing systems. Six whole-time stations are crewed 24 hours a day; five day crewed stations are partially crewed; and the remaining 19 stations are crewed by retained staff.

In terms of staffing and level of operations, SFRA has "466 whole-time fire-fighters, 415 retained fire-fighters, 30 control room staff and 160 support staff. The senior management of the Authority comprises 23 staff at policy group and policy advisory group level representing 2.2 per cent of the workforce. (...) In the fiscal year 2003/04, the fire authority dealt with 16,599 incidents of which 2,956 were primary fires, 5,487 secondary fires, and 2,072 were special service calls (of which 757 were road traffic accidents). The rest were false alarms or other calls" (CPA Review 2005).

#### **5.3.4.3 Performance measurement – Background information**

The CPA 2005 review stated that SFRA was improving strongly and was demonstrating a good performance. This report also discussed a number of points regarding performance measurement and management which are relevant for the purposes of this research (building on the CPA Report and Audit Commission website):

- **Leadership:** the Audit Commission largely emphasised the effective organisational and political leadership of both the Authority and fire service and their beneficial impact on organisational performance.
- **Partnerships:** the investments made by the organisation in developing better partnership working have contributed to the wider social inclusion, neighbourhood renewal and crime reduction agendas, positioning SFRA well within the partnership arena and ensuring that the direction of travel is good for reducing preventable accidents.
- **Performance measurement and management:** the performance management arrangements have been set in a well-structured framework and there is now an effective use of risk management. The service delivers positively on the Authority's priorities and there is good involvement of members in the service work. Effective methods for extracting learning from day-to-day activities are in place but there is a less structured approach in applying the learning across command areas. The service is continually moving forward; it may need to find the time and space to pause, reflect on what has been achieved and draw out lessons.

- **Resource allocation and use:** SFRA has succeeded in achieving ambitious targets with existing resources. Furthermore, the use of partnership working is helping to extend the capacity of the service as well as making a significant impact in target areas. A good mix of targeted preventative work is provided, based on real intelligence, with a willingness to refocus and shift resources in order to achieve improvement.
- **Governance and working environment:** there is an open and friendly atmosphere in the service and good working relationships between members and senior officers. The approach to governance arrangements is well-structured, clearly defined and member-led, but is still relatively new, and has yet to become embedded.
- **Role within the local community:** SFRA has an understanding of the communities it serves and the wider social agenda. Moreover, it displays strong community leadership and has played a key role in working with partners to address its aim of community protection.
- **Future plans and objectives:** for the future, the Authority has a range of clear and robust future plans that target national, regional and local priorities and are consistent with its long-term vision and core aims to 'make people safe'.

Therefore, although the organisation, as all fire authorities in England, is going through a period of substantial change, it has achieved notable results and has considerably moved forward in its adoption of PM related practices. However, the use of performance targets and indicators is still recent and the organisation needs to fully embed PM in the way it operates. The next section presents the documents reviewed and people interviewed; subsequently, the results of the data analysis are discussed in order to shed light on a number of issues related to PM and management.

#### 5.3.4.4 Data collection

After gaining access to the organisation, the researcher started the process of data collection. Firstly, all relevant documents were gathered; these include: the Annual report; CPA Pilot test report (October 2004); CPA Self-assessment report (January 2005); Best Value performance plan 2005–2006; Integrated risk management plan (IRMP) 2005/06; Medium term strategic plan 2004/05–2006/07; Strategic plan 2005/06 onwards; Performance targets 2005/2006 to 2009/2010. Furthermore other relevant information could be downloaded from the SFRA website. These documents enabled the researcher to gain a good understanding of the current situation and to identify the key people to interview.

In the case of SFRA, the respondents are all involved in PM and were selected in order to represent different levels within the organisational population. In so doing, it was possible to consider a number of different viewpoints. Interviews, of the approximate duration of 1 ½ hours, were carried out with:

- Chief Fire Officer/Chief Executive (CFO)

- Deputy Chief Fire Officer and Deputy Chief Director of Organisational Performance and Planning (Deputy CFO)
- Performance and Quality Manager
- Head of Planning and Performance
- Principal Service Analyst.

A second interview was carried out with the Principal Service Analyst in order to populate the matrix, by going through all the current targets and indicators.

#### 5.3.4.5 Data analysis

The information gathered through documents and interviews was coded using the NVivo software. Codes were partly derived from the literature, but also emerged from the data. As a result, a number of themes were identified in relation to the research questions, consistent with the findings obtained in the previous phases of the research. Throughout the analysis of the cases, several quotes from both documents and interviews are reported. Appendix B4 includes all the main quotes (in some instances the same data was coded utilising more than one code). Appendices B5 and B6 provide an overview of the nodes utilised in the analysis.

In general, responses from the interviewees were quite consistent; the differences encountered depend mostly on the hierarchical level to which interviewees belonged. The CFO and Deputy CFO made remarks particularly on policy and strategy, whereas the other interviewees focused more on operational details and actual delivery of service. In this sense, the choice of carrying out interviews at different organisational levels proved valuable as different issues emerged. Furthermore, through interviews it was possible to investigate topics, such as performance culture and ‘joined up’ government, for which no questions were initially designed, but that were spontaneously mentioned by the respondents. The following sections describe the main themes identified through the analysis of documents gathered and interviews carried out at SFRA.

#### *Flows of performance information*

The main flows of performance information within SFRA and between the organisation and the environment are linear and fairly simple (Fig. 5.2). Internally, each area command provides data to the centre, i.e. the Planning and Performance team. In turn, this team reports the information to the board and externally.

As in all empirical cases considered in this research, external reporting is fundamental for SFRA. The frequency of external reporting often dictates the measurement of performance at the local level. As the Performance and Quality Manager stated

*“obviously, we have to commend to that national framework of government. We have to send an annual return to the ODPM [Office of the Deputy Prime Minister] about our own performance. So quarterly we have to look at our performance.”*

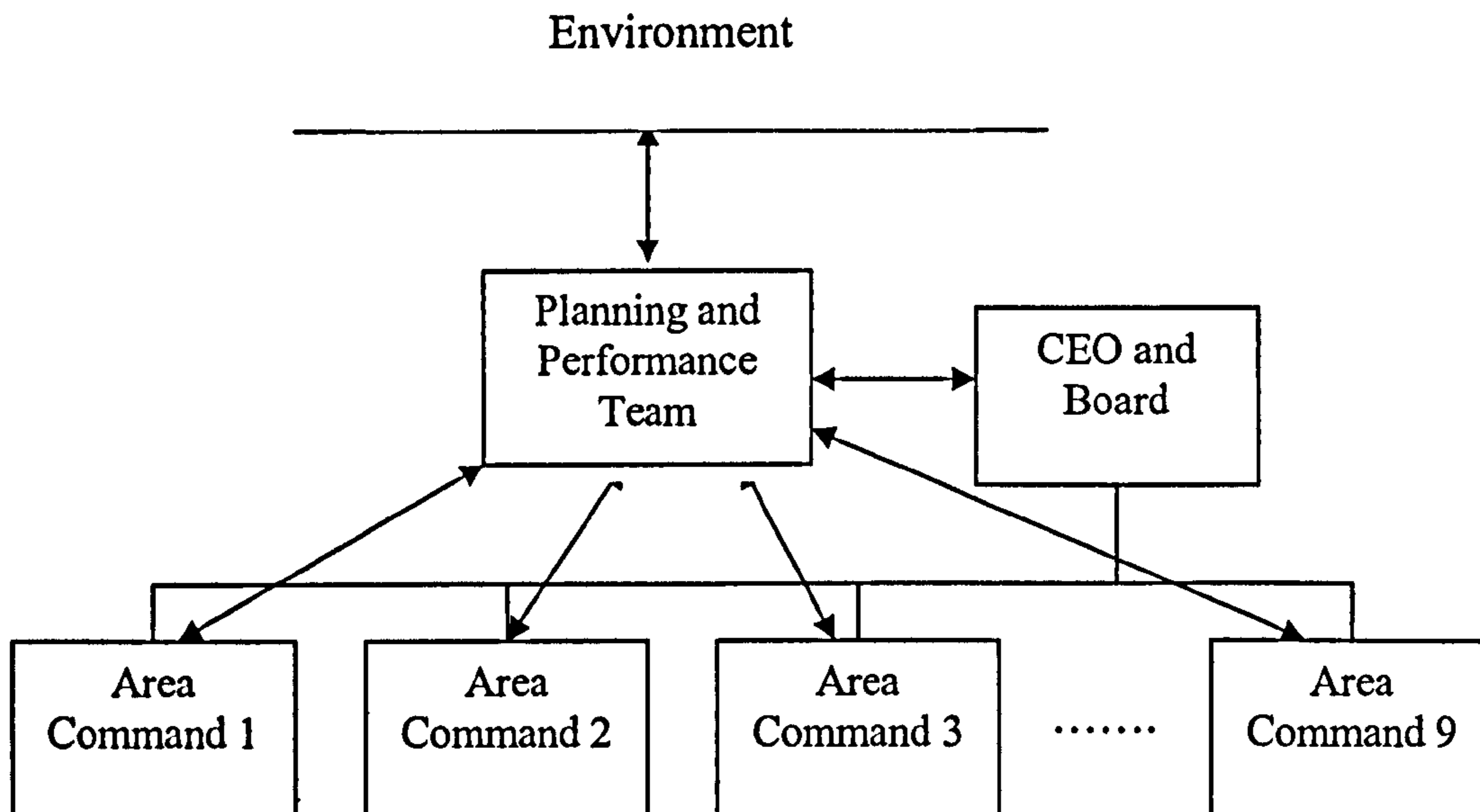


Figure 5.2: Main flows of performance information in SFRA

External reporting is often directed to central government, but also to the local authority and, on request, to the wider public. Flows of information within SFRA are also important. The Audit Commission has identified that

*“communication of performance is not systematic at present, although this has been identified and is being addressed”* (CPA Pilot Test Report - October 2004).

Although the organisation is not as complex as a local authority or a healthcare trust, the information that is passed to the CFO and Senior Management is more aggregated than that used at area command level. The CFO is interested in the overall picture, policy and reporting, whereas area commanders are more concerned with operational performance. Therefore, national Best Value Performance Indicators (BVPI) are often broken into sub-BVPIs, which enable area commanders to ‘drill down’ and obtain a more detailed picture. Furthermore, area commanders have performance reports

*“that are published on a monthly basis and that’s to assist them in their management ultimately for best value performance indicators. So it’s just supporting evidence, supporting data”* (Principal Service Analyst).

### *Institutional pressures*

From the analysis it clearly emerged that institutions play a fundamental role in the development of performance targets and indicators in SFRA. The majority of the performance indicators (PIs) currently used in the organisation have been developed externally. Although the organisation rated very highly in the last CPA review in terms of performance management, it is interesting to note that it has not been very proactive in the design of PIs, which could better reflect its specific characteristics.

However, in contrast to most academic literature on PM in the public sector, all interviewees stated that both Best Value and CPA have helped SFRA to improve their performance and to foster a culture of performance within the organisation. As the Head of Planning and Performance stated

*“it is vital to have pressure coming from CPA and other institutions. If you are forced to modernise and measure, you can achieve improvements in the service.”*

Moreover, few complaints were expressed regarding current national indicators. From the interviews it emerged that the majority of Best Value Performance Indicators are seen as appropriate and only few of them should be amended. However, three principal remarks were made as regards to centrally set performance targets and indicators. Firstly, BVPIs are sometimes seen as past-focused and not oriented towards future improvement. Secondly, and partially related to the previous point, often

*“if you don't achieve targets, this is seen as a failure, rather than which directions should be followed” (Chief Fire Officer).*

Finally, particularly in the case of new indicators, rationale for their introduction, use of collected data and guidelines for setting targets are sometimes not clear.

When describing relationships between SFRA and institutions, interviewees emphasised the difference between the approach traditionally adopted by Her Majesty's Inspectorate (HMI) and ODPM, and the recent CPA review. The Comprehensive Performance Assessment has not only been more participatory, but has also looked at 'joined up' services, management culture and other aspects previously neglected by auditors. As the Deputy CFO argued

*“I think in the past it was very much directed and it was one way: ODPM, the fire services Inspectorate or whoever determines what the BVPIs would be basically told us what was going to happen. Certainly over the last two or three years they have been far more keen to engage with individual authorities on a consultation basis.”*

At senior management level the Audit Commission and ODPM are almost considered as partners to collaborate with:

*“the approach of the Audit Commission in terms of CPA was to look into taking a more holistic view of the performance of the organisation, identify the relative relevance of each indicator and then being prepared to listen to our explanation as to why we let performance in some areas of the organisation drop. So I certainly think that our*

*experience with CPA is very much about a collaborative partnership approach to achieving improvement rather than the almost oppressive inspectorate regime finding fault” (Deputy CFO).*

However, at middle management level the perception appears to be more hierarchical:

*“I don’t have any strong views about the relationship, other than we know that [ODPM] are our masters, if you want. We just try and achieve what they set us” (Performance and Quality Manager).*

### ***Target setting and ‘joined up’ government***

There are several overlaps between the activities performed by SFRA and other authorities, particularly local government and police. To promote so-called ‘joined up’ government, interviewees agreed that there is a need to create a performance environment which enables SFRA to work together with other local public sector organisations. However, as remarked particularly by the CFO, often it is the Government’s task to develop ‘joined up’ local strategies:

*“it is difficult to have ‘joined up’ services when there’s a lack of strategy at government level.”*

Interviewees focused on three aspects which could foster the integrated provision of services locally. First of all, in order to achieve improvement, relationships with central government should be formative, and the review of local organisations’ performance should look at ‘joined up’ services and management culture. Although these aspects are improving, concern was still shown. Specifically, although the number of national targets has been reduced, if the organisation fails to meet them, this is interpreted as a failure, rather than as a means to identify which directions to follow.

Secondly, the CFO and Deputy CFO emphasised aspects related to strategy, target setting and provision of integrated services locally. The current way of setting targets and indicators seems too centralised and fragmented; as the CFO argued

*“a cohesive strategy is different from a set of targets”.*

Therefore, although Government intervention could help single organisations to become more performance focused, it could be an obstacle towards the achievement of higher quality of service for the community.

*“Targets often foster centralization and not quality of service improvements” (Chief Fire Officer).*

Finally, there appears to be a disconnection between policy makers and deliverers. As the CFO remarked, strategy and policy development have often been insufficiently linked to service delivery. For example, while the fire service has received great attention in recent years, growing issues like fire deaths and arson have not reached the political agenda. According to the CFO, central government is currently relying more



on central targets than on actual performance to deliver local services. Therefore, government policy seems more driven by results against national targets, rather than by actual understanding of local delivery and performance.

### *Organisational objectives*

The perception of what the main objectives and priorities for the organisation are is quite consistent across all interviews. This may not be surprising; however, it is interesting to notice how the CFO and Deputy CFO, in particular, argued that in central government the fire service is associated with fire deaths, which is “*one level below the main one*”. According to them, the key objectives for the organisation should be broader ones, such as “*sustainable Staffordshire, regeneration of the environment, rural economy, etc.*” (CFO). Comments regarding organisational objectives reinforce the criticism aimed at moved to government departments of not seeing the ‘bigger picture’.

Secondly, while describing the objectives of the organisation, interviewees often referred to the local community, emphasising the positive contribution that the organisation could bring to citizenship. As the Deputy CFO noted:

*“in the longer term we would want to see more prosperous communities; we want to see more engaged communities and them making a contribution to the local economy, less strain on the police resources, less strain on the health service resources, less disruption to education and all that sort of thing as a longer term goal” (cf. previous section).*

Finally, PM is seen as a key element for achieving the organisation’s objectives. As the Performance and Quality Manager stated:

*“I consider performance management to be so important that it is the only way, to a degree, that we can support our objectives. You need some sort of measurement of how you are doing.”*

Therefore PM is considered as a way to demonstrate performance and that value for money is being delivered. At operational level, objectives are detailed within each area command and are based on the BVPIs. The use of national indicators enables the organisation to compare performance with other fire authorities:

*“the objective of the fire service is to provide a good service. And we want to be the best service in the country” (Performance and Quality Manager).*

### *Leadership and performance management*

Although the influence exerted by central government is certainly substantial, the committed leadership demonstrated by the Chief Fire Officer has also been necessary to promote the introduction of PM at SFRA. As the Principal Service Analyst expressed it:

*“performance management is getting ingrained in the fire authority.(...) The CFO is dragging the people at all levels through this process of change.”*

The Performance and Quality Manager took this point even further, stating that without performance indicators there would be no way to evaluate the success of the organisation.

The CPA Report published in 2005 confirmed this process of change within SFRA:

*“The culture of managing performance as opposed to monitoring performance is demonstrable. (...) Performance management is now a routine part of the Authority's governance, executive and senior management arrangements. The results of CPA activity have confirmed the structure and approach of the planning and performance management process.”*

However, although PM and management is now more prominent in the way the organisation manages corporate governance and service management, because of this top-down approach, PM is still to be embedded from the middle management level down. As the Deputy CFO put it:

*“The main problem internally is that not all of our managers fully understand the concept of performance management and I think there's a perception that performance management is a punitive arrangement.”*

The CPA Review expressed a similar judgement, encouraging the organisation to develop and implement its own PMS

*“to include wider general management and individual performance in order to ensure [PM] becomes fully embedded”.*

### *Performance culture*

Performance culture was not an area questions focused on, but all interviewees added comments related to it (cf. Appendix B4 for the most significant quotes). Both during the interviews and in official documents performance culture was defined as the shift from PM towards performance management taking place at SFRA:

*“there is a cultural change throughout the organisation towards improved performance management”* (CPA Pilot test report – October 2004).

According to the Head of Planning and Performance,

*“a performance management culture has grown in this organisation in the last four years, to the point now where the only thing that could make it really better to me is just to upgrade the mechanisms, have some more sophisticated statistics in place”.*

This finding is interesting especially as PM has only recently been introduced in the fire service.

In this sense, it is important to notice, as in the exploratory case performed in a Primary Care Trust, how the New Public Management lexicon is fairly widespread in official documents. 'Modernisation' is a word that is often utilised, e.g.:

*"Staffordshire 'IRMP' [i.e. Integrated Risk Management Plan] has recognised the significant move towards modernisation since the completion of an extensive Best Value Review of Community Protection carried out in 2000"* (sentence underlined in the Executive Summary of the IRMP).

Moreover, particular relevance is given to results of the auditing process:

*"Further, the ODPM Verification Audit found solid evidence to corroborate the Service's modernisation progress"* (IRMP).

Finally, words like 'efficiency' and 'productivity' are often utilised. This reflects the process of transition from an autonomous culture to a more managerial one. As the CFO stated,

*"'Productivity' is a word used now, but not five years ago!"*

However, although PM is being progressively accepted at SFRA, there is room for improvement and work has to be done in order to embed PM within the organisation. Sometimes there still is

*"a perception that performance management is a punitive arrangement (...), rather than being seen as a management tool, as a means to ensure that resources are being used in the most appropriate way"* (Deputy CFO).

According to all interviewees, a culture of performance has to pervade the organisation at all levels. To do so, the reasons and benefits of measuring and managing performance have to be understood by everyone within SFRA. At present, this has been achieved at senior and middle management levels, but, as confirmed by the CPA Review in 2005, PM has still to be embedded below middle management and new political members have to be more involved as well. According to the Head of Planning and Performance, since members play such an important role in the development of organisational strategy, they need to be more educated as regards PM and get more involved in the operational design and development of targets and indicators.

### *Performance indicators*

The PIs being used at SFRA are predominantly the national BVPIs. Regarding their design and use, most respondents showed dissatisfaction with the current regime only to a limited extent. The more participative nature of the CPA, in comparison to Best Value, and the direct involvement of SFRA in the process has proven valuable. As the CFO stated:

*"CPA is increasingly driving improvements much more than Best Value. CPA is about performance environment and not just PIs. (...) A more holistic approach is needed"*.

The interviewees depicted CPA as a test that is externally driven, but which, if appropriately linked to the specific aspects of the organisation, can encourage people to deliver better results:

*“Certainly our experience with the comprehensive performance assessment was that the reviewers were keen to engage with us and listen to us and share their views with us and were prepared to be challenged”* (Deputy CFO).

Therefore, it seems that processes of cultural change are happening within both SFRA and organisations at the national level:

*“In the past ODPM and HMI have provided slow and bad guidelines, but relationships will improve through the CPA and ODPM should foster an improvement cycle”* (Head of Planning and Performance).

An in-depth interview was carried out with the Principal Service Analyst regarding appropriateness and satisfaction with both local and national indicators. In general, national PIs were described as relevant and complaints were mostly expressed as regards to the guidelines provided by the auditors. The Analyst felt that, in order to have meaningful measurement, more information should be provided, especially because the authority is regularly benchmarked on all national indicators; thus it is important to have a consistent process across the country. Another concern was expressed regarding issues on which either the organisation has limited influence, or which are not clearly linked to opportunities for improvement. PIs related to expenditure or head counts, for example, were described as ambiguous, as *“it is not clear what they are there to achieve”* (Principal Service Analyst).

In terms of development of local indicators, the organisation does not seem to be sufficiently pro-active. As the CPA Report stated, *“the culture of managing performance as opposed to monitoring performance is demonstrable.”* Local indicators are developed either if there is something missing in the national indicators, or, as sub-BVPIs, to better capture the performance of the organisation at area command level. There are only five local indicators not developed as sub-BVPIs, whereas there are 38 national indicators. Through sub-BVPIs managers are able to have a less aggregated picture than the one obtained by reporting on BVPIs. However, the process of data gathering is not straightforward, since area commanders

*“don’t want to be responsible. Different information is received depending on who provided it”* (Head of Planning and Performance).

In terms of internal use of performance information, the CFO and the Board only review the most important BVPIs with a certain frequency. These PIs are included in a periodic report that the CFO takes to every fire authority to compare organisations’ performance. Similar to performance indicators, targets are often accepted as appropriate and developed following existing national ones. Changes are only introduced when ‘stretching’ government targets and achieving performance above the national threshold leads to additional funding: *“there are targets but what we have done is actually increase the target to be eligible for this additional funding”* (Principal Service Analyst).

Finally, since both targets and PIs used at SFRA are mostly national, changes in the local PMS depend mostly on the national political agenda and not on the results achieved locally. As a result, two issues emerged: firstly, as remarked by the CFO, there may be a disconnection between national targets and indicators and actual performance. Second, the analysis of interviews and documents emphasises that when new initiatives are implemented, the old ones are not necessarily dismantled, therefore confusion, duplication of effort and higher costs are incurred locally. As also clearly emerged from the exploratory case in a police force, local organisations experience difficulties, as they have to cope with

*“debris from previous initiatives. [Now SFRA is subject to] new Local Level Agreements, but also old Local Public Service Agreements, Community Strategy Agreements, etc.” (CFO).*

In order to overcome these problems, it would be necessary to *“have a thread that goes through all the plans”* (Principal Service Analyst), including internal ones.

### *Reasons for measuring performance*

A number of purposes and drivers for measuring performance were mentioned during the interviews. After coding the data, it is possible to define the following main areas:

- **Central control:** referring to the government’s approach to PM, the CFO noted that *“centralisation seems to be the main driver, rather than improvement”*. However, as the Head of Planning and Performance maintained, for the organisation

*“it is vital to have pressure coming from CPA and other institutions. If you are forced to modernise and measure you can achieve improvements in the service”*.

Therefore, although external influence is seen as dominant, it is considered as a necessary element to bring about change and improve performance.

- **Accountability:** the interviewees referred to the concept of accountability, differentiating between three principal types: local community, central government, and the organisation (internal accountability). The first was considered as most important, particularly by CFO and Deputy-CFO. According to them, the organisation is and has to be accountable mainly to the citizenship. On the other hand, other interviewees depicted ODPM and Audit Commission as the organisation’s ‘principals’. Finally, internal accountability was considered very relevant, but not easy to achieve. Often area commanders are said to oppose the implementation of performance indicators at their level, as they see PIs as either not valuable, or as potentially leading to a decrease in their power and discretion.
- **Benchmarking** was described as one of the main reasons for measuring performance. As is the case with most public sector organisations in England, SFRA is constantly compared against other authorities. In particular, based on

demographic and geographical characteristics, fire authorities are grouped into clusters and their performance against BVPIs is contrasted.

*“Some of [the PIs] are nationally driven. The death and injury are nationally driven, and the arson are also nationally driven. What we’ve tried to do is to benchmark; what we have actually achieved in a progressive manner to get to the end target of 2010 is to benchmark for arson.”* (Performance and Quality Manager)

Although comparisons at organisational level are fraught with difficulties, SFRA certainly values the availability of this type of information. According to the Principal Service Analyst, not only is benchmarking useful, but it is also going to be increasingly used in the fire service to foster performance improvement and organisational learning.

- Resource allocation: performance data is considered fundamental to identify areas that require improvement and to develop capabilities at individual, team and area command levels.

*“The main driver [for measuring performance] must be to ensure that our resources are in the right place and that we’re putting our money where it’s needed”* (Deputy CFO).

In this sense, performance reports are used to assist senior management and to provide supporting evidence when decisions are made.

- Communication and reputation: by measuring performance, the organisation could be held accountable to a number of stakeholder groups, but it also could, in the case of good performance, improve its reputation both in the local community and in the ‘fire service circles’. However, while talking about communication, the Deputy CFO showed concern regarding the role of the media:

*“I think one of the things that is difficult to influence, although we do our best, is the media reaction to [performance reports]. Because, notwithstanding the professional judgements that are made of us by the likes of the Audit Commission inspectorate and others, as a public authority, we will be tried through the media and, if there is anything in the reports that indicates negativity, then the media tend to pick up on that.”*

- Acquisition of resources: SFRA has to report regularly on national targets and indicators, but it can also choose to stretch targets in order to obtain financial rewards. This happened in a number of instances, for example in the case of home fire safety checks.

### **5.3.5 Second case study – London Borough of Barking and Dagenham Council**

#### **5.3.5.1 Rationale**

The first case study regarded an organisation which, following Carter et al. (1992), could be defined as homogeneous and not very complex, and which had a fairly simple PM system in place. Given these characteristics and previous reflections on PM in the public sector in England, the researcher decided to carry out another case study on the basis of theoretical replication (Yin, 1994).

In order to complement the findings of the initial empirical phases and the case of SFRA, and to reach significant and more general conclusions, the PM system of a local authority was examined: the London Borough of Barking and Dagenham Council (LBBD). There are three primary reasons for this choice:

1. In contrast with more ‘linear’ models of fire authorities and police forces, local authorities are very complex multi-functional organisations. They play a fundamental role in the delivery of approximately 140 services at the local level, from education to health, from social services to housing, etc.
2. While the fire service has recently gone through substantial changes, of which PM has been a prominent component, considerable experience has been accumulated in local authorities as regards to PM in the last decades.
3. LBBD is among the most innovative local authorities in the country in terms of PM. In recent years it has developed a Balanced Scorecard to equip itself with a systematic and integrated PM system and now the system is embedded in the organisation. Furthermore, in contrast with other examples of literal implementation of the Balanced Scorecard in local government, LBBD has modified it to suit its specific characteristics. This is in contrast with SFRA where, although PM is surely on the agenda, a similar degree of pro-activity could not be found (cf. section 5.3.5.5.1).

Therefore, the study of LBBD enabled the researcher to look at a local public sector organisation, which has achieved a good level of success in relation to PM. Moreover, the maturity of the PM system makes the collection of data more effective, as this is often a very difficult process, especially in organisations of this size, because of the great fragmentation and dispersion of data (cf. Adams and Micheli, 2005).

#### **5.3.5.2 Background information**

The Borough of Barking and Dagenham is situated in East London and has a population of approximately 165,000 living in 62,000 households. The borough has had a traditionally low migration rate; therefore its population is less diverse than that of the majority of London boroughs. However, the black and minority ethnic population has almost doubled in recent years, growing from 6.8% in 1991, to 12% in 2002. From a socio-economic point of view, the Borough faces significant disadvantages: “it is the

42<sup>nd</sup> most deprived in England and 14 of its 17 wards are in the bottom 20% nationally. Residents have the lowest average income level in the capital. (...) The area is also disadvantaged by high levels of teenage under-18 conception rates, heart disease, cancer and long-term illness” (Local Level Agreement 2006).

The Council has 51 councillors and “has a tradition of being labour-led and of having very large labour majorities. (...) In 2001/02 the net revenue budget was just over £183 million and the capital budget £75 million. Revenue balances at the end of 2000/01 were £29 million. (...) The council employs 5,800 (excluding teaching staff) full-time equivalent staff” (CPA 2002). In terms of structure, the organisation consists of five corporate Directorates (resources, Customer Services, regeneration, adult and community services, Children’s Services) and a chief executive’s department providing support functions. In turn, every Directorate comprises a number of services (26 in total).

With the aim of serving the community better, LBBD carried out a survey of local residents that highlighted the main concerns of people living in the Borough. This resulted in the identification of seven ‘community priorities’, which set the direction the organisation wants to follow to improve its performance. These priorities were crucial for the development of the first corporate Balanced Scorecard in 2000 and for its subsequent reviews (cf. section 5.3.5.5.1 for greater details).

Despite the substantial difficulties it has to face in a number of areas, LBBD has a positive record in the Comprehensive Performance Assessments. In local government the assessment of services and of the overall performance of councils is undertaken by the Audit Commission in conjunction with a number of other independent bodies, such as the Benefit Fraud Inspectorate, the Commission for Social Care Inspection, etc.

Since the introduction of CPA for local authorities in 2002, LBBD has consistently been rated as ‘fair’ (the categories being: excellent, good, fair, weak and poor). In 2006 it was judged a ‘good’ Council by the Audit Commission, which also acknowledged that the organisation is “*improving well*”. In particular, the inspectors

*“highlighted that the overall positive change was achieved during a major reorganisation of the Council in 2006 which allowed more capacity for services to improve. All of the Council’s core services, which are benefits, children and young people, environment, housing and social care of adults, have scored a 3- out of 4-star rating except culture, which scored 2”* (LBBD website)<sup>11</sup>.

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<sup>11</sup> The score is based on a scale of 1 to 4, with 1 being ‘does not meet minimum requirements’ and 4 being ‘delivers well above minimum requirements’.



### 5.3.5.3 Performance measurement – Background information

The latest CPA Report emphasises the good performance of LBBD, especially considering the challenging and complex environment within which the organisation operates. Moreover, the CPA Report remarks how

*“only through sustained focus and the effective building of capacity (...) the Council has delivered improvements in areas such as community safety and the environment. It has worked well with partners and local people to set an ambition and priorities that are stretching and challenging as well as addressing local needs. The Community Strategy agreed in 2004 together with the Local Area Agreement (LAA) form the cornerstone of the Council's ambition.”*

Building on the analysis of the CPA Report and other documents present on the Audit Commission website, it is possible to identify a number of issues relevant for this research:

- **Strategy and planning:** LBBD's priorities are clear; they reflect national priorities and address the most pressing concerns for local people, namely crime, housing, improving skills and job prospects. However, action planning and target setting are inconsistent and there is a lack of coherence to knowledge management and policy development.
- **Community leadership:** the Council's approach to equality and diversity supports its ambitions for community cohesion. Furthermore, the complex nature of the community is understood and work is underway to engage and communicate with the community in a more coherent way. LBBD has demonstrated effective community leadership through the Chief Executive, officers and in its partnership working. However, community leadership by councillors at a sub-regional, regional and national level could be further developed given the recent turnover and rise in the number of new councillors.
- **Leadership and workforce:** the Council's managerial leadership is one of focused drive and determination to improve the borough for local people. The Chief Executive is an effective leader with a clear focus on improving services for all. Officer and councillor relationships work well and the Council has the capacity it needs to deliver its ambition. This has been facilitated by a recent restructure and a committed and motivated workforce.
- **Performance management:** financial management is strong and there is a good focus on value for money. This is integrated with a well established approach to performance management and the Council has been successful in instilling the right culture and values so that it is at the heart of decision making. This has resulted in tangible improvements in key priority areas with just less than three-quarters of key indicators improving, which is above the national average. Performance management in partnership continues to develop in a planned and effective way. This has led to improvements in areas such as community safety.

Although important achievements were identified, a number of areas that require improvement emerged from recent audits:

- **Performance management:** PM and capacity have helped to deliver improvement in services. However, LBBB needs to focus on delivering wider community outcomes in respect of local priorities such as skills, access to employment and housing. The Council needs to sharpen its approach to prioritisation as it seeks to deliver its ambitious agenda for revitalisation of the borough. Councillors need to be more engaged in setting and reviewing priorities and the Council requires a more consistent approach to action planning with outcome-focused targets.
- **The role of councillors:** initial work has been undertaken to encourage councillors to adopt more 'modern' approaches and councillors recognise the need to change. However, further capacity building is required to enable councillors to play a full role in delivering the Council's ambition for the community.
- **Strategy development:** The Council needs to take a more strategic and co-ordinated approach to the development of its policy framework.
- **Communication:** the organisation needs to strengthen its approach to communication. In particular, improving the way in which it communicates its successes and plans for the future. This would give local people, community groups, the private sector and other stakeholders greater opportunity to influence key decisions.
- **Partnerships:** There is scope to further improve how the Council works with others to achieve its ambitions. Local Area Agreements are useful catalysts and opportunities could be exploited through joint service provision, workforce planning, joint problem solving, joined-up consultation, and enhancing knowledge sharing and performance management. This would improve the Council's capacity and maintain the momentum for delivering across all shared priorities.

The information presented above provides a useful background to the LBBB case and relevant contextual details to understand the issues the organisation as a whole is currently facing in terms of performance measurement and management. The themes identified by looking at the CPA report and Audit Commission website are complemented in sections 5.3.5.5.1 - 5.3.5.5.4, where the four units of analysis considered in this research are discussed in more depth. Before describing those, the data collection procedures and the rationale for examining those specific units of analysis are presented.

#### **5.3.5.4 Data collection**

The interviews were carried out at LBBB in summer 2006. Since in the previous months the organisation had undergone a process of re-organisation, a preliminary meeting was held with the former corporate performance manager. This enabled the

researcher to understand the major characteristics of the organisation in relation to PM and to start to identify who to interview at corporate, department and service levels.

The SFRA case is holistic, whereas LBBB is effectively an embedded one, as there are multiple units of analysis (Yin, 1994). Looking just at the corporate level would not be sufficient to capture the complexity and current practices of the organisation. Therefore a multiple-case logic is adopted in terms of both replication and extension (cf. Eisenhardt, 1991).

The preliminary interview with the former corporate performance manager shed light on how performance is measured and reported both within and outside the organisation (Fig. 5.3). At central level, the corporate Balanced Scorecard has been developed with the aim of gathering data coming from departments and services, and providing information to the Board and the environment (mostly local community, and business partners). The corporate scorecard has been built on the seven 'community priorities' and consists of both national and local performance targets and indicators (cf. also section 5.3.5.5.1).

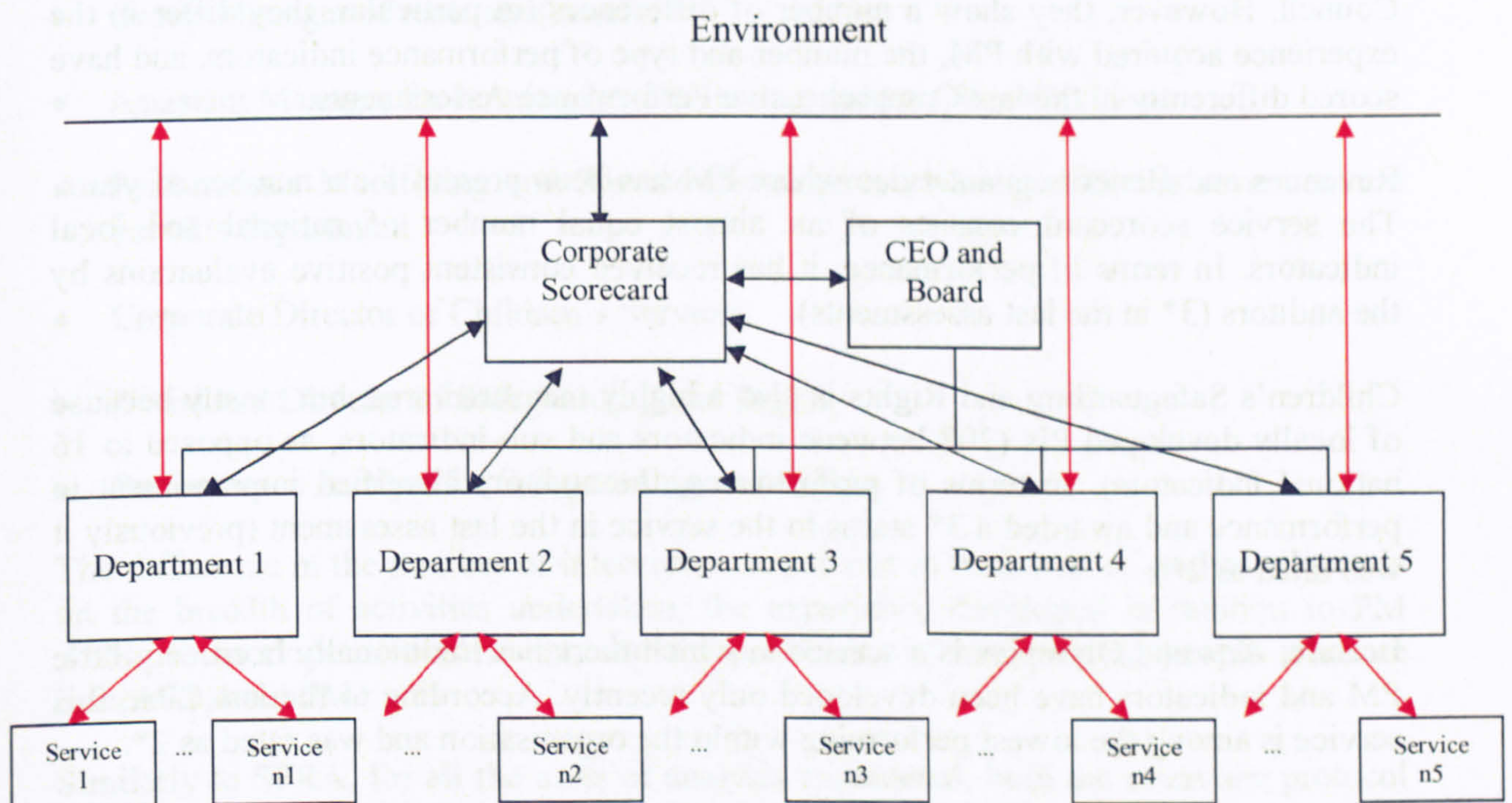


Figure 5.3: Main flows of performance information in LBBB [The red arrows are used to indicate differences between LBBB and SFRA]

The links between the corporate Balanced Scorecard and the service scorecards (26 in total) are extremely important. In order to ensure sufficient consistency between them, the design of targets and indicators is carried out following a standard process. This is accurately documented and communicated through the organisation's Service Scorecard Pack. Therefore, although the number and nature of PIs varies greatly across services, every scorecard has to be linked and contribute to the corporate objectives and 'community priorities' (cf. section 5.3.5.5.1 for more details).

The number of scorecards and the connections between them make LBBD a much more complex case than SFRA. Furthermore, not only services in LBBD must communicate with the centre of the organisation, but they also have to report to government departments and auditors. This is in opposition to what happens in the fire service where area commands communicate almost exclusively to the Planning and Performance team within the organisation. Operationally, the Audit Commission reviews services' performance on a quarterly basis. However, when targets are not met or when the authority's performance in some areas is in the bottom quartile, the frequency of monitoring becomes weekly.

Given the structure of the organisation and the flows of information outlined, the researcher decided to consider the corporate PM system as well as the PMS of three different services: Revenues and Benefits (within the Department of Customer Services); Children's Safeguarding and Rights (within the Department of Children's Services); and Leisure, Arts and Olympics (within the Department of Regeneration).

These three services were chosen on the basis of theoretical sampling. All three services chosen are 'core' for LBBD, as their performance determines the final CPA score of the Council. However, they show a number of differences; in particular, they differ in the experience acquired with PM, the number and type of performance indicators, and have scored differently in the last Comprehensive Performance Assessments.

Revenues and Benefits is a service where PM has been present for a number of years. The service scorecard consists of an almost equal number of national and local indicators. In terms of performance, it has received consistent positive evaluations by the auditors (3\* in the last assessments).

Children's Safeguarding and Rights is also a highly measured area, but mostly because of locally developed PIs (208 between indicators and sub-indicators, as opposed to 16 national indicators). In terms of performance, the auditors identified improvement in performance and awarded a 3\* status to the service in the last assessment (previously it was rated as 2\*).

Leisure, Arts and Olympics is a service in which there has traditionally been very little PM and indicators have been developed only recently. According to the last CPA, this service is among the lowest performing within the organisation and was rated as 2\*.

Taking into account both the corporate and service levels enabled the author to investigate the existence of institutional pressures and tensions not only between LBBD and its environment, but also within the organisation. As in the case of SFRA, all of the interviewees are involved in PM and were selected with the aim of representing diverse levels within the organisational population. In so doing, it was possible to consider a number of different viewpoints. Interviews, with an approximate duration of between 1 and 1½ hours, were carried out with:

- Assistant Chief Executive for performance and delivery
- Political member responsible for performance management

- Corporate Director of Resources
- Corporate Performance Manager
- Corporate Scorecard Project Manager
- Policy and Partnership Division Officer (person responsible for Local Service Partnerships)
- Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators)
- Head of Leisure, Arts and Olympics
- Corporate Director of Customer Services
- Head of Revenues and Benefits
- Group Manager of rents and benefits
- Assistant Manager for housing benefits and council tax benefit claims
- Performance Monitoring and Service Development Manager for the revenues and benefits department
- Corporate Director of Children's Services
- Divisional Director of Safeguarding and Rights
- Performance Analyst for Safeguarding and Rights.

The difference in the number of interviews carried out in each unit of analysis depends on the breadth of activities undertaken, the experience developed in relation to PM within the service or department, and the possibility of interviewing people who are informed about PM.

Similarly to SFRA, for all the units of analysis considered, both the interview protocol and the matrix designed to structure the information on the design of targets and indicators were used. Before and during the interviews all relevant documents were gathered, including: Strategic Corporate Priorities for Action 2005–2010; CPA 2002 report; Service Scorecard Pack 2006–2009; Corporate Strategy Map; Revised Organisation Structure 2006; Community Strategy; Local Area Agreement for Barking and Dagenham (and guidance); Children and Young People's Plan; Performance Assessment Framework Monitoring Tool (for Children's Services safeguarding and rights); Performance Dataset Monitoring Tool (for Children's Services safeguarding and rights); Revenues and Benefits – Performance pack. Furthermore relevant information could be downloaded from the LBBB and Audit Commission websites.

In the next sections, the results obtained at corporate level and in the three services are first presented separately and then compared. Throughout the analysis of the cases, a substantial number of quotes from both documents and interviews are reported (cf. Eisenhardt and Graebner, 2007). Appendix B7 includes all the main quotes (in some instances the same data was coded utilising more than one code). Appendices B8 and B9 provide an overview of the nodes utilised in the analysis. In section 5.3.6 the findings of the LBB and SFRA cases are contrasted. Finally, in chapter 6 the results of the empirical phases are brought together and discussed in relation to the literature.

### 5.3.5.5 Data analysis

#### 5.3.5.5.1 Corporate level

The first unit of analysis to be considered is the corporate. At this level most of the internal decisions regarding PM are taken. In order to have an initial understanding of the ways in which performance is measured and managed at the corporate level several documents present on the LBBD website were reviewed. Particular attention was paid to the development and use of the Balanced Scorecard and the Community Priorities, and the links between the measurement system and other plans and processes. These are presented in detail in the next section. Subsequently, the main themes emerged from the analysis of documents and interviews are presented.

#### *Background information<sup>12</sup>*

In November 2000 the Council agreed to develop a Balanced Scorecard, which was effectively introduced in 2002, as corporate PMS to change how the organisation was managed. As the former Chief Executive stated:

*“the Council as a whole needs a single cohesive approach to maximise the benefits and outcomes from the modernising agenda and to continue the process of modernising the management of the Council and improving services to the Borough's residents”.*

The Balanced Scorecard was adopted in order to translate strategy into operational objectives that drive both behaviour and performance. Moreover, it was, and still is, used to focus the actions of the Council towards the delivery of its longer term vision for the borough, within the context of the 7 Community Priorities. These priorities are a set of externally facing and inward looking strategic objectives, which are the main goals for the Council. They are balanced to ensure the Council focuses on a range of areas that are important, to move performance forward and improve front line services. The Priorities, which are based on the results of a survey of local residents that highlighted the main concerns of people living in the Borough, are:

- raising general pride in the Borough
- promoting equal opportunities and celebrating diversity
- developing rights and responsibilities with the local community
- improving health, housing and social care
- making Barking and Dagenham cleaner, greener and safer
- providing better education and learning for all

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<sup>12</sup> This section builds on material identified on the London Borough of Barking and Dagenham website.

- regenerating the local economy.

In operational terms, the Balanced Scorecard was designed over a 12-week programme of work involving senior management on a sounding board facilitated by external consultants. The purpose of this was to formulate the key strategic goals for the corporate Balanced Scorecard. Furthermore, through the adoption of the Scorecard the organisation aimed to:

- translate strategy into actions that are recognisable to everyone
- link-up and align the authority around delivering the strategy
- enable everyone to make a contribution to LBBD's strategies and targets
- mobilise change towards the Modernising Local Government agenda
- deliver outcomes that make a real difference to people's lives, e.g. an increase in the average income ranking of Barking and Dagenham citizens.

Therefore, the organisation decided to structure its Balanced Scorecard across five main elements that could move the Council towards where it wanted to be, reflecting its range of objectives and priorities:

- 1- 'Community First' – Reflecting the organisation's wider leadership role in performance management
- 2- 'Customer First' – Customer focus
- 3- 'Funding the Future' – Integrating financial planning with service planning
- 4- 'Performance Counts' – Business processes to ensure the efficient delivery of quality services
- 5- 'People Matter' – Organisational development (people and culture).

It is important to note that the innovative approach adopted by LBBD in the development of its Balanced Scorecard has received a considerable amount of recognition both nationally and internationally.

In order to have a comprehensive performance measurement system, the corporate scorecard was cascaded into a number of service scorecards. As a result, each head of service was, and still is, required to produce a scorecard, ensuring that all the individual service actions of the organisation's services are in line with delivering against the corporate scorecard. This must contain the key priorities necessary within their area to deliver both corporate objectives and individual service priorities. In order to ensure consistency, a 'Service Scorecard Pack' has been developed. This comprises:

- A strategy statement for each service area, setting out the medium to long term vision for that service, incorporating other strategy requirements prepared to meet



the Government's requirements e.g. Education development plan, Libraries plan, Housing strategy etc.

- A strategy map which sets out the service objectives.
- A service scorecard setting out the indicators which will be used to measure progress against the objectives, identifying which corporate scorecard strategic objective each service objective is driving forward. Moreover, the relevant key Best Value Performance Indicators and all Comprehensive Performance Assessment and Local Public Service Agreement targets have to be included in each service scorecard.
- An Implementation Plan setting out the specific actions that need to be taken within the service to achieve the service objectives and targets to drive these forward. These plans also state how the service will be responding to any relevant Comprehensive Performance Assessment improvements and Best Value review improvements.
- Other performance indicators that will be used to monitor performance for those services (including relevant statutory performance indicators and local management indicators).

The LBBB website remarks in several instances how the integration of all of the targets and indicators from the Comprehensive Performance Assessment and the Local Public Service Agreement into the scorecard structure has simplified the management of the Council and ensured clearer focus for the services. Another important aspect related to the measurement and management of performance at LBBB regards the links between the scorecards and other plans and processes. In particular, the organisation's priority actions directly link to the longer term actions developed in the Community Strategy. Subsequently, these actions are taken from the annual Service Scorecards that underpin the Community Priorities, which form the basis of the work for the Partnership that agrees the Plan. For the organisation it is crucial that there is a strong and clear link between financial planning and the service planning process. To do so, the 3-year medium term financial strategy sets out what the priority areas for funding are over a 3-year period and the annual budget process ensures that individual savings and growth decisions made at service level are in line with this. The other plans required by government departments are also linked into the individual service scorecard packs.

In conclusion, it is possible to state that the development of the scorecard has had a clear impact over the functioning of the organisation, and the relationships of accountability within LBBB and between LBBB and its key stakeholders. First of all, the development of the scorecard was aimed at simplifying what each manager needs to do to improve the services delivered. Secondly, it was intended to make the modernisation process more understandable to councillors, the public and staff and to enable people to understand their roles and responsibilities. Therefore, each head of service now has an annual assessment with members on how they have delivered against their service scorecard and their future priorities for improvement. Employees below this level have annual appraisals, where the objectives and targets are considered as part of the process. Finally, progress against the corporate scorecard strategic

objectives and specific targets are monitored quarterly by the Executive of the Council and in some cases monthly by the Corporate Management Team.

### *Data collection and analysis*

In order to gain further understanding of how the corporate balanced scorecard is designed and used, and how it is related to the service scorecards, a number of other documents were reviewed (cf. section 5.3.5.4) and eight people were interviewed: the Assistant Chief Executive for performance and delivery; an elected member responsible for performance management; the Corporate Director of Resources; the Corporate Performance Manager; the Corporate Scorecard Project Manager; the Policy and Partnership Division Officer (person responsible for Local Service Partnerships and Local Area Agreements); the Policy and Review Officer at the corporate strategy department (person responsible for corporate performance indicators); and the former Corporate Performance Manager.

In the next sections several themes are examined. These include the different uses of performance information within the organisation, but also the links between LBBD and the environment, which mainly consists of government departments, audit bodies and local communities. At corporate level, respondents paid particular attention to strategy, the provision of 'joined up' services and the creation of a performance culture at the local level. In terms of the roles of PM a number of opinions were expressed, reflecting both the dependence on external resources and the willingness to improve performance and be considered as an efficient organisation and an employer of choice.

### *Uses of performance information*

As underlined in the previous sections, the corporate balanced scorecard is an important tool, which provides an overview of the performance of the organisation as a whole. All corporate Directors meet on a regular basis to discuss the performance of particular services as well as the overall agenda for the council. To do so, they use the corporate balanced scorecard and

*“the chief executive personally takes a selection of indicators and grills the Directors on exactly what’s happening and what action we’re taking” (Corporate Director of Resources).*

Elected members receive information on a regular basis regarding several national indicators and, depending on local political priorities, they can influence the monitoring of performance. However, as many interviewees noted, elected members seem to use this information only to a limited extent in their communications with the citizens. Therefore, a challenge for the organisation is to make performance information more politically relevant. According to the Corporate Director of Resources, this mostly depends on how much elected members agree on PIs, but also on their capability and

interest in acting on them, as *“they tend to have slightly poor focus to understand the principles”*.

If we consider the links between corporate and service levels, the organisation seems quite hierarchical in the ways in which performance is measured and managed. First of all, a scrutiny management board is set up to monitor the areas in which services are underperforming and to assess the actions undertaken in order to improve performance. Secondly, the service scorecard pack is utilised to ensure consistency. Therefore, every service has to build its own indicators and report to the centre of the organisation on the basis of the corporate balanced scorecard and strategy map. Furthermore, a detailed checklist is provided; this covers, for example, the links between the service scorecard and corporate priorities for action, the statutory indicators, value for money, opportunities for efficiency gains, etc. Although

*“it’s up to head of service to make a judgement about what goes in [the service scorecard], it doesn’t mean to say they don’t deliver them, because anything statutory has to be delivered”* (former Corporate Performance Manager).

The use of scorecards and the consistency between them enables senior management to understand how the main agenda for the council is being delivered. As the former Corporate manager argued

*“when you delve down into the scorecards, services then are responsible for making those deliveries and boards can call in the services and say: how are you doing on the delivery of this? What are your problems? What are the blockages? Have we been overambitious? Is there a resources issue or is it the wrong priority?”*

### *Performance indicators*

During the interviews a number of issues were raised regarding the cost and quality of the performance indicators being used at LBBD. First of all, as argued by the corporate performance manager, the cost of measuring performance is a major issue. According to him, it is very time consuming to collect and process the data and substantial resources are required at all levels. The elected member reinforced the idea that the costs associated with auditing, inspection and reporting are considerable for the organisation. Moreover, according to the former corporate performance manager, often *“statutory indicators are fine but they don’t give us the key aspects of the service”*. A way to overcome this issue is to have *“more consultation and involvement with practitioners”*.

Secondly, since performance is measured by services and then reported to the corporate level, timeliness and reliability of data are crucial if the organisation wants to have an accurate and updated picture of its current performance. The Policy and Partnership Division Officer, who is also responsible for Local Service Partnerships, expressed particular concerns in this sense.

Finally, a number of interviewees noted that the authority needs to improve the way it measures ‘softer’ aspects of performance, e.g. how people ‘feel’ about the services the

authority provides. Furthermore, during time some indicators might become redundant, but they are not necessarily eliminated. However, according to the corporate performance manager, the situation is improving in this sense.

### *Strategy and performance culture*

LBBB has a clearly formulated strategy, whose aim is “to give all those partners involved, especially local communities, a clear sense of purpose” (‘Building communities, transforming lives’ document). The documents analysed show in detail how organisational strategy is linked to general objectives and performance targets.

During the interviews, all respondents at central level, when asked about the objectives of the organisation, referred to the seven ‘community priorities’, which had been defined in consultation with the public. According to the interviewees, the ‘community priorities’ reflect LBBB’s main aim, which is to contribute to the quality of life of citizens, through the promotion of the economic, environment and social wellbeing of the area.

However, great emphasis was also given to the role at both strategic and operational levels of external assessments and audits, notably the Comprehensive Performance Assessment. Most respondents stated that to provide better services performance indicators should be understood, accepted and used within the organisation. Undoubtedly, given the substantial experience gained in recent decades,

*“the culture within local government is now about performance – you know where you fit in that league table, what’s your CPA rating”* (Policy and Review Officer).

However, in order to achieve a sustainable culture of performance, it is important not to focus on “*the current framework; it is the process, it is people having discussions about these things*” (Corporate Director of Resources). According to the interviewees, this is particularly difficult to achieve as we move closer to the actual delivery of services. There, as the policy and review officer noted, people

*“don’t need to understand how we put the balanced scorecard together or what the strategy of the service is, but they need to understand how they fit into it”.*

### *Communication*

The respondents considered communication between the organisation and the public as very important. LBBB should not only provide richer and more timely information to the citizenship, but also try to align the perceived quality of local services with the actual one. For example, although the elected member interviewed has always supported the development of the balanced scorecard at LBBB, he showed concern regarding the discrepancy between what performance indicators say and what the local community feels about the performance of the organisation:

*“sometimes the public can perceive that things get worse, but they’re actually getting better; and sometimes that adds situations where the public have been satisfied with this service and we said: it’s actually very poor”.*

The Corporate Director of Customer Services reinforced this concept:

*“I think incidentally that the public don’t give a toss about performance indicators. I think they judge us by three things really: how clean the streets are and what it’s like to live round here; whether they think that the council is listening to them and consulting them; and what happens when they ring up and want a service. Their real life experience is what they judge us on. (...) I think there is a real danger that you get a disconnect between CPA assessment and what people think of local services”.*

However, this disconnection could also be generated by the very fact that the electorate judges the performance of the council only along those three areas. As in the case of most other services, *“the electorate often doesn’t raise questions until the problem is actually there”* (Assistant Chief Executive).

Finally, communication should be handled with particular care, especially when the media are involved, as they could either distort the figures or focus only on the negative aspects. As the corporate Director of resources stated:

*“there’s a bit of an issue about whether we say things in public or not, and of course it’s healthy that we do. On the other hand, if we really want members to explore a challenge, do they want to do that with the press there?”*

### ***Partnerships and ‘joined up’ government***

Partnerships are very important for the organisation, as services are delivered in cooperation with a number of private, public and no-profit organisations. To promote partnerships and coordination of public services locally, since 2001 LBBD has had a local strategic partnership (the Barking and Dagenham Partnership) that also enabled the authority to attract additional funding from central government. More recently, Local Area Agreements have been introduced in the whole country. Local Area Agreements are

*“a new contract between central and local government to deliver the priorities to local people. (...) [LAAs] will achieve greater efficiencies for local authorities and their partners giving them the freedom to work in a ‘joined up’ way to meet the challenges that localities face”* (Local Area Agreement guidance 2005, p. 4).

In essence, LAAs aim at improving central/local relations, service delivery, efficiency, partnership working, and enabling local authorities to provide better leadership. The emphasis placed on partnerships at both national and local levels has not only contributed to the introduction of LAAs, but, according to the policy and partnership division officer, it has also become increasingly part of CPA.

Given the involvement of a number of services, LAAs not only presuppose the coordination of activities locally, but also at government department level.

*“The difficulty [with LAA] came when it was then widened to the overall various government departments. Now, that was an issue as much for the inter-relationship between government departments, rather than for the relationship between local and central”* (Policy and Partnership Division Officer).

However, as the Director of corporate resources argued, LLAs are a good opportunity to reconcile broad national objectives and local knowledge of the service.

In terms of PM, there are a number of challenges related to the measurement of partnerships' performance. First of all, since different stakeholders are involved, it is important to ensure consistency in the approach; therefore continuous changes in the measurement system should be avoided. Secondly, difficulties are said to exist in the phase of data gathering. As the policy and review officer noticed, there can be delays in collecting data of up to 14 months, as in the cases of environment and road safety. However, all respondents welcomed the introduction of LAAs, as they

*“allowed all the key agencies to agree on measures and targets for the community, because they know that the resource has been brought together to deliver it”*.

### *Institutional pressures*

The relationships with government departments and auditors emerged as primary in relation to the measurement of performance and the functioning of the organisation in general. Although positive remarks were made about the overall relationship between LBB and institutions, points of concern were raised especially with regard to the auditing process. First of all, dissatisfaction was expressed in relation to the guidance received from the Audit Commission on a number of performance targets and PIs.

*“I think sometimes we have a bit of a struggle with the Audit Commission about what a CPA indicator is trying to achieve”* (Corporate Director of Customer Services).

According to the interviewees, clearer directions would limit the occurrence of different interpretations and ensure consistency of measurement. As the Policy and Review Officer stated:

*“We have issues with the timing in which stuff comes out. There are problems with data quality from what the Audit Commission requires (...). There's insufficient guidance on what to do.”*

Secondly, the competence of the personnel conducting the inspections was also questioned, especially regarding the consistency of feedback received by the auditors. Furthermore, the amount of work needed to prepare and carry out the inspections was considered too high. This point was repeatedly expressed by the elected member:

*“in relation to the Audit Commission and in relation to auditors and the job that they do, I’ll say without hesitation: the Audit Commission is too big for its boots, we are over-audited. PricewaterhouseCoopers get paid from this council £820,000 a year; that’s approximately 2% of the council tax!”*

Third, the corporate scorecard project manager also argued that there has to be sufficient alignment between national and local priorities, but the council must have the power to influence the way in which the national agenda is delivered. As regards to this, the Corporate Performance Manager noted that the organisation has actually increased its influence on the design of national PIs, as a consequence of a more open relationship with government departments and auditors. Particular satisfaction was expressed regarding the relationship with the Government Office for London.

*“In terms of partnership working over the last four years, it’s been very good, it’s been excellent. There’s a regular ongoing dialogue with them (...), there’s a very real understanding of the problems locally and the difficulties between local government organisations and central government organisations. It’s the cultures and the style that they operate and I think there’s an understanding of that; there is a commitment to try and improve that relationship and that’s been working very well” (Policy and Partnership Division Officer).*

Last, but not least, respondents expressed concern regarding changes in the performance regime. In particular, the Corporate Scorecard Project Manager focused on the frequency with which central government introduces new initiatives:

*“they’ve come up with lots and lots of initiatives and there’s a joke about it every week...what’s the new initiative for this week?”*

She also contrasted the tendency of implementing new frameworks and regulations to a certain resistance to provide funding to local authorities to support the implementation of these initiatives.

Similar comments were made by the Policy and Partnership Division Officer, who remarked that continuity in performance targets and indicators would be helpful for both local and central government. Fewer changes in PM would imply fewer costs and enable meaningful comparisons between authorities. As the elected member noted, with

*“more consistency, less change in this [the PM framework], you can actually genuinely compare year-on-year or possibly a two- or three-year period going back.”*

Finally, changes in the PM regime and in the emphasis on specific aspects of performance also depend on which parties are in power at both central and local levels. As the former Corporate Performance Manager noted

*“if you’re conservative, you may not think of Best Value as being your primary driver, (...) because conservative is CCT [Compulsory Competitive Tendering], you know, they all have their own slant on this”.*

### *Reasons for measuring performance*

From the analysis of documents and interviews carried out at corporate level a number of different reasons for measuring performance emerged:

- **Accountability:** According to several respondents, one of the primary reasons for measuring performance is to demonstrate to the public that the Council is using resources properly, i.e. that the organisation is efficient and provides value for money. As the elected member expressed it:

*"We have to demonstrate to the public out there that we are using their resources well; we do after all set a council tax and we say as councillors we're going to dip our hands in your wallets and take your money from you."*

- **Comparing performance:** Comparisons with other authorities, particularly within Greater London were considered very relevant by all interviewees. As the elected member affirmed:

*"I think very strongly comparisons with neighbouring authorities and national London trends... I think that's important to compare ourselves with outside, to look at what goes on in other authorities."*

The corporate performance manager, who also noted that members are particularly sensitive and likely to take more action on the basis of benchmarking with other authorities, echoed these remarks:

*"It's valuable to have national comparisons and visits to understand good practices. On the basis of benchmarking members tend to take more action."*

- **Central control:** At corporate level, respondents agreed on the necessity to have both national and local performance indicators.

*"I think because of the nature of the business, government will always have things that locally we need to implement and it's how we apply that locally" (Policy and Review Officer).*

However, central government has recently started to devolve responsibilities to local organisations, particularly through the Local Area Agreements. This has been welcomed by authorities, but as the Policy and Partnership Division Officer stated,

*"there are issues in terms of loss of jobs and staffing at central government level if the devolution takes place. There are lots of control issues and it's a question of trust".*

Finally, inspections and audits are not only fundamental for resources and the reputation of the local authority, but, according to the elected member they also are good indications of success:

*"I'm actually quite a fan of inspection because it tells us as electing members... it's an outside reality check".*



- **Individual performance and reputation:** Interviewees often spoke about employees' performance and reputation of the organisation as two interrelated concepts. First of all, appropriate PIs can give people a clearer indication of their performance:

*"do you want to know if you're doing a good job? (...) OK, once you've got the right measure, you should be clambering for data on that measure"* (Corporate Director of Resources).

In addition, as the Policy and Review Officer noted, at an organisational level CPA scores not only influence the degree of autonomy and funds available to the Council, but are also fundamental in attracting a good work force and retaining current employees. Good performance assessments are messages to possible future employees and the community that the *"council is run well, that people can have confidence in its management, its structures"*. Finally, shortly before the last CPA in which LBBD was actually judged a three-star authority, the elected member argued:

*"should we show improvement to move from a two to a three [star authority] (...), the benefit would be enormous in terms of reputation of the Council and the borough, and should make everybody feel good"*.

- **Performance monitoring and improvement:** PM also enables the organisation *"to decide whether we're making progress towards our objectives, it gives us a basis for then taking any action if we're not"* (Corporate Director of Resources). In the Policy and Review Officer's words, PM is

*"a way of showing success and progress. If you've set yourself a goal or an objective or a target at the beginning of a service planning cycle, the indicators are there primarily to tell you if you've delivered on it or not"*.

### 5.3.5.4.2 Revenues and Benefits

The first service to be analysed is Revenues and Benefits, which is part of the Department of Customer Services. The Revenues and Benefits service covers the maintenance and collection of rent from over 20,000 council tenants and also deals with housing and council tax benefits for all those eligible. It is responsible for the administration as well as the billing and collection of the majority of LBBD's income.

The performance assessment of this service is carried out by the Benefit Fraud Inspectorate (BFI). The role of the BFI is to inspect benefits administration and counter-fraud activity within the Department for Work and Pensions' agencies and local authorities. The findings from their inspections are reported to the Secretary of State. In 2004 an inspection – the most detailed to date – was undertaken by the BFI. Its conclusions were quite critical and encouraged a significant change in the service. Indeed, in both 2005 and 2006 Revenues and Benefits was awarded a 3\* status by BFI; these assessments were based principally on “achievement against the 2005 housing benefits/council tax benefits performance standards” (Audit Commission website). Before examining the themes emerged from the documents and interviews, a more detailed background and contextual details are provided through the analysis of the BFI assessment undertaken in 2004.

#### *Background information<sup>13</sup>*

Before the inspection carried out by the BFI in May 2004, the London Borough of Barking and Dagenham had undertaken a self-assessment, which was completed in September 2003. This self-assessment showed that the organisation's performance was below standard in all functional areas. Moreover, in the BFI assessment, performance for strategic management and counter-fraud was found to be significantly weaker than had been identified by LBBD.

However, it should be remarked that the BFI inspection took place at a time when the Revenues and Benefits service was embarking on a major programme of change that included improving performance management across the service and reviewing its IT system. Furthermore, in the two years prior to this inspection the service reviewed its senior management structure and, with the appointment of a new manager, it started to look outwards and learn from best practice. There were also signs of a move from a focus on the process to more recognition of the needs of customers.

Following the Comprehensive Performance Assessment of the Benefits service in 2002, senior officers and Members provided additional support to the service through increased financial resource in 2003/04 and by obtaining an understanding of the issues faced by the service. Officers in the service produced an Improvement Plan for Revenues which included improvement plans for the Revenues and Benefits service.

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<sup>13</sup> This section builds on relevant material identified on the Benefits Fraud Inspectorate Report of May 2004 and the London Borough of Barking and Dagenham and Audit Commission websites.

Focusing on issues related to PM, Best Value Performance Indicators were the only indicators that the service would make available to members and senior officers. The BFI assessment, as part of the Comprehensive Performance Assessment process, revealed that the Revenues and Benefits service focused on these indicators rather than addressing wider aspects of performance. Other concerns raised by the BFI in relation to strategic management and PM regarded:

- the gaps between corporate policies and procedures in relation to performance monitoring
- the lack of strategy in relation to staff induction, training and development
- the IT system, which often hindered rather than supported the development of the service.

Therefore a series of recommendations were made in relation to:

- the review of the service's organisational structure
- the link between the work of the service to corporate priorities
- effective training and development of staff and IT infrastructure
- the improvement of operational planning.

Therefore, it could be concluded that the BFI inspection carried out in 2004 provided a fairly negative picture of the performance of the Revenues and Benefits service. Three main issues were raised: staff's fixation on statutory indicators (cf. Smith, 1995b); the inadequacy of the IT system in place and necessity to improve staff's capabilities; and the importance, but at the same time difficulty, to go through a process of transition led by the new management. Therefore, a series of initiatives were undertaken in order to address the issues raised in this report.

With the aim to capture these recent developments and better understand the functioning of the service, particularly from a PM point of view, a series of interviews were undertaken with: the Corporate Director of Customer Services; the Head of Revenues and Benefits; the Group Manager of rents and benefits; the Performance Monitoring and Service Development Manager for the Revenues and Benefits department; and the Assistant Manager for housing benefits and council tax benefit claims.

The analysis of the data shows that, despite the issues raised about the auditing process and the control exerted by institutions and the corporate level on how the service operates, a number of positive comments were made regarding the current PM regime. Moreover, since this service has a high number of indicators in place, it was also possible to examine specific and technical aspects of PM. From a methodological point of view, it is important to note the considerable alignment between the documents analysed (cf. section 5.3.5.4) and what stated by the interviewees.

### *Performance indicators*

Currently six PM frameworks are utilised within the Revenues and Benefits service: Best Value; Performance measures; Management information system; Cash collection; Balanced Scorecard; and Customer care. The first three groups of PIs are reported on a monthly basis; the latter three, every quarter. If we discount the substantial overlaps existing between these frameworks, the total number of indicators used is 86 (28 national and 58 local).

Performance information is reported to a number of key stakeholders, such as: the corporate management team, the chief executive, elected members, the Benefits and Fraud Inspectorate, the Department for Work and Pensions and the Department for Communities and Local Government. The Best Value Performance Indicators, arguably the most important PIs, are reported directly to the Department of Work and Pensions and to senior management; BVPIs are also used to compare councils on a regular basis. Most of the other indicators are only reported internally.

In comparison to other services within LBBD, Revenues and Benefits is a highly measured department. However, as the Performance Manager stated, having so many PIs

*"means that we're now a lot further forward than other departments in measuring things and using them to develop the service. Whether we're drowning in them and that is taking away from what we want to do, then that's an argument as well"*.

The Performance Manager also raised several times the issue that having so many indicators makes it difficult to establish priorities and provide focus within the service. However, according to the Corporate Director, in the past that was absolutely the case, whereas things have recently improved. From a historical perspective, the introduction of a great number of national indicators has had significant implications for this service. It is interesting to report what the Assistant Performance Manager stated in relation to this:

*"Benefits was always a bit of a Cinderella department. Because the effect in CPA now and because of the fact that it is a difficult area, the profile of Benefits has been raised a lot higher. I'm not saying just here, but in most local authorities I think it's true to say it was the forgotten department. Now, because it's a key factor in performance in the CPA, managers and even members are forced to take more notice of it; it makes it easier to get resources and obviously there's more pressure put on if a department is failing. I think a lot of that is purely down to the CPA and the BVPI. It's raised the awareness."*

This argument is clearly related to role played by PM in the acquisition of resources, which is described in the next sections and presented more extensively in chapter 6.

*Data quality*

Interviewees expressed concern regarding the quality of data and the resources required to gather and analyse them. Given the number of performance indicators, the performance manager suggested that she would be interested to measure how much the service is benefiting from the measurement and reporting processes. Furthermore, as the Corporate Director argued

*“too many indicators means no real priority and I think it also drives you to a position where what gets measured just gets measured”.*

Another issue to be raised regarded the ways in which data are presented. According to the performance manager, statistics are open to interpretation and it is unfair to be assessed almost solely on those. Furthermore, often scores do not provide sufficient information and it would be necessary to put them into context – something that rarely happens during assessments and evaluations. The assistant manager also questioned the reliability of league tables, since

*“although the league tables are quite useful, they are quite distorted because you can't compare like with like.”*

Therefore, when published, results should be explained as much as possible or PIs should be changed if they do not reflect the actual performance of the organisation. As an example, both the group manager and the performance manager mentioned the indicator related to 'new claims'. In this case, until 2005 new claims had to be processed within 36 days. Subsequently the target was reduced to 29 days, although customers still have 28 days to respond to any queries from the Council. This implies that the organisation often can do little to meet the target, as it might have only one day to process the new claim. Therefore, this specific indicator was deemed inappropriate.

Finally, the Head of Service showed concern regarding the accuracy of the data. Since the performance manager and assistant manager are involved in the actual process of measurement, they could comment on the technical aspects of data gathering and analysis. According to them, the software in use can make an incredible difference in “*cleaning and manipulating the data*”. Moreover, errors in recording data are fairly common and auditors may not realise that certain figures are the result of mistypes.

*“The worst time of year is January. The number of times you'll go through and someone will put 05 instead of 06... (...) I think the worst one I found was 34,000 days to process a claim. So you've got to do that work and clean it down, because all [the auditors] are going to be getting is a load of rubbish. [In the auditing process] it just amazed me how detached, how no one saw, no one even considered that someone might actually mistype in a date and I thought that was a bit naïve. I think their heart was in the right place, they thought they were helping us out, but I don't think they actually thought of the practicalities of it” (Assistant Manager).*

*Institutional pressures*

All respondents were positive regarding the relationships with both central government and auditors. Both the Audit Commission and the Department of Work and Pensions were described as engaging with local authorities and, on average, quite helpful. Mutual trust and participation emerged as determining factors in this type of relationship. Furthermore, the introduction of CPA means that local organisations need to have a more holistic perspective on their activities. As the Corporate Director argued, LBBD should not be looking at individual PIs, as it did in the past, but rather at the overall self-assessment. Therefore CPA seems to have an important role in promoting the so-called shift from PM to performance management in the public services.

However, dissatisfaction with the current PM regime was manifested in a few areas. Criticism of the Audit Commission was expressed particularly regarding guidelines on how to calculate indicators and their purposes. The Group Manager raised the issue of consistency in measurement, particularly as to how data is gathered across different authorities and how auditing is performed:

*"it is not 100% clear on a lot of the indicators how you calculate them. I can sit here in this authority and calculate this indicator and then I can go and get a set of auditors who come in and audit me and they can say: "right, I agree with your calculation". And I can have a set of people in another authority who get audited by a different set of auditors and have done a calculation completely differently and there's no continuity".*

Sometimes timeliness and frequency of changes in the performance regime were questioned too:

*"I do have to say as well that the CPA basket changes almost without notice and sometimes quite illogically. (...) For example the CPA critical PIs for this year have not been confirmed and it's already July. We really needed to know what they were last December, but the [Audit] Commission are still faffing around" (Corporate Director).*

Interestingly, divergent views were found on the possibility of influencing the design of national PIs. The Head of Revenues and Benefits was quite satisfied with the process of consultation in place between his service and its auditors:

*"what local government does do, and they do very well, is consult on PIs. They consult on performance indicators about whether they're meaningful and useful, and therefore we have a chance to influence them (...). So what we do have is quite a robust framework for revenues".*

On the other hand, Group Manager, Performance Manager and Assistant Performance Manager did not seem so positive:

*"every time they change [the local PIs], they consult via the local government association and the association of London government and they ask for our comments. Comments are put in every time by the practitioners, sometimes they are listened to, but I'd say the majority generally don't change anything" (Group Manager).*

Another issue is the importance given to a small sub-set of PIs. Although it could be argued that, without concentrating on a restricted number of PIs, there would be no priorities; the performance manager complained about having complex services assessed almost exclusively on 3 or 4 BVPIs. This reflection is clearly linked to a resource dependence argument. In this sense, the Corporate Director acknowledged the considerable dependence of the organisation on the allocation of resources that follows the Comprehensive Performance Assessment:

*“we have been focusing mostly on the [PIs] that are CPA critical, because the council wants to move from fair to good and then to excellent. So, there’s been a lot of emphasis on CPA critical and LPSA [Local Public Service Agreement] critical, because of the reward grants and just the status that goes with achieving stretch targets as opposed to not achieving. (...) The difference between bottom and top quartile performance on council tax collection could be five or six million pounds a year and that makes an awful lot of difference to the services we can provide.”*

#### *Performance culture – Links between scorecards*

Whilst referring to the concept of performance culture, the Head of Revenues and Benefits pointed out that people at all levels within the service should understand *“how they impact upon the big picture”*. In order to achieve this aim, it is necessary to *“have a very clear thread”* between individual actions and service aims and results. In these terms, PM could fulfil an important function, particularly if there are sufficient links between scorecards.

*“Whatever objective they [the employees] have as well, they can link it to the divisional objective, we then link to the corporate objective. So they have a very clear approach that helps to see the similarities between their individual target plans”* (Head of service).

However, two issues could be raised in relation to this. First of all, relationships between scorecards at different organisational levels are certainly not easy to establish and manage. The Corporate Director remarked that the approach has changed and improved since the appointment of a new CEO in 2005:

*“a year ago the centre on performance was monitoring our failures, if you like, and marking our homework; today we’re working together, I think there’s no question about that”*.

This could be reinforced by noting that all interviewees within the service agreed that targets and indicators are linked and that, despite their number, it is clear how they feed into the service scorecard and how they relate to the national indicators. Second, and most critical, people nearer the front end seem to focus on performance indicators with the aim of achieving higher scores in the CPA, rather than considering them as a means to improve services.

*Reasons for measuring performance*

During the interviews a number of reasons for measuring performance in the revenues and benefits service emerged. Seven categories could be identified through the analysis of the data:

- **Accountability:** According to the Head of Revenues and Benefits, the service should match the expectations and requirements of two main stakeholders: central government and customers (i.e. the public). Targets and indicators are fundamental in this sense, as they promote a sense of ownership and accountability at both individual and organisational levels. In relation to the concept of local accountability, the performance manager stated that citizens are actually not interested whether the organisation uses national or local indicators, or how it scores in the assessments. This is line with the previously reported statement from the Corporate Director of resources. Furthermore, not only are citizens interested in the level of service and not on the performance indicators, but also

*"the customer doesn't understand [the BVPIs]; they're complex quite often. (...) I really wouldn't expect the customer to understand all this and how it's calculated"*  
(Group Manager).

- **Comparing performance:** The Head of service expressed enthusiastic remarks regarding the opportunity for local authorities to compare performance using national indicators. Through BVPIs, it is possible to identify other organisations that are

*"better than [LBBDD] in the same area of business with the same kind of clientele, same variance like deprivation or whatever it might be. Then I'm going to find out what it is that they do and how can we learn from that, so we can learn and share best practice; and I think it also helps us challenge, it helps us to raise our aspirations, it helps us to improve standards".*

Moreover, in areas which are important, but not sufficiently covered by the national indicators,

*"I'm having to rely on benchmarking clubs where you are part of a family group, which is not bad. If we had a BVPI, that would have been great."*

Therefore, not only are comparisons with other organisations greatly valued, but they are also considered more effective if made through national PIs. However, the performance manager agreed that national indicators are needed to compare authorities, but she noted that they should always *"be taken as what they are, just a broad brushstroke"*. Furthermore, the Group Manager, Performance Manager and Assistant Performance Manager noted that comparisons are only meaningful when calculations are consistent across authorities. According to them, this is seldom the case, also because of the paucity of clear guidelines provided to undertake the measurement.



- **Decision-making:** In order to effectively use performance information to make decisions, it is necessary to set priorities and consider only a restricted number of dimensions of performance:

*“When you have four hundred indicators it’s tough to do that; when you’ve got a core basket of a dozen or twenty, you can do it. We only really focus on the top twenty in the department at any one time for real management action” (Corporate Director of Customer Services).*

- **Central control:** Arguably, a number of indicators have been introduced by central government with the sole purpose of monitoring performance. These BVPIs, often classified as ‘head counts’ or ‘level of expenditure’, are the ones that, according to the respondents, cause most frustration within the service. To exemplify, the Group Manager noted:

*“one of the PIs I’ve got to do is the number of fraud investigators employed per thousand case loads. Now, I could have fifty fraud investigators but not do any investigations, or I could have two who actually do real big investigations and get results. Why am I counting and reporting nationally the number of fraud investigators I’ve got?”*

- **Individual performance and reputation:** According to the Group Manager, the current PM regime provides the service with ‘good evidence’ of the capability and performance of its employees. Furthermore, employees could be held more accountable through the existing PMS:

*“people are more focused, because they know that if their performance is low they’ll be spoken to about it, and if their accuracy is low, they’ll be spoken to about it”. The disclosure of information on the performance of the service plays an important role also on the recruitment of a skilled workforce: “if you’re a high performing authority, you’re going to be someone who’s going to be in the papers, you’re going to be getting people from other authorities, you’re raising your profile, you’re putting yourself in a better position” (Group Manager).*

- **Performance monitoring and improvement:** Several interviewees emphasised the

*“need to drill down and ask hard questions about performance and circumstances and challenge what the managers and the people doing the job want to say” (Corporate Director).*

In these terms, PIs are ways to gain a more ‘objective’ understanding of current performance and to provide direction for improvement. As the Assistant Manager stated, PM in revenues and benefits *“has been of great help; it’s been a good focus on what we actually do”*.

### 5.3.5.4.3 Safeguarding and Rights

#### *Background information<sup>14</sup>*

The second service to be considered is Safeguarding and Rights, which is part of the Department of Children's Services. This service has responsibility for: providing an individualised service to children in the greatest need; safeguarding and protecting vulnerable children; building on the ongoing improvements in Children's Services; managing the disabled children's team and link with partnerships across the health and voluntary sectors; and leading the development of a preventative strategy and a workforce development strategy.

The performance assessment of this service is conjointly undertaken by "the Commission for Social Care Inspection [CSCI] and Ofsted [Office for Standards in Education, Children's Services and Skills], following a review of the Council's overall performance and key indicators" (Audit Commission website). This assessment involves the submission by the service of a data set and self-assessment, showing how it has contributed to improving outcomes for children and young people in the local area. After the submission, a meeting is held with the inspectors from Ofsted and the Commission for Social Care Inspection to discuss the findings in July of each year. In the autumn the auditors send a letter, which summarises the strengths and weaknesses of the service, before the final score is published.

The latest self-assessment undertaken by the service shows that the health of children in the Borough compares unfavourably with similar areas and the level of teenage pregnancies is high. Levels of obesity are also high and immunisation rates are low. In order to tackle these issues, recent increased investment in primary care and the identification of the Authority and the Primary Care Trust as a Spearhead Authority have been made. On the other hand, the national Children's Services indicators show strengths. For instance, child protection conferences and reviews of looked after children are conducted efficiently; all children on the child protection register and children looked after have an allocated social worker. However, a recent inspection report indicates that practice and quality standards are not at the level they should be to safeguard all children adequately. The quality of initial and core assessments requires improvement.

In an area of deprivation, the educational standards achieved by most of the Borough's schools have risen at a rapid rate in recent years; overall, standards compare well with those in similar authorities. The lowest attaining third of children (including looked after children at secondary level) remain in danger of social and educational exclusion and are an ongoing priority for the Council. Attainment at higher levels is too low. School attendance is in better than the average for similar authorities, although below the national average. Levels of exclusions in secondary schools are too high. Too many young people are not currently in education, employment or training, although innovative curricular provision is beginning to make a difference. Levels of youth

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<sup>14</sup> This section builds on relevant material identified on the London Borough of Barking and Dagenham and Audit Commission websites.

offending are relatively high at age 16+ but a recent inspection indicates that the work of the Youth Offending Team is effective, particularly in preventing re-offending. High proportions of young people leaving care enter employment or continue their education.

Finally, health inequalities pose a key challenge for the Council and its partners. While investment has been made in this area, outcomes remain mixed. In Children's services there is good partnership working but outcomes for children and young people are adequate with challenges in areas such as meeting the needs of children with disabilities and post-16 courses.

Therefore, as the key contextual features presented in section 5.3.5.2 also emphasise, it is clear that the organisation, and its individual services, have to face substantial difficulties in a number of areas. However, it is interesting to note that in 2006 the service of Safeguarding and Rights was awarded a 3\* status, which compares favourably to the 2\* status obtained in 2005.

In order to better understand how targets and indicators are designed and used in this service, other documents were considered and three people were interviewed: the Corporate Director of Children's Services; the Divisional Director of Safeguarding and Rights; and the Performance Analyst of Safeguarding and Rights.

The analysis of the data, which is reported in the next sections, led to a number of interesting findings. First of all, this service utilises a large number of performance indicators, which are mostly designed internally. Although the interviewees were often positive about the current performance regime, front-line staff were said to be less so. The unwillingness of social workers to report on all the dimensions of performance included in the service scorecard poses problems in relation to the timeliness and accuracy of the data. Therefore, in Safeguarding and Rights the main issues with PM seem to be caused by the internally contested decision to adopt a wide range of PIs, rather than by external pressures to report to auditors and government departments.

### *Performance indicators*

Safeguarding and Rights, similarly to Revenues and Benefits, has been subject to measurement for some time. A considerably high number of indicators are utilised within the service. The 18 national indicators (BVPIs) are grouped under the Performance assessment framework, whereas local indicators are divided into several sets: Referral and assessment (43 PIs); Case allocation (42); Child protection (31); Looked after children (62); Adoption / Asylum (18); Agency staff (13). In sum, the total number of local performance indicators used in Safeguarding and Rights is 208.

The Performance assessment framework (PAF) monitoring tool document is used to keep track of the national indicators. The Performance dataset monitoring tool document is essentially the database for the local performance indicators. It is produced on a monthly basis by the Performance and information team and is presented to the

Social services departmental management team and to the monthly Operational management team performance meeting.

Therefore, performance information is collected at individual, team and service levels, and then communicated not only to auditors, but also internally to the head of service, head of performance and all team managers, who use it to discuss the relevant indicators with their team. From the analysis of documents and interviews, it was possible to observe substantial reliance on data within the service. As mentioned at the beginning of the Performance dataset monitoring tool,

*“data quality has shown evidence of notable improvement over recent months, however there are still areas of weakness that will need to be addressed”.*

During the interview, the Director of the service utilised mainly quantitative information to demonstrate progress and improvement in the service provided. According to the Performance Analyst, the PM system used within the service is

*“quite extensive, it’s more extensive than the last authority I worked in and it’s more extensive than that of comparators, but it works.”*

As regards national indicators, the Performance Analyst seemed quite satisfied, as he found them very helpful. The review of all BVPIs led to the conclusion that almost all of them are appropriate, as they help the organisation to identify problems and encourage people to improve. The interviewees also emphasised the importance of having local indicators, which could reflect aspects specific to LBBD. However, they all agreed that local indicators should be linked to national ones, as their main purpose is to detail and support the national PIs.

*“In order to succeed in any of those [national] PIs, you’ve got to have a number of other local performance indicators that we don’t have to report nationally but are important in terms of our success” (Divisional Director)*

Therefore, much of the development of local PIs themselves is carried out by explicitly considering how they could relate to the BVPIs. As the Divisional Director stated:

*“the local indicators are the ones that are the back bone to the national ones, because, if it wasn’t for achieving some of the local indicators, we wouldn’t be able to do as well as we do on the national ones. So I think they are exceptionally important.”*

Finally, it is interesting to note that, whilst referring to education and social care in general, the Corporate Director argued,

*“the major performance indicators that have led to real improvement have been international, particularly around school improvement. (...) Without the performance indicators, without the international pressure, the pressure from those indicators to go and look, we would never have noticed there was another way of doing it and therefore the performance indicators had a direct impact on practice, and international practice for that matter.”*

### *Data quality*

In this particular service, both the Corporate Director and the Performance Analyst emphasised the shortage of skilled workers. The first principally referred to Analysts, whose role should be to identify and point out issues to managers and Directors and not to have just “*a number crunching capacity*”. According to the corporate Director, rarely is it possible to have both “*the analysis and the intellect*”. In turn, the Performance Analyst referred to the national shortage of social workers, which are difficult to manage, as they are more expensive and, if

*“you want them to give good service [and, therefore, you] train them up, they’re going to go somewhere else”.*

Having a high turnover of social workers and a lack of trained performance Analysts can be quite relevant issues from a PM perspective, since these can lead to

*“the duplication of how the performance indicators are recorded, how they are collated and the frequency, the amount of time it takes to get that organised”* (Director of the service).

A second issue related to data quality is the heavy reliance on quantitative information. Although PM is widely accepted as a key driver for improvement, the Corporate Director stated that what matters

*“is not just performance as quantified in figures, it’s performance qualitatively. (...) We’ve built up quantitative performance measures of course determined and driven largely by the government’s performance regime, but also a qualitative observational bank of evidence around performance. The two taken together are fundamental”.*

Although it is acknowledged that

*“before drawing conclusions about performance, [PIs] must be considered with other sources of information about performance, including contextual data, and inspection reports”* (PAF),

both PAF and the Performance dataset monitoring tools contain very detailed spreadsheets, but neither narratives nor qualitative information.

### *Performance culture*

The interviewees agreed that it is important to have a PMS in place and were quite positive about the ways in which performance is measured in the service. In the Divisional Director’s words:

*“although I understand that it’s time consuming, frustrating and a lot of work, I think [PIs] serve a very good purpose. Moving myself into a position of being a member of the public, I would like to know what local government actually does, so I haven’t got a problem with that framework [i.e. the balanced scorecard]”.*

The Performance Analyst added that in Safeguarding and Rights there is a strong performance culture:

*“all the managers buy into [PM]; a lot of the work goes right into it and it does help us track our performance, where we’re doing good and where we need to do better”.*

However, given the number of PIs and the resources invested to measure and report performance, the Corporate Director expressed concern about whether the organisation is actually maximising the potential of PM through appropriate analysis and consequent action. Talking about national PIs he argued:

*“not only are we subjected to targets and indicators at government level, we’re also subjected to inspection criteria and an inspection regime by Ofsted and by CSCI with permission for social care inspection. So, my word, performance indicators are all over the place, we are absolutely infected, infused, whatever word you like, by them.”*

Interestingly, though, the corporate Director seemed particularly satisfied with the ways in which performance is measured and managed at LBBD. Moreover, the large majority of indicators being used within the service are designed locally and not nationally.

In relation to service scorecards, the Corporate Director stated:

*“there’s a tension there really about the amount of work that goes into the balanced scorecard and whether it’s productive and cost effective and provides value for money”.*

Thus, he expressed interest regarding the analysis of the amount of time and effort devoted to measure performance, as opposed to the resulting benefits, and the exploration of opportunities to simplify the current system.

Furthermore, the Corporate Director felt that measurement had become too bureaucratic, there were overlaps among the different frameworks in place and that this generates duplication of reporting. This, in turn, means that social workers are often not compliant and not sufficiently diligent in recording. According to the performance Analyst, front line staff have often opposed the measurement of performance:

*“social workers have a cultural thing about recording things... Things like: “I didn’t become a social worker to use the computer””.*

However, the Divisional Director stated that the main tension in relation to PM

*“has to do with me getting annoyed with people not recording their work. They are selling themselves short. It’s like saving money and then you get your bank statement and it doesn’t show – it’s not showing in the account of how much you saved overall”.*

### *Institutional pressures*

The Corporate Director remarked that, although there are some issues, he is

*“very satisfied with the broad regime of performance targets and indicators. They represent an important substitute in the educational world or the social services world for profit as a bottom line measure. I know there’s always stuff about the audit society and all the rest of it, and the producer always comes out and says blah, blah and the unions ... so that’s that”.*

Interestingly, the Corporate Director also argued that in the definition of performance targets and indicators there was

*“not any [participation] at all in any way, none. They are imposed in our increasingly centralised society by the government”. However, although this lack of participation caused “a hell of a lot of trouble ten or fifteen years ago, (...) I don’t know if there are any tensions. (...) In education we’ve been [measuring performance] for so long now since 1988 in this country and so intensively, that I think we’ve all got so used to it, that it’s not a source of tension and conflict, except amongst certain providers like those schools in needy suburbs who don’t like things being revealed about them”.*

Therefore, it could be argued that, considering the Corporate Director’s generally positive remarks on the PM regime, participation and involvement might not be so relevant for him. This contradicts the view of most other interviewees in the organisations considered. Moreover, if there are tensions, the Corporate Director argues that they are not generated principally because of the ways in which performance is measured; rather, people might oppose PM, because it exposes their poor performance.

Another interesting aspect to emerge during the interviews is the service’s dependence on central resources. In relation to this, the Divisional Director stated the following:

*“There’s a target called the local public service agreement target and, for instance, it’s a stretched target. We’ll say that 70% of our looked after kids will leave care with one A-C GCSE [General Certificate of Secondary Education]. If we stretch ourselves and say in addition to that another 14 will leave with five A-C GCSE’s, then the government will say: OK, if you exceed that, we’ll give you £500,000. So there is a reward element which is quite important and of course for some of the service areas, the council itself might say we want to invest more money into this particular area.”*

### *Reasons for measuring performance*

From the analysis of the data, it emerged that, according to the interviewees, there are two main reasons for measuring performance at service level:

- **Comparing performance:** All respondents emphasised the opportunity through national indicators to compare performance with other councils. In this sense, the Performance Assessment Framework indicators

*“provide a statistical overview of Children’s Services, Safeguarding & Right’s performance allowing comparisons between councils over time” (PAF monitoring tool document).*

Although the Divisional Director pays attention to the performance of other local authorities, he also argued that comparisons are

*"not always accurate though, not in the sense of numbers and stats; I don't think [they provide] an accurate picture".*

Furthermore, performance data could be utilised to make comparisons only to a limited extent, also because of necessary reliance on other local services. For example, since the analysis of the data carried out by the Metropolitan Police is not separated from borough to borough, it is very difficult for LBBD to compare the looked after kids in Barking and Dagenham with every kid in Barking and Dagenham on a number of parameters. Finally, in certain areas of the public sector

*"national good practice isn't enough; international good practice is much wider and of crucial importance" (Corporate Director).*

In order to achieve comparability of results, though, it is necessary to have consistency in the ways indicators are set and performance calculated, which is not easy to achieve on an international scale.

- Performance monitoring and improvement: The Divisional Director stressed the role of PM in identifying areas that require improvement and take action with the aim of enhancing the efficiency and effectiveness of the service. Through PIs it is possible to

*"monitor the performance of officers (...); it's a tool to make sure that people deliver what they say that they deliver in their day-to-day work".*

Therefore,

*"a lot of the work goes right into [PM] and it does help us track our performance, where we're doing good and where we need to do better" (Performance Analyst).*



#### 5.3.5.4.4 Leisure, Arts and Olympics

##### *Background information<sup>15</sup>*

The last service examined in LBBD is Leisure, Arts and Olympics, which is part of the Department of Regeneration. Regeneration is increasingly a key priority for the Government, councils and the communities they represent. The importance of economic viability, environmental sustainability and social cohesion is recognised across the country. As the Corporate Scorecard Project Manager stated:

*“regeneration is central to us now in many respects and everything kind of hangs off that almost now.”*

The main areas of responsibility of the Leisure, Arts and Olympics Division are: events, play, tourism and Olympics; parks and countryside; parks and leisure development; cemeteries; arts programme and development; and security investigations. The Leisure, Arts and Olympics service is led by the Head of Service who is supported by 5 group managers.

The Audit Commission carries out the performance assessment of this service. In 2005, Leisure, Arts and Olympics was awarded a 3\* status, whereas in the latest CPA it was downgraded to 2\*. In particular, LBBD was said to provide ‘fair’ cultural services, which have promising prospects for improvement.

This service was assessed as ‘fair’, because the quality of users experience was said to be variable. Some facilities are in need of refurbishment or remodelling and satisfaction levels for the services are low, when compared to other London boroughs. Analysis of the detailed needs of users and the local community is underdeveloped as consultation tends to be used to identify specific responses to discrete services or where large scale investment is planned but not generally to inform the development of day to day services. The Council struggles to evidence specific outcomes from the many of their cultural services and this makes it difficult to evaluate value for money. For example, some services, like sports development, have national accreditation and provide good quality at reasonable cost, whereas other directly managed services attract above average costs and low satisfaction levels, e.g. leisure services, so do not provide value for money.

The Council is using cultural services as a key vehicle for promoting community cohesion and investments over the last few years have significantly improved the Council's cultural facilities. Access to cultural services is generally good and facilities are geographically well spread across the Borough. The range of diverse events and activities has increased for black and minority ethnic communities, younger people, older people and people with disabilities. Increased opportunities for learning has had a sustained focus, with increases in library usage and schools programmes provided across the services. The Council is tackling the fear of crime with the use of dedicated parks police and community wardens.

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<sup>15</sup> This section builds on relevant material identified on the London Borough of Barking and Dagenham and Audit Commission websites.

Prospects for improvement are promising because the Council has a clear commitment to ensure that cultural services are a key vehicle for creating learning opportunities, improving civic pride and making Barking and Dagenham a place where people will want to live. This is supported by a large capital investment programme, which has already delivered some significant improvements. The expansion of facilities is also linked to the longer term need to meet the needs of a changing and growing population. Performance management arrangements have improved, with strategies linked to local and national priorities.

However, service planning and management arrangements of cultural services are not fully joined up. Services are provided within two divisions and good practices are not always shared. An example of this is in consultation and the detailed analysis of users and non-users across the services. Some service sections do this well, leading to better planning but other sections do less well leading to lost opportunities to engage users and non-users. Finally, mechanisms to analyse the impact of services and investment are weak, particularly where linked to the shared outcomes.

Given the remarks reported above, the Audit Commission expressed a number of recommendations. In particular, the Leisure, Arts and Olympics service needs to have:

- more tailored and focused services, leading to better and measurable outcomes for local people
- an increase in the number of users with a better balance across the community
- wider access to cultural services, venues and facilities for community activities, linked to shared priorities, and to further increase usage
- greater clarity for users and staff regarding the services standards expected
- an improved capacity of the Council to provide good quality value for money services.

As in the case of other services, the researcher planned to carry out several interviews, in order to capture different perspectives on performance measurement and management. However, during the period of data collection the service of Leisure, Arts and Olympics underwent substantial changes, which led to the replacement of the Corporate Director as well as a number of people involved in PM. Furthermore, the implementation of a national PM system in the service was quite recent; thus, little experience had been developed in the measurement of performance as regarded to that.

Despite the difficulties encountered in gathering data, it was nevertheless decided to include this service in the analysis. A particularly detailed interview with the head of service and the analysis of a number of documents enabled the researcher to gain a sufficient understanding of the PM system in place. Secondly, as the analysis of the material included on the Audit Commission and LBBD websites demonstrates, it was important to investigate a service which is now quite important in terms of CPA, but

that has a shorter history of PM than Revenues and Benefits and Safeguarding and Rights. This led to interesting conclusions on the roles and importance of PM at the local level. In particular, PM was considered as a primary way to promote accountability and, more importantly, attract attention and resources at local and national levels.

### *Performance indicators*

There are 18 national indicators for Leisure, Arts and Olympics and these are quite influential in the ways in which the service functions. The head of service was satisfied with how national targets and indicators are set. However, especially because of the recent introduction of PIs, in *"the cultural block they still need to be refined"*.

This is also due to the particular difficulty of measuring aspects related to art and sport programmes:

*"some of [our performance] is non tangible and some of it is extremely difficult to capture. For example: how do you capture an experience of tourism or art and drama programs? What added value did that give to the community? (...) How do we calculate that feel good factor?"*

In order to quantify performance, members of the service worked with the community and the community groups to understand local wants and needs. According to the interviewee, this process *"resulted in a plan that citizens feel owners of"*. Co-operation and sense of ownership were described as fundamental for both PM and the overall success of the service.

### *Data quality and partnerships*

The interviewee was particularly concerned with the quality of the data. Particularly when partnerships are involved, it is important to have clear and consistent measurement of performance and accurate collection and analysis of data by all partners involved. Moreover, changes in national targets and indicators have a substantial influence on local organisations. Even more so in the case of partnerships, as existing indicators used (also) for partnerships might become outdated or inconsistent with the new framework. As the interviewee remarked, this is more evident if funds are involved.

### *Institutional pressures*

The head of service was very positive regarding the introduction of national performance indicators in his service. According to him, with the introduction of national indicators more attention is paid to Leisure, Arts and Olympics. Second, national PIs are a means to inform central government on local circumstances and

influence national policies. Regarding the links between local and national levels, he argued that tensions will always be there, but they could be reduced by working in a more collaborative manner. Finally, whilst referring to the links between corporate and service scorecards within LBBD, the respondent pointed out the necessity of having “*a common theme that runs through the balanced scorecard of all the heads of service*”.

### *Reasons for measuring performance*

The head of service concentrated on two main reasons for measuring performance at service level:

- **Accountability:** The interviewee remarked that, as a public service, it is necessary to have “*a good robust evidence trail*” and to be able to demonstrate performance. Furthermore, it is important to have “*performance indicators that are consistent, but also add value*”. This could be achieved by proving

*“quite categorically that that million pounds that’s invested in your service has actually delivered those outcomes and outputs and life quality”.*

According to him, PIs are the only way to provide evidence to support claims about past and current performance.

- **Acquisition of resources:** Central government has often used national PIs to allocate “*a substantial amount of funding opportunities*” locally. Similarly, at the local level PIs, both national and local, are considered tools to “*prioritise how the money gets spent*” within the organisation. As the head of service stated, in order to increase spend within the borough, it is necessary to base requests on the evidence of performance data.

### 5.3.5.5 London Borough of Barking and Dagenham – Comparative analysis

This section compares the results obtained in the four units of analysis within the LBBD. Before undertaking this analysis, it is important to remark that a theoretical sampling logic was adopted to identify both the services and the people to interview.

Examining the PM system in use at the corporate level was fundamental, as the organisation is substantially hierarchical in the way it measures and reports performance. Secondly, three services were considered in order to gain a deeper understanding of how the corporate and service levels interact and to investigate the perceptions of people working closer to service delivery of the current PM systems. From a PM point of view, the Revenues and Benefits service has had national targets and indicators in place for several years and has developed considerable experience in the design and use of PIs. Safeguarding and Rights has fewer national PIs, but it has designed a high number of local indicators to support national PIs and to monitor performance. Finally, in Leisure, Arts and Olympics a national PM framework has recently been implemented.

Within these four units of analysis, respondents were selected with the aim of capturing different perspectives. Therefore, interviewees ranged from corporate directors of departments to performance analysts. However, it should be noted that, given the specific focus of the interviews on PM, respondents are all involved in the measurement of performance and have sufficient knowledge of the targets and indicators being used at their level.

This choice has important implications on the findings of this research (cf. chapter 7 for limitations and opportunities for further research), but also on the number of people that could be interviewed. Furthermore, LBBD was going through a process of substantial re-organisation while the data was being gathered. Therefore, new people were appointed in roles, which are key for PM; interviewing them was sometimes not possible, as their knowledge of the organisation was not sufficient. In order to minimise these issues, the researcher also interviewed the former Corporate Performance Manager and the Corporate Director of Resources, since they had been involved in the design of the organisation's PMS from the very beginning. Moreover, a number of documents were analysed with the aim of increasing the internal validity and construct validity of the research.

Considering the analysis reported in the previous sections, there is substantial similarity between the responses obtained in the four units of analysis (cf. Table 5.2). Moreover, considerable alignment could be found between the documents considered and the data gathered through interviews. For example, both documents and respondents very frequently referred to the Seven Community Priorities as the organisation's main objectives.

As regards specifically to the interviews, both the themes that emerged and the responses obtained are quite consistent. Although this is surely due to the utilisation of a consistent interview protocol, many interviewees focused also on concepts and areas,

such as performance culture, data quality, analysts' capabilities and relationships between corporate and service levels, which were not explicitly covered by the questions. However, during the interviews a number of interesting differences emerged and it is worth examining them. In the following sections the main themes are reviewed and discussed. Subsequently, the results are compared to the findings obtained in the Stoke-on-Trent and Staffordshire Fire and Rescue Service case study.

Themes	Services
Performance indicators	Corporate; Revenues and Benefits; Safeguarding and Rights; Leisure, Arts and Olympics
Data quality	Revenues and Benefits; Safeguarding and Rights; Leisure, Arts and Olympics
Links between corporate and service levels	Corporate; Revenues and Benefits
Institutional pressures – Resource dependence, audits and inspections	Corporate; Revenues and Benefits; Safeguarding and Rights; Leisure, Arts and Olympics
Performance culture	Corporate; Safeguarding and Rights; Revenues and Benefits (links between scorecards)
Partnerships and 'joined up' government	Corporate; Leisure, Arts and Olympics
Strategy	Corporate
Communication and use of performance information	Corporate

Table 5.2: Major themes emerged in the LBBD case study

### *Performance indicators*

A substantial part of this research focuses on the design and uses of performance indicators. This section compares the interviewees' perceptions of the relevance of PM, the introduction of local indicators and the costs associated with PM.

As previously remarked, the number and type of PIs can greatly vary across the organisation. Because of the nature of the services and regulation they are subject to, both Revenues and Benefits and Safeguarding and Rights have more national and local PIs than Leisure, Arts and Olympics. Despite this, the analysis of the data shows that

there is substantial agreement on the relevance of PM and acceptance of the ways in which national indicators are designed.

Interestingly, few respondents questioned the current, quite centralised PM regime. In the case of education, for example, PIs are deemed to have

*“enormously helped towards [the service’s] success. They are central and until national performance indicators in education, for example, were published, nobody knew the objective position of the children down here relative to national outputs and national outcomes”* (Corporate Director of Children’s Services).

The majority of interviewees considered national indicators as often appropriate and necessary to improve local services. As the elected member stated:

*“there’s a whole number of good things in performance indicators that I think are very important. (...) [Through PM] we can prove to ourselves when things are getting better and what is getting worse or whether we’re staying the same”*

(further reflections on national indicators are presented in the section on links between national and local).

As already shown, the corporate scorecard and all service scorecards consist of a mix of national and local indicators. If responses concerning national indicators were often positive, opinions regarding the usefulness of local indicators ranged from very positive to negative. On the one hand, people working within services saw local PIs as the best, and often only, way to capture local needs. On the other, as the former corporate performance manager argued, local indicators can be “*dangerous*” as “*they’re not audited, they’re unusable generally, they’re not helpful*”. Therefore, the main disadvantage of local indicators seems to be their non-comparability with other authorities. Interestingly, one of the main concerns expressed about PM at service level regards the ways in which comparisons across organisations are made and how specific and unique local contexts are.

Divergence of opinions also exists in relation to the reasons for introducing local indicators. Some respondents argued that local indicators are introduced mainly to better reflect local characteristics and, therefore, for the organisation to be more responsive to the needs of local communities. However, the performance managers and analysts interviewed emphasised the consistency between local and national indicators, so much so that in many instances local indicators seemed to be there with the sole purpose of facilitating the process of reporting against national BVPIs.

Another major issue related to PM is the cost of collecting, analysing and reporting data both within and outside the organisation. Considerable costs are also associated with auditing and inspections carried out by the Audit Commission and other national bodies. A number of interviewees, particularly in the most PM-driven services, demonstrated concern regarding the balance between costs and benefits associated with PM, but no evidence could be found on how much the organisation spends in terms of financial resources and employees’ time.

### *Data quality*

From the analysis of the interviews, three primary issues emerged in relation to the quality of performance data. At corporate level, the Policy and partnership division officer emphasised the need for having consistent and timely communication of data from services to the centre. The Head of Leisure, Arts and Olympics echoed this concern, particularly in relation to partnerships; when a number of organisations are involved, he argued, it is difficult to ensure timeliness and consistency in data collection and analysis.

Secondly, various respondents pointed out that coherence in measurement could also depend on the guidelines provided by central government and auditors. Although the relationships with institutions were depicted as good and improving, negative remarks were expressed about the detail and timeliness of national guidelines.

Finally, a number of interviewees at service level emphasised the need for trained performance analysts who could systematically gather and analyse data and effectively communicate it to managers. This links to the development of capabilities required from performance analysts, their ability to design robust local indicators and to use and report both qualitative and quantitative information. As regards the latter point, it should be noticed that the majority of documents considered are very schematic and include little descriptive information. In essence, at corporate level concern was expressed especially about timeliness of reporting; whereas within services attention was paid mostly to the development of people and infrastructure, and to the appropriateness of guidelines on how to measure performance.

### *Links between corporate and service levels*

During the interviews the importance of having links between corporate and service scorecards was often acknowledged. Indeed, LBBD has a hierarchical system that ensures consistency of process and tight internal guidelines on how to develop service scorecards. One of the documents analysed – Strategic corporate priorities for action 06/07 – summarises the organisation's priorities in 19 points and is effectively an adapted version of a strategy map. Service scorecards are developed on the basis of this document and following the guidelines provided in the Service Scorecard Pack, which also brings together all the PIs currently used in each service.

Furthermore, the Service scorecard pack cascades and specifies for each service the objectives set by central government, such as the efficiency targets set in the Gershon review. However, this file is so detailed and prescriptive that it resembles an auditing document. This led some respondents within services to express a certain degree of dissatisfaction with the centralised approach adopted in LBBD. However, greater involvement and collaboration in the definition of local targets and indicators, and a collegiate approach in making decisions were greatly valued. As the Corporate Director of Customer Services expressed it:



*"I think the relationship between us and the centre of the organisation has moved on and improved enormously over the last year or so. I think [the current CEO] has changed the regime, we've got different people, we've got a much more collaborative approach, a much more collegiate approach. I would have said that a year ago the centre on performance was monitoring our failures if you like and marking our homework and today we're working together. I think there's no question about that."*

### *Institutional pressures*

During the interviews, three issues recurred in relation to the connections between local services and national institutions: the possibility of influencing the design of national PIs; the auditing process; and the implications of performance against national targets on availability of resources at the local level. The opinions expressed about the relationships with auditors and government departments were always positive, ranging from satisfactory to very good. Most interviewees agreed that participation and cooperation are important factors in the relationships with central government and audit bodies. They also emphasised that the Comprehensive Performance Assessment had proven collaborative and aimed at improving performance, rather than at sanctioning poor past performance, as was often the case with Best Value.

However, the perceptions of the relationships with institutions diverged and participation in the design of national targets and indicators emerged as a much debated issue. At corporate level government bodies are considered almost as partners the organisation works with in order to improve its performance. The design of targets and indicators is often depicted as a collaborative process in which local organisations have their say. On the other hand, acceptance and perceived influence over the PM regime and auditing processes changed dramatically moving from corporate to service levels. In Safeguarding and Rights, although positive comments were made regarding the appropriateness of national BVPIs, participation was defined as almost non-existent. The Corporate Director and Head of Service of Revenues and Benefits were quite positive regarding the level of engagement with government departments and auditors, in contrast with the critical opinions expressed by group manager and performance manager.

These differences were reflected in what respondents said regarding the objectives and success of the organisation. At corporate level, service improvement and the seven 'community priorities' are considered fundamental. Whereas at service level CPA scores are often seen as the objectives of the organisation. In this sense, achieving a 'four\*' status in CPA and becoming a 'green authority' in partnership work (for partnerships a traffic light system is used) is crucial. As the Head of Revenues and Benefits remarked, *"being successful is that we're top quartile in those indicators [BVPIs]"*, or, as the performance manager in the same service put it, success is *"getting the four at the CPA at the end of the year"*.

The partial disconnection between those who feel involved in the design of indicators and the ones nearer the front line is visible also when considering certain PIs. Performance managers and analysts at service level complained about those national indicators that are merely related to input, e.g. number of people employed, costs per head, etc. Although from a central government perspective these PIs could be useful for monitoring purposes, people involved in the actual collection and analysis of the data struggle to make sense of them. This issue relates to both the creation of a performance culture at the local level and the roles of PM (see chapter 6).

From the interviews carried out at all levels two main concerns emerged with regards to the relationships with auditors. First of all, the guidelines on how to calculate some national indicators were deemed either unclear or not timely by the people directly involved in the measurement. Secondly, the preparation and competence of auditors and the consistency of the auditing process were questioned at both corporate and service levels.

Finally, a very important element from a resource dependence perspective is the examination of the implications of PM on availability of resources locally. The theoretical sampling logic adopted enabled the researcher to compare services where PM has been in place for some time with a service in which national indicators have only been recently introduced. Having financial rewards associated with the achievement of high levels of performance emerged as a strongly motivating factor for all services considered. However, the Head of Leisure, Arts and Olympics favoured the introduction of new national PIs, especially because of the funding opportunities attached. The Assistant Performance Manager in Revenues and Benefits expressed a similar opinion while referring to the moment at which national indicators were introduced in his service. On the other hand, the Corporate Directors of Children's Services and Customer Services (two intensely measured departments), although they did not contest the overall PM regime, felt overwhelmed by indicators.

### *Performance culture*

A number of interviewees utilised the expression 'performance culture', even though the original questions did not refer to it. According to the Corporate Director of Resources, to foster a culture of performance within an organisation it is necessary that people understand how their work can contribute to the delivery of services and how this contribution could be assessed and communicated through the use of performance indicators. However, although it was apparent that most people at LBBDD had bought into PM, in practice three different types of reactions could be identified.

Respondents at corporate and department levels often connected the use of indicators to the strategy and main objectives of the organisation. For them performance indicators are a way to make national and local policies and organisational strategy operational. The interviewees at service level considered PM as almost synonymous to CPA rating and positions in the league tables. According to them, PM is useful to improve services, but they see their influence on the system as very limited. Finally, although no interviews were carried out with front-line staff (e.g. social workers for the

Safeguarding and Rights service), several respondents commented on the difficulty of gathering data at the service level and, consequently, at corporate levels. The existence of too many indicators and too much bureaucracy were identified as the two major factors that discourage front-line workers from collecting and reporting data. From their point of view, PM seems to be more of a necessary evil than a useful tool.

However, the Policy and Review Officer argued that opposition to PM is mostly due to people's resistance to mechanisms of accountability:

*"you'll hear lots of frustrated comments, because the whole thing around performance is that it's evidence-based now, it can be proven, the source can be identified. It's not just: here's the figure, that's it, like it was years ago. It's all audited, has to be evidenced and there's a real drive and industry in itself now; so there are frustrations, but senior managers recognise that it has to be done, so they do it".*

### *Partnerships and 'joined up' government*

Effective and efficient partnerships are fundamental for the delivery of services. As clearly emerged from the interview with the Policy and partnership division officer, who is responsible for Local Service Partnerships and Local Area Agreements, central government is promoting partnerships by transferring considerable financial resources to local public sector organisations. As the Corporate Performance Manager argued:

*"what certainly the LAA has done, and we'll see if it works or not, is put lots of money in one pot and now everybody is working together from their different viewpoint to deliver a common outcome".*

Therefore LAAs are having a positive impact on the collaborations between local services and are contributing to the achievement of so-called 'joined up' government.

Although several respondents welcomed the introduction of LAA, its consistency with the way in which national targets and indicators are set was questioned. To ensure the success of local partnerships, the Head of Leisure, Arts and Olympics claimed that central government needs to make sure that radical changes are not introduced in the system. Modifications of targets or resources allocated would

*"increase the complexity ... differences right across the piece, when you've got PCTs, the voluntary sector, the police, fire brigade (..) We've got a local area agreement that is working, which is a good practice; for example they've cut right across Ofsted, but then [for] a lot of the four targets, a lot of the things that we'd actually worked on, the funding is no longer there, so we have to re-look at how we're going to deliver on them".*

Therefore, a more 'joined up' central government seems to be a prerequisite for a more 'joined up' approach to local government.

### *Strategy*

The analysis of documents showed that the organisation has a clearly formulated strategy, which is derived from the seven 'community priorities' identified through consultation with the public. The organisation's success map and scorecards are used to make the strategy operational at both corporate and service levels. During the interviews, a number of respondents mentioned the 'community priorities' and service scorecards, but only two explicitly referred to organisational strategy. Although this result may seem surprising, this is consistent with findings from the previous empirical phases of this research (see chapter 6 for discussion).

### *Communication*

Communication to stakeholders was considered very important, especially by interviewees at corporate level. Relevant and timely information should influence citizens' perceptions of the Council's performance. However, as many respondents noted, the public is not interested in performance targets and indicators, either because they do not understand the figures, or, more simply, because they are solely concerned with the services they regularly use. Furthermore, the media often simplify or even distort the information, focusing on negative aspects of performance. Therefore, it is very important for the organisation to be in a position to communicate directly to the citizenship and to utilise messages that are both informative and comprehensible.

A controversial issue that was raised relates to the inclusion of contextual factors in how performance figures are presented. In the case of Revenues and Benefits, for example, respondents emphasised the need to take socio-economic and demographic aspects into account to provide a picture of the service's performance untainted by aspects like economic deprivation. On the other hand, the Corporate Director of Children's Services argued that in education both central and local government should think in absolute terms, since

*"it doesn't matter where our schools are in the league tables, especially when [the pupils] will be looking for a job".*

Moreover, according to him, in organisations like LBBD the exclusion of contextual factors could also foster a performance improvement logic:

*"I personally have always been very wary of contextualisation, of using social and economic variables to give a context of performance, because you can easily start excusing objectively low outcomes by way of: "well, not bad in the environment that you've got"".*

### *Uses of performance information*

The analysis of documents and interviews showed how performance information is disseminated within the organisation and how it could influence decisions. Having an

integrated PMS and links between scorecards helps avoid collecting performance data is collected for the sake of it. However, respondents at corporate level expressed concern regarding the use that elected members make of the data. According to the interviewees, although the organisation is investing conspicuous resources in PM and performance management, local politicians rely little on the evidence available. The wider issue of use of performance information by different stakeholder categories emerged as problematic in a number of instances and several respondents classified it as a priority the organisation should concentrate on.

### *Reasons for measuring performance*

Building on the literature, the interviewed protocol explicitly covered the purposes and drivers of PM at the local level. A number of factors emerged from the interviews carried out at LBBD (cf. Table 5.3).

Reasons	Services
Accountability	Corporate; Revenues and Benefits; Leisure, Arts and Olympics
Acquisition of resources	Leisure, Arts and Olympics
Comparing performance	Corporate; Revenues and Benefits; Safeguarding and Rights
Central control	Corporate; Revenues and Benefits
Decision-making	Revenues and Benefits
Individual performance and reputation	Corporate; Revenues and Benefits
Performance monitoring and improvement	Corporate; Revenues and Benefits; Safeguarding and Rights

Table 5.3: Principal reasons for measuring performance at LBBD

### Accountability

Although most respondents mentioned accountability as a primary reason for measuring performance, there were discrepancies in its (implicit) definitions. At corporate level, interviewees emphasised the importance of being accountable to the local population and considered the communication of performance information to citizens as a way to enhance it. From this point of view, the organisation has to demonstrate to taxpayers that it operates in an efficient way and provides value for money. At service level, respondents saw themselves accountable to the citizenship, but also to government departments and auditors.

Statutory indicators and regular inspections make the communication flows between the local organisation and institutions quite structured. On the other hand, although the role of citizens/customers was acknowledged as primary, several respondents demonstrated dissatisfaction on how LBBB currently interacts with them. Moreover, scepticism was demonstrated regarding the disclosure of information to the public, because of the associated costs and the difficulty for citizens to understand the figures published. The elected member emphasised that people are not very interested in performance data, do not think in terms of time series, but only consider present and personal circumstances, and do not have an overview of the portfolio of services the local authority provides. This and other similar remarks question central government's position of considering the provision of information to the public as inherently valuable.

### Allocation of resources

The analysis of data showed that great emphasis is placed at all levels within LBBB on elements of the national PM regime, such as Best Value and the CPA. Moreover, as several respondents pointed out, if the organisation meets 'stretched' national targets, it is entitled to receive additional funding. It is interesting to notice that the Head of Leisure, Arts and Olympics was the person who most frequently mentioned the link between PM and resource allocation. In his case, the introduction of national targets and PIs meant that the service would receive more funding and attention both nationally and locally.

### Comparing performance

The opportunity to compare performance with other organisations was considered very valuable. However, lack of precise guidelines on national indicators and incoherence in the auditing process made some respondents raise issues regarding the accuracy and consistency of data and the real possibility of making meaningful comparisons. It should be noted, though, that there was even more criticism of local indicators as they were not externally audited and could not be used to benchmark services' performance.

Therefore, it is possible to argue not only that comparisons with other organisations are greatly valued, but that they are also considered more effective if made through national

PIs. Moreover, although local politicians seem not to rely much on performance data, they are said to act on the basis of comparative information. In this sense, it is interesting to note that different types of comparisons are considered useful depending on the topics and services considered. In a number of cases respondents valued comparisons with local authorities in the London area; others with local authorities in the whole country; finally, as in the case of education, international comparisons were described as fundamental in driving change and improving performance.

### Decision-making

The internal consistency and links between the different levels of LBBD's PM system promote the use of performance information as a support to decision-making processes. However, as some interviewees remarked, the excessive number of targets and indicators and the frequent changes they are subject to often limit their potential to do so. Although interrelated, these two issues seem to originate from two different causes. Modifications in national PIs are mostly due to changes in national policy and only partially open to influence by local organisations. On the other side, the number of national indicators is fairly limited in the services considered, whereas local PIs account for the greatest part of indicators being utilised locally. Therefore, BVPIs are modified perhaps too frequently and on the basis of criteria local organisations could influence only to a limited extent. However, the number of indicators being used at the local level seems to depend more on the organisation than on national policy.

### Central control

Several PIs are introduced by government departments and regulatory bodies with the aim of assessing the impact of national policies and ensuring hierarchical control. The majority of interviewees favourably judged the Government's intervention in the ways the organisation measures and manages performance. Moreover, audit scores were seen as good indications of success and recent changes in the PM regime, such as the introduction of LLAs, were welcome as steps towards devolvement of powers from national to local.

However, respondents involved in the actual measurement of performance demonstrated dissatisfaction as regards indicators that centre on 'head counts' or 'level of expenditure'. These PIs were contested, as their purpose is to enable central government to control local delivery, with no direct benefit for local services from the resources invested to gather, analyse and report data.

### Individual performance and reputation

At Barking and Dagenham PM is also used to assess the performance of individual employees, to understand their capabilities and training needs, and to motivate them. To

achieve these aims, links between corporate, service, team and individual performance were deemed very important. Through sufficient and coherent connections between these levels, PM could enhance people's accountability within the organisation. In some interviewees' opinion, this was a major reason for some employees' resistance to PM.

Moreover, as many respondents emphasised, the disclosure of performance information strongly affects the reputation of the organisation. Therefore, from the point of view of building capabilities within the organisation, rankings and CPA scores have important implications on the external perceptions of the organisation as an employer and, thus, the possibility for it to attract talented and motivated people.

### Performance monitoring and improvement

All interviewees agreed that the use of appropriate targets and indicators is a primary way to foster service improvement. A number of respondents argued that PM is essential to understand if effective progress has been made towards organisational objectives and ensure focus on service delivery. Moreover, evidence on current performance could enable the organisation to identify areas that require improvement and action, and provide direction for improvement.



### 5.3.6 Cross-case comparison

Building on the review of the literature and the preliminary empirical phase, two case studies were carried out in a fire authority – the Stoke-on-Trent and Staffordshire Fire and Rescue Authority – and in a local authority, the LBBD. The first organisation is fairly small and utilises a simple PM system, consisting mostly of national performance targets and indicators. The second is a multi-service organisation, whose legal requirements and greater experience in PM has resulted in a multi-level PM system with more complex information flows.

Despite these differences, it is interesting to notice that a large number of similarities emerged from the analysis of the data. Moreover, by carrying out interviews at different organisational levels in both cases and in embedded units at LBBD, it is possible to state that issues raised by respondents at SFRA are very similar to the ones expressed by people working at service level at LBBD. Furthermore, in both cases there was substantial alignment between the documents reviewed and the responses given by the interviewees. From a methodological point of view, this greatly enhanced the validity of the research.

However, there are also differences between cases, mostly because of discrepancies between organisational structures, number of functions fulfilled and experience acquired in the measurement of performance. This finding is in line with what was asserted at the beginning of this empirical phase (cf. section 5.3). In the next sections, both similarities and differences are discussed in relation to the main thematic areas explored. In chapter 6 these findings are linked to the literature and the previous empirical phase.

#### *Performance targets and indicators*

Despite differences in size and scope, the two organisations are remarkably similar in the ways in which they measure and manage performance. Interviewees expressed consistently positive views regarding the usefulness of both Best Value and CPA in improving services and fostering a culture of performance within the organisation. Furthermore, CPA was considered as more systemic and holistic than previous schemes and, essentially, a substantial improvement in central government's approach to PM.

However, in relation to the design of specific PIs, insufficient details and lack of clarity and timeliness emerged as major concerns with the guidelines provided by the auditors. Furthermore, interviewees at both LBBD and SFRA manifested the need for their organisations to better recognise and capture the linkages between inputs, outputs and outcomes. Comments of this kind were linked to the strategic intent at local level to enhance the quality of life of citizens and contribute to the well being of the population. Similar perspectives were also expressed regarding the introduction and use of local PIs. In both organisations local indicators are often developed to detail and support the national ones and, to a certain extent, to better reflect local characteristics and issues. Therefore, greater importance was given to national PIs, because they are audited and could be used to compare performance.

Although a number of common points emerged across cases, differences in structure and flows of performance information, most notably the existence of corporate and service levels at LBBD, are important factors that affect the ways in which performance is measured and managed. In LBBD, for instance, tensions were said to exist between service and corporate levels. On the contrary, at SFRA substantial alignment could be observed between area commands and central departments.

Secondly, a great number of local indicators are being used at LBBD, whereas SFRA has not been very pro-active in the design of local PIs. Both organisations clearly understand the value of integrating national and local indicators in order to have a coherent set of indicators. However, at LBBD the use of documents like the Service Scorecard Pack and the organisation's Strategy Map are important steps towards this goal, whereas at SFRA there was no evidence of the development of such tools.

The difference in number of local PIs and quality of PM systems is best explained by considering the different degrees of experience gained as regards to PM. At LBBD most people within the organisation are familiar with the processes of design, implementation and use of PIs, whereas at SFRA, national PIs have been in place only for a few years. Through the analysis of documents it appears that the relatively recent use of keywords belonging to the New Public Management lexicon (e.g. efficiency, productivity, value for money) is a symbol of the change that is taking place within the fire service. In local government this discourse is more ingrained and widely present, as local authorities have used PM for a number of years.

### *Institutional pressures*

One of the most evident, and perhaps striking, findings that has consistently emerged during the interviews is the positive feeling respondents demonstrated in relation to the auditing process, which is increasingly perceived as open and participative. In both cases, relationships with auditors were depicted differently according to the job positions of the interviewees. At senior level, auditors were perceived as partners in the development of the measurement system. Senior managers described these relationships as collaborative and stated that the local organisation could feed information into the design of national targets and indicators. Further down the hierarchy, respondents considered their relationships with auditors and representatives of central government as less open and quite hierarchical. As a consequence, they described their perceived influence on the national PM regime as almost non-existent. Therefore, they regarded auditors almost uniquely as inspectors that should be clear in terms of guidelines and sufficiently experienced to assess the performance of the organisation. With regard to these issues, concerns were expressed, again quite consistently, at both SFRA and LBBD. However, in the fire authority most respondents stated that the non-achievement of targets is often seen as a failure. In the local authority, probably because of longer-lasting and more established relationships with auditors, this was more rarely the case.

### *Strategy and organisational objectives*

Similarly to the case of relationships with auditors and central government, different opinions were expressed regarding strategy and organisational objectives depending on the job position of the interviewees. Remarks on strategy and 'joined up' government were made almost exclusively by people at senior level. 'Joined up' government was considered as still underdeveloped and difficult to achieve, but also very important and increasingly pervasive locally. Positive remarks were made in relation to the introduction of LLAs at LBBD and SFRA.

However, in both cases greater synergies at central government were advocated in order to achieve a really 'joined up' delivery of services and effective partnerships at the local level. The CFO and deputy CFO at SFRA were particularly concerned about the lack of strategic thinking in central government. According to them, performance targets are often used as a substitute for strategy and this has detrimental effects on the local provision of public services. This leads to 'target fixation' for which the achievement of targets is considered as more important than the actual delivery of services. This critique made to central government is also linked to dissatisfaction with the current devolvement of authority and effective possibility of having 'joined up' services. Moreover, respondents emphasised that local organisations need to focus on ways to improve the quality of life of local communities, rather than to reach target levels and comply with auditing criteria. Finally, for respondents working nearer the front end success and organisational objectives corresponded prevalently to CPA scores and inclusion in top quartiles in the national rankings. Therefore, they considered PM as a way to enhance performance against BVPIs, rather than as a means to improve services.

### *Leadership and performance culture*

The expression 'performance culture' was often used during the interviews at both organisations. Great attention was paid to ways in which targets and indicators could be used to drive service improvement. In particular, the issue of embedding a performance culture below middle management emerged similarly at both SFRA and LBBD.

Different emphasis was put on leadership as a key factor for fostering a culture of performance within the organisation. At LBBD only one person referred to the new chief executive, whereas at SFRA the CFO's interest in PM was considered as one of the main driving forces for the promotion of a performance culture. However, it should be noted that LBBD had already accumulated considerable experience in PM and its previous CEO, who strongly supported the introduction of the Balanced Scorecard, also regarded PM as a priority. The fire service has recently been reformed and does not have extensive experience in PM. Therefore, in both cases leadership has been a fundamental component for the introduction of PM within the organisation.

### *Reasons for measuring performance*

A number of points of view were expressed about the drivers and purposes for measuring performance at the local level. The main similarities and differences between cases are outlined in relation to the themes identified (cf. sections 5.3.5 and 5.3.6 for greater details on each case and section 6.9 for a more theory-informed analysis):

### Acquisition and allocation of resources

Information on past performance plays an important role on how resources are allocated from central government to local public sector organisations, and, within organisations, from corporate to service levels. Given the importance of this issue, resource dependence constantly emerged in both cases, with CPA reviews and 'stretched targets' as primary examples. Achieving higher scores in the Comprehensive Performance Assessment implies not only that the organisation is entitled to receive additional funding, but also that it is less stringently examined by the Audit Commission and other auditors. Effectively, this means that the local organisation can use resources in a more liberal way. 'Stretched targets' refers to the possibility to apply for additional funding if in certain pre-defined areas the organisation achieves levels of performance above the national threshold.

### Central control

Several PIs are set by central government to monitor performance and are used at the local level principally because it is mandatory to report on them. Although the influence of government departments and auditors is seen as dominant, the majority of interviewees agreed that the role played by institutions is necessary to promote change and improve services. Furthermore, it is interesting to notice that a great number of local indicators are introduced to support the national BVPIs, ensuring that what is reported to the auditors is sufficiently accurate. Finally, even though national PIs were rarely contested, several interviewees advocated the introduction of PIs more related to outputs and service quality, as opposed to indicators that measure expenditure with no relation to the impact on the service delivered.

### Accountability and reputation

Since every public sector organisation is linked and often depends on a great number of stakeholders, the concept of accountability was mentioned during the course of most interviews, but with different connotations. Accountability could be used in relation to institutions and citizens, but also, from an internal perspective, to the links between corporate and service levels in the case of LBBD, and central departments and area commands at SFRA. However, the importance of using performance information to demonstrate performance to main stakeholders was never questioned during the

interviews. Moreover, the analysis of documents also confirmed the perceived link between PM and local accountability, since CPA scores and trends relative to BVPIs are often included in a number of both printed and Internet documents. This is in contrast with the opinion expressed by a number of respondents that information on performance indicators and league tables is not very relevant for citizens. However, there was agreement regarding the influence of performance reports on the organisation's ability to be perceived externally as an employer of choice.

### Benchmarking

Comparisons with other organisations were much valued in both cases. League tables and use of quartiles in ranking and reporting performance on a national scale, although sometimes disputed, were regarded as fundamental ways to promote change locally. In particular, local politicians were said to be very reactive and driven by benchmarking data. Furthermore, comparisons of performance could lead to the identification and adaptation of good practices to local contexts.

## 5.4 Conclusions

This chapter has presented the themes emerged from the analysis of the nine pilot interviews and the two in-depth case studies. The primary finding was that, despite the differences in size and scope of the organisations, the issues raised were particularly consistent across cases. First of all, somewhat unexpectedly, few respondents criticised the quite centralised PM regime, which pervades the public sector in England. Furthermore, both national and local targets and indicators were considered as generally appropriate and helpful. In both organisations PM was regarded as an indispensable element to promote change and improve performance at the local level. In the in-depth case studies discrepancies in the responses could be identified by carrying out interviews at different levels within the organisations. Respondents working at corporate level focused on strategy, provision of 'joined up' services and ways in which a culture of performance management could be fostered locally. Within services, more emphasis was given to specific issues related to the performance targets and indicators. Although this is not surprising, it has substantial implications on people's perceptions of the drivers and purposes of PM and, considering the links between national and local dimensions, on the perceived influence on the design of national PIs.

Only a few discrepancies could be identified when performing comparisons between units of analysis in LBBB and between LBBB and SFRA. For example, in the fire authority greater emphasis was given to leadership as an element to promote the use of PM. This is mostly due to the relatively more recent introduction of PM in the fire service. The acceptance of national indicators was regarded more favourably by the service of Leisure, Arts and Olympics at LBBB and by SFRA than the two other services considered. This is because, in line with the resource dependence argument, the introduction of PM influences the level of attention paid to services nationally and the opportunities for them to attract funding. As the previous sections show, the different

degrees of experience acquired in PM, the types of organisational structures and number of functions fulfilled by the services considered contribute to the explanation of the differences which emerged as a result of the analysis.

## CHAPTER 6

### DISCUSSION

This chapter brings together the theoretical insights gained through the review of the literature with the themes which emerged from the analysis of the data. Since this research is qualitative, it was possible not only to investigate the issues identified in the literature, but also a number of topics that were not originally included in the research questions. The interviews undertaken in the two final case studies, in particular, shed light on several aspects of PM.

In the following sections general remarks are first made on the empirical findings of the research. Subsequently, the consistency of objectives, targets and indicators along the public sector hierarchy (i.e. the 'golden thread') is evaluated and the strategic responses enacted by local organisations to institutional pressures are discussed. Concepts drawn from new institutional and resource dependence theories – i.e. the interconnection between legitimacy and efficiency, and the link between PM and resource dependence – are also presented. This is followed by the examination of issues related to the design and use of performance targets and indicators. While these themes are mostly 'theory-driven', issues of 'joined up' government and performance culture could be identified through the analysis of the data. The chapter ends with the discussion of the main roles fulfilled by PM in local public sector organisations. Chapter 7 presents the main conclusions of the research, the implications for academics, practitioners and policy makers, and areas for further investigation.

#### 6.1 General remarks

One of the most significant findings of this research is that great commonality of issues was found across the organisations considered. Although local public sector organisations can greatly differ in terms of internal structure, links with the environment and services provided, the analysis of documents and interviews show that they face similar challenges in relation to PM. Therefore, although this is certainly challenging from an empirical point of view, it is believed that comparing problems and experiences across the public sector could lead to very interesting insights on how performance is and could be measured and managed.

From a PM perspective, as the literature suggests (cf. Carter et al., 1992), differences between organisations could be explained by considering the number of services provided and the skills required to deliver them. However, experience gained in measuring performance also contributes to explain the differences both between organisations and within services belonging to a single organisation.

A third major remark regards the pervasiveness of PM in the organisations studied. Since PM initiatives have been introduced in public services in England from the late 1960s, the experience acquired in certain areas, such as local government and healthcare, is impressive. Indeed, the review of PM documents and the interviews conducted in a number of organisations revealed that PM is becoming a fundamental component in the ways in which organisations function. The analysis of the discourse confirmed the importance of PM and the influence of the New Public Management doctrine. Finally, it should be underlined that the interview protocol was developed on the basis of the literature, which is often very critical of the current performance regime. Nevertheless, even though questions focused on the problems organisations experience in their relationships with institutions, the responses obtained were by and large positive and few issues were raised by the respondents (cf. section 6.3).

## 6.2 The 'golden thread'

The review of the literature shows that, although performance targets and indicators are increasingly used in the public sector (Hood, 2006), empirical studies are needed to gain a deeper understanding of their design and use (Streib and Roch, 2005). In this context, the metaphor of the 'golden thread' is utilised by the Treasury and the Audit Commission to refer to the consistency between national and local performance targets and indicators (Audit Commission, 2002). Therefore, the first question to be addressed in this research was:

- *Does the metaphor of the 'golden thread' correctly represent the way performance targets and indicators are developed in public sector organisations in England?*

The researcher decided to undertake two exploratory case studies – in a Primary Care Trust and in a Police Force – to investigate the relationships between the PM systems being developed at national and local levels. The main result of this empirical phase is that the consistency in terms of targets and indicators is relatively low across the hierarchy in those two sectors. Subsequent interviews in a number of organisations and especially the in-depth case studies performed in a fire service and in a local authority reinforced this finding and provided greater clarity on why this is the case. Indeed, although the PM systems being used in government departments are often clearly structured, the systems in place at the local level are not simply more detailed versions of the national. Rather, they are the result of diverse and sometimes competing influences exerted by a number of organisations besides government departments, such as auditing and professional bodies, inspectorates and regional institutions. Therefore, the local picture reflects the objectives and targets expressed by national government only to a certain extent, as public sector organisations depend on a number of other external stakeholders, which can influence the design of local performance targets and indicators (Hyndman and Eden, 2002). In this sense, the empirical analysis shows that in all the organisations considered PM was strongly linked to concepts of legitimacy,



power and resource dependence, as indicated by new institutional theory and resource dependence theory (cf. Oliver, 1991; Townley, Cooper and Oakes, 2003).

Moreover, as was clearly the case in the fire and police services, when central government introduces new measurement initiatives, old frameworks are not necessarily removed. This also contributes to inconsistencies along the public sector hierarchy. Discrepancies between measurement systems also exist because of local organisations' decisions to develop local indicators that could better capture local characteristics. However, the in-depth analysis of the PMS used in a local authority and a fire service showed that local indicators are rarely developed without taking the national ones into account.

Therefore, it is possible to conclude that although central government puts great emphasis on PM and consistency of objectives from national to local levels, the practice of the 'golden thread' in the public sector in England is not as consistent as might be expected. The cases considered show that this is mainly due to the influence played by a number of other organisations and stakeholder groups, and the co-existence of more and less recent PM initiatives.

### 6.3 Organisational responses to institutional pressures

A number of scholars have called for empirical studies to investigate the subject of strategic responses to institutional pressures (Oliver, 1991; Dirsmith et al., 2000). In the context of this research, central government departments and auditing bodies exert considerable pressure on local public sector organisations in terms of the design and use of performance targets and indicators. As a consequence, local organisations are required to report on a number of national PIs. However, public sector organisations can behave strategically (Meyer and Rowan, 1977), by, for example, challenging the national PM regime, and developing and using more appropriate local indicators. Therefore, the second research question investigates both the types of strategies adopted as a response to institutional pressures and pro-activity in the design of PIs:

- *Which responses do local public sector organisations enact as a result of the institutional pressures toward conformity that are exerted on them?*

The triangulation of documents and interviews shows that local organisations are mostly acquiescent in relation to the ways in which national targets and indicators are designed and their performance audited. Indeed, local public sector organisations rely quite substantially on national indicators. However, there are several reasons for this. First of all, in such a centralised system, local organisations are statutorily required to report on national indicators and are strongly dependent on central government's resources. Therefore, they cannot pursue a clear opposition strategy.

Interestingly, even though if some national PIs are considered not useful or insufficiently clear, none of the interviewees really ever challenged the power relationship between central and local government. However, this is not so much because of some kind of resignation towards the current PM regime. Rather, it is largely because of the appropriateness of national indicators and the acknowledgement that the promotion of PM in local public sector organisations requires the intervention of central government. Thus, the majority of interviewees expressed positive comments, notwithstanding the substantial body of academic literature and anecdotes reported by the media that critique the ways in which performance targets and indicators are set in the public sector in England. In other terms, this research contradicts some of the arguments put forward by critics of New Public Management and new institutional theorists (e.g. de Bruijn, 2001; Noordegraaf and Abma, 2003; Talbot, 2000; Townley, 2002).

Third, both civil servants and elected members greatly valued comparisons of performance between organisations on the basis of national indicators. Even though national league tables are considered imperfect and sometimes overtly criticised, they are often treated as 'true representations' of actual performance and as having substantial effects on organisations' reputation. Therefore, all local organisations considered focus heavily on succeeding on meeting national targets and 'aim at top quartiles'.

Finally, the quality of relationships with external organisations is often described as satisfactory and improving. This is due to the perceived greater influence on the design of national indicators and the more participative and collaborative approach demonstrated by the auditors. According to a number of respondents, improved relationships with institutions also favours the adoption and use of national targets and indicators at the local level. As Martin (2002) argued, "current initiatives are though distinguished from previous reforms by the pursuit of a more consensual approach and a much greater emphasis on the need for 'joined up' working between local and central government" (p. 304).

Regarding collaboration between local and national levels, interesting results could be obtained by interviewing people working at different levels within the local organisations (cf. King, 2004). In particular, in the cases of LBBD and SFRA differences in perceptions were consistently found between corporate and service levels, and between management and staff working nearer the front-line. This could be explained by differences in their relationships with the representatives of government departments and auditing bodies. CEOs and corporate directors have a fairly collaborative relationship with auditors and policy makers, whereas, moving down the hierarchy, people see auditors more as their 'masters' (Performance and Quality Manager at SFRA). Another explanation is related to the type of communication that takes place both within and between organisations. Discussions between top managers and auditors focus more on strategic issues related to the comprehensive performance of the local organisation. On the other hand, people involved in the collection and analysis of the data would mainly consider problems with the calculation of PIs. In case of a specific concern, their feedback would have to 'travel' a long way before reaching the organisation in charge of setting that PI. This could explain why people at lower

hierarchical levels describe the feedback and influence over national indicators and auditing processes as problematic.

Besides the differences in the perception over the influence on national indicators, a major concern was expressed about the role played by central government in promoting change and service improvement through PM. In all cases and at all levels considered, respondents remarked that national targets and indicators are modified with too high a frequency. This causes frustration at the local level, since modifications in national PIs could only be influenced to a limited extent and because, when they happen with too high a frequency, it is impossible to calculate trends. As Martin (2002) put it, the danger of introducing so many changes in the system "is that many practitioners are finding themselves swamped by initiatives and some authorities are buckling under the sheer weight of reforms as resources that might otherwise have been devoted to the provision of better services and more effective community governance are having to be diverted into the apparently never-ending task of responding to the latest new initiatives from the centre" (p. 305). Moreover, since local PIs are often designed to detail the national indicators, the introduction of new policies has both direct (e.g. through introduction of CPA, modification of BVPIs, etc.) and indirect effects (the local indicators have to be modified too) on the local PM systems.

#### 6.4 The interconnection between legitimacy and efficiency

In the study of the relationships between local organisations and institutions, particular attention was paid to the link between legitimacy and efficiency. This issue is very relevant for both the theory and practice of PM. Although a number of scholars have referred to these concepts, especially in the organisation theory literature, the interconnections between legitimacy and efficiency have not been sufficiently studied in an empirical sense (Carruthers, 1995). Early new institutionalists have often considered legitimacy and efficiency as decoupled and as two opposite ends of a spectrum. However, more recent studies have challenged this assumption (Abermthy and Chua, 1996; Modell, 2001).

In the context of this research, the link between efficiency and legitimacy corresponds to the examination of the relationship between instrumental work processes (i.e. the use of PIs) and the symbolic display of rational organisational practice (i.e. compliance to externally developed indicators). New institutional theorists argue that, once the organisation is legitimated in the eyes of its external stakeholders, it will focus on its operational activities, neglecting the procedures and tools that do not contribute to it. Some scholars (cf. McKevitt et al., 2000; Carpenter and Feroz, 2001) argue that public sector organisations simply report on national PIs, but no real internal use is made of the information gathered. If the concepts of legitimacy and efficiency are at odds, then the data local organisations collect to satisfy external demands and report to institutions will not be used for internal purposes (Propper and Wilson, 2003; Cavalluzzo and Ittner, 2004).

Interestingly, in this research legitimacy and efficiency emerged as connected and rarely in opposition. Indeed, several interviewees emphasised that data collected to report on

the national indicators is often used internally to allocate resources and make decisions. As previously remarked, this is not only because these indicators are statutory, but also because they are considered appropriate. As Covaleski and Dirsmith (1988) noted, organisations need to both conform to social norms of acceptable behaviour and to improve their efficiency and effectiveness. This research certainly supports this argument, but these aspects very often appeared as interrelated and difficult to discriminate.

Moreover, during the interviews communication also emerged as a very relevant issue. In this context it could be argued that the link between legitimacy and efficiency is somewhat parallel to the one between perceived performance and operational performance. However, although interviewees often mentioned communication and reputation as key factors to ensure organisational performance, little action seems to be taken in those directions, e.g. information campaigns, direct communication to key stakeholders, initiatives to increase citizens' participation, etc.

Therefore, from the comparison between theory and practice of PM, it is possible to conclude that analyses of organisational performance should consider both symbolic and rational aspects. Moreover, attention should be paid to the conditions for which legitimacy-seeking and efficiency-enhancing rationales and communication strategies interact and have 'non-linear' effects on performance, for example through vicious or virtuous circles (cf. section 7.3).

## 6.5 Resource dependence

The interconnection between legitimacy and efficiency has been the focus of several studies undertaken by new institutionalist theorists. The second organisation theory to be used in this research is resource dependence theory, which focuses more on the concepts of power, critical resources and links between the organisation and its environment (Collier, 2001). In this research such concepts were particularly powerful to study the relationships between local organisations and institutions, and to examine the links between an organisation's departments.

For local organisations it is a requirement to report on national indicators. Depending on the levels of performance they attain they are given greater operational freedom; therefore there is a substantial incentive for them to improve their performance along these dimensions (Geiger and Ittner, 1996). Greater effects on motivation are obtained when targets and indicators are linked to some form of financial reward. This could be observed in the case of 'stretched targets', but also in the introduction of Local Area Agreements (LAAs) in local government.

The link between PM and resources was also very visible when, in the exploratory case studies, government departments were included in the analysis. In that case, departments welcomed increases in the number of national targets, since they implied more attention being paid to their areas of competence and, possibly, allocation of greater resources. A similar reflection could be made in relation to the analysis carried out in the Leisure service at LBBD. There, the Head of service was particularly positive

regarding the recent introduction of national indicators, because the service would gain more importance at both national and local levels.

Tensions could be identified when studying the relationships between corporate level and services at LBBB, and between the central department and area commands at SFRA. On the one hand, services complained about the excessive influence exerted by the corporate level. On the other, they complied with the decisions taken there and, although not always exactly as required, communicated the data they were requested to report. Moreover, indicators developed within services, although sometimes in great numbers, were always considered as less important than the national PIs.

These findings support the argument put forward in several studies in management accounting (cf. Abernethy and Chua, 1996; Collier, 2001) that it is very important to investigate not only phenomena in inter-organisational contexts, but also the dynamics taking place within organisations. Interestingly, this remark resonates with the work that established resource dependence as an organisation theory, since Pfeffer and Salancik (1978) focused specifically on the interactions between organisational units and departments.

Therefore, it is possible to state that both within and between organisations, because of the essential link between PM and resource dependence, similar phenomena take place. As in the case of the interconnection between legitimacy and efficiency, the concepts of power and resources should always be taken into account when examining the design and use of targets and indicators, which is also, but not solely, a technical issue.

## 6.6 The use of performance indicators

The comparison between the themes identified in the literature and the issues emerged from the empirical phases led to the identification of a number of technical issues related to PM (cf. also chapters 4 and 5). In this sense, the main problem public sector organisations seem to be facing is related to the often unmanageable number of PIs in place. This certainly was a major concern in the police force, healthcare trust and local authority considered and also in most of the organisations where pilot interviews were conducted.

A number of scholars (cf. De Bruijn, 2002; Talbot, 2000) have criticised the role played by central government in the process of setting targets and indicators. According to them, because of too many externally mandated PIs, "the public service in the United Kingdom is awash with performance data" (Talbot, 2000, p. 63). However, while this research confirms the tendency of public sector organisations to over-measure performance, complaints about the excessive number of indicators being used at the local level should not be directed only to central government.

Indeed, government departments and audit bodies are responsible for the indicators local organisations are required to report on. But it is mostly the intervention of other organisations and PM frameworks along the 'golden thread', and the introduction of PIs by local organisations themselves that make the number of indicators grow. For

example, the service of Safeguarding and Rights at LBBD has 18 national Best Value Performance Indicators and 208 locally designed PIs; whereas the Revenue and Benefits service uses 28 national and 58 local indicators. Therefore, the empirical analysis shows that the system is more complicated than the traditional 'command and control' model suggests, and, although central government plays a crucial role, it is not fully responsible for the number of PIs being utilised locally.

It is interesting to further examine why local indicators are introduced. In the in-depth case studies two principal reasons for introducing local PIs emerged. Several interviewees argued that local indicators were used to better capture local characteristics and the wants and needs of the community. However, particularly when the researcher went through all of the indicators with the analysts, local PIs seemed to be there mostly as "the back bone to the national indicators" (Divisional director of Safeguarding and Rights at LBBD). In the local authority more detailed versions of the BVPIs were often introduced to ensure an accurate process of data collection at service level. In the fire authority it was more a case of holding area commands more accountable. In both cases, local indicators either focused on activities that would feed into the areas that auditors deem critical, or were simply more 'specific' versions of national PIs, e.g. they required more frequent measurement and, when aggregated, would result in the figure the auditors requested.

In synthesis, national indicators, although not prevalent in number, play a fundamental role in shaping local PM systems and are surely considered as more important than the locally designed ones. This is particularly relevant if we consider the complaint that a number of respondents reiterated, namely the high frequency of changes made to the national framework. As previously noted, when national indicators are modified, this affects local organisations not only directly, but also indirectly, since the local indicators have to be changed too.

Furthermore, the introduction of so many PIs causes several problems locally. First of all, even in organisations that have successfully implemented complex PM systems like LBBD, there appears to be an under-utilisation of the information gathered. Although certain indicators are surely obsolete, inappropriate or introduced mainly by government to control service delivery, it is the large number of local indicators coupled with insufficient clarity on the purposes of measurement and the insufficient link between PM and strategy that determine this phenomenon. Interestingly, although several interviewees showed interest in the assessment of the costs and benefits of PM, no data could be found in relation to this; neither does the literature seem to help to a great extent (cf. Hood et al., 1998).

Another issue to be identified through the analysis of data regards the relationships between PIs, and the connections between targets and indicators. At LBBD, the introduction of strategy maps (Kaplan and Norton, 2004) was particularly helpful in structuring the PM system and providing greater clarity for its use. In the other organisations considered this was not the case. In their study of UK government agencies, Hyndman and Eden (2002) argued, "it is surprising that so many of the performance measures used in the annual reports could not be related to targets. [...] If aspects of performance are being measured (and being valued) that are unrelated to targets, unrelated to objectives, and unrelated to the mission of the agency, there is the

danger of giving them an importance that encourages the production of, for example, more of them or an improved quality related to them. [...] [This] indicates a degree of confusion that would appear to undermine the focus of the organisation" (pp. 22-23). This is in line with what was found in the case of the police force and the Revenue and Benefits service at LBBD. In the former, too many indicators are linked to a fraction of targets; in the latter, too much importance is given to a small sub-set of PIs.

## 6.7 Strategy and 'joined up' government

An important aspect to emerge from the interviews, although not initially included in the protocol, is the connection between strategy and PM, and the possibility to have a 'joined up' provision of local public services. In the case of the fire authority, the Chief Fire Officer and Deputy CFO argued that currently performance targets and indicators are set following a process which is too centralised and fragmented. Central government was criticised as utilising targets in place of a real strategy for public service delivery. Moreover, although a centralised approach to PM could help single organisations to become more performance focused, it could also be an obstacle to the achievement of higher quality of service for the community. The pilot interviews showed how inconsistent measurement across local public sector organisations could be a considerable obstacle to collaborations and effective 'joined up' delivery.

Interestingly, this contrasts with one of the very reasons for introducing the Best Value regime, which was "to stimulate two major changes in strategy content – innovation and partnership" (Boyne, Martin and Walker, 2004, p. 195). However, as several interviewees noticed, better results are being achieved especially through the introduction of LAAs. Partnerships between local organisations are particularly important, because, as Boyne (2003) claimed, effective improvement in public services "is usually concerned with the performance of multi-organisational networks rather than the achievements of single organisations" (p. 214).

## 6.8 Performance culture

Bovaird and Gregory (1996) noted, "performance measurement has undoubtedly had a major effect on the language of public service in Britain (...) [and] performance management systems have become essential elements in demonstrating accountability to stakeholders. However, the extent to which the culture of the public sector has been altered is much more difficult to determine" (p. 270). The findings of this research support this argument and show how 'performance culture' is now regarded as a key issue in the public sector.

During the pilot interviews and the in-depth case studies, the expression 'performance culture' recurred several times, although no explicit question focused on it. However, the analysis of the responses demonstrates how respondents used this concept in two primary ways. Several interviewees related performance culture to people's understanding of where PM sits within the broader 'performance management picture'.

This corresponds to the capability of connecting single PIs and analytical pieces of information to the organisation's objectives and comprehending how the use of performance targets and indicators could contribute to their achievement. Other respondents referred more to focus of staff on PM, their ability to measure performance and, ultimately, to contribute to the achievement of high scores in the assessments undertaken by the auditors.

Although the two perspectives may appear similar, there is a fundamental difference from an epistemological point of view. The former perspective, which could be called 'culture of performance *management*', relates to the strategic use of performance information. In this case, information acquired through the collection and analysis of data is considered as a means to ask relevant questions and, eventually, to attain the organisation's main objectives. From this perspective the links between targets and indicators and the flows of information that connect different organisational levels (and, in complex organisations, scorecards) are essential.

The latter point of view, which could be referred to as 'culture of performance *measurement*', focuses on the achievement of performance targets and scoring highly in the national rankings. Smith (1995b) defines this problem 'measure fixation' – "an emphasis on measures of success rather than the underlying objective" (p. 290). This issue emerged especially during the interviews that involved people working nearer the actual delivery of services rather than at top management levels. Interestingly, the issue of 'measure fixation' also emerged in the context of the auditing process. According to a few interviewees, auditors sometimes interpret performance results in isolation; this has led to macroscopic mistakes (cf. remarks by assistant performance manager at LBBD) caused by excessive reliance on the figures and insufficient understanding of the real phenomena taking place. Thus, the current performance measurement regime was accused of having a negative impact on the creation of a 'culture of performance management' and, as previously remarked, also on the provision of integrated services to the citizenship. Moreover, although interviewees agreed that progress has been made in recent years, the imposition of performance targets and indicators and a 'culture of blame' emerged as barriers to the achievement of a performance culture within organisations.

Therefore, it is possible to say that a top-down approach, on both national and local scales, seems to be a necessary, but not sufficient condition to foster a culture of performance management. Nationally, there appears to be excessive reliance on targets, rather than a cohesive and explicit strategy. Locally, leadership has proven to be essential in both SFRA and LBBD to promote the understanding and use of PM. Indeed, lack of leadership and management commitment have been indicated as the most severe problems in implementing PM systems (Neely and Bourne, 2000; de Waal, Radnor and Akhmetova, 2006). However, performance management has to be embedded also from the middle management level down, and, as often indicated during the interviews, greater inclusion and participation could help achieve this goal.



## 6.9 The drivers and purposes of performance measurement

The review of the literature and the exploratory cases show that empirical studies are needed to gain a deeper understanding of the reasons why performance is measured in the public sector (cf. section 4.4). The influence exerted by a number of external stakeholders on local public sector organisations and the autonomous development of local PIs can result in a PM system that is too dispersed, difficult to manage and does not provide direction (Adams and Micheli, 2005). Moreover, the co-existence of competing performance measurement regimes and lack of clarity about priorities are responsible for confusion and duplications locally. Finally, building on the reflections made on measurement theory in chapter 3, the results of the measurement process have to be assigned according to the goals for which the measurement is performed. Therefore, clarity on the purposes of PM is not just important, but fundamental, as it is *part* of the measurement itself. Therefore, through the pilot interviews and in-depth case studies the researcher aimed at answering the following research question:

- *What are the roles of performance measurement in local public sector organisations in England?*

In both the fire service and local authority, similarly to what emerged in the cases of the police force and healthcare trust, the identification of the role of the measurement system emerged as a primary concern. The following sections discuss the main roles of PM derived from the comparison between the literature and the analysis of the data. Subsequently, reflections on the drivers and purposes of performance indicators are presented.

### 6.9.1 Central control

As a good share of the public sector performance measurement literature suggests, it is possible to argue that national PM regimes (e.g. Best Value, PSA etc.) are designed to control local delivery. As several interviewees remarked, sometimes centralisation seems to be the main reason for implementing a PMS, rather than performance improvement. However, the majority of interviewees agreed that the quality of services has to improve through PM, and that it is essential to have institutional pressures to achieve improvement locally.

Therefore, it seems appropriate to differentiate between two types of 'central control'. In a broad sense, 'central control' corresponds to central government's influence on how performance is measured locally. In a more strict sense, it refers to performance targets and indicators introduced by central government with the specific aim of monitoring performance at the local level. From the discussion of the organisational responses to institutional pressures (cf. section 6.3) it is clear that the two connotations substantially differ.

If the first definition is adopted, then it is evident that performance targets and indicators, both national and local, are primarily there in order to ensure central control. In fact, the centralisation of the system, the importance of national PIs and the development of local indicators on the bases of the national ones are key characteristics of the current PM regime.

If central control is considered in a more narrow sense, then the two in-depth case studies show that only a limited number of indicators are introduced solely to monitor local performance. This is the case with PIs related to levels of expenditure or number of people employed in certain jobs. These indicators are relevant at central level, because they provide information on expenditure and allocation of resources, but they are rarely useful for internal purposes. This is why the performance analysts interviewed were particularly critical of these kinds of national PIs.

Therefore, it is possible to conclude that all empirical phases confirm the absolute importance of government departments and auditing bodies in the development of performance targets and indicators. However, through a closer examination of their use at the local level, the national indicators rarely appeared to be there with the sole purpose of sustaining 'the myth of control' (Butterfield et al., 2004). Rather, they were often found useful and essential in fostering a culture of performance management.

### 6.9.2 Accountability

During the empirical phases of this research, accountability was often mentioned among the primary reasons for measuring performance. Indeed, because of the considerable impact that public sector organisations have on people's lives (Pollitt, 1996), there is particular emphasis for these types of organisations to be accountable to a number of stakeholders (Wall and Martin, 2003).

Broadly speaking, accountability is "the process via which a person, or group of people, can be held to account for their conduct. It is a concept which is contingent on the context which gives rise to the accountability relationship" (Glynn and Murphy, 1996, p. 127). At national level, central government has to demonstrate the appropriate and efficient use of public funds on behalf of the population. Therefore, it monitors the performance of local organisations and demonstrates to the electorate that national resources have been allocated on the basis of past and expected performance. In local authorities, for example, the Comprehensive Performance Assessment (CPA) undertaken by the Audit Commission focuses on an organisation's "performance against other councils" and "direction of travel against other councils". Similarly, at local level, public sector organisations have to be responsive to public needs and show that taxpayers' money is being used appropriately.

The analysis of the data gathered in all empirical phases shows that central government considers PM a fundamental means of ensuring accountability. In this context, the publication and availability of performance data is (also) aimed at informing citizens on the quality of public services (Royal Statistical Society, 2005). The very concept of 'golden thread' implies that public sector organisations have to measure and report their

performance to demonstrate improvement in the services delivered. As Glynn and Murphy (1996) noticed, “accountability is demonstrated by ensuring that there are systems in place which provide information about a defined entity sufficient to enable informed judgments and decisions leading to an optimal allocation of resources and the accomplishment of objectives” (p. 129). According to Wall and Martin (2003), “public management change initiatives (...) have occasioned a fundamental rethink of the role of public sector organisations and how they communicate with, and provide accountability to, their stakeholders. At the level of service provision, monitoring systems that review performance are seen as enhancing accountability to users and stakeholders of public bodies through the dissemination and regular reporting of KPIs. This is achieved primarily through the medium of the annual report, which is commonly used as an effective channel for the communication of performance information” (p. 506).

It is interesting to notice how the findings of this research partly challenge the existence of the link between disclosure of information and effective public accountability (cf. Pollitt, 2006). Although the interviewees agreed on the importance of PM and its role in fostering accountability, a number of them claimed that the public is actually interested in the services provided, rather than in information related to targets and indicators. Moreover, it was remarked that there is no evidence regarding citizens’ use of performance information. Therefore, it was argued that, because of excessive reliance on data, there is a real danger of creating a disconnection between performance assessments and people’s perceptions of local services. Furthermore, the interviews carried out in this research show that disclosure of data in the form of annual reports and league tables is not considered sufficient to promote public accountability. Rather, citizens’ participation, co-production of services and the implementation of a diverse set of communication channels could make a greater contribution in this sense (Bovaird and Loeffler, 2003).

Finally, from a more conceptual point of view, excessive reliance on the results of performance measurement could be seen as an example of the ‘transcendental fallacy’ (Ferraris, 2005), since performance is reduced to what is possible to measure of performance. Indeed, being accountable to the public means improving aspects of organisational performance, but also understanding what citizens most value and how the organisation can change their perceptions, also through their involvement in the design and delivery of the services themselves.

### 6.9.3 Comparing performance

A third important aspect related to PM is the opportunity to compare performance between and within organisations. From the analysis, three primary uses of comparative data could be identified. First of all, a number of interviewees remarked that it could lead to the identification of good practices developed in other organisations or in a unit within the organisation itself, and, thus, to organisational learning and performance improvement.

Second, benchmarking in the public sector is usually performed on the basis of national PIs. In this sense, organisations are encouraged to “get into the top quartile in the

indicators that are considered to be the key ones" (Performance analyst at SFRA). As noted in the cases considered, relative performance is very important especially when a financial reward is linked to national targets or 'stretched targets'. This argument is especially relevant from a resource dependence perspective.

Third, the interviews carried out show that elected members and top managers are particularly sensitive to rankings and comparisons with other authorities. Therefore, they tend to take action on the basis of such kinds of information, so much so that, as the Director of resources at LBBB stated, comparative data could be regarded as one of the main 'engines' for change at the local level.

However, several issues were also raised. During both pilot interviews and in-depth case studies, respondents critiqued the use of league tables in the public sector in England. Lack of accurate and unambiguous guidelines on how to calculate and report on national indicators and incoherence in the auditing process recurred as relevant problems. Moreover, these concerns echo the criticisms made by a number of academics, who also claimed that comparisons between public sector organisations often have dysfunctional effects and that differences between authorities are rarely statistically significant (e.g. Adab, Rouse, Mohammed and Marshall, 2002; Goldstein and Spiegelhalter, 1996; Wiggins and Tymms, 2002).

Building on the documents analysed in the exploratory phase of the research and, more generally, on central government's rhetoric, it could be argued that league tables were introduced mainly to enhance accountability and public choice. However, in contrast with this point of view, it is interesting to notice that respondents rarely focused on these aspects. Rather, they pointed out the impact of league tables on the organisation's resources and reputation and, consequently, the possibility for it to be perceived as an employer of choice.

Another debated issue around league tables and national rankings regards the inclusion of contextual factors. Through the use of coefficients it would be possible to discount the effect that local socio-economic characteristics have on service quality. Surprisingly, although the two in-depth case studies were carried out in organisations that operate in disadvantaged areas, interviewees expressed disagreement regarding the inclusion of contextual factors, since this could lead to complacency and under-performance.

Finally, following Bowerman et al.'s (2002) analysis of benchmarking in the public sector (cf. section 4.4), 'compulsory benchmarking' could be found in a high number of instances, and was highly valued by the interviewees and given prominence in the documents analysed. Organisations also mentioned examples of voluntary benchmarking, which, however, were considered less important than the former, since they could only be undertaken on a smaller scale (e.g. comparisons between London Boroughs rather than among all English local authorities). Finally, no clear examples of defensive benchmarking could be identified.

#### 6.9.4 Managerial use

The fourth main role of performance measurement, which reflects most of the private sector literature, is to influence behaviour and action in order to improve service delivery. In the two in-depth case studies, respondents often described the efficient allocation of resources as an important condition to achieving improvement in services. SFRA's medium/long-term improvements strategy document, for example, states that PM "will ensure that the most appropriate resources are located to best protect the community" (originally in bold). From the interviews carried out in a number of organisations it was possible to conclude that performance reports are also used as supporting evidence to assist management in making decisions. Moreover, the use of performance information could also help to identify training needs at individual level and opportunities for building capabilities within the organisation. Finally, top managers and board members remarked on the importance of PM in the formulation, development and refreshment of strategy (cf. chapter 5).

In conclusion, it is possible to state that the principal elements identified in the literature in relation to 'managerial use' – strategic direction; decision-making; resource allocation; and organisational learning (cf. section 4.4 for more detail) – have also emerged from the analysis of documents and interviews.

#### 6.9.5 Conclusions

This research explicitly investigated the roles of performance measurement in the public sector from both theoretical and empirical points of view. Although interesting contributions could be found, two principal issues emerged from the review of the literature. First of all, the articles written on this topic are seldom empirically grounded. Second, authors tend to adopt different foci. A number of scholars looked at the reasons for measuring performance in a general sense, i.e. ranging from control to accountability to performance improvement (Smith, 1995b; Kopczynski and Lombardo, 1999). Others concentrated on the internal/managerial uses of PM (e.g. Bovaird and Gregory, 1996; Behn, 2003; Pidd, 2005). Finally, a third group focused almost exclusively on central control (Power, 1997; Townley, 2002; Butterfield et al., 2004).

Therefore, the researcher's purpose was to reconcile the different perspectives present in the literature and compare them with the data gathered. The initial aim was also to develop a taxonomy of the roles of PM in the public sector. The goal was not only to define categories that are independent and could exhaustively capture the drivers and purposes of PIs in the public sector, but also to classify every PI in use in the organisations considered.

However, while undertaking the two in-depth case studies, the researcher realised that the boundaries between the categories defined in the literature can often be blurred and very difficult to define. More importantly, the interviews demonstrated that it is virtually impossible to define a system of independent and hierarchically related categories in which each PI could be univocally 'labelled', since every indicator is usually used for more than one purpose. In other words, a PI could be utilised to

enhance accountability, but at the same time to improve operational performance. Indeed, one of the main findings of this research is that, as all interviewees remarked, data relative to national indicators is collected and analysed not only to report to auditors and government departments, but also for internal purposes.

It is interesting to note that this is in opposition to a considerable body of academic literature and media reports, which emphasise the coercive nature of the current performance measurement regime, without really investigating how the same type of information could be, and actually is, used within organisations. Although central government certainly uses PM to monitor performance and exert control over local organisations, there is evidence that a good proportion of national targets and indicators are considered appropriate and useful to promote change and improve performance locally.

Therefore, the previous analysis of the roles of PM is not aimed at specifying which driver and purpose any indicator should have or prescribe the role it should fulfil. Rather, it is to investigate and provide greater clarity on the main reasons for introducing and utilising performance indicators. Indeed, what both the theory and the data suggest is that it would be incorrect to assume that all indicators have similar purposes and to consider them as equal.

However, the cases considered show that during both the design and use of PIs, it is clarity about those roles that is often missing. In particular, since the demands of the different stakeholders are several and sometimes conflicting, it would be important to specify the 'drivers' of each indicator, i.e. the stakeholder group(s) that determine which aspects of performance are measured. Secondly, the objects that the indicator would contribute to reach or accomplish (i.e. its 'purposes') should also be made explicit. Through the specification of the drivers and purposes of each indicator, it is believed that substantial progress in the use and acceptance of PM could be attained.

Finally, it is interesting to note how the issue of the drivers and purposes of PM is linked to the relationship between legitimacy and efficiency. As previously discussed, in the literature there is a tendency not only to think of a scale that extends from legitimacy to efficiency, but also to consider which roles of PM contribute to the enhancement of either one or the other. However, this research shows that these concepts are often intertwined in a dialectical relationship. In other words, since in the relationship between legitimacy and efficiency both attributes of responsiveness and distinctiveness are present, it is possible to argue the two concepts are loosely coupled (Weick, 1976; Orton and Weick, 1990). Thus, each role of PM could contribute to the achievement of efficiency gains and, at the same time, to legitimise the organisation in the eyes of its key stakeholders. Therefore, the definition of each performance indicator could include not only the specification of its drivers and purposes, but also the indication of its expected effects on both rational and symbolic aspects of performance (Scott and Meyer, 1983).

## CHAPTER 7

### CONCLUSIONS

The research reported in this thesis focuses on the interactions between local public sector organisations and institutions (e.g. government departments and audit bodies) in the development of performance measurement targets and indicators. Contributions from a number of different fields were reviewed in order to ground the research in the literature. Two organisation theories – new institutional theory and resource dependence theory – were utilised to frame the theoretical research questions and interpret the empirical findings. The literature depicts the relationships between local public sector organisations and institutions as often problematic and conflicting. Therefore, attention was paid especially to the conflicts between organisations and the strategic responses enacted by local public sector organisations as a result of the pressures exerted on them by institutions. This led to the following conceptual research questions:

- *What are the relationships between local public sector organisations and institutions in the development of performance targets and indicators?*
- *What are the strategic responses, conflicts, tensions and behaviours that arise?*

From an empirical point of view, the English public sector is a very interesting context, since performance measurement (PM) initiatives have been introduced from the late 1960s and the current PM system is particularly centralised. In recent years, government departments and the Audit Commission have used the metaphor of the ‘golden thread’ to express the consistency between objectives, targets and performance indicators throughout the different levels of the public sector from central government to service delivery. Through greater consistency, it is argued, it is possible to enhance transparency, accountability and, ultimately, service performance. Since this issue has rarely been empirically studied, two exploratory case studies were carried out in public sector organisations in England – a police force and a healthcare trust – to answer the following research question:

- *Does the metaphor of the ‘golden thread’ correctly represent the way performance targets and indicators are developed in public sector organisations in England?*

The case studies enabled the researcher to gain a better understanding of the issues associated with the process of cascading performance targets and indicators along the hierarchy that constitutes the public sector in England. Furthermore, they showed that the use of the ‘golden thread’ metaphor may be inappropriate, since the national and local PM systems considered are not as aligned as might be expected. Finally, the roles fulfilled by PM in the public sector emerged as a primary concern at both theoretical and practical levels.

The first empirical phase, although very important, has limitations due to its almost exclusive reliance on publicly available documents. Therefore, in order to evaluate the possible breadth and depth of the final empirical stage of the research, pilot interviews were performed in nine organisations from different areas of the public sector in England. These interviews showed that there is considerable commonality of issues across the public sector. Moreover, several themes emerged from the analysis of the data and similarities were found between the organisations considered. In line with Carter et al.'s (1992) work, the main factors that seemed to differentiate the ways in which performance is measured at the local level were the heterogeneity and complexity of the organisation. Multi-service organisations such as local authorities and healthcare trusts use PM systems that are much more articulated than those being adopted by less complex organisations such as police forces and fire authorities. In Carter et al.'s (1992) terms, the former are more heterogeneous and complex organisations, since they have to mobilise a number of different skills in order to deliver a wide range of services. Building on the literature and previous findings, the last empirical phase of the research addressed the following research questions:

- *Which responses do local public sector organisations enact as a result of the institutional pressures toward conformity that are exerted on them?*
- *What are the roles of performance measurement in local public sector organisations in England?*

To answer these questions two in-depth significant case studies (a fairly simple fire service and a more complex local authority) were chosen on the basis of a theoretical replication logic (Yin, 1994). The former case is holistic, whereas the second is embedded, since the researcher considered the corporate level and three services within the authority, which were theoretically sampled (Eisenhardt, 1989). The data triangulation of interviews and documents, and comparisons across units of analysis led to the identification of a number of themes and to the refinement of previous findings. From a methodological point of view, the qualitative approach chosen meant that the phases of data collection and data analysis were often interlinked. Furthermore, the preliminary results obtained at each stage were presented at academic and practitioner conferences and seminars. This iterative process and the decision to have three empirical phases contributed to strengthening both the rigour and the relevance of the research. This process also enabled the researcher to modify the constructs and structure of the research on the bases of the development of his thinking (Voss et al., 2002). In particular, the framing and analysis of the two in-depth case studies were not only influenced by the previous literature review and empirical insights, but also from conversations the researcher had had with a number of scholars operating in several disciplines, and from his review of the epistemology of measurement. In this sense, it was very helpful to have kept a record of how ideas evolved during the course of the research (cf. Suddaby, 2006).

The choice of conducting a qualitative piece of research led to the identification of a considerable number of themes, which were either derived from the theory or emerging from the data. One of the most significant findings of this research is that, in contrast to



previous studies in this area, local public sector organisations were found to be measuring performance for a number of different reasons. Although academics and journalists alike have often depicted English local public sector organisations as having to continuously measure and report their performance to government departments and audit bodies, 'central control' emerged as only one of the roles fulfilled by PM. Furthermore, not only are the reasons for measuring performance quite diverse, but it is often the case that a single performance indicator could be utilised for different purposes.

The analysis of the data shows that the definition of the drivers and purposes of performance indicators has important implications for the design and implementation of an organisation's PM system. However, at present there seems to be insufficient clarity with regard to this. On one side, this is due to the ways in which targets and indicators are designed at a national level. Lack of a clear and cohesive strategy, and insufficient collaboration between government departments were signalled as determinant causes of the fragmentation of the local PM systems considered. Moreover, although the current PM regime certainly favours centralisation, a number of organisations and stakeholders, besides government departments and auditors, influence the design of the performance indicators (PIs) being used at the local level. This causes duplications, confusion and frustrations locally. On the other side, a plethora of indicators is often developed by local organisations themselves and this can make PM systems costly and difficult to manage. Therefore, insufficient clarity regarding the drivers and purposes of PM could lead to confused messages and counter-productive approaches to performance measurement and management.

Considering the stakeholder groups that determine which aspects of performance are measured (the 'drivers' of PM), government departments and audit bodies exert considerable pressures on local organisations through national targets and indicators. Local organisations are statutorily required to report on national PIs and depend heavily on them for resources, operational freedom and reputation. However, it was also found that local organisations introduce their own performance indicators, sometimes in great numbers. Therefore, although national PIs are considered as most important, local indicators could be present in greater quantities than the national ones. As opposed to what is often maintained in the literature, in all of the organisations considered the majority of national indicators were deemed appropriate and helpful. In other words, even if local organisations can influence the design of the most relevant PIs only to a limited extent, this does not necessarily mean that the PIs in use do not reflect the organisations' main characteristics. Moreover, during the interviews, institutional pressures were often depicted as necessary conditions for promoting change at the local level and achieving service improvement.

However, a particular lack of clarity was found in relation to the purposes of PM. In the case of the police force, a large number of PIs coupled with insufficient prioritisation led to the development of a PM system that is confusing and difficult to manage. In the local authority considered, although the Balanced Scorecard was consistently cascaded at service level and strategy maps adopted, people in charge of gathering and analysing the data were sometimes puzzled regarding the reasons why certain aspects of performance were being measured. This was particularly the case of PIs related to

expenditure and head counts, since they are designed by central government to monitor local performance, but not to directly improve the quality of local services.

The two in-depth case studies confirmed what previously had been found in terms of similarities across the public sector, and that differences in organisational heterogeneity and complexity strongly influence the design of local PM systems. Another fundamental issue to emerge from this empirical phase regards the level of experience acquired in the measurement of performance. In particular, leadership was pointed out as a crucial element for the promotion and development of PM systems at the local level, at both SFRA and LBBD, whereas greater pro-activity in the design of local PIs was found within the services in which PM had been in place for longer.

The development of a performance culture emerged as a priority in all the organisations considered, even though no explicit questions focused on this issue. However, the very concept of 'performance culture' was utilised with different connotations. This reflects differences in the perceptions of PM existing within organisations. For people working at corporate level, performance culture means understanding how PM could contribute to better performance management and service improvement. Nearer the frontline service delivery, the focus is more on the achievement of performance targets and reaching a good position in the national rankings. This research shows that efforts aimed at improving local service delivery should be directed to the creation of a 'culture of performance *management*' (the former), rather than a 'culture of performance *measurement*' (the latter).

## 7.1 Implications

The researcher believes that, by creating knowledge that is firmly grounded in theory and relevant to practice, it is possible to improve our understanding of performance measurement and management in the public sector. The objective of this research is to advance the theory and practice of PM, to impact on policy-making and to improve the ways in which targets and performance indicators are set and used, hence having a positive effect on the services delivered.

The following sections describe the main implications this research has at a number of levels. From a theoretical viewpoint, contributions are made to the field of PM and to the empirical use of organisation theory. In terms of methodology and method, the researcher found that the iterative comparison of theory and data was essential to investigate issues that are relevant to both theory and practice. Moreover, the use of case studies and the data triangulation of interviews and documents led to the identification of several 'rich' themes. Finally, this research also has important implications for policy makers and for the design and use of performance targets and indicators in the public sector. In sections 7.2 and 7.3 the limitations of the research are presented and a number of areas that require further research are examined.

### 7.1.1 Implications for theory

This research considers several issues, such as the drivers and purposes of PM, the influence of conflicting demands and pressures from institutions on local organisations, and the existence of 'golden threads' in the public sector in England. From a theoretical point of view, concepts from new institutional theory and resource dependence theory are related to the literature on PM in the public sector. This contributes to bridging the gap between applied and theoretical approaches (Covaleski et al., 1996; Meredith and Samson, 2002). In particular, the interconnections between legitimacy and efficiency are addressed both theoretically and empirically (Carruthers, 1995; Mizruchi and Fein, 1999).

Comparing the theory with the empirical results obtained, it is possible to observe how the research findings challenge several theoretical and practical arguments advanced by diverse groups of academics. First of all, legitimacy and efficiency and, more broadly speaking, rational and symbolic aspects of performance were found to be loosely coupled (Weick, 1976), rather than in opposition, as argued by early new institutionalists (cf. Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Indeed, individual performance indicators could be used for different purposes, contributing to the improvement of services delivered and, at the same time, to the establishment of the organisation's reputation. In this sense, the acquisition of legitimacy and improvement in organisational efficiency should be conceptualised as a process, rather than a state, as has been the case of previous studies (cf. Deephouse, 1996).

Second, the adoption of these 'theoretical lenses' enabled the investigation of phenomena taking place in both inter- and intra-organisational contexts. In particular, it

was possible to consider aspects related to strategic choice, power relationships and resource dependence. These could then be linked to more technical issues, such as: design of targets and indicators, reporting and use of performance information, and perceptions of the auditing process. The empirical analysis shows that in all the organisations considered PM was strongly linked to the concepts of power and resource dependence (Collier, 2001; Townley, Cooper and Oakes, 2003). This was evident while examining not only the relationships between local organisations and government departments and auditors (e.g. use of league tables and 'stretched targets'); but also the links between the central department and area commands in a fire service (e.g. detailing of national indicators) and between corporate and service levels in a more complex local authority (e.g. use of Scorecard packs). Therefore, similarly to what has been previously stated regarding the link between legitimacy and efficiency, concepts drawn from both applied and theoretical bodies of literature should be taken into account if we want to gain a deeper understanding of PM in the public sector.

Thirdly, external drivers for PM were found to not always have detrimental effects, as often maintained by the critics of New Public Management (e.g. De Bruijn, 2001; Townley, 2002). Rather, the role of institutions, although sometimes described as too invasive, was often found to be beneficial in promoting the implementation and use of PM systems in local public sector organisations. Moreover, the recent introduction of Local Area Agreements and a more co-operative approach to auditing were widely acknowledged as positive developments in the relationships between central and local levels.

Analysis of the data also shows that several stakeholders, besides government departments and auditors, influence the design and use of performance indicators being used locally. In various instances, local organisations themselves were found to develop a considerable number of PIs. Moreover, indicators could be used for several purposes and not just to control the delivery of services. Although this research covers a number of aspects related to PM, further empirical studies are required to gain a deeper understanding of the roles fulfilled by PM in the public sector (cf. section 7.3).

Another implication for research in this field is the consideration of the public sector as a whole and not of specific parts of it. The majority of studies carried out in the public sector tend to look at just one area (e.g. local government, healthcare, police etc.) drawing conclusions mostly relative to that sector alone. However, as previously shown, although local organisations substantially differ in the services they provide, because of the common PM regime, many similarities exist in the ways in which performance is measured and managed.

Finally, although it could be argued that the philosophy of science is very relevant to the development of a field such as PM, very little attention has been paid to its ontological and epistemological bases. Chapter 3 discusses the implications of adopting an objective ontological and subjective epistemological perspective, integrating the formulation of a realist ontology of social objects (cf. Ferraris, 2003) with reflections based on the foundations of measurement in physical science (cf. Mari, 2007). In particular, the introduction of concepts like objectivity, empiricity, specificity and trust, as developed in the 'relativistic perspective' in physical science, could contribute to the advancement of PM as a field in social science.

### 7.1.2 Implications for methodology and method

The decision to complement the initial review of the literature with three empirical phases (i.e. exploratory case studies, pilot interviews, in-depth case studies) enabled the identification and examination of issues that are relevant to both theory and practice. This was achieved through a process in which theory and data were continuously compared and concepts refined. The iterative combination of deductive and inductive approaches led to results which “fit the data, because theory building and data collection are closely interlinked” (Gill and Johnson, 2002, p. 152), but which also support or challenge existing theories. Moreover, close engagement with the field led to the attainment of “rich descriptions of organisational practice” (Ahrens and Dent, 1998, p. 3).

Grounding the research in both the academic literature and current practice not only suits the characteristics and interests of the researcher (cf. section 3.3.5), but it could also have implications from an evidence-based management point of view (cf. Rousseau, 2006). While quality dimensions, such as replicability, reliability, construct validity, and internal and external validity were taken into account, credibility and practical relevance were considered as fundamental criteria.

The choice of undertaking a qualitative piece of research led to the investigation of a wide range of issues, either derived from theory or identified through the analysis of the data. Furthermore, it enabled the researcher to examine new relationships and new dynamics, and be ‘surprised’ by the preliminary empirical findings. Conducting case-based research also meant that the research questions could evolve over time and the constructs be developed during the course of the research (Voss et al., 2002).

In this sense, the researcher agrees with Dyer and Wilkins (1991) regarding the importance of selecting cases that could lead to the identification of new theoretical relationships and the questioning of old ones. Through the use of case studies it was also possible to analyse the interactions between different organisations as well as to consider aspects related to intra-organisational dynamics, thereby challenging new institutional theorists’ emphasis on organisational field level studies (DiMaggio and Powell, 1983).

In terms of data elicitation methods, the availability of documents on PM in the public sector in England was certainly useful in order to explore the concept of the ‘golden thread’. However, the pilot interviews followed by the structured interviews, triangulated with a wide range of documents which enabled the study of a number of issues that would not have emerged if the research had relied solely on the analysis of available documents. This is in contrast to previous studies carried out in this area which based their conclusions almost entirely on publicly available documents such as annual reports (cf. Wall and Martin, 2003; Johnsen, 2005). Finally, the ‘within-case analysis’ for SFRA and LBBD helped the researcher to become familiar with the patterns of the single cases, before looking at patterns across cases (Eisenhardt, 1989). Moreover, the selection of respondents from different hierarchical levels led to the identification of quite different perceptions of PM within organisations.

Therefore, this research hopes to contribute to a wider use of case study as a research strategy in the field of PM. Using either a different method, e.g. survey, or data sources, e.g. limiting them to publicly available documents, would not have provided the richness of issues and characteristics it was possible to be exposed to through the use of case studies and interviews.

### 7.1.3 Implications for policy and practice

“[T]ruth is not the only goal of science. We want something more than the basic truth: we are looking for the *interesting truth*, the truth that is difficult to achieve. (...) Basic truth is not enough: we look for answers to our problems” (Popper, 1969, p. 184 – researcher’s emphasis). Although the idea of ‘truth’ has particular connotations in Popper’s critical rationalism, which makes it different from ‘truth’ as intended in the realist paradigm (cf. chapter 3), the researcher fully agrees with the emphasis Popper puts on the practical relevance of science.

Interestingly, studies in both public administration (Streib and Roch, 2005) and new institutional theory have been accused of being too theoretical and having “a hard time in providing practical recommendations” (Farashahi, Hafsi and Molz, 2005, p. 15). But, this researcher wants his work to contribute to the practice of PM in the public sector. Therefore, while carrying out the fieldwork, the researcher adopted a critical perspective on the government’s actual performance measurement and management strategy. Systems and processes being used at different levels of government to measure and manage performance were considered. The appropriateness of the ‘golden thread’ metaphor was critically assessed and the responses deployed by local organisations to institutional pressures were examined.

One of the main implications for policy makers stems from the analysis of the purposes and drivers of PM. It is believed that the reflections presented in this dissertation could foster a fruitful debate on the ways in which targets and indicators are currently set in the public sector in England. As Behn (2003) argues, “the leaders of public agencies can use performance measures to achieve a number of very different purposes, and they need to carefully and explicitly choose their purposes. Only then can they identify or create specific measures that are appropriate for each individual purpose” (p. 588). In this research, however, little clarity was found with regard to this at either national or local levels. As previously stated, this is due to a number of reasons.

First of all, a clearer national strategy that is shared by government departments could foster the creation of a more ‘joined up’ approach to service delivery. Despite the centralised nature of the current PM regime, weak co-ordination between central departments appears to cause lack of integration at the local level. Second, more delegation of powers to local public sector organisations, as is happening through Local Area Agreements, could lead to more effective ways of setting priorities and allocating funds to satisfy citizens’ wants and needs. Thirdly, the complexity of the links existing between national and local levels should not be underestimated. In particular, central government, audit bodies and any other organisations which influence the design and use of local targets and indicators must be better co-ordinated. In the case of the Primary

Care Trust, for instance, the Department of Health and the Healthcare Commission required the organisation to measure and report on similar issues, but with diverse frequency, using different datasets and calculating the indicators in dissimilar ways. Furthermore, as remarked regarding the cases of the fire authority and police force, older and more recent PM frameworks should not be allowed to co-exist, since this contributes to create confusion locally.

Accountability is another issue examined in this research that is highly relevant for policy-makers. The British Government has often behaved as if providing the electorate with information was inherently valuable and performance information could help citizens make more effective choices. However, the majority of interviewees argued that the public is generally uninterested in performance indicators and league tables; rather, they are more concerned about the quality of a limited set of services. Therefore, building on further research in this area, the Government might re-think its communication strategy and the mechanisms through which accountability is currently guaranteed in the public sector (Pollitt, 2006) (cf. section 6.9.2).

Comparisons of performance between and within organisations emerged as a very relevant topic. However, it seems that league tables, rather than benchmarking, are the primary focus of attention, despite concerns expressed by a number of distinguished practitioners and academics (cf. Royal Statistical Society, 2005). As discussed in section 6.9.3, not only can the use of league tables have significant unintended consequences, but also their validity is at best questionable. This is partly related to the consistency of the audit process. Indeed, a number of interviewees argued that greater and more positive influence on local services could be achieved by having more prepared auditors and ensuring that communications to local organisations is as timely and unambiguous as possible. However, regarding the relationships between national and local levels, it should be pointed out here that the more collaborative and participative approach demonstrated by the auditors in the Comprehensive Performance Assessment was greatly valued locally.

From the point of view of a local public sector organisation, the main challenges with the current performance measurement regime were effectively summarised by the Corporate Director of Customer Services at LBBD: "Getting it to be consistent, not overlapping, not duplicating, getting the focus in the right areas and getting the management of performance to follow the measurement of performance properly". The analysis of the data shows that a number of factors should be taken into account during the introduction of a PM system in a local public sector organisation. Several themes, such as the competence of auditors and performance analysts, and the consistency of comparisons between organisations have been described in previous sections of this dissertation (cf. 6.8). But, more importantly, involvement and collaboration were regarded as essential elements for the successful implementation of a PM system. Participation was mentioned in relation to three types of relationships: between organisations along the 'golden thread'; within organisations (e.g. between employees working at different levels); and between local organisations and the public (cf. LBBD's 'community priorities'). Leadership was also considered very important; as Bovaird and Loeffler (2003) state, "in order to solve 'wicked' problems successfully it is important to identify the most relevant stakeholders – and to decide how best to engage with them,

to mobilise their efforts and to reconcile conflicts between them. This is the key role of public leadership” (p. 170).

In terms of culture of performance management, local organisations seem to struggle to effectively explain to people working in the front line that collecting and reporting information is an activity that, although time consuming, has an important, albeit often indirect, impact on service delivery. This could be achieved through greater staff involvement in the design and use of PIs, but also by making information flows clearer and showing how the elements of the PM system (and the organisation) are connected. If this does not happen, organisations incur the risk of creating a highly fragmented system, in which “performance measurement tends to generate only single-loop learning. What is easier to measure gets measured, without reflection on policy assumptions or institutional designs” (Yang and Holzer, 2006).

Furthermore, in cases where an excessive number of PIs is present, “what gets measured just gets measured” (Corporate Director of Resources at LBBD). Rather, an efficient and effective approach to PM presupposes the understanding that, “because of their usually tentative nature, performance indicators should be seen as ‘screening devices’ and not over-interpreted” (Royal Statistical Society, 2005, p. 1). Indeed, “no performance information is other than partial, imperfect, and indicative” (Bovaird, 1996, p. 147).



## 7.2 Limitations

The limitations of this research are determined by the choices made on theoretical and methodological levels and by the personal characteristics of the author. From a theoretical point of view, the conjoint use of resource dependence theory and new institutional theory influenced the conclusions that could be drawn in this study. However, it could be argued that the adoption of any theoretical lens would determine which aspects to consider, and give prominence to specific concepts and attributes. Therefore, it would be interesting to investigate similar topics utilising other theories and perspectives (cf. section 7.3).

From a methodological point of view, given the lack of empirical studies that look at how the relationships between institutions and local public sector organisations influence the ways in which performance is measured locally, this research is of a predominantly exploratory and descriptive nature. This is also determined by the choice of an objectivist ontology and a subjective epistemology, for which relevance and understanding, and not prediction, are regarded as the ultimate goals of research. The cases considered provided the researcher with sufficient data to expand the existing theories, but other cases carried out in different settings would contribute to the gaining of a deeper comprehension of the issues examined.

The reviews of the literature and the empirical analysis show that there is substantial commonality of issues across the public sector in England in the ways in which performance is measured and managed. Given the importance of the structure of the public sector, the diversity of approaches to (new) public management, and the variety of ways in which services are supplied to the public in different countries, the findings of this research mostly regard local public sector organisations in England. However, the conclusions might be of interest to public sector organisations operating in other countries in which similar issues are present, e.g. tensions and conflicts between and within organisations; fragmentation of performance measurement systems; difficulty to provide 'joined up' services at the local level, etc.

In terms of personal characteristics, the review of the literature, although systematic and extensive, was influenced by the researcher's subjective structuration of the process and identification of the main themes. Similar reflections could be made regarding the analysis of the material gathered in the empirical phases. In this sense, it could be argued that the previous knowledge possessed and philosophical perspective adopted by the researcher played a very important role in this study (cf. section 3.3.5). Therefore, it would be interesting to have other research projects carried out on similar topics by academics with different backgrounds and adopting divergent perspectives.

Following these remarks, promising avenues for further research are examined in the following sections.

### 7.3 Further research

Review of literature and analysis of the data have led to the identification of a number of areas that require further research. From a theoretical point of view, the scarce utilisation of organisation theory in the field of performance measurement was identified as a major issue. Similarly, several gaps were also identified through the review of the performance measurement and public management literatures (cf. chapter 2 for more detail). Moreover, further research is needed to examine in greater depth the implications of measurement theory for the theory and practice of PM (cf. chapter 3).

The empirical analysis contributed to gaining a deeper understanding of a number of aspects, some of which have been discussed in the previous sections. Furthermore, it showed how, by appropriately accounting for a number of differentiating factors, studies in the area of PM could consider the public sector as a whole without necessarily focusing on separate areas within it. However, future research is needed to investigate the drivers and purposes of performance measurement in the public sector and to further the empirical examination of key concepts such as legitimacy, efficiency and accountability.

Building on these reflections, this section presents a selected number of avenues for further research. The inclusion of other categories of respondents and the consideration of different units of analysis and perspectives could enrich and complement the findings of the research. Moreover, future studies could investigate both rational and symbolic aspects of PM in greater depth. Finally, other theories and perspectives could be used to look at the issues discussed in this research through different 'lenses'.

#### 7.3.1 Categories of respondents

In the two in-depth case studies, the researcher decided to ask questions on fairly specific aspects of PM and, therefore, to interview people who are particularly involved in the measurement of performance. However, this could prevent certain aspects, such as cultural resistance and expression of different identities within organisations, to emerge. Therefore, future studies could focus on other categories of respondents, whose perceptions of PM have been investigated almost solely in an indirect way in this research:

- professionals and front-line workers
- local politicians
- end-users.

In some organisations such as healthcare, the role of professionals (Jespersen, Nielsen and Sognstrup, 2002) and professional power (Cheung, 2002) should not be underestimated. A number of studies have been carried out to examine the involvement of professionals and front-line staff in the design of PIs (e.g. Rayburn and Rayburn, 1997) and the very possibility of having management control within organisations that

have strong technical foundations (Scheid-Cook, 1990). Therefore, it would be interesting to complement the data gathered in this research with interviews with social workers, general practitioners, police officers, fire fighters, etc.

During the course of the research, interesting remarks were made regarding the lack of involvement of locally elected members in the design and use of performance indicators. On the one hand, they were pictured as rarely using performance data in their speeches and communication; on the other hand, they were said to be quite reactive particularly to comparisons of performance with neighbouring organisations. This was confirmed by the elected member interviewed at LBBD. Therefore, future studies could focus on local politicians and their use and influence on the PM system.

This research concentrated on the perceptions of people working within public sector organisations, but did not directly explore the opinions of end users. Comparisons between responses obtained from people working in local organisations and citizens could also shed light on important issues, such as communication, trust and public choice, which were discussed in this research only to a limited extent. With the inclusion of other categories of respondents, the analysis of the prevalent discourses would be strongly advisable, especially to identify the different priorities and rationales existing between the groups under consideration.

### **7.3.2 Units of analysis**

Although the exploratory case studies focused on the 'golden threads' in healthcare and police services, the subsequent pilot interviews and case studies considered local public sector organisations as units of analysis. Future studies could also investigate the concept of 'golden thread' in greater depth by directly examining the positions and perceptions of audit bodies and government departments.

These studies would provide a 'vertical' perspective of PM, since they would consider the delivery chain, i.e. how the 'golden thread' is deployed from the centre to the periphery. A 'horizontal' perspective could look at the consistency of targets and indicators between different public sector organisations that operate in the same area. This topic was only partially investigated in this research, when issues related to the concepts of 'joined up' government, partnerships and Local Level Agreements were discussed. Therefore, it would be interesting to undertake a piece of empirical research that focuses on the impact of the centralisation of the system on the links between organisations operating at the local level.

Utilising a micro-level of analysis (perhaps adopting a resource dependence or agency perspective) further work could focus on intra-organisational dynamics at an individual level, i.e. bargaining processes between actors and interpersonal power relationships within and between organisations.

### 7.3.3 Comparative perspectives

Although difficult to perform, cross-national comparisons would be very welcome on the issues examined in this research. In particular, it would be interesting to carry out a longitudinal study to observe the impact of PM on processes, behaviours and cultures in organisations which operate in countries where performance measurement is currently being introduced.

Although comparisons between public and private sector organisations are rarely undertaken, this research suggests that techniques developed in one sector could be adapted to the other (e.g. strategy maps – cf. section 4.3.4). Therefore, future studies could focus on the possibility of transferring PM tools and techniques to different settings. Furthermore, it would be interesting to investigate similar issues in public and private sector contexts. Institutionalisation (Casile and Davis-Blake, 2002), responses to change (Roy and Seguin, 2000) and leadership (Moore, 1995), for example, could be considered. Finally, tensions between national and local public sector organisations could be compared to those existing between parent companies and subsidiaries in multi-national companies or groups of firms (cf. Micheli and Agliati, 2007).

### 7.3.4 Measurement

A number of studies have focused on specific measurement issues, such as the quantification of outputs and outcomes (cf. Smith, 1996) and the inclusion or exclusion of contextual factors in the calculation and presentation of league tables (cf. Royal Statistical Society, 2005). However, further work is required in these areas and, as emerged from the interviews, this could have a very relevant impact on practice.

Following the reflections presented regarding the ‘relativistic perspective’ in measurement theory, pragmatic aspects, such as costs, benefits, specificity and trust in PM should also be studied in greater depth. These issues also reflect the concerns expressed by a number of interviewees on the substantial resources involved in the measurement of performance. Therefore, it would be very interesting to carry out an empirical study of the costs and benefits of the measurement and reporting of performance. In practice, different units of analysis could be considered, e.g. organisation, service, team and individual, and estimates of cost could be coupled with a study of tangible and intangible benefits (Gray, 2005).

### 7.3.5 Reconciling applied and theoretical approaches

Applied studies in the field of PM have often investigated the effects of performance measurement on organisational efficiency (e.g. Neely and Bourne, 2000). On the other hand, organisation theorists have examined behavioural and socially constructed aspects of PM (e.g. Covaleski et al., 1996; Etherington and Richardson, 1994). This research shows that ‘applied’ and ‘theoretical’ perspectives are complementary, and argues that

in order to have a more comprehensive picture of performance measurement, these perspectives should be reconciled (cf. chapter 2).

One way to do this would be to follow the approach adopted by Allison and Zelikow (1999) in their work on decision-making. In the study of rational and symbolic aspects of PM, research could concentrate on two levels of analysis – inter- and intra-organisational. Moreover, it could consider two ‘models’: the first is the ‘rational model’, for which the organisation functions on the bases of processes, tools and techniques aimed at improving efficiency and effectiveness. The second – more linked to dimensions of organisational behaviour – looks at the sense of legitimation, routines, structures and cultures present in organisations.

Traditionally, the applied literature has mostly adopted the former model, whereas the theoretical literature has paid attention almost exclusively to the latter. As shown by Allison and Zelikow (1999), the combination of different models could be very powerful to describe and explain complex phenomena.

### 7.3.6 Theoretical perspectives

A number of alternative perspectives could be adopted to study issues similar or related to those investigated in this research. For example, the interviews undertaken in the fire authority and borough council show how the implementation of a PM system has profound implications for the ways in which organisations operate. In particular, for the successful implementation of a PMS, not only is a strong leadership element required, but also the organisation has to go through a process of substantial change.

Therefore, a change management perspective could be adopted. In so doing, it would be possible to explicitly consider the temporal dimension of the process of institutionalisation and study how change takes place not necessarily in a uniform manner. In the two in-depth case studies used in this research, CEOs and senior management embraced PM as a way to manage the organisation, whereas a considerable time lag was (and still is) required for the change to spread from middle management down. This research shows that differences in the relationships with auditors and participation in the development of the PM system influences the use and perceptions in relation to the measurement system. Thus, a change management approach could focus on the links between pace of change and interactions with the promoters of the change – in the English case, mostly government departments and auditors – and the embedding of a PMS within an organisation.

From an institutional perspective, a longitudinal study could look at the transition from a ‘traditional’ approach to auditing and inspecting to a more advisory one. Furthermore, empirical research in services such as waste management, which are strongly regulated, could investigate the impact of (changes in) laws in PM and organisational functioning. Longitudinal studies could also shed light on the evolution of the roles of PM at the local level.

To conclude, other organisation theories, besides new institutional theory and resource dependence theory, could be adopted. Section 2.5 discussed a number of issues and opportunities for further research from three perspectives: contingency theory, resource-based view of the firm and agency theory. The latter approach would be particularly interesting in the context of this research, as concepts drawn from agency theory could help to explain the links between organisations along the 'golden thread'. In essence, agency theory is based on the premise that agents, although working for principals (the owners of the organisation's assets), have their own agenda to pursue and that this agenda will not necessarily align with the principals' interests. Hence the need for control mechanisms – performance measurement and incentive systems – designed to ensure alignment between the priorities of the principals and the activities of the agents (Halachmi and Boorsma, 1998; Holmstrom and Milgrom, 1991; Ittner, Larcker and Rajan, 1997; Jensen and Meckling, 1976).

In the public sector it is not immediately clear who the principals are. From a departmental perspective it could be argued that the Treasury is the principal. Yet members of the Treasury itself, and particularly elected officials, might argue that the electorate is the principal. However, the Treasury's objective is "to raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all", while one of its ten sub-objectives is to "improve the quality and the cost effectiveness of public services". Hence the Treasury implicitly sees itself either as the principal or the principal by proxy. Its interest is in ensuring that the agents – government departments and agencies – pursue courses of action that are in the principal's best interests.

Furthermore, the concept of information asymmetry, which is central in agency theory, plays a major part in the behaviour of both principals and agents in the design and implementation of PMS. Specifically, agents will seek to minimise the extent to which PMS require them to provide that performance information, which would allow principals to better understand those parts of their activities where they currently have the most valuable discretion (i.e. discretion which allows them to meet their own objectives, at the expense of the principals'). For example, PCTs are likely to resist, both explicitly and covertly, new measurement procedures, which would reveal in more detail how they contribute to alleviating health inequalities locally. This is either because it is an area where they perform poorly or because local health professionals resist the idea that they should be distorting their resource allocations to achieve social, rather than health, policy purposes.

## 7.4 Dissemination and communication

During the course of the research, provisional results have been communicated and discussed with both academics and practitioners. Since the study of performance measurement and management is by definition multi-disciplinary, the researcher has tried to reach, and receive the feedback from, different audiences. Therefore, presentations have been made at conferences attended by scholars with different backgrounds and working in areas as diverse as: management accounting, public administration, operations, organisational behaviour and strategy. Three articles have already been published in peer-reviewed journals (in the field of operations) and one is currently under review (in a public administration journal). In the months subsequent to the completion of the thesis, the researcher is planning to submit four papers to journals in the fields of management accounting, public management, strategy and operations.

Presentations before practitioner audiences have been made at a number of conferences and workshops. As remarked in section 3.4, the researcher has been co-ordinating the Centre for Business Performance's Public Sector Performance Roundtable for some time. This has represented a key opportunity not only to gain access to data, but also to discuss findings and explore their implications with managers interested in the measurement of performance in the public services. In 2006 the researcher has also co-ordinated the organisation of, and presented at, the successful conference 'Managing performance in the public sector', which was held at HM Treasury in London, UK. Finally, the researcher has already published in a number of practitioners' magazines and newsletters.





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13. HM Treasury – [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)
14. Wikipedia – [www.wikipedia.org](http://www.wikipedia.org)



## APPENDIX A – EXPLORATORY CASE STUDIES

Number of "finds" in the document	Key targets	BSC Indicators	Relation/Similarity
A&E (8)	Patients waiting for four hours or less in A&E	No finds	No relation
Access (29)	Access to GP and to PCP	Access to dentistry; access to services in general (patient survey); access to services for early unintended pregnancy.	Access to services might encompass the access to GP and PCP, but the way the survey is structured is not reported. However, the data sources are not the same.
Antibacterial drugs (2)	No finds	Prescribing rates of antibacterial drugs	No relation
Appraisal (9)	No finds	GP and staff appraisals	No relation
Cancer (8)	Briefly about smoking quitters	Cervical screening; mortality rates	No relation
Cervical screening (3)	No finds	Number of screening performed	No relation
Child and Adolescent Mental Health Services (CAMHS) (10)	No finds	Audited needs and investment	No relation
CHD (3)	No finds	CHD register	No relation
Child protection (3)	No finds	Compliance to child protection systems and procedures	No relation
Circulatory (6)	No finds	Circulatory diseases	No relation
Community (4)	No finds	Community equipment and community-based care	No relation
Dentistry (6)	No finds	NHS dentistry	No relation
Diabetic (4)	No finds	Diabetic Retinopathy Screening	No relation
Equity (8)	No finds	Health Equity Audit	No relation
Ethnic (6)	No finds	Data quality on ethnic groups (race equality)	No relation
Flu (4)	No finds	Flu vaccinations	No relation

GP (35)	Access to GP	GP practices related to Coronary Heart Disease (CHD) and to drug misusers; GP appraisal; Access to GP out-of-hours care	Little relation
Human Resource (3)	No finds	Human resource management	No relation
Immunisation (2)	No finds	MMR vaccine	No relation
Infant (3)	No finds	Infant health	No relation
Information (11)	No finds	Better information: more choice	No relation
Inpatient (14)	Inpatients waiting longer than standard	Inpatients waiting	Strong relation, although different sources of data are considered
Mental (11)	No finds	Child and adult mental health; drug prescription	No relation
Outpatient (7)	Outpatients waiting	No finds	No relation
Pregnancy (11)	No finds	Teenage pregnancy; sexual health; infant health	No relation
Primary Care Professional (or PCP) (9)	Access to a Primary Care Professional	No finds	No relation
Race (4)	No finds	Race equality	No relation
Safety (5)	No finds	Staff opinion survey: health, safety and incidents	No relation
Sexual (3)	No finds	Sexual health	No relation
Smok* (21)	Four-weeks smoking quitters	Advices on CHD treatments; Infant health	No relation
Staff (37)	Staff working lives	Sufficient number of staff to ensure service; Staff opinion surveys	Staff opinion surveys and the plan to improve staff working lives have common features, but the sources of data are different
Suicide (10)	No finds	Suicide audit	No relation
Survey (39)	Primary Care Access Survey (source of information)	Patient surveys; staff opinion surveys	Different sources of information
Teenage (10)	No finds	Teenage pregnancy	No relation

Telephone (4)	No finds	Single telephone access	No relation
Transfer (6)	A&E waiting times	Delayed transfers of care	No relation
Waiting (27)	Inpatients and outpatients waiting	Patients waiting; Inpatients waiting	Strong relation, although different sources of data are considered
Working lives (3)	Improving working lives	No finds	No relation

Table 1: Healthcare Commission – Internal consistency

Number of "finds" in the document <sup>1</sup>	Department of Health (DoH)	Healthcare Commission (HC)	Relation/Similarity
A&E (2,8)	Patients waiting no more than four hours, or no more than one hour in A&E	Patients waiting for four hours or less in A&E	Very similar, although the second part of the DOH one is not present in the HC document
Access (2,29)	Access to GP and to PCP; access to crisis and CAMHS services.	Access to GP and to PCP; access to dentistry; access to services in general (patient survey); access to services for early unintended pregnancy.	Partly similar
Accountability (2,0)	Enhance accountability to patients	No finds	No relation
Antibacterial drugs (0,2)	No finds	Prescribing rates of antibacterial drugs	No relation
Appraisal (0,9)	No finds	GP and staff appraisals	No relation
Cancer (2,8)	Mortality rates	Cervical screening; mortality rates; smoking quitters	Partly similar
Cervical screening (0,3)	No finds	Number of screening performed	No relation
Child and Adolescent Mental Health Services (CAMHS) (2,10)	Access and increase in CAMHS services	Audited needs and investment for CAMHS	Very similar; the HC indicator is more detailed
CHD (0,3)	No finds	CHD register	No relation
Child protection (0,3)	No finds	Compliance to child protection systems and procedures	No relation
Circulatory (0,6)	No finds	Circulatory diseases	No relation
Community (0,4)	No finds	Community equipment and community-based care	No relation

<sup>1</sup> N.B.: Since the Healthcare Commission's document is more detailed, the dissimilarity in the numbers of finds also depends on the different document size. However, the comparison of the two documents is based on the areas they cover and the type of indicators, rather than a mere comparison of quantities.

Dentistry (0,6)	No finds	NHS dentistry	No relation
Diabetic (0,4)	No finds	Diabetic Retinopathy Screening	No relation
Drug (4,29)	Drug misusers and treatment	Drug misusers and treatment; shared care	Similar areas, but different indicators
Education (4,1)	Education of children	Teenage pregnancy	No relation
Effectiveness (3,0)	Service effectiveness; service effectiveness indicator for NHS and PSS	No finds	No relation
Efficiency (2,0)	Cost efficiency and cost efficiency indicator	No finds	No relation
Equity (0,8)	No finds	Health Equity Audit	No relation
Ethnic (0,6)	No finds	Data quality on ethnic groups (race equality)	No relation
Financial (0,43)	No finds	Financial management (planned, support etc.)	No relation
Flu (0,4)	No finds	Flu vaccinations	No relation
GP (2,35)	Access to GP; patients choice	Access to GP; GP practices related to Coronary Heart Disease (CHD) and to drug misusers; GP appraisal; Access to GP out-of-hours care	Partly related
Human Resource (0,3)	No finds	Human resource management	No relation
Immunisation (0,2)	No finds	MMR vaccine	No relation
Infant (2,3)	Infant mortality rates	Infant health	The indicators are not related
Information (0,11)	No finds	Better information: more choice	No relation
Inpatient (4,14)	Inpatients waiting	Inpatients waiting	One indicator is in common, another (HC) is not
Life expectancy (3,1)	Reduce inequalities	Health equity audit	Same issues, but different performance measures
Mental (1,11)	Child mental health	Child and adult mental health; drug prescription	Just partly related

Older people (1,3)	Quality of life and independence of older people (support at home)	Transfers of care and community equipment	Same areas, but different performance measures
Outpatient (3,7)	Outpatient waiting	Outpatients waiting	Same issues, but different indicators
Pregnancy (0,11)	No finds	Teenage pregnancy; sexual health; infant health	No relation
Primary Care Professional (or PCP) (1,9)	Access to a Primary Care Professional	Access to a Primary Care Professional	One indicator is in common; more specific ones are introduced by the HC
Race (0,4)	No finds	Race equality	No relation
Safety (0,5)	No finds	Staff opinion survey: health, safety and incidents	No relation
Service (13,58)	Service improvement	Service improvement	The word is widely used in a generic sense in both documents
Sexual (0,3)	No finds	Sexual health	No relation
Smok* (0,21)	No finds	Four-weeks smoking quitters; Advices on CHD treatments; Infant health	No relation
Staff (0,37)	No finds	Staff working lives; Sufficient number of staff to ensure service; Staff opinion surveys	No relation
Suicide (2,10)	Reduce death rate from suicide	Suicide audit	Same issue, but different ways of measuring it
Survey (1,39)	Patient surveys	Primary Care Access Survey; Patient surveys; staff opinion surveys	Just patient surveys are present in both documents
Teenage (0,10)	No finds	Teenage pregnancy	No relation
Telephone (0,4)	No finds	Single telephone access	No relation
Transfer (1,6)	A&E waiting times	A&E waiting times; Delayed transfers of care	Just A&E waiting times are in common
Value for Money (2,0)	PSA objective	No finds	No relation
Waiting (7,27)	Inpatients and outpatients waiting	Inpatients and outpatients waiting	Very similar, except for patient surveys (named just in the HC document)

Working lives (0,3)	No finds	Improving working lives	No relation
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Table 2: Consistency between Department of Health and Healthcare Commission





## APPENDIX B – IN-DEPTH CASE STUDIES

### Appendix B1: Interview protocol

1. What are the objectives of your organisation?
2. What do you consider as success for your organisation?
3. What performance indicators do you have in place?
4. Why do you measure performance in your organisation?
5. Do your performance indicators help you achieve success?
6. Are you satisfied with your performance targets and indicators?
7. What use do you make of the information gathered through the measurement of performance?
8. What are the main problems you are experiencing in relation to performance management?
9. How do the relations with higher-level organisations affect the design of performance indicators and related reporting of information?
10. What tensions, conflicts and behaviours are generated as a result of these relations?
11. What are the organisational responses to pressures coming from institutions?
12. Are there particular factors that influence the nature of these responses (e.g. economic gain, level of resource dependence)?

**Appendix B2: Map of the indicators – Matrix**

		Local level	Higher level
1	Indicator		
2	Metric/formula		
3	Target level		
4	Frequency of measurement and reporting		
5	Source of data		
6	Reasons for introducing the measure – expected benefits		
7	Use of the information		
8	Overlap with other measures		

Table 1: Map of the indicators – Matrix

The questions asked in relation to the matrix are the following:

- 1- What is the name and type of indicator?
- 2- What is the formula used to calculate it?
- 3- What is the target level? Who sets it? Is the level an aspiration or is it achievable?
- 4- How often is it measured? How often is it reported? Are there different time scales depending on whom it is reported to?
- 5- Where does the data come from?
- 6- Why and when was the measure introduced? What are the expected benefits? Are there discrepancies between reasons for collecting data and actual use of the information gathered?
- 7- What is the role of this indicator (or group of indicators)? What action is taken on the basis of the information gathered?
- 8- Are there significant overlaps with other indicators? If there are conflicting demands, what are their implications on the development of performance indicators? Would the indicator/target be different if it was not mandated?

## APPENDIX B3: Examples of coding

### 1- Policy and Review Officer at LBBD

Researcher: "What are the main reasons for which you measure performance?"

Interviewee: "Well, clearly for any organisation it's a way of showing success and progress, if you've set yourself a goal or an objective or a target at the beginning of a service planning cycle, the indicators are there primarily to tell you if you've delivered on it or not. Obviously it depends on what kind of indicators you're setting and whether they are then smart and all that. But also I think performance in an organisation, because we are now much more, the culture within local government is now about performance, you know where you fit in that league table, what's your CPA rating; but there is a lot in terms of reputation, attracting a good work force, retaining the work force, raising aspirations in the community, having a confident community, is all about having a good, well performing organisation at the heart of it and if Barking and Dagenham became a three star authority out of four stars, that is a good message out there that this council is run well, that people can have confidence in its management, its structures.

If you're aspiring to progress in your career, it's a good place to come, that kind of thing, whereas if you're a one star authority or you're a stagnant two star authority, then it just says well there ain't really a lot there for you. So there's a number of factors there in terms of reputation, in terms of attracting people to the area, to the workforce, retaining good people, it's very very crucial for us and once you become familiar with these processes, you go into other places and you ask the same questions: "what rating are you?" So you become much more informed about it locally as well.

#### Key:

Monitor progress

Performance culture

Reputation

Good workforce

Impact on community

## 2- Deputy Chief Fire Officer at SFRA

Researcher: *“What types of indicators do you have in place?”*

Interviewee: “We have to report on the suite of BVPIs, which we do; now at the end of the day, the relevance of each of those indicators varies, so clearly the best value performance indicator in relation to fire death and injury is a key indicator for us, the indicator on how long it takes us to administer the production of a fire certificate is less relevant in relation to... I’m not saying it’s irrelevant but it’s less relevant in relation to that broader organisational frame, so when for example we report to the fire authority, we report what we believe to be the key indicators. I don’t know if you’ve got a copy of the chief’s periodic report that he takes to every fire authority which will give you an indication of what he reports and what is essentially fire deaths and injuries, that’s the number of primary fires, the number of secondary fires and that’s – rather than go through the full raft of BVPI’s.”

Researcher: *So what is the main reason why you measure performance?*

Interviewee: “We measure performance to ensure that the resources that we’ve got are being used to achieve what the authority effectively is key priorities in terms of outcomes. So, again, what we report to the authority is very much focused on outcomes; as part of the management process, there’s also a need to measure inputs and outputs, so fundamentally if the outcome isn’t as we would want it to be, we then look at the inputs and outputs to see what have we done as a result of that particular result and we can then change – I mean the outcomes are what the outcomes are, we don’t have an influence directly, what we do have is a direct influence on the inputs and outputs, so if we change inputs and outputs, then the outcomes would ...”

### Key:

National PIs

External reporting

Resource allocation

Outcomes, outputs, inputs

## Appendix B4: SFRA – Main quotes

### Discourse

**Integrated Risk Management Plan (IRMP) - 2004 Onwards** (underlined in the executive summary): "Staffordshire "IRMP" has recognised the significant move towards modernisation since the completion of an extensive Best Value Review of Community Protection carried out in 2000. The Authority will continue to deliver this through our strategic aims, focused on ensuring that our communities are "Safe from fire" and "Safer in Emergencies".

**Integrated Risk Management Plan (IRMP) - 2004 Onwards** (underlined): "In December 2003 an independent audit, carried out by the Improvement and Development Agency, concluded that "the Service has clearly made progress in responding to the modernisation agenda." (...) Further, the ODPM Verification Audit found solid evidence to corroborate the Service's modernisation progress."

**Best Value Performance Plan 2005-2006:** "Efficiencies: The Authority has set a budget for 2005/06 and projected budget plans for the following two years that include commitments to efficiency savings in line with Government expectations. These efficiencies aim to release resources to contribute to the community safety modernisation activities."

### Chief Fire Officer:

“‘Productivity’ is a word used now, but now 5 years ago!”

## Information flows

### CPA Pilot Test Report - October 2004:

“Communication of performance is not systematic at present, although this has been identified and is being addressed.”

### Deputy Chief Fire Officer:

“The chief’s periodic report, that he takes to every fire authority, will give you an indication of what he reports and what is essentially fire deaths and injuries, that’s the number of primary fires, the number of secondary fires and that’s – rather than go through the full raft of BVPIs.”

### Performance and Quality Manager:

“Obviously, we have national indicators – arson is one, and death and injuries is another. They came out of the national framework of government recently. So, obviously, we have to commend to that national framework of government. We have to send an annual return to the ODPM about our own performance. So quarterly we have to look at our performance.”

“[The Chief Fire Officer] doesn’t see ... he sees what we all see, but he doesn’t drill down as far as we do. He can see the overall picture...policy and reporting. We see more of it in the Policy Advisory Groups.”

### Principal Service Analyst:

“There would be league tables with all the BV’s produced and you can get them off the ODPM website and anyone I assume can access that information if they so wished, we would then obviously publish around best value performance plan which is published and should be available to the public of Staffordshire or anyone else I guess if they requested it. (...) It would be published on the internet, I believe that they are sent out to the libraries, they wouldn’t be sent out to individual homes.”

“We also have performance reports that go out to our policy and advisory group on a monthly basis, that’s local to the area command although they are standardised across the nine area commands but they would be reported on. Now, they wouldn’t specifically be Best Value Performance Indicators, they would be the supporting evidence.”

**“So they have these reports that are published on a monthly basis and that’s to assist them in their management ultimately for best value performance indicators, so it’s just supporting evidence, supporting data.”**

## **Institutional pressures**

### **Chief Fire Officer:**

**“There’s discrepancy between policy makers and deliverers – strategy and policy development is different from delivery.”**

**“Policy makers can change the allocation of resources, but not improve performance.”**

**“Fire nationally has suffered a neglect by central government. (...) Fire deaths and arson have risen, but they have not hit the political agenda.”**

**“CPA for the first time also looked at joined up services, management culture, etc.”**

**“Relationships with government have to be formative.”**

### **Deputy Chief Fire Officer:**

**“I think in the past it was very much directed and it was one way, ODPM, fire services Inspectorate or whoever determine what the BVPI’s would be and basically told us that’s what was going to happen. Certainly over the last two or three years they have been far more keen to engage with individual authorities on a consultation basis.”**

**“We’ve gone from that to a far more respective and inclusive arrangement or relationship with ODPM inspectorate. I think certainly our experience with the comprehensive performance assessment was that the reviewers were keen to engage with us and listen to us and share their views with us and were prepared to be challenged.”**

**“Certainly the CPA assessment team that we had, I don’t know whether that’s the same for all, because we just had one team, but their view was very much that this is a process to achieve improvement, so we want to identify the areas where you need to develop to improve, to ensure that you have an improvement plan over the next three years, addresses those and the issues that need addressing rather than just come in and just look at the performance nature.”**

**“The approach of certainly the Audit Commission in terms of CPA was to look into taking a more holistic view of the performance of the organisation, identify the relative relevance of each indicator and then being prepared to listen to our explanation as to why we let performance in some areas of the organisation to drop, so I certainly think that our experience with CPA is very much about a collaborative partnership approach to achieving improvement rather the almost oppressive inspectorate regime finding fault.”**



**Performance and Quality Manager:**

“We just set our levels to achieve. If there is a BVPI, which hasn't got a national target, we set one. And we set it through our strategic planning process.”

“I don't have any strong views about the relationship, other than we know that they [ODPM] are our masters, if you want. We just try and achieve what they set (send?) us. Bear in mind that obviously [our CFO] and other Chief Fire Officers have an influence on ODPM programmes. So if they make a target design there is a chance that the top level gets involved. I'm sure this does happen.”

Question: “So you don't think that there's much friction...”

Answer: “No no no.”

**Head of Planning and Performance:**

“The ODPM sent the proposed new indicators to Staffs and other organizations asking for feedback about definition of measures, relevance etc.”

(About Her Majesty Inspectorate): “they are very authoritarian and not working well. (...) It is not able to become more than an organization that advises and does not inspect.”

“ODPM and HMI have provided slow and bad guidelines, but relationships will improve through the CPAs. (...) ODPM should foster an improvement cycle.”

“CPA is much more on management practices than on service delivered and it is all evidence based.”

“It is vital to have pressure coming CPA and other institutions. If you are forced to modernize and measure you can achieve improvements in the service.”

**Principal Service Analyst:**

“CPA is pro effectiveness of management of the service, but did not look at service delivery.”

“Her Majesty Inspectorate is moving away from inspection to assessment and with reduced power. (...) The trend is towards less inspection and more assessment. CPA is very good: things about improvement are coming out.”

## **Leadership**

**CPA Pilot Test Report - October 2004 (Executive Summary):** "Staffordshire Fire and Rescue Service demonstrates clear strengths in all of the themes assessed as part of this Comprehensive Performance Assessment (CPA) pilot. There is effective organisational and political leadership of both the authority and fire service and this is making a noticeable and beneficial impact."

### **Head of Planning and Performance:**

"Performance management is getting ingrained in the Fire Authority. (...) The CFO is dragging the people at all levels through this process of change."

## Organisational objectives

### Chief Fire Officer:

“The key objective is to contribute to the public service agenda: safer and better Staffordshire.”

“This is an objective that goes beyond the fire service. (...) A broader vision: sustainable Staffordshire; regeneration of the environment; rural economy...”

“Fire at Government level is about Fire deaths, but this is one layer down.”

### Deputy Chief Fire Officer:

“The overarching objective of our organisation is to create safer communities. Our primary role is to reduce the impact of fires, so reducing them in number and the consequences of those fires but also we’re now moving into broader community safety agenda, including road safety and safety within the community in general.”

“Another objective of the organisation, which is probably a longer term objective, is also to contribute to the broader social inclusion, community cohesion being pursued by other agencies. So I think that is the overarching plan but I think in some ways we have been contributing to that sort of agenda just by doing what we were doing relating to fire deaths. I think we’re now broadening our scope to say: well we can make a contribution not just by making people safer from fire, which will have a knock on effect to general communities but by engaging with user groups for example, we can actually encourage them to go to school so they improve their educational talent and reduce truancy, we can reduce anti-social behaviour, so there’s less graffiti, so communities feel better about themselves, so we can have a direct impact on those other issues, whereas perhaps in the past we didn’t do it.”

“But I do recognise that part of the contribution towards the success that we want to achieve is in a longer term goal, so in the longer term we would want to see more prosperous communities, we want to see more engaged communities and them making a contribution to the local economy, less strain on the police resources, less strain on the health service resources, less disruption to education and all that sort of thing as a longer term goal.”

“The overarching objective of our organisation is to create safer communities. Our primary role is to reduce the impact of fires, so reducing them in number and the consequences of those fires but also we’re now moving into broader community safety agenda, including road safety and safety within the community in general.”

"In the public service agreement, now that was a key objective to reduce fire, death and injuries, so the consequences of accidental fires and the level of reduction would be achieved."

**Performance and Quality Manager:**

"The objectives of the organisation, I mean...we have a strategic planning process. We have the Community Protection, Performance Management, Human Resources... mmm ... Out of those we have several objectives. (...) We have several objectives within each of the areas...and they're based on the National BVPIs."

"The objective of the fire service is to provide a good service. And we want to be the best service in the country."

"The fire service is there to provide citizens with more knowledge, to secure a safer place, not just dealing with fires..."

"Now, why I consider performance management to be so important is that it is the only way, to a degree, that we can support our objectives. You need some sort of measurement of how you are doing. Ok, there are still perceptions, which are difficult to change either way, but if you've got evidence that we are best fire service in the country, or that we deliver value for money... our CPA report confirms it."

## **Performance culture**

### **CPA Report**

**“There is a cultural change throughout the organisation towards improved performance management.”**

**“The culture of managing performance as opposed to monitoring performance is demonstrable.”**

**“Performance management is now a routine part of the Authority’s Governance, Executive and Senior Management arrangements. The results of CPA activity have confirmed the structure and approach of the planning and performance management process. However, this now needs to be developed and implemented to include wider general management and individual performance to ensure it becomes fully embedded.”**

### **Deputy Chief Fire Officer**

**“The main problem internally is that not all of our managers fully understand the concept of performance management and I think there’s a perception that performance management is a punitive arrangement. So, the targets and if you don’t meet them, you’re in trouble, rather than being seen as a management tool, as a means to insure that resources are being used in the most appropriate way; so that’s a key barrier at the moment in relation to embedding performance management into the organisation.”**

**“I think we’ve got it down to at least the area commander level, they understand what we’re trying to do. I think we need to take that next step to encourage people to engage in the process and importantly to insure that they recognise that they are being held responsible and accountable for the achievement of key targets and outcomes.”**

### **Performance and Quality Manager**

**“I think the main problem which we had in the past, and not so much now, is getting everybody to recognise performance management. I’m not so sure that everybody knew what performance management is.”**

**“A performance management culture has grown in this organisation in the last four years, to the point now where the only thing that could make it really better to me is just to upgrade the mechanisms – have some more sophisticated statistics in place.”**

### **Principal Service Analyst**

**“The CPA spotted two main weaknesses: embedding performance management below middle management, and new members should be more involved.”**

**“Performance management is getting ingrained in the Fire Authority. (...) The CFO is dragging the people at all levels through this process of change.”**

## Performance indicators

**Best Value Performance Plan 2004/05 (about LPI2):** "Although CFS activity continues to increase, quality checks during the year show that there are inconsistencies in the methods used to record details of hours spent on specific tasks. As a result the figures cannot be used for the purpose intended and this measure is to be reviewed."

**CPA Report:** "The culture of managing performance as opposed to monitoring performance is demonstrable. (...) However the outcomes are almost exclusively based on national performance indicators (PIs). This is a good measure of how it is performing in relation to other authorities but could be enhanced by the inclusion of more locally based targets."

### Chief Fire Officer:

"Local indicators should be developed in order to better reflect local issues."

"Performance Measurement is very different from Performance Management. We need an integrated approach to create a performance culture."

"The achievement of corporate goals connected with Community and Strategy objectives."

"Local organizations should be more pro higher performance and not just whingeing!"

"BVPIs are centralized indicators, most of which are relevant, although prevalently past-focused."

"PIs are important generally speaking; Best Value is statutory, almost only performance indicators. CPA is increasingly driving improvements much more than BV; CPA is about performance environment and not just PIs. (...) A more holistic approach is needed. CPA refers to Best Value and there are not many discrepancies; CPA is more pro partnerships."

"For changes of BVPIs every authority can have a consultation phase."

### Deputy Chief Fire Officer:

"We have to report on the suite of BVPIs, which we do; now at the end of the day, the relevance of each of those indicators varies, so clearly the best value performance indicator in relation to fire death and injury is a key indicator for us, the indicator on how long it takes us to administer the production of a fire certificate is less relevant."

“We measure performance to ensure that the resources that we’ve got are being used to achieve what the authority effectively is key priorities in terms of outcomes, so again what we report to the authority is very much focused on outcomes.”

“It was a conscious decision by this organisation because, whilst there is a national target, 20% reduction by 2010, we decided that we could do better than that and in fact we’d set in our best value performance plan a target of 33% reduction.”

“I think in the past it was very much directed and it was one way, ODPM, fire services Inspectorate or whoever determine what the BVPI’s would be and basically told us that’s what was going to happen. Certainly over the last two or three years they have been far more keen to engage with individual authorities on a consultation basis.”

“We’ve gone from that to a far more respective and inclusive arrangement or relationship with ODPM inspectorate. I think certainly our experience with the comprehensive performance assessment was that the reviewers were keen to engage with us and listen to us and share their views with us and were prepared to be challenged.”

#### **Performance and Quality Manager:**

“As part of our strategic plan here come the BVPIs or our local indicators. And then you might have another local one at an area of command.”

“Local indicators are developed if there is something missing in the national PIs, like sickness of part-time fire fighters.”

“Local area managers have to provide the information, although this is not so easy, since they don’t want to be responsible. Different information is received depending on who provided it.”

“They’re mainly BVPIs, which are reported nationally. Now, within those BVPIs, each area of command has a sub-BVPI.”

“At an area of command I can monitor that. I need an objective and an end target to achieve it. So I can have a local indicator, which is not necessarily written in that format. The information it gives is, look this is what I’m trying to achieve, and this is what I achieved.”

“Most of them [PIs] you have to monitor them differently.”

“Going back to about 10 years ago, before BVPIs were in place for the fire authorities, [the current CFO], who was my divisional officer, he was my boss in Stoke at the time, we devised some local indicators and tried in the brigades. I’ve always thought we’ve always been ahead of the game. We are a very pro-active brigade in Community Protection.”

“The local indicators were set, but they’re not as important as the BVPIs. The ones which feed in the BVPIs are obviously very important. The ones which the brigade sets - local ones – are very important. The ones that the Areas of Command set, aren’t perhaps as important to the brigade. They are important in their locality.”

“We have a meeting with the Authority Advisory Group and we’ve got a planning process... what are we going to do next year? And out of that process comes out an indicator. Everybody’s got an opportunity to comment whether we think it’s not enough, or whether we think it’s too hard a target to achieve. And we try to stretch it if necessary. If you take the recent LPSA, we stretched the target and achieved very good results... It has taken three years of hard work, you know, going to the community.”

“They’re mainly BVPIs, which are reported nationally. Now, within those BVPIs, each area of command has a sub-BVPI.

“There are several main reasons. Obviously, we have national indicators – arson is one, and death and injuries is another. They came out of the national framework of government recently. So, obviously, we have to commend to that national framework of government. We have to send an annual return to the ODPM about our own performance. So quarterly we have to look at our performance.”

(About national PIs): “I don’t think it’s a problem, really.

“As part of the management process, there’s also a need to measure inputs and outputs, so fundamentally if the outcome isn’t as we would want it to be, we then look at the inputs and outputs to see what have we’ve done as a result of that particular result and we can then change – I mean the outcomes are what the outcomes are, we don’t have an influence directly, what we do have is a direct influence on the inputs and outputs.”

“We need to recognise the linkages between inputs, outputs and outcomes far better than we do currently, which is the process we’re going through at the moment.”

“We then changed focus more to the outcomes, so then the quality of the service that was being provided in each household increased and we then saw, not only the consequences of the fire because the smoke detector was being fitted but also the number of fires because our staff were starting to spend time with people explaining what practices could lead to – of which I actually see as performance management in action, is that you look at the outcomes that are being achieved, you then refer back to the inputs, outputs and you make a change.”

#### **Head of Planning and Performance:**

“PIs are related to it; new indicators by ODPM (new BVPIs) are more supportive.”

“New national indicators have been set and we have developed our own.”

“Local indicators from BVPP and committee meetings: need to have standardized reports.”



**“Some indicators are very useful, others not so much: there’s the possibility to change them or put them together.”**

**Principal Service Analyst:**

**“Area commanders might develop their own with projects/short-term things.”**

**“We record it here in Staffordshire, what other brigades have chosen to do is up to them, we don’t have to report it anymore, it’s no longer a legal requirement. (...) We found it a useful tool, so we’ve continued to use it.”**

**“So what they did was group them together and say this is how many times people were casualties of fire and we didn’t naturally concentrate on who had died and who had been injured it was just injuries and that way it’s easy to control because obviously four people died in the fire in the home accidentally, it’s absolutely thrown your target out completely because you were looking at such small numbers that you couldn’t control it, whereas if you looked at all injuries, you could control it and see that it was still very down.”**

**“The Government decided these changes and they were slightly piloted - there was influence by local organisations, but they were not that great.”**

**“There are a few problems with the new PIs; the Government cannot see what’s happening.”**

**“Some PIs are ambiguous, it is not clear what they are there to achieve.”**

## **Performance management**

**Best Value Performance Plan 2005-2006:** "Performance management is now a routine part of the Authority's Governance, Executive and Senior Management arrangements. The results of CPA activity have confirmed the structure and approach of the planning and performance management process. However, this now needs to be developed and implemented to include wider general management and individual performance to ensure it becomes fully embedded."

**CPA Pilot Test Report - October 2004:** "The fire authority is aware of the need to manage performance and not just measure performance."

### **Chief Fire Officer:**

"The quality of the service has to improve through performance management."

"A performance environment is crucial."

"Performance management is far more prominent in how we manage corporate governance and service management."

"Performance measurement is very different from performance management."

### **Deputy Chief Fire Officer:**

"The main problem internally is that not all of our managers fully understand the concept of performance management and I think there's a perception that performance management is a punitive arrangement."

### **Performance and Quality Manager:**

"Performance management is a standing item on our agenda [Policy Advisory Group]."

"Now, why I consider performance management to be so important is that it is the only way, to a degree, that we can support our objectives. You need some sort of measurement of how you are doing. Ok, there are still perceptions, which are difficult to change either way, but if you've got evidence that we are best fire service in the country, or that we deliver value for money... our CPA report confirms it."

"Without performance indicators how can you measure your success?"

**“PIs are there to make you understand what you achieve and they’re put in place to enable you to achieve it.”**

**Question: “Do your performance indicators help you achieve success?”**

**Answer: “It’s essential. It’s essential.”**

**“For me, as an individual, I’ve always helped performance management, and I feel it as personal responsibility.”**

**Head of Planning and Performance:**

**“Performance management is seen as the key to success”.**

**“Strategic plan, BVPlan etc., we must have a thread that goes through all the plans.”**

**Principal Service Analyst:**

**“Oh yes, [PIs] definitely influence the organisation.”**

## Target setting and 'joined up' government

### Chief Fire Officer:

"Need to create a performance environment and work together with other local public sector organisations."

"Government must develop joined-up local strategies."

"We have debris from previous initiatives. (...) We have the new LAA, but also the old LPSA, Community Strategies Agreements, etc. (...) The Government puts more and more initiatives on the top of each other."

"About targets and PIs, often the organization goes for targets, although they may not be right. (...) Targets fragment strategy. A cohesive strategy is different from a set of targets."

"We want joined up indicators, although Government are departmentalized."

"Performance management is a strategic issue."

"Targets often foster centralization and not quality of service improvements."

"If you don't achieve targets, this is seen as a failure, rather than which directions should be followed."

"National targets have been reduced. (...) When targets were difficult to achieve (e.g. reducing fires for older population) they got cancelled."

"It is difficult to have 'joined up' services when there's a lack of strategy at government level."

"[About Local Public Service Agreement (LPSA)]: Staffordshire stretched it to 50% in 3 years and it achieved more than 46%."

### Deputy Chief Fire Officer:

"It was a conscious decision by this organisation because, whilst there is a national target, 20% reduction by 2010, we decided that we could do better than that and in fact we'd set in our best value performance plan a target of 33% reduction."

"We'd set a target above the national standard already and we then had to stretch that further which went to 50%, now I have to say the reason why it was 50% was nothing other than that was the number we were able to negotiate, there was no real science behind why it should be."

**Performance and Quality Manager:**

“The target that you set has to be related to you, it’s got to be relevant, it’s got to be ... not necessarily achievable ... but stretch the target, stretch it to the point where you think you could still do it, and I think that gradually you can achieve it.”

**Head of Planning and Performance:**

“There are several overlaps between Staffs’ PIs with other authorities, mostly local government and police.”

“To get funding for performance we need to over-perform.”

**Principal Service Analyst:**

“So what they did was group them together and say this is how many times people were casualties of fire and we didn’t naturally concentrate on who had died and who had been injured it was just injuries and that way it’s easy to control because obviously four people died in the fire in the home accidentally, it’s absolutely thrown your target out completely because you were looking at such small numbers that you couldn’t control it, whereas if you looked at all injuries, you could control it and see that it was still very down.”

“There are targets but what we have done is actually increase the target to be eligible for this additional funding, because obviously if you were just achieving the national expectation why would they want to pay us any extra money for that; that is what we’re doing with those.”

“The target we actually set ourselves, you get guidelines from the ODPM that govern us and they normally are looking at something like a 10% reduction on your performance.”

(About BVPI 208): “I’m honestly not sure of this indicator. Set the target we didn’t know which way to set the target, the guidance I felt was quite ambiguous on this one. I’m not happy with this particular indicator, it tells you something of what value I don’t know.”

“The target isn’t a level of just brigade target, they do have breakdowns on a monthly basis based on seasonality, so they know roughly where they should be at any given month, moment in time as it were.”

## Reasons for measuring performance

### Accountability

#### **Chief Fire Officer:**

“The key objective is to contribute to the public service agenda: safer and better Staffordshire.”

#### **Deputy Chief Fire Officer:**

“We need the local managers to recognise that he can be set a target to achieve in terms of reducing sickness absence amongst their work force, we give them the tools to actually address that but recognise that they can be held accountable and if they don't achieve those targets we'll be asking them questions, again not in the punitive sense, it will be more to identify perhaps the individual who hasn't got requisite skills and therefore needs some training or hasn't got the appropriate data available to them, so we can make that available to them or whatever.”

“I think it's more about the internal culture: this fire service probably along with many others was a very hierarchical structure, an organisation in the past and we've been working very hard over the last four years to break that down but people's perceptions of what the culture is, quite often it lags behind what's actually occurring, so I think it might take some time for them to realise that things have actually changed.”

#### **Head of Planning and Performance:**

“BVPP is in favour of local accountability.”

“I don't have any strong views about the relationship, other than we know that they [ODPM] are our masters, if you want. We just try and achieve what they set (send?) us. Bear in mind that obviously [our CFO] and other Chief Fire Officers have an influence on ODPM programmes. So if they make a target design there is a chance that the top level gets involved. I'm sure this does happen.”

**Acquisition of resources****Chief Fire Officer:**

**“[About Local Public Service Agreement (LPSA)]: Staffordshire stretched it to 50% in 3 years and it achieved more than 46%.”**

**Deputy Chief Fire Officer:**

**“It was a conscious decision by this organisation because, whilst there is a national target, 20% reduction by 2010, we decided that we could do better than that and in fact we’d set in our best value performance plan a target of 33% reduction.”**

**“We’d set a target above the national standard already and we then had to stretch that further which went to 50%, now I have to say the reason why it was 50% was nothing other than that was the number we were able to negotiate, there was no real science behind why it should be.”**

**Performance and Quality Manager:**

**“We try and concentrate on the national ones because you can get a prize of money. Of course, you want to have a good reputation in fire service circles as well.”**

**Principal Service Analyst:**

**“If we achieved our targets, we would get additional funding, we did achieve the target and we did receive the additional funding.”**

**“There are targets but what we have done is actually increase the target to be eligible for this additional funding, because obviously if you were just achieving the national expectation why would they want to pay us any extra money for that; that is what we’re doing with those.”**

## **Benchmarking**

### **Performance and Quality Manager:**

“This is where the benchmarking ... obviously we’re in a region as well, and we are compared against a different group, in which there are several brigades – I think there is about 8 or 9, I can’t quite remember. So we do benchmark against those fire authorities ... nationally as well, and it is quite important that ... and if you look at our performance plan, it’ll show we have in here how we rank against other authorities. Both nationally and within the group.”

“Some of them are nationally driven. The death and injury are nationally driven, and the arson are also nationally driven. What we’ve tried to do is to benchmark; what we have actually achieved in a progressive manner to get to the end target of 2010 is to benchmark for arson.”

“We try and concentrate on the national ones because you can get a prize of money. Of course, you want to have a good reputation in fire service circles as well.”

### **Deputy Chief Fire Officer:**

“We use it to benchmark to see how we perform against like brigades and organisations because if our performance is massively different from another organisation, well there maybe some lessons that we can learn from them, to see how we compare with others.”

### **Principal Service Analyst:**

“It is the aim of the organisation to get into the top quartile in the indicators that are considered to be the key ones that probably are the ones that are reflected in that report there except the ones that I mentioned to you that have dropped out, we would benchmark and certainly look at it, I think it’s becoming more and more important than it was previously.”

“I think in the future it will become more important, it is in more of it’s embryonic stage I would say, the benchmarking at the moment.”



**Central control****Chief Fire Officer:**

**“Centralisation seems to be the main driver, rather than improvement.”**

**“The quality of the service has to improve through performance management.”**

**Head of Planning and Performance:**

**“It is vital to have pressure coming CPA and other institutions. If you are forced to modernize and measure you can achieve improvements in the service.”**

**Performance and Quality Manager:**

**“I think that if there’s any pressure from the ODPM, it goes to our Chief Fire Officer. I think he gets the pressure and then all he says is: we need to do better on that.”**

**Principal Service Analyst:**

**“Certainly we have indicators that are more political than others I guess you would argue, expenditure per head of population is certainly a political indicator that will be used to show the public how cost effective, effectively the organisation is.”**

**Communication and reputation****Performance and Quality Manager:**

**"We try and concentrate on the national ones because you can get a prize of money. Of course, you want to have a good reputation in fire service circles as well."**

**Principal Service Analyst:**

**"But the percentage of citizens satisfied with overall service which is BV3, I've not had anything to do with that, I honestly wouldn't want to advise you on that one, we do have a citizen's survey that goes out on a three yearly basis, so I'm assuming that this is one that is dealt with by another department, I'm aware of one but I'm not involved in it, the value of it I truly don't know what the value would be, if you're not asking the same people over and over again whether their perception has gone up or down, I don't know what value it would be, it's certainly an indicator as to how you're perceived and I suppose after the bad publicity through the industrial action a few years ago, it certainly could have dented the reputation of the organisation to a degree but I'm sure that it probably wouldn't have gone back up if there was any dip by now."**

**"Certainly we have indicators that are more political than others I guess you would argue, expenditure per head of population is certainly a political indicator that will be used to show the public how cost effective, effectively the organisation is."**

**Resource allocation**

**Medium/Long-term Improvements Strategy (underlined and bold in the original text): "Implement the changes required to meet the local community risk profile (As identified through FSEC), in terms of personnel, pumping appliances and special appliances. This will ensure that the most appropriate resources are located to best protect the community."**

**Deputy Chief Fire Officer:**

**"We measure performance to ensure that the resources that we've got are being used to achieve what the authority effectively is key priorities in terms of outcomes, so again what we report to the authority is very much focused on outcomes."**

**"We actually use it to determine how we should use our resources."**

**"The main driver must be to ensure that our resources are in the right place and that we're putting our money where it's needed."**



## Appendix B5: SFRA – Nodes and sub-nodes

- Discourse
- General Info
- Information flows
  - External reporting
  - Within the organisation
- Joined up services
- Leadership
- Local Policy, Politicians
- Media
- National policies
- Objectives
  - Broader Objectives
  - Key Objectives
- Partnerships
- Performance culture
- Performance Indicators
  - Appropriateness of PI
  - Contingent factors
  - Link PIs-Mission-Strategy
  - Local indicators
  - National PIs
  - Outcomes, outputs, inputs
- Performance Management
  - Importance of PMgmt
  - Integration of PM
  - PMeas Vs PMgmt
  - Problems with PMgmt
- Reasons for measuring performance
  - Accountability
  - Adding value
  - Benchmarking

- Development of capabilities
- External control
- Internal accountability
- Internal culture
- Organisational learning
- Provide focus
- Reputation
- Resource allocation
- Resource dependence
- Supporting decisions
- Relationships with Centre
- Target setting
- Use of Perf. Info.

## Appendix B6: SFRA – Node summary report

### Tree node: Discourse

#### Characteristics:

- Words Coded: 165
- Paragraphs Coded: 7
- Coding References: 4
- Sources Coded: 2
- Cases Coded: 1

### Tree node: General Info

#### Characteristics:

- Words Coded: 126
- Paragraphs Coded: 10
- Coding References: 3
- Sources Coded: 2
- Cases Coded: 2

### Tree node: Information flows / External reporting

#### Characteristics:

- Words Coded: 259
- Paragraphs Coded: 8
- Coding References: 4
- Sources Coded: 3
- Cases Coded: 3

**Tree node: Information flows / Within the organisation****Characteristics:**

- Words Coded: 166
- Paragraphs Coded: 6
- Coding References: 5
- Sources Coded: 3
- Cases Coded: 2

**Tree node: Joined up services****Characteristics:**

- Words Coded: 140
- Paragraphs Coded: 14
- Coding References: 6
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Leadership****Characteristics:**

- Words Coded: 73
- Paragraphs Coded: 4
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 1

**Tree node: Local Policy-Politicians****Characteristics:**

- Words Coded: 46
- Paragraphs Coded: 4
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1



**Tree node: Media****Characteristics:**

- Words Coded: 92
- Paragraphs Coded: 2
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: National policies****Characteristics:**

- Words Coded: 111
- Paragraphs Coded: 8
- Coding References: 3
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Objectives / Broader Objectives****Characteristics:**

- Words Coded: 337
- Paragraphs Coded: 5
- Coding References: 4
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Objectives / Key Objectives****Characteristics:**

- Words Coded: 238
- Paragraphs Coded: 9
- Coding References: 6
- Sources Coded: 3
- Cases Coded: 3

**Tree node: Partnerships****Characteristics:**

- Words Coded: 9
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Performance culture****Characteristics:**

- Words Coded: 381
- Paragraphs Coded: 14
- Coding References: 9
- Sources Coded: 4
- Cases Coded: 3

**Tree node: Performance Indicators / Appropriateness of PI****Characteristics:**

- Words Coded: 509
- Paragraphs Coded: 19
- Coding References: 20
- Sources Coded: 3
- Cases Coded: 1

**Tree node: Performance Indicators / Contingent factors****Characteristics:**

- Words Coded: 48
- Paragraphs Coded: 4
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Performance Indicators / Link PIs - Mission-Strategy****Characteristics:**

- Words Coded: 41
- Paragraphs Coded: 2
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Performance Indicators / Local indicators****Characteristics:**

- Words Coded: 693
- Paragraphs Coded: 29
- Coding References: 16
- Sources Coded: 5
- Cases Coded: 4

**Tree node: Performance Indicators / National PIs****Characteristics:**

- Words Coded: 541
- Paragraphs Coded: 20
- Coding References: 14
- Sources Coded: 5
- Cases Coded: 5

**Tree node: Performance Indicators / Outcomes, outputs, inputs****Characteristics:**

- Words Coded: 261
- Paragraphs Coded: 3
- Coding References: 4
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Performance Management / Importance of PMgmt****Characteristics:**

- Words Coded: 327
- Paragraphs Coded: 21
- Coding References: 13
- Sources Coded: 6
- Cases Coded: 4

**Tree node: Performance Management / Integration of PM****Characteristics:**

- Words Coded: 31
- Paragraphs Coded: 3
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Performance Management / PMeas Vs PMgmt****Characteristics:**

- Words Coded: 48
- Paragraphs Coded: 5
- Coding References: 3
- Sources Coded: 3
- Cases Coded: 2

**Tree node: Performance Management / Problems with PMgmt****Characteristics:**

- Words Coded: 31
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance****Characteristics:**

- Words Coded: 58
- Paragraphs Coded: 3
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Accountability****Characteristics:**

- Words Coded: 5
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Adding value****Characteristics:**

- Words Coded: 25
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Benchmarking****Characteristics:**

- Words Coded: 301
- Paragraphs Coded: 6
- Coding References: 6
- Sources Coded: 3
- Cases Coded: 3

**Tree node: Reasons for measuring performance / Development of capabilities****Characteristics:**

- Words Coded: 38
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / External control****Characteristics:**

- Words Coded: 125
- Paragraphs Coded: 5
- Coding References: 5
- Sources Coded: 4
- Cases Coded: 4

**Tree node: Reasons for measuring performance / Internal accountability****Characteristics:**

- Words Coded: 99
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Internal culture****Characteristics:**

- Words Coded: 123
- Paragraphs Coded: 3
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Organisational learning****Characteristics:**

- Words Coded: 44
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Provide focus****Characteristics:**

- Words Coded: 14
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Reputation****Characteristics:**

- Words Coded: 235
- Paragraphs Coded: 3
- Coding References: 3
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Reasons for measuring performance / Resource allocation****Characteristics:**

- Words Coded: 254
- Paragraphs Coded: 8
- Coding References: 5
- Sources Coded: 3
- Cases Coded: 1

**Tree node: Reasons for measuring performance / Resource dependence****Characteristics:**

- Words Coded: 102
- Paragraphs Coded: 3
- Coding References: 3
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Reasons for measuring performance / Supporting decisions****Characteristics:**

- Words Coded: 33
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Relationships with centre****Characteristics:**

- Words Coded: 748
- Paragraphs Coded: 35
- Coding References: 19
- Sources Coded: 6
- Cases Coded: 5

**Tree node: Target setting****Characteristics:**

- Words Coded: 723
- Paragraphs Coded: 25
- Coding References: 20
- Sources Coded: 6
- Cases Coded: 5



**Tree node: Use of Perf Info****Characteristics:**

- **Words Coded: 224**
- **Paragraphs Coded: 7**
- **Coding References: 8**
- **Sources Coded: 3**
- **Cases Coded: 3**



## **Appendix B7: LBBD – Main quotes**

### **Audits and inspections**

#### **Political member responsible for performance management:**

“In terms of the tensions, there can be tensions in relation to inspections, you can sometimes have questions regarding the varying quality of the personnel conducting the inspections.”

“Whilst the inspection itself maybe brief, the amount of documentation is absolutely mountains of stuff, it takes a lot of time to do it, perhaps they should be doing many other things and I’m not too sure about the burden of inspection, whether it’s now too much or about right.”

“In relation to the audit commission and in relation to auditors and the job that they do, I’ll say without hesitation, the audit commission is too big for its boots, we are over-audited. PriceWaterhouseCoopers get paid for this council 820 thousand pounds a year, that’s approximately 2% on the council tax.”

“Our internal system in terms of anti fraud, risk management etc. are sound, then look at books are sound and I think we should be getting less audits, not more.”

“And we felt sometimes that inspectors have come in with preconceived notions of what Barking and Dagenham is like, what the council’s like. So how do you control that consistency in the human element of inspections?”

#### **Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators)**

“We have issues with the timing in which stuff comes out. There are problems with data quality from what the Audit Commission requires (...). There’s insufficient guidance on what to do.”

#### **Corporate Director of Customer Services:**

“I think sometimes we have a bit of a struggle with the Audit Commission about what a CPA indicator is trying to achieve.”

“We also have discussions with the ALG about things that are in the CPA basket, what should be in it and what shouldn’t be in it.”

"I think there is a real danger that you get a disconnect between CPA assessment and what people think of local services."

"I think you can use the Audit Commission's guidance differently, you can't get away from compulsory looking, having to look at the PI's. Maybe we should..."

**Group Manager of rents and benefits:**

"And I also think that when the Audit Commission give us advice about how to calculate the indicators, they're not clear enough."

"If they're going to document it line by line by line what you do, don't change the goal posts when you come to audit it. And don't give us until very late on the notes that they are going to give the auditors, so the auditors get their audit notes March, right at the end of the year when we've been calculating this all the way through the year and things like that come out of the wash when they come in and that then reflects badly on us."

"One of the other things that happens and I've seen it so many times is because it is not 100% clear on a lot of the indicators how you calculate it, I can sit here in this authority and calculate this indicator and then I can go and I get a set of auditors who come in and audit me and they can say right I agree with your calculation and I can have a set of people in another authority who get audited by a different set of auditors and have done a calculation completely differently and there's no continuity."

**Performance Monitoring and Service Development Manager for the revenues and benefits department:**

"So the [national PIs] are quite crude and they are in talks with local authorities because they recognise that these are really crude and they're trying to get new ways of measuring it, to be fair to the audit commission, they are looking into authorities more than they've ever done before."

**Assistant Manager for housing benefits and council tax benefit claims:**

"It's a little bit cynical but I think that the government or the managing bodies need to make clearer definitions and a better audit of actually what goes on."

"I think they just get the problem where DWP is such a large department, someone will chase things and not tell them, so they're just doing the analysis work, collecting the data, they're not really experts in benefits as such but no they are always very helpful I've found."

## Capabilities

### **Performance Analyst of Safeguarding and Rights:**

“Unfortunately there’s a national shortage of social workers for the whole country, everyone’s in the same position and we have to rely quite heavily on agency social workers, so we just monitor that. (...) It’s more expensive, it’s not offering continuity for the children, they might not stick around, it’s quite difficult to invest in staff when it’s agency staff because you could balance up do I invest in training because you want them to give good service but then if I train them up, they’re going to go somewhere else.”

### **Corporate Director of Children’s Services:**

it’s not just a number crunching capacity, it’s an intelligence, it’s people with sufficient intelligence and confidence to come and say oy have you noticed that there is – that sort of capacity not just you know, that is the main problem actually in getting the analysis and getting that intellect.

**Communication and use of information:****Political member responsible for performance management:**

“We can produce good performance indicators that show all the right things, but if Joe and Janet Public and their 2.4 children, are they experiencing, are they perceiving an improvement, sometimes the public can perceive that things get worse but they’re actually getting better and sometimes that adds situations where the public have been satisfied with this service and we said it’s actually very poor.”

“Fourth, there’s always the problem of making sure that the good numbers that you might see in the trend of performance indicators are actually matched by people’s experiences.”

“It is more than just performance indicators, that information and asking for the right information, getting the right information and making use of the right information.”

“Getting back to a cultural thing, there’s information there for me to get hold of, I’m sure it’s there, but we haven’t got the culture of obtaining this information.”

**Assistant Chief Executive for performance and delivery:**

“There’s a bit of an issue about whether we say things in public or not and of course it’s healthy that we do. On the other hand if we really want members to explore a challenge, do they want to do that with the press there, so we want to make sure there’s an opportunity that can clearly present these in public so that the public can see what’s going on, but we’re also looking at ways that don’t give us a hard time with the press being there.”

**Corporate Director of Resources:**

“[Elected members do not use performance information] very much, I think this is the challenge for us making it feel relevant politically, in terms of providing good services.”

“What’s important to people on the doorstep, is a range of: clean streets, a sense of safety and whether they can get a house or not on the waiting list.”

**Corporate Scorecard Project Manager:**

“So, by doing that, there is an intense focus on particular services as well, there’s an overview focus as well on the agenda overall and then of course within departments themselves you will have services monitoring their score card with service plans, at

CMT you're on one to one with their corporate directors, that kind of approach and then of course the team plan will be informed by this as well, so there's all sorts of use for this information at different levels."

**Corporate Director of Customer Services:**

"I think incidentally that the public don't give a toss about performance indicators, I think they judge us by three things really, how clean the streets are and what it's like to live round here; whether they think that the council is listening to them and consulting them; and what happens when they ring up and want a service. Their real life experience is what they judge us on ... because I think if that wasn't true, you wouldn't see three star, excellent authorities like Camden changing hands politically, because people would be enraptured by the performance of the majority party wouldn't they? Why would they sling them out? And I think there is a real danger that you get a disconnect between CPA assessment and what people think of local services."

"So I think we do need strange people's opinions of the council, we need really good propaganda, we need to tell people what we're doing but we also need to listen to them and we need to respond well when they get in touch."

**Head of Revenues and Benefits:**

"Because some indicators for central government and I think they've got it fairly well cracked in benefits where you can see that the performance measure which is an element of CPA for benefits is the same thing as a BVPI and is the same thing as the management information, so that is very good, so the same thing but it uses a different context."

"A lot of people use that information [from PIs] and that's why the focus is on what matters to stakeholders."

**Group Manager of rents and benefits:**

Question: "Do you think that the information that you have is helping you?"

Answer: "It helps us to achieve the PIs, yes."

"So I think one of my issues is about, it's not just reflecting what the council does, it reflects on something like that what the customer does, but because it's not clear when it's published and I really wouldn't expect the customer to understand all this and how it's calculated, it then reflects poorly on the local authority."

**Corporate Director of Children's Services:**

**"They are obviously open performance targets to abuse and to manipulation but even given all of that and all the other stuff, I am very satisfied with the broad regime of performance targets and indicators, they represent an important substitute in the educational world or the social services world for profit as a bottom line measure. I know there's always stuff about the audit society and all the rest of it and the producer always comes out and says blah, blah and the unions ... so that's that."**

**"That's the kind of use I'm looking for, the unexpected, the unanticipated, the hidden relationships that are contained in the data as you get just by producing the data, that's very important the analysis, crucially important."**

**"[Our main problems in relation to PM are] the scale of the data and the capacity or incapacity properly and fully to exploit it. (...) [The scale is] just the huge amount of it that's actually available to us and whether we're maximising the potential of it and the scale and the analysis of it."**

**"Reporting to this higher level or different part of the organisation or corporate part of the organisation affects very much the reporting of information because it concentrates particularly on bottom quartile performance by design. It's good that, I like that because I think that's the driver to get us up – I don't know if there are any tensions, I find in education, we've been doing this for so long now since 1988 in this country and so intensely, intensively that I think we've all got so used to it that it's not a source of tension and conflict, except it is amongst certain providers like those schools in needy suburbs who don't like things being revealed about them, that's where the tensions lie, I don't think that they are unrepresentative or have particularly inaccurate summary of the position in our schools."**

**"They are obviously open performance targets to abuse and to manipulation but even given all of that and all the other stuff, I am very satisfied with the broad regime of performance targets and indicators, they represent an important substitute in the educational world or the social services world for profit as a bottom line measure. I know there's always stuff about the audit society and all the rest of it and the producer always comes out and says blah, blah and the unions..."**



## **Cost of PM**

### **Political member responsible for performance management:**

**“In relation to the audit commission and in relation to auditors and the job that they do, I’ll say without hesitation, the audit commission is too big for its boots, we are over-audited. PriceWaterhouseCoopers get paid for this council 820 thousand pounds a year, that’s approximately 2% on the council tax.”**

### **Corporate Performance Manager:**

**Main problems with PM: “It is time consuming to collect and process all the data, and substantial resources are required.”**

### **Corporate Director of Children’s Services:**

**“So there’s a tension there really about the amount of work that goes into the balanced score card and whether it’s productive and cost effective and provides value for money in terms of providing the organisation.”**

**“Yes of course, I would be very interested to see some kind of analysis of the amount of time and effort devoted to it as against the outcomes from it, in favour of some simpler you know.”**

### **Divisional Director of Safeguarding and Rights:**

**“I think that numbers and the stats and the PIs are real lives and real people, so although I understand that it’s time consuming, frustrating and a lot of work, I think they serve a very good purpose and moving myself in a position of being a member of the public, I would like to know what local government actually does, so I haven’t got a problem with that framework, what I’ve got a problem with is some of the duplication of how the performance indicators are recorded, how they are collated and the frequency, the amount of time it takes to get that organised.**

**“Well, the main issues are: it’s bureaucratic, it’s very time consuming and a lot of paper, the other one of course is to do with social workers being compliant and recording.”**

## Data quality

### **Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

“The other aspect in terms of government I guess would be the quality of some of the statistical information that’s available either it doesn’t exist and there’s an expectation on local authority and local authority areas to develop it to which there’s no reason.”

“(…) in terms of long term planning, very unscientific and not particularly reliable.”

“It takes so long for the update to come out that you’re always playing catch up really.”

“I think it’s a quantitative and a qualitative thing; lots of the indicators are very specific targets that we have – that’s a quantitative, that’s fine. I think there’s also a qualitative element that people have to feel, have to recognise the services you’re providing and actually feel good about them.”

### **Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators):**

“They (people within the organisation) value more quantitative information, as it is less about interpretation and provides more focus.”

### **Head of Revenues and Benefits:**

“Some of them [PIs] we produce quarterly and you’d want to produce them more frequently to find out that they are more useful.”

“I think also there are issues sometimes the quality or the accuracy of the data, being able to be reassured about that.”

“You get more value from the analysis that you do and the action that you take (…) in some cases when you have manual systems you spend more time collecting and gathering the data and you have little or no time to analyse because by then things have moved on.”

### **Group Manager of rents and benefits:**

“One of the other things that happens and I’ve seen it so many times is because it is not 100% clear on a lot of the indicators how you calculate it, I can sit here in this authority and calculate this indicator and then I can go and I get a set of auditors who come in and

audit me and they can say right I agree with your calculation and I can have a set of people in another authority who get audited by a different set of auditors and have done a calculation completely differently and there's no continuity."

**Performance Monitoring and Service Development Manager for the revenues and benefits department:**

"Even the statistics themselves are open to interpretation and we're not that everyone is being made to play on a level playing field really."

"Yes, you would know the score, but you wouldn't know – is it an affluent area unless you went and researched, you wouldn't know if it's got a lot of hostels, if it's an affluent area, if they've got areas of deprivation."

**Assistant Manager for housing benefits and council tax benefit claims:**

"You see that's the thing your figures are just displayed in a league table, there's no background. I've asked for it before, why can't they show what systems people use because they collect that data, at least you could then compare like for like, but even for types it makes a big difference if you've got a large private caseload because these large processors have a lot more work involved, so although the league tables are quite useful, they are quite distorted because you can't compare like with like."

"There are more kind of technical things - we've got our mainframe system, which is going to be replaced, the one we actually use to calculate benefits is antiquated, that causes us problems. Technology is the main problem; where I worked before, you could download reports electronically and manipulate them, you can then call off reports so that you can target work, which made things a lot easier, you can't do it here."

**Children's services safeguarding and rights - Performance Dataset Monitoring Tool - Data Quality:**

"Data quality has shown evidence of notable improvement over recent months, however there are still areas of weakness that will need to be addressed."

**Children's services safeguarding and rights - Performance assessment framework (PAF) monitoring tool - June 2006:**

"Indicators, however, only indicate. Before drawing conclusions about performance they must be considered with other sources of information about performance, including contextual data, and inspection reports."

**Corporate Director of Children's Services:**

"[PM is] the key driver for improvement, it is the key driver for improvement and it's not just performance as quantified in figures, it's performance qualitatively and therefore we've spent a lot of time and attention on the observation of classroom practice, the quality of the interaction between teacher and pupil and pupil and pupil, so we've built up quantitative performance measures of course determined and driven largely by the government's performance indicator, the regime but also qualitative observational bank of evidence around performance, the two taken together are fundamental I think."

**Divisional Director of Safeguarding and Rights:**

"A member of staff will not record that that job has been done, so you print out your latest position and you don't get the full picture because people haven't recorded it accurately. We are much better than we were a few years ago but we still have quite a bit of work to do."

**Performance Analyst of Safeguarding and Rights:**

"They'll basically start doing some of this today and they've got about a week to get both these data sets done and that's collating all the information that they pull off the system, getting information from here and everywhere. This also helps in increasing our recording practice: social workers have a cultural thing about recording things, things like I didn't become a social worker to use the computer things like that and [out manager] since he started has a very strong outlook on this that if it isn't on Swift, our computer system, it didn't happen, you need to evidence your work and having this on a monthly basis has helped us focus on areas that we've not been doing well at evidencing."

**Head of Leisure, Arts and Olympics:**

"The effectiveness of performance management, gathering information and values (...) particularly in the cultural quarter, because some of it is non tangible and some of it is extremely difficult to capture, for example: how do you capture an experience of tourism or art and drama programs? What added value did that give to the community and it's the feel good factor...how do we calculate that feel good factor? (...) So there's this debate going on."

**Corporate Director of Children's Services:**

"[PM is] the key driver for improvement, it is the key driver for improvement and it's not just performance as quantified in figures, it's performance qualitatively and therefore we've spent a lot of time and attention on the observation of classroom practice, the quality of the interaction between teacher and pupil and pupil and pupil, so we've built up quantitative performance measures of course determined and driven largely by the government's performance indicator, the regime but also qualitative observational bank of evidence around performance, the two taken together are fundamental I think."

## **Impact of PM**

### **Corporate Director of Children's Services:**

**"But without the performance indicators, without the international pressure, the pressure from those indicators to go and look we would never have noticed there was another way of doing it and therefore the performance indicators had a direct impact on practice and international practice for that matter."**

### **Performance Monitoring and Service Development Manager for the revenues and benefits department:**

**"Exactly, the benefit in that (of having so many PIs) is that we're so driven by them because a few years ago they bought in all these indicators and benefits and it's so different to every other department but it does mean that we're now a lot further forward than other departments in measuring things and using them to develop the service, whether we're drowning in them and that is taking away from what we want to do, then that's an argument as well."**

**‘Joined up’ government:****Corporate Scorecard Project Manager:**

The LAA (...) has actually allowed all the key agencies to agree on measures and targets for the community because they know that the resource has been brought together to deliver it.”

“What certainly the LAA has done and we’ll see if it works or not is put lots of money in one pot and now everybody is now working together from their different view point to deliver a common outcome.”

“There is a lot of partnerships that the council is now involved in with the police for example around community safety, so there’s a lot of common indicators there, the health authority is the same, so there’s a lot of commonality now between the major agencies because actually national government has forced us to do it as well and partnerships are now much more about trusting each other and realising that it can’t be done on our own, the police can’t do their job on their own, we can’t do ours on our own, we need to be working together, so I don’t think it’s a huge problem now but there will always be places where you have debates about what’s the appropriate action.”

**Policy and Partnership Division Officer (person responsible for Local Service Partnerships)**

“You can’t improve service delivery against key deprivation indicators purely on a single authority basis, you really need to do it in partnership and as the LSP is seen as overarching into strategic partnerships, the LSP’s were identified as a way of doing that.”

“The local area agreement obviously is with efficiency really in merging or giving the local authority or local areas the opportunity to decrease bureaucracy by merging lots of different government funded streams and the pull in those assets and focus on the priorities both nationally for the government and any local priorities.”

**Performance Analyst for Safeguarding and Rights:**

“And because the Met don’t collect their statistics in a borough by borough area, you can’t do a fair comparison like we can’t compare our looked after kids in Barking and Dagenham with every kid in Barking and Dagenham because that information is not available, so our looked after kids compared to the ratio for the whole of the Met area.”

## **Locally elected members**

### **Corporate Director of Resources:**

**"I think that's the point about members: they tend to have slightly poor focus to understand the principles."**

### **Former Corporate Performance Manager:**

**Question: "Do councillors have an influence on performance management?"**

**Answer: "In terms of monitoring it, yes; in terms of the local drivers for performance indicators – yes; and also in terms of their strength of feeling, if they clearly disagree with something, although we have a statutory duty to report on statutory indicators, the interest that they show in it will be varied. It also depends on the capability and interest of the members concerned and how they act on that, because it's ok monitoring it's what you do with the information, does it drive policies, does it drive financially the redirection of funding in terms of budget setting, that's going to varying degrees in all councils, if you go to Essex you'll see one style and if you come to us you'll see a different style."**

**"Yes because they are directly elected with portfolios and it's even more prevalent in areas where you have hung councils or opposition parties, we do not really have an opposition party here and therefore challenging decisions and the scrutiny of funding a performance and direction of travel for the council doesn't always get the interest that it does in other councils. We have regular performance monitoring systems here and the level of engagement is varied."**



## Objectives

### **Political member responsible for performance management:**

**“I believe success is measurable and I want to measure it, so there’s a whole battery of performance indicators and it changes from year to year, the emphasis changes from year to year, the status of them changes from year to year.”**

### **Corporate Director of Resources:**

**“One of the challenges for us is that we have such broad ranging objectives, on the one hand there are lots of services we have to deliver, on the other we’ve got wider responsibilities to promote the economic and environment and social wellbeing of the area, to make life better in the area. So we’ve captured that very high level set of objectives with our seven community priorities.”**

### **Corporate Performance Manager:**

**“Improving services for the community is our main objective. CPA targets and inspections are secondary”**

### **Corporate Scorecard Project Manager:**

**“Well I think the main objective is obviously to deliver excellent services to our local community, that’s what we’re aiming to do, in terms of CPA, become four stars really and obviously CPA is about improving those services to a level at which people benefit.”**

**“Of course we have what we call the seven community priorities and those are the key drivers for us having consulted with our community on those, those are the drivers for the organisation.”**

**“I think things like delivering value for money services, delivering excellent customer – putting customers at the heart of our service obviously is a crucial one, having high quality performing services is important to us as well and I think on reflection recently cohesion and promotion of equality and diversity within the right way is a very important area that we need to give a lot of importance to certainly.”**

**“I think a lot of the life chance opportunities and social and economic regeneration opportunities are going to rest very much on this massive program that we are involved in and I think yes there are particular things for this community in terms better centres,**

better learning opportunities, life skills for people through education right through adulthood."

"So I think also getting new communities in who actually make a very important contribution to the community economically is going to be a measure of our success and that is one of the key things around regeneration for the borough that we want to attract both a mix of people."

"Regeneration is central to us now in many respects and everything kind of hangs off that almost now."

"Then these areas, these are sort of almost like corporate priorities say that these are the key things that we need to get right in order to deliver this agenda and the way that we measure whether we're doing the right things here is we have a set of targets, PI's and projects which have been identified at senior level which we will monitor and look at as a measure of our success."

**Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

"The simple objective is to provide excellent high quality services for our community that our community have identified that priorities for them. now that's kind of embodied in B&D the adopted seven between three priorities, they were adopted some time ago now, probably been around for about seven or eight years and they are embodied in the community strategy."

"Those seven community priorities were quite widely consulted, they were set about eight years ago, we've had them for some time and they kind of provide the strategic focus where all our services should actually be. Since then, we had those already, they've kind of been embodied within the community strategy, transforming lives and that I think is the objective of our organisation is to deliver better community strategy."

"I think the success for our organisation, there are two levels really, there's the kind of harsh level if you like obviously we were looking to be regarded as an excellent authority, look at the general measures within terms of the CPA and also in terms of the partnership again they use the traffic light assessment, so we're looking to be rated as a green authority in terms of our partnership work. Success again for us really I think is in the community itself, realising, one from our point of view being able to evidence and prove that we've actually delivered against the community strategy and most of those community priorities and I think the second is to understand and recognise that Dagenham is a better place to live and work in and apply based on that delivery of those strategies."

**Corporate Director of Customer Services:**

“It’s really about delivery the seven community priorities which we have agreed and identified with local people.”

**Head of Revenues and Benefits:**

“I think a successful organisation is first of all in terms of customer satisfaction, reflecting in that we have a customer focused service.”

“So being successful is that we’re top quartile in those indicators, allowing for things like regional deprivation or deprivation but we’re still top quartile. Successful is that we’re top quartile in terms of our customer service.”

“Success is also in having highly motivated staff and staff that are developing in line of change.”

**Group Manager of rents and benefits:**

“So our objective for this year is to achieve a 4 on the best value inspectorate, but in order to achieve the 4, one’s got to achieve certain targets on the PI’s. So the overall objective is to get a 4 on the CPA. And then for fraud, fraud has four performance indicators and they too feed in to the CPA assessment, so again it is to achieve a target on those four PI’s that will make us achieve the four on the CPA.”

“[Being successful] is meeting those targets but it’s getting the four at the CPA at the end of the year.”

**Performance Monitoring and Service Development Manager for the revenues and benefits department:**

“[Local PIs] are more local our ambitions; a lot of them will feed in to help the BVPI but they are what we’re trying to achieve because obviously you’re not just lead by the BVPI’s, we lead by having an excellent customer service, meeting local needs, things like that, so these are our service plan, what we’re doing this year.”

**Assistant Manager for housing benefits and council tax benefit claims:**

“It’s really to try and process claims and change of circumstances as quickly and accurately as possible.”

“[We achieve success], I would say, if we exceed the targets.”

**Corporate Director of Children's Services:**

"Minimising bottom quartile performance indicators, reducing them, not only getting into quartile range but going above the average within the inter-quartile range and thirdly maximise your number in the top quartile."

"They have enormously helped towards our success, they are central and until national performance indicators in education for example were published nobody knew the objective position of the children down here relative to national outputs and national outcomes. And it was a huge driver to really raising issues of equity and equality and access and participation and without that data or without that data nationally published and brought that onto the surface, we would never have had the generation of the kind of anger at disadvantage and the quizzical why the hell are these children in that performance position compared to those children and we would never have had the capacity to drive forward?"

**Performance Analyst for Safeguarding and Rights:**

"Although we've been talking about percentage and things like that, it's very much the child behind the numbers anyway. It's difficult to see the connection because you actually see it as a load of statistics, but it's helping them get the bridge between the two things."

**Head of Leisure, Arts and Olympics:**

"We are here to transform the lives of the community back in Barking and Dagenham and in doing so make their lives simpler."

"What we're really up here for is to make sure the Barking and Dagenham, quality of life aspects is transformed and ... it's quite focused, so the objectives of the organisation are really translated into that."

## **Partnerships**

### **Corporate Performance Manager:**

**“There is a lot of partnerships that the council is now involved in with the police for example around community safety, so there’s a lot of common indicators there, the health authority is the same, so there’s a lot of commonality now between the major agencies because actually national government has forced us to do it as well and partnerships are now much more about trusting each other and realising that it can’t be done on our own, the police can’t do their job on their own, we can’t do ours on our own, we need to be working together, so I don’t think it’s a huge problem now but there will always be places where you have debates about what’s the appropriate action.”**

### **Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

**“In terms of the partnership role, obviously since 2001, we’ve had a local strategic partnership which is called Barking and Dagenham Partnership, and with that we received funding at the same time and having an LSP was one of the prerequisites of receiving funds.”**

**“You can’t improve service delivery against key deprivation indicators purely on a single authority basis, you really need to do it in partnership and as the LSP is seen as overarching into strategic partnerships, the LSP’s were identified as a way of doing that.”**

**“We’ve restructured certainly twice if not three times, I’d be happy to go to the end of each of those, we’ve actually got a stronger partnership as a result of that and it’s partly in response to external measures and changes in government policy but also partly because we see that the way that we were structured.”**

### **Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators):**

**“When partnerships are involved gathering information becomes difficult – often there is a 1-month delay to get the information. In some cases, like environment and road safety, they had up to 14-month delays.”**

### **Head of Leisure, Arts and Olympics:**

**“When you’re working with partners that increases the complexity differences right across the piece, when you’ve got PCTs, when you’ve got a voluntary sector, when**

you've got the police, fire brigade, all doing a necessary job of gathering the performance manager information, but again (...) it's about realigning all of them as well."

## **Performance culture**

### **Political member responsible for performance management:**

**“The question I’ve asked before is to drive up your performance indicators do you need more resources or is it a cultural change that you need to drive through within your responsibility? So far I would suggest the answers that seem to come back is it a cultural thing and that’s partly the drive to achieve efficiencies.”**

**“Getting back to a cultural thing, there’s information there for me to get hold of, I’m sure it’s there but we haven’t got the culture of obtaining this information.”**

**“The performance indicators that we’ve got, I wonder whether on behalf of all elected members and all members of the executive, there is indeed ownership for performance indicators they’re responsible for.”**

**“I wonder whether the importance of performance indicators has permeated the whole organisation.”**

### **Corporate Director of Resources**

**“I don’t want to get too hung up on the current framework. It is the process, it is people having discussions about these things, what is it that’s important for us, how do we know when we’re getting there, the thing’s successful I think, that’s what we’ve got to retain, their not technical issues, they’re basic issues.”**

### **Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators):**

**“The culture within local government is now about performance, you know where you fit in that league table, what’s your CPA rating.”**

**“People like myself and more senior people can talk quite well about how this all works and how it should. The test for us is how people on the ground understand it and I think there is a big drive in the organisation to get that understanding up.”**

**“The [people on the ground] don’t need to understand how we put the balanced score card together or what the strategies of the service is but they need to understand how they fit into it.”**

**“People will say: “my day job is to provide clinical services or to provide home care.” These add on things are really not something that I think people like, but, as I said, because we are in a performance culture now it’s important as well. So there is a bit of tension and conflict and I think to say there isn’t would really be naïve anyway; and I think you’ll find that if you speak to performance people who deal with indicators and a collection of them and the monitoring, this quarter and that quarter, you’ll hear lots of frustrated comments because the whole thing around performance is that it’s evidence based now, it can be proven, the source can be identified. It’s not just here’s the figure that’s it, like it was years ago; it’s all audited, has to be evidenced and there’s a real**

drive and industry in itself now. So there are frustrations, but senior managers recognise that it has to be done, so they do.”

**Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

“Internally it does take quite a long time for that continuity, that message about what you’re trying to achieve, to work its way to all levels of the organisation. Now, obviously there’s training in place internally through things like the Balanced Scorecard, what the corporate objectives are in terms of priorities. Any kind of major staff gathering that will be on the agenda, in terms of, actually, at a group manager or a heads of service level, using information in that way. It’s the cultural change that takes the time.”

“I’d say from the Lyons review - the government white paper on local conduct of government -, there is a kind of commitment in our direction of travel to improve these relationships; but I think it’s very slight. I think there are huge cultural changes to take place, but, quite understandably, it will be a slow process.”

**Head of Revenues and Benefits**

“...then you move it onwards into the servicing and that’s around having a sustained performance culture with people. Here we try and have a very clear thread where people understand how they impact upon the big picture, so the team knows that if I make sure that everybody \*\*\* and make that payment then they indirectly impact on the collection rate for council tax.”

“You need to constantly make connections with the big picture.”

**Performance Analyst for Safeguarding and Rights**

“Social workers have a cultural thing about recording things; things like: “I didn’t become a social worker to use the computer”, things like that and [the Divisional Director] since he started has a very strong outlook on this that, if it isn’t on Swift, our computer system, it didn’t happen. You need to evidence your work and having this on a monthly basis has helped us focus on areas that we’ve not been doing well at evidencing.”

“The whole performance culture has helped us to increase our recording practices.”

“[PM] is not just a stick to beat people with, it’s a congratulations thing as well.”

“I think the national [PIs] are fine, this helps a lot. I think we’ve got a really strong performance culture here anyway, all the managers buy into it, a lot of the work goes right into it and it does help us track our performance, where we’re doing good and where we need to do better.”



## **Performance indicators**

### **Political member responsible for performance management:**

“So I’m very pleased that the government are saying: look at the performance indicators, look at the targets, look at what you do in factual terms and don’t get distracted by something more woolly concepts like morale.”

“A third problem of performance indicators: we had to be constantly aware of the unintended effects of concentrating on performance indicators.”

“I think the more consistency, less change in this, you can actually genuinely compare year on year or possibly a two or three year period going back.”

### **Corporate Performance Manager:**

“Local needs are reflected in the local indicators, such as the Balanced Scorecard ones”.

“Most indicators are useful, but there are too many BVPIs and local indicators provide more information. After a while some indicators might become redundant.”

“There’s more consultation going on with Government. (...) The development of new BVPIs before was more top-down, now it is more linked to improving services and achieved through more collaboration.”

### **Corporate Scorecard Project Manager:**

“And then we produce this which is the actual balanced score card, which is what is the objective, what is the indicator, what’s the target, that’s what we put on the internal intranet, so that everybody can see what the service priorities are, what the targets are and what they’re measuring, that kind of thing and then below that each service produces an implementation plan, strategic level so it highlights how each of these corresponding objectives are going to be actioned by the head of service.”

### **Former Corporate Performance Manager:**

“That’s the danger of local indicators, they’re not audited, they’re unusable generally, they’re not helpful or is it that and they’re only often output measures, they’re not outcome focused, a lot of what we do here, the indicator and setting an indicator becomes the industry, the effect of that is lost and perhaps we ought to be delivering targets not indicators, there is an argument about that.”

**Corporate Director of Customer Services:**

"I think the relationship between us and the centre of the organisation has moved on and improved enormously over the last year or so. I think [the current CEO] has changed the regime, we've got different people, we've got a much more collaborative approach, a much more collegiate approach, I would have said that a year ago the centre on performance was monitoring our failures if you like and marking our homework and today we're working together, I think there's no question about that."

"Having said that, some of the LPSA critical have been less than helpful."

"I think broadly speaking the CPA indicators are ok, there are some specifics and some approaches that I disagree with."

"Mostly look at the CPA critical 20 or just slightly more than that in the department, but we do at some point and at some level look at all of them."

"I think if there were more PI requirements to demonstrate how you understand the customers and what they want."

"And we need to get better and better at that over the next couple of years, there'll still be pockets of negativity in the organisation but I think at the top end of the organisation we've moved on a long way and I think we're having a much more confident relationship with the Audit Commission now than we were a year ago."

**Head of Revenues and Benefits:**

"It is very difficult because when you are dealing with people and location, geography and stuff like that, because those are moving, they will always and vary in the national schemes. So you need to allow for that kind of variation and that sometimes is very difficult to cover sometimes, so that is the main caveat with those kind of league tables. But I'm not discounting them completely because they still tell me a valid picture and you can still make allowances for those variations, you've got to make allowances for deprivation, even regionally, the audit commission has worked with core family groups and those work, within our benchmarking groups, we have family groups, they work, so nobody is so distinct that they don't have anybody that can be comparative with them."

"So whatever objective they have as well, they can link it to the divisional objective, we then link to the corporate objective, so they have a very clear approach, that helps to see the similarities between their individual target plans, so that's a very useful tool, but for some other areas it might not be as straight forward, it depends on the context of that might be."

"It would be helpful if there was something that one could rely on nationally in terms of, certainly value for money and efficiency which is becoming more of an issue, so you could actually say hand on heart this is the true cost of providing this service and this is

how I compared with that, at the moment I'm having to rely on benchmarking clubs where you are part of a family group, which is not bad. If we had a BVPI, that would have been great."

"What local government does do and they do very well is consult on PI's, they consult on performance indicators about whether it's meaningful, are they useful and therefore we have a chance to influence them."

#### **Group Manager of rents and benefits:**

"I don't think counting input base really gives you something tangible, what you should be looking for is output."

"Well the balanced scorecard is drawn up each year, but all the indicators within the balanced scorecard are there to feed into achieving the targets on the PI's to achieve the four. So yes, [we use them] but they're like the next level down.]

"Certain things we would measure still without the CPA, certain things I personally wouldn't measure or I would measure in a different way because there are some of them in my opinion that mean absolutely nothing."

"What happens is, every time they change them, they consult via the local government association and the association of London government and they ask for our comments. Comments are put in every time by the practitioners, sometimes they are listened to, I'd say the majority it generally doesn't change anything."

"We all respond because we want to respond and we want to make the DWP aware of the issues, but we don't respond in thinking that they're going to take money off of one board."

#### **Performance Monitoring and Service Development Manager for the revenues and benefits department:**

"It's a very crude indicator, the way they do it and it doesn't, as with all of these, it doesn't take into account local differences, because they're the same across every single council and obviously each council is very different in location and the borough that they are in."

"I'm not quite sure how it will work but you could group people in the same demographic make up and things like that."

"So literally just because of loads of hostels in one but a big private tenancy market in the other, this effected their BVPI, they weren't doing anything different within the department, so that's how hugely they can be affected by – which is why they're calling to say: we need local issues, local make up to come in to the equation."

**“We have customer care ones that feed up into corporate because obviously that’s a key focus to meet customers.”**

**“We weren’t ever measured so really these were the first crude things to come in to measure us, so they have worked in a way in that they’ve focused us on what we are trying to achieve but they are so crude and broad brushstrokes that in some ways they can be not helping the customer.”**

**“[If you don’t achieve] CPA level 4, you won’t get excellent. So there’s two things, not only do you have to aim for top quartile, you have to obviously if you get these two levels you’re going to be pretty near top quartile, but it’s not guaranteed because as everyone’s trying to get these two targets, the top quartile is moving up and up.”**

**“So they’re quite crude and they are in talks with local authorities because they recognise that these are really crude and they’re trying to get new ways of measuring it, to be fair to the Audit Commission, they are looking into authorities more than they’ve ever done before.”**

**“But is the overall strategic goal and then we obviously in our plans have to feed into this and the BVPIs, so we have to do both, if we just concentrated on BVPIs, we wouldn’t meet any of the targets that the council sets themselves overall.”**

#### **Assistant Manager for housing benefits and council tax benefit claims:**

**“It’s trying to manage individuals performances and obviously the knock on effect is, if you’re getting that right then your CPA and the BVPIs are going to come up a bit better because you’re managing the actual resource better.”**

**“I can remember when I first started in benefits, it was a nightmare, it would take ages, like months for claims to be processed and things like that. Personally the CPA and BVPI are very good, I know a lot of people say no they’re not but I think it forces councils to concentrate on the business process and try and work out how to do things in the quickest possible way.”**

**“So on the whole it’s fair but the 14-day should just go now, I don’t think its relevance is lost.”**

**“Technically you have got the input into those figures through local government organisations who normally write out more to a senior level or have you got any comments and things like that and yes it does get fed down to you.”**

#### **Children’s services safeguarding and rights - Performance assessment framework (PAF) monitoring tool - June 2006**

**“Performance indicators (PI’s) are a tool that managers and councillors can use to identify areas of good performance and areas of concern.”**

**Corporate Director of Children's Services:**

"[Involvement?] Not any at all in any way, none. [PIs] are imposed in our increasingly centralised society by the government, you've been here for some time obviously?"

"There was a hell of a lot of trouble ten or fifteen years ago. What I'm saying is they're not negotiable (...). So for example they're going to introduce at the moment as you know the headline figure for GCSE performance is five A - C's well they are going to require Maths and English to be part of those five as from next year, well there's no negotiation or discussion about those, they just change the nature of the indicator at will, I don't know if there was any consultation about that, as long as they do things that people perceive as reasonable, then that does not cause tensions."

"So the international performance indicators have been used here probably more than almost anywhere else in the country because national performance indicators have a limited value in the end."

"But without the performance indicators, without the international pressure, the pressure from those indicators to go and look we would never have noticed there was another way of doing it and therefore the performance indicators had a direct impact on practice and international practice for that matter."

"I personally have always been very wary of contextualisation, of using social and economic variables to give a context of performance because you can easily start excusing objectively low outcomes by way of well not bad in the environment that you've got."

"No not at all, I can truthfully say, there's no tension about the focus on bottom quartile performance indicators, there is tension but not with the chief executive, but with the producers of the balanced scorecard, which you said you were engaged with the balanced scorecard?"

**Divisional Director of Safeguarding and Rights:**

"Measuring along the way how many of them have a personal educational plan is the indicator behind the national indicator that makes it succeed."

"The local indicators are the ones that are the back bone to the national ones because if it wasn't for achieving some of the local indicators we wouldn't be able to do as well as we do on the national ones, so I think they are exceptionally important."

**Performance Analyst for Safeguarding and Rights:**

"Yes, every [national indicator is good] so far – yes, there's a couple in here that I will come to that's a bit of an awkward one."

"A funny issue around this one is it could be deemed that the child has done really well in their education and they've got a job and they don't want to be in touch with you because that's part of their past and they want to \*\*\*, that effects our performance indicator, so although it's a good outcome for the child, it's not a good outcome in that indicator."

"Through the multi stream we can see that we've really got to go out to get the target and we will, if we weren't monitoring it on a monthly basis, we wouldn't have that. That's a useful indicator."

"That's something that we need to do on a statutory basis so it's a good indicator to measure it."

"We had some duplications in there like we had re-registered in there but then thinking about it looking how we can get it from a one figure in one of these boxes, so there's no point in having it, so we're gradually cutting it down but it's very much done very closely in and there are things in here that will end up as PAF indicators, things like core assessments is now a PAF indicator and looked after reviews in timescale is a new PAF indicator and we've been measuring that previously."

#### **Head of Leisure, Arts and Olympics:**

"I think with the work we've done about those indicators within the balanced scorecard, the corporate scorecard and the priorities, you can clearly see and you can clearly demonstrate it contributes to that overall success of the organisation. I think there still needs to be more refinement, there's one question are you satisfied with the performance targets. (...) I think that within the cultural block there still needs to be refinement."

"For example a few years ago how would we measure the quality of life in Barking and Dagenham, would it be by the fatality rates or would it be or by the income or by some other means and there was a substantial debate of how you'd define that and it all went down to what would be the necessary requirement of gathering information in a robust fashion that would feed into and inform that PI."

## **Performance measurement Vs. Performance management**

### **Corporate Director of Customer Services:**

**“So for me actually a smaller, more critical number of indicators on which we are seen to act to support the council’s key priorities would be a bit more useful; so the short answer to your question is that the focus on performance measurement is to get a focus on performance management.”**

**“If you look at the council’s priorities, we’ve got seven community priorities, then we’ve got corporate priorities for action, then we’ve got balanced scorecard priorities and actually you can start to say, well actually the council’s got 27 priorities and 27 is none at all isn’t it? “**

**“I’d rather spend and certainly we’re going to spend a lot more time looking at self assessment, responding to the requirements of improvement (...) for when we have our next CPA inspection next year. PIs are important but they’re not the beginning and the end of the story are they?”**

**“I think it’s easy to get service PIs up, it’s not so easy to get corporate assessment up, I think that’s what I’m trying to say and it’s the quality of corporate assessment I think that we need to improve on most, corporate performance.”**

### **Performance Monitoring and Service Development Manager for the revenues and benefits department:**

**“I think the focus is lost. There are two things I don’t think we’re probably being as customer orientated as we could be because we are having to be lead by the BVPI’s, so that’s the problem of the CWP really, they need to address that and they are addressing that, but also I think especially with our score card, we have so many indicators that we do spend a lot of time measuring them sort of thing and maybe it would be better to have core ones.”**

## **Relationships between national and local (indicators)**

### **Political member responsible for performance management:**

“So the government have got to respect in that sense – all being in the context of the national agenda - they have to respect local differences and if you want to respond to your community out there.”

“So I think we are as an organisation capable of saying: well that’s the government’s agenda, we’re clear on what our agenda is we can deliver both, I don’t envisage two agendas would be that dissimilar but who knows.”

### **Assistant Chief Executive for performance and delivery:**

“Simply populating your scorecard isn’t best value for performance indicators, we’re saying decide what’s important for you, decide what an appropriate measure is, the best performance indicator that provides that measure is great.”

“If people have not incorporated all of that to value performance indicators which they probably won’t have done because some of them don’t feel central to what we’re doing other than we’ve got to do them, then they separately have to have a separate list of \*\*\*. You’ve got to keep an eye on these because you just have, so that’s how we try to approach them, yes you can’t ignore them, you need to make sure you’re performing on them but if they’re not the core of your scorecard that is fine.”

“I think you probably do have to decide what the bottom lines are around certain areas of performance (...). But beyond that you’ve got to think about how you can encourage the periphery, if that’s what it is to take responsibility for it (...). So in local government we’ve been developing Local Area Agreements - you probably know that.”

“In principle that seems to be the right approach, a sense of taking our own responsibility and that doesn’t prevent central government giving quite a strong steer to that.”

### **Corporate Director of Resources:**

“It’s also a basic principle of management, you’ve tried to set the broad objectives, you’ve set the broad direction and then say you know your service better than I do, this is what we want you to achieve and this what you’re going to get. And then we’ll come to see whether you’ve achieved it.”

“So it’s that – on the one hand if they’re saying we think some of the these things are really important to know about – fine, but then for it to suddenly become hugely



important, it just feels... hold on we're trying to set our direction we need your support, not to have something new that becomes more important."

"Because these are done in blocks, as you say ten areas, if in a particular area you don't do so well, then that area is of course low. So actually of these various blocks we have, you know children and adults, culture, housing, environment if we get a score of one in any of them it's because we're not performing well on a bunch of PIs, then that would mean that we would be a weak authority. Even if we got 100% in all the others, so when you've got a rule based system it does mean that in the extreme one indicator can have a profound effect and it does mean that you get this rather distorted view."

"Clearly Central Government, they've got a role to play to set directions and decide on funding. But if we could work on those things more closely together, it'd be better."

#### **Corporate Performance Manager:**

"After a while some indicators might become redundant. (...) We have to report the same information to different organisations and this generates confusion. However, now it's better than before."

#### **Corporate Scorecard Project Manager:**

"Within the pack that we provide services, there is the need for them to then say what drives their services, so the national agendas, the targets, things that you're talking about. Those then naturally have to be built into the service plan because it's the way that we service plan and we prioritise, you would expect to see those things influencing those plans, if they're not then there's something wrong somewhere."

"So there are things that locally we need to be much more focused on than perhaps nationally there isn't the drive, the commitment initially but because of other factors then the national agenda changes as well and sometimes we can influence the national agenda locally because we pick up trends and patterns which might make national government say: there's an issue there, we really need to start thinking about and planning for."

"Well, certainly in terms of best value indicators, we don't have a lot of choice because they're statutory, they are the measure that the government sets so that it can measure across local authority, how everybody's doing and the thresholds therefore include by how everybody is performing against them, so there's not a lot of interest there, there is consultation that obviously happens."

"There's always a debate around what measures are right and wrong, some of them are best value indicators which are statutorily set for us by government and as you know annually the government also reviews which indicators it uses because they are not always the right ones, so I think locally and nationally we are always struggling or debating, should I say, what is the best measure, what's the best way for us as a public

body to prove that the public money that we spend is delivering that's always a challenge for us here."

"I think the juggling act for us is to say well yes we will deliver those priorities because actually yes those are also our priorities but then you can also influence the way that you deliver it to match local needs and priorities."

"It's a factor of life that nationally there will be things that we have to do, yes it can be a pain because there are always resource implications, you have to create teams, you have to find new money to deliver these agendas, you have to employ people or consultants to come in, there are all sorts of things that then impact on local government and national government perhaps are not always very keen on giving the money for us to do things, they can come up with all the initiatives in the world but they're not always very good on giving us the money to do it, so that is a problem and I think with respect to Labour and not to make a political comment, they've come up with lots and lots of initiatives and there's a joke about it's every week, what's the new initiative for this week..."

#### **Policy and Partnership Division Officer (person responsible for Local Service Partnerships)**

"So that's the national picture, the local picture then obviously it reflects some of the national targets, we've got our BVPI targets that are our balanced score card targets that obviously you've had a conversation with (...); they deal with those issues, those areas and it's really in terms of what we're trying to do, in terms of the LAA is putting together balance of what we require to do for the government in terms of national targets and most of those I have to admit, most of those we'd be putting them in place anyway, they are issues for this area as well but there are also some localised issues. It's a kind of balance and the partnership, you see from a local authority perspective they deal with the balanced score card and surveys and the day to day collects and they report back."

"[National indicators] don't always align immediately and I think you can only deal with those tensions in a partnership framework."

"In terms of the whole agenda (...), it's about devolving responsibility for government down to the local level. Now we welcome that from our side and we obviously want to move things along quicker than they're able to at central government position if you like. The other issue of course for them and this is very understandable is that are there issues in terms of loss of jobs and staffing in central government level if the devolution takes place. There are lots of control issues and it's a question of trust which I think it is."

"The other aspect in terms of government I guess would be the quality of some of the statistical information that's available either it doesn't exist and there's an expectation on local authority and local authority areas to develop it to which there's no reason."

**“I think we’ve got to how can I say – our relationship from my experience with the major government organisation, we deal with the Government office for London. In terms of partnership working over the last four years, it’s been very good, it’s been excellent, there’s a regular ongoing dialogue with them, certainly officers that we deal with there’s a very real understanding of the problems locally and the difficulties between local government organisations and central government organisations, it’s the cultures and the style that they operate and I think there’s a understanding of that, there is a commitment to try and improve that relationship and that’s been working very well.”**

**“The experience we had in terms of developing the local area agreement is very positive, the difficulty came when it was then widened to the overall various government departments. Now that was an issue as much for the inter-relationship between government departments rather than for the relationship local and central.”**

**“Now that’s not a bad thing, but it does mean that you’re in a perpetual state of change really and if they slightly alter the definitions or the nature of the target they’re looking for then you’d be certain that you’re actually collecting the right things, so it’s just the continuity would be helpful for central government as well in terms of if they really want meaningful comparators then they won’t be stuck with one definition of what they wanted.”**

**“The experience we had in terms of developing the local area agreement is very positive, the difficulty came when it was then widened to the overall various government departments. Now that was an issue as much for the inter-relationship between government departments rather than for the relationship local and central. Now there is again in terms of strategic policies that are coming out of the government I’d say from the Lyons review the government white paper on local conduct of government, there is a kind of commitment in our direction of travel to improve these relationships but I think it’s very slight, I think there are huge cultural changes to take place, but quite understandably it will be a slow process.”**

**Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators):**

**“There’s been increased influence on national PIs recently, as a consequence of a more open relationship. (...) National targets and standards are more towards what customers want.”**

**Former Corporate Performance Manager:**

**“In some cases [national and local indicators] overlap, in some cases they are the same and in other cases they’re different, that should be the key items for the council of which clearly there is a central driver but that’s a varied degree.”**

"[Service scorecards are consistent] in some ways but not all; yes, because it will be a driver for it but then there are other local drivers, political drivers that will also inform those scorecards as well. As a head of service I will look at all this, I will work out what my priorities are for the year, I'll consider where I hit against this because I have a delivery aspect of this, but I have a delivery aspect statutorily which may not be in here, for example if we look under performance, high quality services, it doesn't say we'll deliver all the best value performance indicators or statutory but probably the most, the highest level one means targets set out in the local area agreement, our service plans, so it's very different, a much more focused approach to performance management, it's using the information."

"Well the plan in the department will be because they have planning standards and therefore a particular response, the same thing for the waste because they have recycling targets set by central government so it's very directional, then you have others that really don't have any at all like legal, so we're having to source local ones because one thing we haven't discussed is the balance between local indicators."

"Each year when we have a consultation document except they rolled it out for three years last time, this comes from the ODPM and it sets the statutory best value indicators that are top tier level that an authority has to provide and they had what they called a sounding board which they wanted various practitioners from a mix of authorities and we were one of them and on the basis of that they put out guidance and reshaped the document but it was also the vision of having inserts that moved in and out quite quickly as downloadable changes because the actual process of producing a) establishing which indicators b) setting the definition c) giving the practitioners guidance, was quite lengthy and duplicated, quite problematic and resulted in people interpreting things differently and it attempts to standardise that, they had this sounding board and the last consultation document and subsequent set of indicators that came out were done by the group."

"For example if you're conservative you may not think of best value as being your primary driver, influenced by labour rather than conservative because conservative is CCT you know they all have their own slant on this."

#### **Corporate Director of Customer Services:**

"I do have to say as well that CPA basket changes almost without notice and sometimes quite illogically, so that I mean for example the CPA critical PIs for this year have not been confirmed and it's already July, we really needed to know what they were last December didn't we but the commission are still faffing around."

Main issues with the PMS: "Getting it to be consistent, not overlapping, not duplicating, getting the focus in the right areas and getting the management performance to follow the measurement of performance properly."

"At the moment we do tend to focus mostly or we have been focussing mostly on the ones that are CPA critical because the council wants to move from fair to good and then

to excellent, so there's been a lot of emphasis on CPA critical and LPSA critical, because of the reward grants and just the status that goes with achieving stretch targets as opposed to not achieving, so those I think have been quite useful in focussing us on CPA type improvement."

**Head of Revenues and Benefits:**

"They sometimes overlap, for example the BVPI's also double up as Management information stats and definitely our performance measures but also double up as MIS, so that's why the colour thread and these are all the kinds of things."

**Group Manager of rents and benefits:**

"But they still put all these indicators in because they're trying to force us to collect more, yet their direct services are losing billions more than we are. But we're then concentrating on say recovering an overpayment when we should really be concentrating somewhere else because they've got this agenda that they need to achieve."

**Assistant Manager for housing benefits and council tax benefit claims:**

"It just amazed me how detached, how no one saw, no one even considered that someone might actually mistype in a date and I thought that was a bit naïve, I think their heart was in the right place, they thought they were helping us out but I don't think they actually thought of the practicalities of it."

**Corporate Director of Children's Services:**

"Loads of performance indicators, government central performance indicators all over the place...as you see it's got targets and indicators and also underneath that, not only are we subjected to targets and indicators at government level, we're also subjected to inspection criteria and inspection regime by Ofsted and by CSCI with permission for social care inspection, so my word, performance indicators are all over the place, we are absolutely infected, infused, whatever word you like by them."

"Yes, it's self evident, there's nothing much to be challenged about that [government policy], there's nothing we can do to challenge it anyway, you play the hand you're dealt, don't you? And broadly speaking they are challenging everybody to get the maximum number of children to the national expected attainment and I'm perfectly happy with that."

"The first and principal objective is set for us by the government because the government has determined that there will be five key outcomes for children and young people and families"

"There's a slight capacity issue but by and large they are consistent with our aims and objectives for this population with these people, this community, so I don't want to make too much of an issue of it. I do want national data to be published, I do want their position to be revealed against national norms and I do want an atmosphere to be created in which they seek and are helped to achieve the same norms."

**Divisional Director of Safeguarding and Rights:**

"Well it's a different way of measuring, with the PAF you measure – in the 12 months of the financial year every single month you measure your performance against the PAF indicator, at the end of the year you can see how you compare to others, with other authorities and then once a quarter you compare your performance against the best value indicators, so you've two frameworks measuring the same thing."

"I think in very simple terms having a performance assessment framework is a great idea, being measured on performance indicators is absolutely appropriate, it's the right thing to do, I want to know, the people I work with want to know but it has become very bureaucratic if you know what I mean, you've got far too many different frameworks, scrutinising performance."

"I haven't got a problem with the performance framework at all, the problems I've got as I said is the duplication of reporting and the overlap between the APA, the BVPIs and PAF."

"For safeguarding and rights because it's statutory work, we're measured on a number of things, we've got a set of performance indicators against the performance assessment framework, so you've got about twenty-something PIs that are driven by central government. But in order to succeed in any of those PIs, you've got to have a number of other local performance indicators that we don't have to report nationally but are important in terms of our success."

**Performance Analyst for Safeguarding and Rights:**

"I think national [PIs] are fine, this helps a lot, I think we've got a really strong performance culture here anyway, all the managers buy into it, a lot of the work goes right into it and it does help us track our performance, where we're doing good and where we need to do better."

**Head of Leisure, Arts and Olympics:**

“There’s a whole new set of indicators, there are five new indicators, I don’t know if you’re aware of them (...). Another set that’s coming in next year.”

“Yes it’s definitely a complement, you’ve got the raft of national ones (...). We want consistency and they want reliability, because sometimes we have a general approach because it needs to get up to direct consistency, so what you can then do is set within it, the local funding gives it that local feel, now ok you might not be able to benchmark.”

“I think it actually starts to inform them on the local circumstances and also working with them to influence what comes out of central government, it’s not perfect, I don’t think it will ever be because we’ve got quite a large organisation with local authorities.”

“There is always tension towards the things that are done within central government with the best will in the world, there are things that have to be addressed (...). But there’s always going to be that because there’s a limited part of resource in finance and there’s always going to be a priority list of how that’s delivered (...). I think the way that can be resolved is actually how I explained previously by working closely together and for the government and local authorities to understand and have common ground of how that’s resolved.”

## **Resource dependence**

### **Political member responsible for performance management:**

“We’ve looked at the major performance indicators, the ones that are causing us too many problems, the ones that are not public service agreements, but that means serious money to us, three million odd I believe if we achieve those LPSA targets in the last quarter, I read, we were achieving them and on target to get the 3.7 million, we take very seriously the performance indicators that count towards our CPA.”

“One area that I’m involved in, in chasing particularly at the moment which is very important to our CPA score is the whole value for money, using resources area.”

### **Corporate Director of Customer Services:**

“The difference between bottom and top quartile performance on council tax collection could be five or six million pounds a year and that makes an awful lot of difference to the services we can provide.”

“And then there’s a cause for celebration when we achieve them, particularly the LPSA because it brings money and no one enjoys spending money more than we do, on improving services of course. It’s good to achieve the targets and you get rewards so you can do some more, that’s the idea isn’t it?”

### **Head of Revenues and Benefits:**

“[We are resource dependent], because our area is high volume, very transactional, so you have to be dependent on making sure that you’ve got bums on seats and the right number of people to meet those targets.”

### **Group Manager of rents and benefits:**

“And also it depends on some of the PIs will force you down a particular route or have funding attached to them which forces you down a particular route.”

“It feeds in, the score that I get on the BFI, feeds in to the corporate at CPA and then if you’ve got a high score on the corporate CPA, you are less stringently examined by the audit commission and everyone else, which means that you can use your resources in a more liberal way, does that make sense?”

“None of the money comes to the Audit Commission; they just come in and say whether or not you’re counting your PIs correctly.”



**Performance Monitoring and Service Development Manager for the revenues and benefits department:**

“Now benefits, because it’s seen as so important, has its own CPA that feeds into the corporate one, so education has one, social services have one and we have one. Now, dependant on our scores, can hugely affect the overall CPA of the council.”

**Assistant Manager for housing benefits and council tax benefit claims:**

“Benefits was always a bit of a Cinderella department because the effect in CPA now and because of the fact that it is a difficult area, the profile I think of benefits has been raised a lot higher. I’m not saying just here but in most local authorities I think it’s true to say it was the forgotten department, now because it’s a key factor in performance in the CPA, managers and even members are forced to take more notice of it, it makes it easier to get resources and obviously there’s more pressure put on if a department is failing. I think a lot of that is purely down to the CPA and the BVPI, it’s raised the awareness.”

**Corporate Director of Children’s Services:**

“They’re not affected at all, there’s no linkage between the funding of schools and the performance of schools in this country.”

“Oh yes, extraordinarily powerful; only 7% of the population go to [Oxford or Cambridge], a tiny proportion of the population but they exert enormous power and they distort the whole system and they always have done and apparently they always will do, but there are those of us that resist.

**Divisional Director of Safeguarding and Rights:**

“There’s a target called the local public service agreement target and for instance it’s a stretched target. We’ll say that 70% of our looked after kids will leave care with one A-C GCSE, if we stretch ourselves and say in addition to that another 14 will leave with five A-C GCSE’s, then the government will say ok if you exceed that, we’ll give you 500,000 quid. So there is a reward element which is quite important and of course for some of the service areas, the council itself might say we want to invest more money into this particular area.”

## **Target setting**

### **Corporate Director of Customer Services:**

“We’ve got targets there like cleaner streets in London, highest recycling rates in London, that sort of thing and we have very ambitious targets across the board.”

### **Group Manager of rents and benefits:**

“When we got the last set of consultation documents out, they had a number of changes, so for example one of them was where the target was last year to do new claims in 36 days, the target then reduced to 29 days, but like I just said to you a customer has 28 days to respond to any queries.”

### **Performance Monitoring and Service Development Manager for the revenues and benefits department:**

“We’ve got an aim to be in top quartile, but because of historical problems and deprivation in the borough, we’re not going to get there next year, so we’ve got local targets to build us up to what is currently top quartile over the next two or three years, so our local targets are – we’re aiming to achieve that.”

“These are more local our ambitions, a lot of them will feed in to help the BVPI but they are what we’re trying to achieve because obviously you’re not just lead by the BVPIs, we lead by having an excellent customer service, meeting local needs, things like that, so these are our service plan, what we’re doing this year.”

### **Assistant Manager for housing benefits and council tax benefit claims:**

“So, based on the workload you’ve got coming in and your current starting level, try and set reasonable targets for an officer to achieve and then monitor those levels so that you can monitor the performance of each individual officer, give them feedback obviously where it’s failing, where it’s good, give them praise, but what we’re trying to do is bring everyone’s level up so that you can more or less guarantee that you’re clearing the work.”

### **Performance Analyst for Safeguarding and Rights:**

“All the targets are set by [the manager] and his operational management team and they feed into our balanced score card and are children and people’s plans.”

“The operational manager and the service managers set the targets. (...) National indicators, yes, but we have targets, there's a banding, each indicator has its own banding, so that's set by CSCI, the Commission for Social Care Inspection, so every indicator has a banding which varies slightly year on year obviously depending on how everybody's performance is done on one year, so for each indicator we have a target and the aim would be to give a top band to everyone, realistically you might not be – depending on what it is.”

“This one we monitor closely, it's a bit more predictable because we know who will be leaving care at 18 and we know if they've already got a GCSE or not, so the setting of the target on this one is a bit more predictable, not as much a stab in the dark as some of them could be.”

“There's no banding for this one because it's a new indicator, so they won't give us a banding until they've seen everybody's performance this year.”

## **Roles of performance measurement**

### **Accountability**

#### **Political member responsible for performance management:**

“We have to demonstrate to the public out there that we are using their resources well; we do after all set a council tax and we say as councillors we’re going to dip our hands in your wallets and take your money from you.”

“Demonstrate as we tax the local population that we are producing, improving services that we consider good services and we can demonstrate that when we take money from you, we are using it well by searching out efficiencies, the whole Gershon agenda, which I welcome.”

#### **Assistant Chief Executive for performance and delivery:**

“[Through PM], we can demonstrate focus on value for money.”

“Simply populating your scorecard isn’t best value for performance indicators, we’re saying decide what’s important for you, decide what an appropriate measure is, the best performance indicator that provides that measure is great.”

#### **Corporate Scorecard Project Manager:**

“That’s the best way for us as a public body to prove that the public money that we spend is delivering? That’s always a challenge for us here.”

#### **Corporate Director of Customer Services:**

“I think incidentally that the public don’t give a toss about performance indicators, I think they judge us by three things really, how clean the streets are and what it’s like to live round here; whether they think that the council is listening to them and consulting them; and what happens when they ring up and want a service. Their real life experience is what they judge us on ... because I think if that wasn’t true, you wouldn’t see three star, excellent authorities like Camden changing hands politically, because people would be enraptured by the performance of the majority party wouldn’t they? Why would they sling them out? And I think there is a real danger that you get a disconnect between CPA assessment and what people think of local services.”

**Head of Revenues and Benefits:**

“[PM] allows us to also embed accountability across the organisation in terms of – behind all of these are individual targets and individual performances that we introduce, they have a sense of accountability and ownership of their service areas.”

**Group Manager of rents and benefits:**

“The BVPI’s are published but the customer doesn’t understand them, they’re quite complex quite often.”

“So I think one of my issues is about, it’s not just reflecting what the council does, it reflects on something like that what the customer does, but because it’s not clear when it’s published and I really wouldn’t expect the customer to understand all this and how it’s calculated, it then reflects poorly on the local authority.”

**Performance Monitoring and Service Development Manager for the revenues and benefits department:**

“I think there will always be a top few, you kind of need them in order to compare authorities but they have to be taken as what they are, just a broad brush stroke and it’s the local authorities underneath that, that will give a better indication and what we’re trying to do is for the public to be able to see where their council is at, now if they have a raft of local indicators that are relevant to them, it’s going to mean more to them than a national one, people don’t vastly care.”

**Divisional Director of Safeguarding and Rights:**

“There’s something about making sure that we spend our money well and that we’re efficient and effective.”

**Children's services safeguarding and rights - Performance Dataset Monitoring Tool - Introduction:** “We want to ensure that the good work being done at the front-line of the service is reflected within.”

**Head of Leisure, Arts and Olympics:**

“You must have a good robust evidence trail, and if you have done that, then you show that your action plans have all you needed”.

### Acquisition of resources

#### **Head of Leisure, Arts and Olympics:**

“And also you have no basis to say what your priorities are because for example if you’re looking to empower a certain service, where does the money get spent? Unless you get that information, unless you get a measurable performance against those PIs that have been set up, you have no idea whatsoever as to how you prioritise how the money gets spent. It was a clear message and I think (...) central government drove it around a substantial amount of funding opportunities and there had been for quite a few years to actually increase your spend within the borough and it had to be based on the evidence of data provided and by performance.”

“But because my area traditionally has been very much based on national performance indicators, there isn’t that much attention [within LBBB].”

#### **Political member responsible for performance management:**

“We’ve looked at the major performance indicators, the ones that are causing us too many problems, the ones that are not public service agreements, but that means serious money to us, three million odd I believe if we achieve those LPSA targets in the last quarter, I read, we were achieving them and on target to get the 3.7 million, we take very seriously the performance indicators that count towards our CPA.”

“One of the areas that we are trying to investigate and to link up is the amount of resources we commit to a service and its effect on performance indicators.”

“Demonstrate as we tax the local population that we are producing, improving services that we consider good services and we can demonstrate that when we take money from you, we are using it well by searching out efficiencies, the whole Gershon agenda, which I welcome”

#### **Assistant Manager for housing benefits and council tax benefit claims:**

“Benefits was always a bit of a Cinderella department because the effect in CPA now and because of the fact that it is a difficult area, the profile I think of benefits has been raised a lot higher. I’m not saying just here but in most local authorities I think it’s true to say it was the forgotten department, now because it’s a key factor in performance in the CPA, managers and even members are forced to take more notice of it, it makes it easier to get resources and obviously there’s more pressure put on if a department is failing. I think a lot of that is purely down to the CPA and the BVPI, it’s raised the awareness.”

“the fact that you are measuring performance and the fact that managers, senior managers and members are aware of it, means that if you are failing and you can show that it is due to lack of resources, then they’ve got the option or the choice to put in resources.”

### Comparing performance

#### **Political member responsible for performance management:**

“What takes you from being good to that bit extra that makes you excellent and we are looking at various aspects.”

“I think very strongly comparisons with neighbouring authorities and national London trends, I think that’s important to compare ourselves with outside, to look at what goes on in other authorities.”

#### **Policy and Review Officer at corporate strategy department (person responsible for corporate performance indicators):**

“It’s valuable to have national comparisons and visits to understand good practices. On the basis of benchmarking members tend to take more action.”

“There needs to be something nationally, like benchmarking.”

#### **Former Corporate Performance Manager:**

“One thing I would say is local indicators and benchmarking need to be better directed and supported in local government in order to enable comparison, because even if you do have them can you bench mark them?”

“Generally benchmarking is poor across authorities, statutory ones do enable you to actually compare nationally and locally on levels at local, so perhaps I’ll turn the point round and say perhaps the government should actually set what’s considered more indicative service indicators that are useful, that more consultation and involvement with practitioners, because you always get the one about the statutory indicators are fine but they don’t give us the key aspects of the service.”

#### **Head of Revenues and Benefits:**

“We know that this is going to be better than us in the same area of business with the same kind of clientele, same variance like deprivation or whatever it might be, then I’m going to find out what it is that they do and how can we learn from that, so we can learn and share best practice and I think it also helps us challenge, it helps us to raise our aspirations, it helps us to improve standards because then before you know where you are, it’s ok you’ve done this for the past year.”



“It would be helpful if there was something that one could rely on nationally in terms of, certainly value for money and efficiency which is becoming more of an issue, so you could actually say hand on heart this is the true cost of providing this service and this is how I compared with that, at the moment I’m having to rely on benchmarking clubs where you are part of a family group, which is not bad. If we had a BVPI, that would have been great.”

“It is very difficult because when you are dealing with people and location, geography and stuff like that, because those are moving, they will always and vary in the national schemes. So you need to allow for that kind of variation and that sometimes is very difficult to cover sometimes, so that is the main caveat with those kind of league tables. But I’m not discounting them completely because they still tell me a valid picture and you can still make allowances for those variations, you’ve got to make allowances for deprivation, even regionally, the audit commission has worked with core family groups and those work, within our benchmarking groups, we have family groups, they work, so nobody is so distinct that they don’t have anybody that can be comparative with them.”

#### **Group Manager of rents and benefits:**

“one of the other things that happens and I’ve seen it so many times is because it is not 100% clear on a lot of the indicators how you calculate it, I can sit here in this authority and calculate this indicator and then I can go and I get a set of auditors who come in and audit me and they can say right I agree with your calculation and I can have a set of people in another authority who get audited by a different set of auditors and have done a calculation completely differently and there’s no continuity.”

#### **Performance Monitoring and Service Development Manager for the revenues and benefits department:**

“I think there will always be a top few, you kind of need them in order to compare authorities but they have to be taken as what they are, just a broad brush stroke.”

**The Personal Social Services (PSS) Performance Assessment Framework (PAF) indicators provide a statistical overview of Children’s Services, Safeguarding & Right’s performance allowing comparisons between councils over time.**

#### **Corporate Director of Children’s Services:**

“There’s many of them: PISA is the main one, now revealed that Switzerland is the best in terms of basic subjects Maths and English for example or maths and language, the best performing internationally, so we went and did a lot of work based on those performance indicators, around what was going on in those schools in those classrooms.”

**“National good practice isn’t enough, international good practice is much wider and of crucial importance.”**

**Divisional Director of Safeguarding and Rights:**

**“Of course I do [appreciate benchmarking], it’s not always accurate though, not in the sense of numbers and stats, I don’t think it gives you an accurate picture.”**

**Performance Analyst for Safeguarding and Rights:**

**“Quite frequently we ask our performance team to phone around and get bits of information, sometimes they can come back with information because the authorities are measuring it, sometimes they don’t. Ours is quite extensive, it’s more extensive than the last authority I worked in and it’s more extensive than that of comparators, but it works.”**

**Head of Leisure, Arts and Olympics:**

**“It’s about say ok what can we extract that we can practice (...) because when we start any project or any process and when we’re looking at any service delivery we have this simple process to say: this is best practice, this is the best way to go about engaging. I think we’re at the point where as an organisation we recognise that if we practice, I think it’s about being systematic in that process, but it’s about making sure that we don’t reinvent the wheel every time we initiate a matter.”**

**Central control****Political member responsible for performance management:**

“Another major area to look for success, indications of success are good inspection reports, I’m actually quite a fan of inspection because it tells us as electing members, it’s an outside reality check.”

**Corporate Scorecard Project Manager:**

“I think because of the nature of the business, government will always have things that locally we need to implement and it’s how we apply that locally. There is always going to be a trade off between what matters nationally and what matters locally because for each borough there are different issues.”

**Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

“I think everyone is aware of them, in terms of our relationship with the government office for London, we’re both very aware of the tensions, we live with them if you like. In terms of the whole agenda (...), it’s about devolving responsibility for government down to the local level. Now we welcome that from our side and we obviously want to move things along quicker than they’re able to at central government position if you like. The other issue of course for them and this is very understandable is that are there issues in terms of loss of jobs and staffing in central government level if the devolution takes place. There are lots of control issues and it’s a question of trust which I think it is.”

**Head of Revenues and Benefits:**

“How compliant are we, are we central government requirement or central government requirements, as well as customer expectations?”

“It’s also used to report progress of performance to the stakeholders, so like the corporate management team, the chief exec members, the DWP, the ODPM or the department for communities and the local government DCLG.”

**Group Manager of rents and benefits:**

"So if you take for example one of the PI's I've got to do is the number of fraud investigators employed per thousand of the case loads. Now I could have 50 fraud investigators but not do any investigations, or I could have two who actually do real big investigations and get results. Why am I counting and reporting nationally the number of fraud investigators I've got?"

"So it all feeds in to achieving the scores that go in to the BFI inspection which feed into the CPA."

**Decision-making****Corporate Director of Customer Services:**

**“When you have four hundred indicators it’s tough to do that, when you’ve got a core basket of a dozen or twenty, you can do it, we only really focus on the top twenty in the department at any one time for real management action.”**

**Former Corporate Performance Manager:**

**“It will be considered by a board, the strategic planning board, we have a service and financial planning board that will gather all the serviceable cards in and as a group it’s sat on by a director with heads of service to ensure a cross perspective and a high level perspective and they will look at say 28 score cards that have been submitted and they will just confirm that in their view that’s part of the route map or the golden thread.”**

**Assistant Manager for housing benefits and council tax benefit claims:**

**“So it’s trying to make those decisions quickly and I think that’s been good because before that I can remember when I first started it would drag on for ages and that was really emphasised to the staff and to managers that try and remove the obstacles and try and get things processed quickly.”**

**Individual performance and reputation****Political member responsible for performance management:**

“Should we show improvement to move from a two to a three, from a fair to a good council, which we want to do. And the benefit in that would be enormous in terms of reputation of the council and the borough and should make everybody feel good.”

**Corporate Performance Manager:**

“CPA results are important also for reputation and credibility.”

**Corporate Scorecard Project Manager:**

“[PM is important for] attracting a good work force, retaining the work force.”

“If you’re aspiring to progress in your career, it’s a good place to come.”

“Raising aspirations in the community, having a confident community, is all about having a good, well performing organisation at the heart of it and if Barking and Dagenham became a three star authority out of four stars, that is a good message out there that this council is run well, that people can have confidence in its management, its structures.”

“There is a lot in terms of reputation.”

**Group Manager of rents and benefits:**

“Well people are more focused because they know that if their performance is low they’ll be spoken to about it and if their accuracy is low, they’ll be spoken to about it, plus it gives us a complete audit trail of everything that’s happened, so if we do get to a situation where we have to look at their capability, we’ve got good evidence for that.”

“If you’re a high performing authority, you’re going to be someone who’s going to be in the papers, you’re going to be getting people from other authorities, you’re raising your profile, you’re putting yourself in a better position.”

**Assistant Manager for housing benefits and council tax benefit claims:**

**“No, the other side of [CPA] is obviously really to stop you getting into a backlog and to make sure the staff are performing.”**

**Divisional Director of Safeguarding and Rights:**

**“So not only do they monitor performance, but they also monitor performance of officers - do you understand? -, so it’s a tool to make sure that people deliver what they say that they deliver in their day to day work.”**

**Performance monitoring and improvement****Corporate Director of Resources:**

"The basic thing is do you want to know if you're doing a good job. Yes, of course I do! Well, we'll give you some measures then, yes well how are you going to measure that, ok once you've got the right measure you should be clambering for data on that measure."

"[PM] enables us to decide whether we're making progress towards our objectives, it gives us a basis for then taking any action if we're not."

**Corporate Scorecard Project Manager:**

"Well, clearly for any organisation [PM] is a way of showing success and progress, if you've set yourself a goal or an objective or a target at the beginning of a service planning cycle, the indicators are there primarily to tell you if you've delivered on it or not."

**Policy and Partnership Division Officer (person responsible for Local Service Partnerships):**

"So we've done quite a lot of mapping with that information over the last 12 months in starting to map out the real hot spots and various issues in certain areas where the children are particularly underperforming and you have to have a fairly broad brush view of things."

"The performance monitoring form that we're developing for local area agreement has statistical information, I'll let you have a copy and underneath there'd be a graph showing the actual projection of our performance against government and national trajectories and on the other side of it there'll be we're trying to map and get some kind of mapping actually showing what areas, now that's the intention, it's more useful in some issues and some things than others."

**Corporate Director of Customer Services:**

"So I think sometimes you do need to drill down and ask hard questions about performance and circumstances and challenge what the managers and the people doing the job want to say. And I don't think that's what we've been good enough at, getting down to the real nuts and bolts and specifics of each indicator."



**Head of Revenues and Benefits:**

“We need to know that in terms of where we’re heading to, whether we are delivering that.”

**Group Manager of rents and benefits:**

“Well people are more focused because they know that if their performance is low they’ll be spoken to about it and if their accuracy is low, they’ll be spoken to about it, plus it gives us a complete audit trail of everything that’s happened, so if we do get to a situation where we have to look at their capability, we’ve got good evidence for that.”

**Assistant Manager for housing benefits and council tax benefit claims:**

“So, no I think the performance over the last few years and the way it’s worked in benefits, I think it’s been of great help, it’s been a good focus on what we actually do.”

“The main thing really is to manage your workflow. The performance measures all go out to their targets but the day to day business is managing the throughput of work and managing staff performance, so the data is not just collected for them, the data is collected to manage the department on a day to day basis. So, no it’s not that we just produce figures for them, we’re actually having to use those figures to work from.”

**Children’s services safeguarding and rights - Performance assessment framework (PAF) monitoring tool - June 2006:**

“Performance indicators (PI’s) are a tool that managers and councillors can use to identify areas of good performance and areas of concern.”

**Corporate Director of Children’s Services:**

“[PM] is the key driver for improvement, it is the key driver for improvement and it’s not just performance as quantified in figures, it’s performance qualitatively and therefore we’ve spent a lot of time and attention on the observation of classroom practice, the quality of the interaction between teacher and pupil and pupil and pupil, so we’ve built up quantitative performance measures of course determined and driven largely by the government’s performance indicator, the regime but also qualitative observational bank of evidence around performance, the two taken together are fundamental I think.”

**Divisional Director of Safeguarding and Rights:**

“Not only do they monitor performance but they also monitor performance of officers, do you understand, so it’s a tool to make sure that people deliver what they say that they deliver in their day to day work.”

**Performance Analyst for Safeguarding and Rights:**

“We’re a lot more confident this year with the team having seen the poor performance they went through last year, I think being a lot more proactive and making sure they stay in touch with people and making sure that the young people would want to stay in touch with the team.”

“We were the poorest performers in the country two years ago, we’ve got the lousy team established that invested money in that over the past two years and we’ve seen an increased performance and we can see that we’re doing good for our looked after children now, where we weren’t before, there’s loads of measures around that.”

“I think national [PIs] are fine, this helps a lot, I think we’ve got a really strong performance culture here anyway, all the managers buy into it, a lot of the work goes right into it and it does help us track our performance, where we’re doing good and where we need to do better.”

**Head of Leisure, Arts and Olympics:**

“There are three main reasons for measuring performance: (1) Robust case to improve income; (2) Demonstrate performance; (3) Improvement of performance building on actual performance.”

“You have to get performance indicators that are consistent, but also add value and then measure against that how effective that is and if you can’t prove quite categorically that that million pounds that’s invested in your service has actually delivered those outcomes and outputs and life quality, (...) then there is no ground or evidence to say that you have performed.”

## Appendix B8: LBBD – Nodes and sub-nodes

- Capabilities
- Cost of PM
- Data
  - Data collection and quality
  - Quantitative – Qualitative
- General Info
  - Complexity of the organization
  - Corporate scorecards
- Impact of PM
- Information and communication
  - Information flows
  - Perceptions and communication
  - Use of info
- Introductory information
- Joined up government
- Local political members
- National - Local
  - Auditing and inspections
  - Confusion and duplication
  - Relationships with the centre
- National policies
- Objectives
- Objectives and Indicators
- Partnerships
- Performance culture
- Performance Indicators
- Design of indicators
- How measurement is performed
- Local indicators
- National indicators
- Participation

- PMcas Vs. PMgmt
- Resource dependence
- Roles of PM
  - Accountability
  - Benchmarking
  - Decision-making
  - Drivers of PM
  - External control
  - Good workforce
  - Impact on community
  - Improve efficiency
  - Internal benchmarking
  - Internal decisions
  - Learning
  - Monitor current performance
  - Monitor Progress
  - Motivation
  - Performance improvement
  - Reputation
  - Resource allocation
- Target setting

## Appendix B9: LBBD - Node summary report

### Tree node: Capabilities

#### Characteristics:

- Words Coded: 149
- Paragraphs Coded: 6
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

### Tree node: Cost of PM

#### Characteristics:

- Words Coded: 300
- Paragraphs Coded: 14
- Coding References: 7
- Sources Coded: 5
- Cases Coded: 4

### Tree node: Data / data collection and quality

#### Characteristics:

- Words Coded: 1.015
- Paragraphs Coded: 19
- Coding References: 18
- Sources Coded: 9
- Cases Coded: 8

**Tree node: Data / Quantitative - Qualitative****Characteristics:**

- Words Coded: 320
- Paragraphs Coded: 12
- Coding References: 7
- Sources Coded: 6
- Cases Coded: 4

**Tree node: General info****Characteristics:**

- Words Coded: 624
- Paragraphs Coded: 22
- Coding References: 7
- Sources Coded: 2
- Cases Coded: 2

**Tree node: General info / Complexity of the organisation****Characteristics:**

- Words Coded: 104
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: General info / Corporate scorecards****Characteristics:**

- Words Coded: 373
- Paragraphs Coded: 7
- Coding References: 7
- Sources Coded: 5
- Cases Coded: 4

**Tree node: Impact of PM****Characteristics:**

- Words Coded: 141
- Paragraphs Coded: 2
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Information and communication / information flows****Characteristics:**

- Words Coded: 1.062
- Paragraphs Coded: 31
- Coding References: 17
- Sources Coded: 10
- Cases Coded: 10

**Tree node: Information and communication / Perceptions and communication****Characteristics:**

- Words Coded: 316
- Paragraphs Coded: 6
- Coding References: 5
- Sources Coded: 3
- Cases Coded: 2

**Tree node: Information and communication / Use of info****Characteristics:**

- Words Coded: 1.285
- Paragraphs Coded: 40
- Coding References: 22
- Sources Coded: 13
- Cases Coded: 9

**Tree node: Introductory information****Characteristics:**

- Words Coded: 399
- Paragraphs Coded: 24
- Coding References: 13
- Sources Coded: 4
- Cases Coded: 1

**Tree node: Joined up government****Characteristics:**

- Words Coded: 476
- Paragraphs Coded: 7
- Coding References: 7
- Sources Coded: 4
- Cases Coded: 3

**Tree node: Local political members****Characteristics:**

- Words Coded: 371
- Paragraphs Coded: 7
- Coding References: 5
- Sources Coded: 4
- Cases Coded: 3

**Tree node: National – local****Characteristics:**

- Words Coded: 1.536
- Paragraphs Coded: 30
- Coding References: 20
- Sources Coded: 9
- Cases Coded: 8



**Tree node: National – local / Auditing and inspections****Characteristics:**

- Words Coded: 735
- Paragraphs Coded: 20
- Coding References: 19
- Sources Coded: 8
- Cases Coded: 6

**Tree node: National – local / Confusion and duplication****Characteristics:**

- Words Coded: 320
- Paragraphs Coded: 12
- Coding References: 7
- Sources Coded: 4
- Cases Coded: 4

**Tree node: National – local / Relationships with the centre****Characteristics:**

- Words Coded: 1.668
- Paragraphs Coded: 32
- Coding References: 26
- Sources Coded: 16
- Cases Coded: 14

**Tree node: National policies****Characteristics:**

- Words Coded: 430
- Paragraphs Coded: 5
- Coding References: 6
- Sources Coded: 4
- Cases Coded: 4

**Tree node: Objectives****Characteristics:**

- Words Coded: 965
- Paragraphs Coded: 19
- Coding References: 22
- Sources Coded: 10
- Cases Coded: 10

**Tree node: Objectives and indicators****Characteristics:**

- Words Coded: 1.084
- Paragraphs Coded: 27
- Coding References: 17
- Sources Coded: 12
- Cases Coded: 11

**Tree node: Partnerships****Characteristics:**

- Words Coded: 522
- Paragraphs Coded: 9
- Coding References: 8
- Sources Coded: 5
- Cases Coded: 4

**Tree node: Performance culture****Characteristics:**

- Words Coded: 1.368
- Paragraphs Coded: 28
- Coding References: 24
- Sources Coded: 10
- Cases Coded: 7

**Tree node: Performance indicators****Characteristics:**

- Words Coded: 818
- Paragraphs Coded: 10
- Coding References: 8
- Sources Coded: 4
- Cases Coded: 3

**Tree node: Design of indicators****Characteristics:**

- Words Coded: 714
- Paragraphs Coded: 17
- Coding References: 14
- Sources Coded: 6
- Cases Coded: 5

**Tree node: How measurement is performed****Characteristics:**

- Words Coded: 35
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Local indicators****Characteristics:**

- Words Coded: 750
- Paragraphs Coded: 40
- Coding References: 15
- Sources Coded: 8
- Cases Coded: 5

**Tree node: National indicators****Characteristics:**

- Words Coded: 1.023
- Paragraphs Coded: 29
- Coding References: 23
- Sources Coded: 10
- Cases Coded: 7

**Tree node: Participation****Characteristics:**

- Words Coded: 867
- Paragraphs Coded: 25
- Coding References: 16
- Sources Coded: 12
- Cases Coded: 10

**Tree node: Pmeas Vs. PMgmt****Characteristics:**

- Words Coded: 612
- Paragraphs Coded: 16
- Coding References: 12
- Sources Coded: 6
- Cases Coded: 3

**Tree node: Resource dependence****Characteristics:**

- Words Coded: 1.002
- Paragraphs Coded: 30
- Coding References: 18
- Sources Coded: 9
- Cases Coded: 9

**Tree node: Roles of PM****Characteristics:**

- Words Coded: 149
- Paragraphs Coded: 6
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 1

**Tree node: Roles of PM / Accountability****Characteristics:**

- Words Coded: 1.027
- Paragraphs Coded: 21
- Coding References: 20
- Sources Coded: 12
- Cases Coded: 9

**Tree node: Roles of PM / Benchmarking****Characteristics:**

- Words Coded: 987
- Paragraphs Coded: 21
- Coding References: 17
- Sources Coded: 12
- Cases Coded: 9

**Tree node: Roles of PM / Decision-making****Characteristics:**

- Words Coded: 99
- Paragraphs Coded: 2
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Roles of PM / Drivers of PM****Characteristics:**

- Words Coded: 122
- Paragraphs Coded: 4
- Coding References: 4
- Sources Coded: 3
- Cases Coded: 1

**Tree node: Roles of PM / External control****Characteristics:**

- Words Coded: 396
- Paragraphs Coded: 8
- Coding References: 8
- Sources Coded: 6
- Cases Coded: 6

**Tree node: Roles of PM / Good workforce****Characteristics:**

- Words Coded: 217
- Paragraphs Coded: 8
- Coding References: 6
- Sources Coded: 4
- Cases Coded: 4

**Tree node: Roles of PM / Impact on community****Characteristics:**

- Words Coded: 61
- Paragraphs Coded: 2
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Roles of PM / Improve efficiency****Characteristics:**

- Words Coded: 62
- Paragraphs Coded: 2
- Coding References: 2
- Sources Coded: 2
- Cases Coded: 2

**Tree node: Roles of PM / Internal benchmarking****Characteristics:**

- Words Coded: 95
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1
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**Tree node: Roles of PM / Internal decisions****Characteristics:**

- Words Coded: 84
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Roles of PM / Learning****Characteristics:**

- Words Coded: 18
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Roles of PM / Monitor current performance****Characteristics:**

- Words Coded: 706
- Paragraphs Coded: 17
- Coding References: 14
- Sources Coded: 10
- Cases Coded: 8

**Tree node: Roles of PM / Monitor progress****Characteristics:**

- Words Coded: 152
- Paragraphs Coded: 6
- Coding References: 3
- Sources Coded: 3
- Cases Coded: 3

**Tree node: Roles of PM / Motivation****Characteristics:**

- Words Coded: 101
- Paragraphs Coded: 1
- Coding References: 1
- Sources Coded: 1
- Cases Coded: 1

**Tree node: Roles of PM / Performance improvement****Characteristics:**

- Words Coded: 407
- Paragraphs Coded: 12
- Coding References: 7
- Sources Coded: 5
- Cases Coded: 4



**Tree node: Roles of PM / Reputation****Characteristics:**

- Words Coded: 105
- Paragraphs Coded: 5
- Coding References: 4
- Sources Coded: 4
- Cases Coded: 4

**Tree node: Roles of PM / Resource allocation****Characteristics:**

- Words Coded: 572
- Paragraphs Coded: 16
- Coding References: 11
- Sources Coded: 6
- Cases Coded: 5

**Tree node: Target setting****Characteristics:**

- Words Coded: 783
- Paragraphs Coded: 30
- Coding References: 15
- Sources Coded: 8
- Cases Coded: 5