On the road to performance governance in the public domain?

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Structured Abstract: Purpose – This article assesses how performance management in the public domain has evolved over the last several years both in terms of theory and practice in selected countries. The paper also acts as the editorial for the special issue of the journal.

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Findings – We find that the evidence for progress towards a ‘performance governance’ regime in the public domain is mixed, with little progress in countries outside the Anglo-American or Nordic examples studied by Bouckaert and Halligan. Several reasons for this are suggested from the recent survey (in this issue) including the impact of public sector values and the role of elites. However, case studies of particular sectors in countries with limited progress on performance management in general (Portugal and Ireland) suggest that significant inroads can nevertheless be made along the trajectory proposed by Bouckaert and Halligan at micro and meso-levels.

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Keywords: Performance management, performance governance, public sector

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Running Heads:
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**Introduction**

The idea for this special issue started at the panel The Praxis of Performance Management in Public Services of the XV International Research Society for Public Management Conference. As a consequence papers were invited on all aspects of the practice of performance management in public services, but authors were asked to take specific account of the rationale arising from the work of Bouckaert and Halligan (B&H) (2008). In their synthesis of extensive comparative research on the management of performance, they distinguish between different levels of consolidation and integration of measurement, incorporation and use of performance to explain the evolution of performance management in the public sector. They identify a sequence of phases: Performance Administration, Managements of Performances and Performance Management, pointing further to the emergence of a fourth archetype: Performance Governance. Their review was based on six country-focused case studies, with a mixture of Anglo-Saxon and northern European countries. We know less of what is happening in other countries, despite a growing multi-polarity, as the emergence of BRIC countries indicates.

For the special issue we were interested in hearing about further studies from other countries and continents around the world. Different levels of analysis were also identified as of interest: micro, at the level of an individual public sector organisation; meso, at a consistent policy level; and macro, at the government or even governance level. We were not disappointed by the response and therefore we are pleased to present a wide range of high quality papers on the theme of the special issue.

Apart from setting the scene, this first paper integrates the following papers and assesses how performance management in the public domain has evolved over the last several years both in terms of theory and practice. The next article presents a substantive survey paper mapping the state of performance management in seven countries from South America, Africa, Europe and Asia (Rhodes et al., 2012) that adds to those previously mentioned. This is followed by a paper at the meso-level of analysis, focusing on the case of education in Portugal, a country positioned at the Performance Administration type (Sarrico et al., 2012). The fourth paper deals with a micro-level case study of a hybrid non-profit/ public organization in Ireland, a country positioned at the Managements of Performances type, which hints at the move to Performance Governance that B&H propose (Conaty, 2012). Finally, the last paper deals with a macro-level characterisation of Australia, a country deemed to be at the forefront of the performance management movement, and potentially nearer the Performance Governance type (Hawke, 2012).

The following section will focus on the performance governance trend. It will be followed by a critique of the trajectory hypothesised by B&H, in light of the evidence of the other papers in this issue and the state of the art on this issue.

**Performance governance**

A set of ideal types was developed to analyse managing for performance in central governments over time and space (Bouckaert and Halligan 2008). The Performance Management type received the most attention as an integrated approach and because of its relevance to central government frameworks of several of the countries studied. The last thirty years had produced a management revolution in the
public sector and the ascendancy of performance as a focus of governments (Talbot, 2010), which together became important for controlling and directing civil services. Yet this type was found to be problematic in practice. Moreover, there were important elements that were not readily accommodated within this type. The pressures for public services to shift tasks to the private and third sectors and societal trends towards greater external engagement generated another tendency, governance, which has increasingly permeated public organisation (Osborne, 2006; Rhodes, 1996).

The ideal type of Performance Governance was introduced, therefore, as a distinct alternative to the other formulations of managing for performance (Bouckaert and Halligan, 2008, Ch.9). The fusing of governance and performance reflected well-documented performance and governance trends and themes that built on performance management, including organizational relationships within and beyond the public sector based on collaboration and partnerships, citizen engagement and participation, and performance integration across several levels. Each of these dimensions made provision for performance mechanisms and feedback. The majority of the themes are familiar, if presented in different ways in the literature, but in combination suggested the ideal type of Performance Governance.

**Elements of Performance Governance**

The terms ‘governance’ and ‘performance’ have a range of meanings and definitions (Bouckaert and Halligan, 2008; Osborne, 2010; Van Dooren et al., 2010). A traditional view defines governance in terms of processes associated with formal structures of government. A society-centric conception sees governance in terms of networks of public and private interactions (see Conaty, 2012, in this issue). The conception here encompasses both in regarding governments as the responsible decision makers on public policy, but which are more responsive than otherwise to the preferences of citizens and civil society. The second component, ‘performance’ has been inclined in practice to be more generally intra-governmental and agency based. An extended formulation is often seen that encompasses the macro to the meso-level, from one level of government to two or more, and more generally from one sector (e.g. the public) to society as a whole. In this conception the parameters are more expressly national and societal (rather than sectoral or level). Just as the performance focus has moved from improving processes and outputs to results and impacts, so the outcome agenda has moved forward to linking specific indicators from the micro through to macro endeavours and objectives (see Hawke 2012, in this issue).

There are precedents for these trends, but what is different is that these extensions are more substantial, widespread, ambitious and inclusive. Conceptions of citizen engagement incorporate a performance dimension. Concepts like whole of government are invested with broader meaning than simply some variation of horizontal government or coordination (Christensen and Lægreid, 2007). Being internationally comparative in terms of performance has acquired more meaning. The effect of introducing governance is to expand the realm of ‘managing for performance’ that both opens up the black box and goes well beyond. It suggests greater complexity and less direct control by governments.

Performance Governance has emerged from, and been shaped by, several types of thinking derived from a generalized governance movement. One is the broad and somewhat diverse move to embrace joined-up government (Pollitt, 2003), horizontal management (Sproule-Jones, 2000), whole of
government (Christensen and Lægreid, 2007), integrated governance, and more generally collaboration and networks (Mandell, 2001). Another broad dimension is the engagement with the citizen as governance becomes more externally-focused and encompasses the movement to engage citizens in performance measurement, participatory budgeting and re-evaluation of performance in a democracy.

Several strands of Performance Governance can be differentiated. First there are organisational relationships both within and beyond the public sector that cover a range of collaborations through networks, partnerships, and coordination mechanisms that are governed by performance mechanisms. Public sector organisations linking to and partnering with private, not-for-profit, non-governmental and ad-hoc citizen groups are all part of governing.

The second dimension covers participation and citizen engagement in performance feedback (Callahan, 2007; Epstein et al., 2006). The injunctions to expand citizen participation have intensified as new ways are being explored for building in citizens into governmental processes (Dutil et al., 2010). Increasing attention has been given to means for redefining relationships and making them meaningful in current public management.

Thirdly, there are societal impacts as demonstrated by performance indicators (also including implementation and improved service delivery with performance stipulations) (Dutil et al., 2010; Epstein, et al., 2006).

Governing performance is intrinsically an intergovernmental exercise, which requires significant depth, as well as breadth in performance management. The final component then is integration of performance across several levels of government (Callahan, 2007).

**Mechanisms for integrating, aligning and framing Performance Governance**

A number of mechanisms exist for aligning, framing and integrating Performance Governance, ranging from modes of citizen engagement to whole-of-government approaches (Bouckaert and Halligan 2008).

Only integration will be addressed here. Three levels of Performance Governance can be distinguished, which can be envisaged as a cascade within a national system of governance. In a pluralistic system, it is to be expected that they may operate somewhat independently as well as in unison.

The third level is about getting the basics right with the public and can be seen in recent formulations that address variations on the triumvirate of citizen participation, measurement and results; and which suggests an integrated formula for application at community and regional levels. In an integrated framework, performance measurement, accountability, and citizen participation provide ‘mutually reinforcing concepts that are strengthened when they are aligned or integrated with one another’, thereby enhancing the capacity to improve outcomes (Callahan, 2007; Epstein, et al., 2006).

The second level reproduces these features on a more limited jurisdictional scale (that ideally would fit into the national framework). One type of initiative is an integrated government strategy at the regional level. The first level represents a logical extension of the ideal types, and envisages a national and societal framework that seeks integrated performance. The broader conception here
addresses mechanisms for integrating and controlling the components of the executive branch more effectively, and for engaging with other sectors and actors on national goals and impacts.

*Performance Management frameworks and Performance Governance initiatives*

Several types of managing for performance were applied to the frameworks of central government in six countries (Bouckaert and Halligan 2008). Despite the familiar limitations of managing for performance in several Anglo-American countries, the evidence is mixed. The evolution of performance management systems continues in the three federal systems of Australia, Canada and the United States. In Australia and the United States, highly significant official responses have recently occurred (such as the Australian Commonwealth Financial Accountability Review in 2011 that has yet to be publicly reported), but these have to be properly translated into practice that either reinforce Performance Management or engage Performance Governance. However, there are indications that the foundations are being considered (Kamensky, 2011).

Recent trends within national governments with a state-centric performance management approach have recognised the need to incorporate governance. The resulting synthesis of elements has led to the characterization of ‘integrated governance’ as the prevailing approach of the 2000s at the national level in countries such as Australia and New Zealand (Halligan, 2010). There is a broadening of the coverage of performance management under integrated governance, the whole-of-government conception being one element. The intergovernmental reach is stronger and developmental goals for the sector more salient.

Another field of interest is whole-of-government and societal indicators and impacts. The term ‘whole-of-government’ is used in different ways internationally, ranging from cross-government collaborations (akin to traditional coordination) to cross-agency activity where there is an emphasis on applying integrated approaches with a performance outcome. The several other variations include intergovernmental coordination activity, public-private interactions, and explicit NGO and community connections. In these latter senses, there are precedents in different jurisdictions.

One interesting depiction of whole-of-government is the focus on society as a whole in terms of performance. Macro review is attracting greater interest through the increasing role of national indicators of well-being and how they are linked to performance management in central government (Van de Walle, 2009). There is however a more ambitious formulation that seeks to articulate societal goals and objectives and then to relate them formally to levels of government and departmental programs. Some countries do this to some extent, but for a more elaborated formal scheme Canada’s whole of government planning and reporting framework provides a comprehensive overview of resources and results (President of the Treasury Board of Canada, 2011). There are explicit links within the framework as expressed through reporting on national performance and departmental plans and performance.

*Cross-boundary shared accountability and results*

The need for effective inter-agency, inter-sectoral and inter-jurisdictional collaboration is well established (Ansell and Gash, 2008; Edwards, 2011), yet systems of shared accountability for system-
wide and societal results are often rudimentary or stalled at the level of ideas and good intentions. Achieving public results is increasingly challenging because the processes are multi-dimensional and multi-level, and demands have increased for such solutions.

The question of shared accountability and shared outcomes has been aired for some time. The several strands are often closely related and connect, converge and reinforce each other, even though the motivations may be different: joined-up government/whole-of-government/horizontal management; coordination and integration; boundary spanning issues around intractable problems; citizen-centred service delivery and community engagement; and collaborative governance and network models (e.g. Dutil, et al., 2010).

Within central governments, new initiatives have reflected a more systemic and collaborative approach, at least at the conceptual level, to sharing outcomes and accountability. Joined-up government was tried in the United Kingdom’s Whitehall through different means including cross-departmental performance targets of public service agreements that were shared by more than one department (Ling, 2002). In the United States, the Obama agenda has involved high-level coordinators, cross-agency priority goals and teams for focusing on shared problems and cross-programme approaches using common standards, programme information gathering, and reporting methods (Kamensky, 2011). Similarly, Australia has used the high level task forces for coordinating policy and delivery on issues, collaborative inter-governmental agreements and advocacy of cross-portfolio shared outcomes for priority areas with accountability through budget reporting (see Hawke, 2012 in this issue).

The constraints and obstacles to implementing shared approaches remain significant (Huxham, 2000; Newman et al., 2004). First is the strength of the incentives for agencies, leaders and citizens to engage in joint activity. Second is the problem of defaulting to standard practice because of the lack of a supportive culture. The vertical imperatives of functional departments’ core business take priority over horizontal commitments based on shared arrangements. Transaction costs place pressure on resources because of the labour intensive nature of collaborative work both across and beyond the public service. The potential for misalignment exists with accountability and collaboration; and shared targets may need to be supported by joint budgeting arrangements (Dutil, et al., 2010; Parker et al., 2010).

Prospects

Performance Governance requires the knitting together of a range of process, structures and indicators at different levels. This presents challenges in practice as such a range can be difficult to control and manage. The governance setting may involve blurring of the borders of organisations, which is reflected in lines of responsibility for outcomes, but with consequences for accountability.

Indications of the type continue to be more apparent at sub-national levels and with specific government agencies. While central governments continue to commit to performance management frameworks, the citizen engagement agenda may emanate from a different part of reform programs. What this suggests therefore is ‘governing of performance’ where performance and aspects of
governance are siloed within the system (which has parallels with another ideal type based on disconnects between performance and management: Bouckaert and Halligan, 2008: ch.5).

The Performance Governance conception is broader than other types of managing for performance in that it encompasses more than one level of government and addresses relationships between sectors. This presents difficulties in practice, particularly in a federal system where the intermediate provinces or states have a constitutional basis, and do not necessarily work in unison. Systems of local government have varying degrees of autonomy, but possess authority and interaction from closer proximity to citizens. It is apparent that the evolution of Performance Governance will be uneven when viewed as a national system.

A number of countries are moving slowly in the direction of Performance Governance. The value of the ideal type is that it provides a set of benchmarks for locating countries (and suggests goals for them to aspire to). While no country approximates the type in practice several have affinities with it. Other concepts such as collaborative governance (Ansell and Gash, 2008) occupy part of this space, but they are more narrowly conceived. However, Performance Governance as a type applies more to lower levels of government and to specific agency relationships. Central governments are engaging the combination of performance and governance, but have yet to lay the appropriate foundations so that practice can meet the requirements of this type.

**On the road to performance governance?**

Building on the state of the art presented above, we now reflect on the evidence presented by the other articles in the special issue regarding the move towards performance governance.

The survey article by Rhodes et al. (2012, this issue) builds on research undertaken by Bouckaert and Halligan (2008) by adding more ‘observations’ to the case data on performance management in various countries, analysed in the context of a trajectory of public sector reform. Using the B&H framework for comparative analysis and incorporating Pollitt and Bouckaert (P&B) (2004) for the contextual analysis, the authors examine the state of affairs of performance management in their countries and construct an interpretation in light of the key contextual elements. The B&H and P&B frameworks combined are found to be useful in describing the developments in a range of quite different countries.

In addition to verifying the basic framework for analysing the evolution of public sector performance management at a country level, Rhodes et al. (2012) find that ‘Administrative Culture’ – defined as the shared understanding in the Civil Service of their role in relation to the law and the common good – is of significance in relation to the speed of advancement along the trajectory proposed by B&H. Two types of Administrative Culture are taken from P&B: the first being a ‘Weberian’ culture (with the primary focus on carrying out the law), and the second a ‘Public Interest’ culture (in which the civil service also has a mandate to look after the public good). Progress in performance management in Brazil and Indonesia (nascent though it might be) appears to be fastest of the seven countries analysed, and they are the only ones to have some features of a Public Interest culture – even if it is only newly adopted in Portugal, and limited to some managerialist reform elements in Brazil. These countries also happen to be large and have, or are moving to, a decentralized political system,
but so does Spain – which has made little progress in performance management over two decades. Arising from this, and also from the deepening understanding of the path to performance governance, the authors suggest that the notion of public values as outlined in Talbot (2010) deserves further research as to its impact on public sector reform and the performance management movement. The authors also find that the attitudes of senior civil servants towards reform play a key role in the successful (or not) introduction of performance management programmes. This finding is also consistent with the P&B framework, in which ‘elites’ play an important role in the introduction of public sector reform, and is worthy of closer attention in the search for contingent factors to explain the progress towards performance governance.

Four additional factors are proposed in Rhodes et al. (2012), arising from the study of the seven countries. The existence of a political crisis – coupled with an economic crisis – appears to have a positive impact on the introduction and advancement of performance management, which suggests that recent events in Europe may see more rapid progress in several of the countries studied. Citizen trust was noted for its absence in all but the Portugal case, which suggested to the authors that this might not be an important factor early on in the path to performance management. Three countries had only recently (in the last 20 years) held democratic elections and this was something that the authors felt should be more closely examined for its impact on performance management trajectories. Finally, the authors observed that, in the absence of political pressure, countries with significant progress in public sector reform will focus on ‘external’ performance measures relating to customer service, transparency and participation. This was observed in both Ireland and Portugal and appears to be a case of governments recognizing the need to make some progress in reforming public service, but not being put under pressure to make painful adjustments to the salary, benefits and/or budget allocations across the civil service. It merits further research and debate as to whether a government can – or should seek to – progress along one strand of the performance governance road without attention to the others. Is it better to try and push each of the strands more or less together along the proposed trajectory from Performance Management towards an integrated approach to Performance Governance? Or is there some advantage to be gained in moving aggressively to attain outstanding performance in one strand?

The paper by Sarrico et al. presents an analysis at the meso level – education policy – in Portugal, possessing a traditionally Weberian culture of public administration, and positioned in the Performance Administration type, albeit making the transition to Managements of Performances type (see Rhodes et al., 2012). Here the importance of administrative culture seems paramount, as years of rhetoric and legislative initiative towards performance management in schools has resulted in much unsophisticated practices at the school level, and an observed stagnation of performance, despite years of increasing resource levels. In that respect, it seems to ratify the idea that having the technical apparatus of performance management is a necessary albeit not sufficient condition for increased performance. In a Weberian culture the lack of autonomy seems to hinder the possibility of moving forward in the path from Performance Administration towards Performance Governance. It curtails the possibility of incorporating performance information into decision making processes, and limits the extent to which public agencies partner with stakeholders to effect change. The paper also highlights the difficulty of reaching conclusions at the meso level of analysis, pointing to further larger scale empirical studies to
further understand the existence and strength of the link between more sophisticated performance management systems and achievement, i.e. increased levels of performance.

The case presented by Conaty (2012) illustrates the move towards Performance Governance at the micro-level, namely blurred-boundaries between public and NPO domains and working for a common goal. It is based on a study of a hybrid public-NPO organisation providing services to people with intellectual disabilities. The country in question is Ireland, within a context of a neo-Weberian culture with evidence of some public interest elements, situated in the Managements of Performances type (see Rhodes et al. in this issue). The findings are in line with what has been said in the previous section: whereas the collaborative setting indicates the possibility of progress on the road to performance governance, there are serious barriers to overcome. As in other cases in this issue, Conaty refers less to technical issues and more to intractable questions of culture, power, and people.

Finally the paper by Hawke (2012), at a macro-level of analysis, reinforces the impact of the ‘softer’ aspects of the context of performance management. Despite the fact that Australia is at the forefront of observed practice in performance management, being firmly situated in the Performance Management type, there is still quite a lot of room for improvement in the trajectory to performance governance. Weaknesses persist at the level of the quality and use of performance information, and in the societal engagement in the system. Hawke analyses the Australian case in light of six factors shaping its performance management system. His study points to the positive influence of political, structural and technical factors, but points to three factors as deserving further attention: management, behavioural and cultural factors.

Concluding remarks

As further research, and from a theoretical point of view, as Talbot (2010) suggests, a more consilient theory of performance in the public sector, with more attention to competing public values and different performance regimes, might help to describe and explain the road to performance governance, its fast lanes, on the one hand, and barriers and detours on the other.

From an empirical point of view, the additional cases presented in this issue are a valuable contribution to the evidence base for performance management in the public sector. However, there is clearly a need to continue to collect data and analyse case studies across different societies and public management regimes to better assess the trajectory of different countries with more and less developed performance regimes in their path (or not) towards performance governance.

References


