



Constructing performance measurement in the public sector

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ABSTRACT

This article investigates the process of translating Performance Measurement Systems (PMSs) into operational use, in the context of public sector reforms. Drawing on Actor–Network Theory, the article examines the *Good Practice* project, an 11-year PMS implementation in Italian universities. Analysing this experience, the article shows how controversies play a central role in the process of translation, as essential risks for revitalising the PMS. Furthermore, it underscores the heterogeneity of actors' stratagems, giving voice to louder as well as weaker participants, who all proved crucial to the vitality of the PMS, by raising unexploited and unresolved issues within the network.

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1. Introduction

Performance measurement has been a matter of interest to governments for some time (Beyle and Parratt, 1938; Rosa, 1921), but it was with the advent of New Public Management reforms (Hood, 1991, 1995; Lapsley, 2008) that Performance Measurement Systems (PMSs) became firmly established as a central tool for transforming old bureaucratic administrations into efficient and effective organisations (Dent, 1991). It has been claimed that PMSs and other managerial techniques offer a 'solution' (Pollitt and Bouckaert, 2004) to the problem of containing public expenditure and improving the services delivered to users, with particular emphasis on the management of results and the ability to measure public organisations on the basis of an input–output (outcome) model (Johnsen, 2005).

Despite the large body of research on NPM (e.g. Bouckaert, 1990; Chow et al., 1998; De Bruijn, 2002; Modell, 2001; Pallot, 2003; Watkins and Arrington, 2007; Yang and Holzer, 2006), there are gaps in our understanding of the processes by which PMSs are translated into operational use (Modell, 2009). This article seeks both to analyse these processes and more generally to extend our knowledge in the sphere of public sector reforms. The focus of the work is an examination of the *Good Practice* project, an 11-year experience of developing PMSs in Italian universities. Drawing on Actor–Network Theory (ANT), and specifically on Latour's work (Latour, 1987, 1996, 2005), the objective of this paper is to investigate how universities translated the PMS over the 11-year period, during which the stratagems and roles of actors evolved and grew more heterogeneous, resulting in a combination of more powerful and weaker voices within the network.

The empirical research was carried out with a two-level approach. Firstly, data were gathered through participant observation over the 11 years of the project. Secondly, as differences between the universities' approaches began to emerge, we decided to follow (Latour, 1987) certain actors that highlighted markedly different approaches within the network. Adopting

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a Latourian perspective, the analysis was unfolded with reference to four stages identified as pivotal in previous ANT studies of accounting in the public sector (Chua, 1995; Gendron et al., 2007; Preston et al., 1992): setting the goal and enrolling actors; circulating translation and dealing with controversies; acting the quasi-object; and insiders going out. These stages should not be viewed as a rigid sequence of steps, but rather as focal points for exploring actors' stratagems and tactics over time.

The results reported here show that the persistency of the rhetorical process of translation pivots around controversies (Latour, 1987). Controversies were found to be essential risks within the PMS implementation: they prompted universities to problematize and engage with the PMS in the attempt to solve them, but they also undermined the possibility of achieving a socio-technical compromise. With this ongoing process of dealing with controversies, the actors' approaches evolved over time, but also grew more heterogeneous, shaped by the role that each actor had assigned to the PMS (Modell, 2009; Townley et al., 2003; Watkins and Arrington, 2007). Without inferring any precise rule of behaviour, this heterogeneity of actions was captured by identifying three distinctive categories of actors: strategic allies, technical warriors, and searchers. The purpose of these categories was not to provide a rigid classification, but only to represent the diversity of approaches within a spectrum actions, and of actors with louder or softer voices. All these voices, irrespective of their strength, proved essential for creating the glue which held the network together and sustained interest in the PMS.

To develop our arguments, the remainder of this paper is organised as follows. First, we provide an analysis of the difficulties of implementing PMSs in the public sector. The conceptual perspective is then illustrated (Section 3), followed by a description of the research approach (Section 4). An overview of the Italian reform context introduces the presentation of results. Finally, we discuss the findings and draw some conclusions.

2. Performance measurement in the public sector: implementation difficulties

Performance Measurement Systems have been seen as a key element of NPM reforms (Hood, 1991, 1995), depicted as objective, rational tools that could be used for various purposes: steering and controlling the organisation, establishing rules of conduct, disseminating a culture of accountability (Broadbent and Laughlin, 1997; Dent, 1991; Pallot, 2003). Despite the envisioned benefits of PMSs, their implementation trajectories are far from linear and straightforward: various difficulties may arise along the way that lead to different outcomes or even to abandonment of the system (Lawton et al., 2000; Popper and Wilson, 2003; Smith, 1995). In light of this, many studies have explored the functional difficulties of PMSs in the public sector, identifying four main issues that affect their implementation: the *diverse* nature of public sector services, the *wide range of users*, the difficulties in *defining targets*, and the *lack of competencies*.

The diverse nature of public sector services was one of the major issues that emerged during initial applications of the PMS, in the wake of the NPM reforms. The criticisms mainly concerned the need to tailor techniques derived from business for application to the public sector. This need for adaptation extends beyond the simple public–private dichotomy, and various authors have noted the difficulties encountered when systems are applied 'universally' by governments, to different types of institutions (see for example Beryl, 2000; Boland and Fowler, 2000; Bouckaert, 1990, 1993; Bouckaert and Balk, 1991; De Bruijn, 2002; Holzer, 1991; Smith, 1993). One suggested way to tackle the problem of diversity is through implementation of multidimensional PMSs, such as the 'Balanced Scorecard' (Kaplan and Norton, 1992) or the 'Tableau de Bord' (Lauzel and Cibert, 1959). However, in the public sector these often result in a proliferation of indicators, which are then not acted upon by managers (Chow et al., 1998; Modell, 2001).

The second problematic issue is the existence of a *wide range of users*. Service users have been at the centre of NPM since its inception, and this has prompted public managers and policy makers to shift their attention from procedural compliance to output delivery. Emphasis on users of PMSs has recently been further increased, with many organisations adopting approaches that directly involve citizens in performance measurement design (Epstein et al., 2006; Holzer and Kloby, 2005; Modell, 2001; Yang and Holzer, 2006). Their involvement is considered beneficial for the design of the system and for building a relationship of trust between public institutions and their users.

The third issue is the *difficulty of defining targets* for performance, which has often been portrayed as a problem specific to public organisations. This view assumes that private firms adhere to profit and value imperatives which enable them to more easily set target figures, whereas this is more difficult in the public sector (Bohte and Meier, 2000; Popper and Wilson, 2003; Van Thiel and Leeuw, 2002). Though differences exist, the advent of non-financial measures and the 'Balanced Scorecard' have posed a similar problem for private organisations; in both cases, a possible solution is offered by Relative Performance Evaluation (RPE), which is more commonly known as performance benchmarking (Bogan and English, 1994; Elnathan et al., 1996; Siverbo and Johansson, 2006). However, a number of problems have arisen in its implementation, such as the difficulty of comparing institutions with different organisational structures (CIPFA, 2008).

A final difficulty is the *lack of competencies*. Public managers are traditionally accustomed to dealing with financial measures, but are less familiar with non-financial indicators and concepts such as output and outcome. This can create problems during the early phases of adoption, when the design of the system is delegated to internal managers. Furthermore, lack of competencies is also a major hindrance during development of the system, and can lead to its abandonment or to unintended consequences (Lawton et al., 2000; Popper and Wilson, 2003; Smith, 1995; Wang and Gianakis, 1999).

Besides these studies which focused on the functional aspects, more critical research (Bracci, 2009; Broadbent and Laughlin, 2003; Cooper and Hopper, 2007; Jones and Mellett, 2007; Robinson, 2003; Watkins and Arrington, 2007) has investigated the PMS implementation, challenging the objectified vision of system. Among the critical approaches, post-

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