



ROUTLEDGE
INTERNATIONAL
HANDBOOKS



The Routledge Handbook of Global Public Policy and Administration

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Performance management in public administrations

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Abstract

The chapter illustrates the multi-dimensional concept of performance in public sector and the characteristics of effective systems and processes that govern it. Specificities, compared to the performance of for-profit organizations, are analysed and key issues, regarding the future of performance management systems in public administrations, are discussed and illustrated through practical examples. Conditions that ensure the purposeful use of performance information by public managers, politicians, citizens, civil society organizations and media are highlighted.

Keywords: Performance – Results – Output – Outcome – Efficiency – Effectiveness.

Performance management in public administrations: trends, specificities

The performance movement in the public sector is not new although it has intensified during the past three decades, increasing formalized planning, control and reporting in public sector across all OECD countries (Bouckaert and Halligan, 2008: 29). The main waves putting an emphasis on performance management can be identified in the scientific management movement (1900s-1940s; planning, programming and budgeting system; PPBS and management by objectives; MBO), in the New Public Management (1980s-2000; NPM) theory and in the Public Governance approach (Van Dooren, Bouckaert and Halligan 2010). The evolution of performance management practices mirrors modernization trends: its focus of attention shifted from rules and input regulation (Weberianism), to outputs and efficiency (NPM) to outcomes and effectiveness (Public Governance), leaving unaltered its relevance (Imperial 2005: 395).

Different literature streams have contributed to the development of the performance management theory, including public administration, public management, strategic planning and management controls, evidence-based policy, and evaluation (van Helden, Johnsen and Vakkuri, 2012). Such multidisciplinary attention may be one of the reasons why the concept of performance is characterized by some degree of ambiguity. “It must be viewed as a set of information about achievements of varying significance to different stakeholders” (Bovaird,

1996: 147). Performance is both about results and intentional behaviours that lead to such achievements. Such behaviours “can be individual or organizational” (Van Dooren, Bouckaert and Halligan 2010: 2). The results that derive can refer to outputs, outcomes and public value (Van Dooren Bouckaert and Halligan 2010: 16).

Performance management includes performance measurement (i.e. the construction and measurement of decision-relevant performance indicators) and monitoring, but also reporting to relevant administrative and political bodies and, most importantly, the purposeful use of this information (van Helden, Johnsen and Vakkuri, 2012).

During the NPM, performance management has been introduced as part of reforms aimed at making public management more similar (and, therefore, more efficient in the intentions of the promoters) to private management. Thus, it has been accused of neglecting the specificities of public administrations such as higher goal ambiguity, fewer economic incentives, higher levels of bureaucracy, a greater number of stakeholders, and higher relevance of public values (Rainey, Backoff, and Levine 1976; Perry and Rainey 1988; Rainey 1989; Bozeman 1987; Lee, Rainey and Chun 2009; Hvidman and Andersen 2014: 38). On one hand, public administrations are characterized by low managerial autonomy in defining strategic objectives and managing resources; on the other, public managers have more flexibility than private ones in choosing performance measures and information to be collected, notwithstanding the compulsory nature of such procedures in many countries (Behn 2003: 599).

The literature now acknowledges the relevance of such differences between for profit firms and public administrations regarding performance and its management. Most importantly, outcomes matter more than output. For instance, sales represent a prompt and objective indicator for the success of a firm; presumably, in low inflation contexts, high sales will lead to high profits and good dividends for the shareholders. In the case of a public administration, even one providing services such as a hospital, a school or a university, output measures alone (e.g. number of surgical interventions or graduate students), although useful, are difficult to interpret in one sense or the other. The impact of output on the areas of need (quality of life after hospital discharge or employment opportunities after graduation) is the most meaningful performance indicator. However, it is difficult to measure as it refers to a social rather than an economic impact; it takes time to manifest and depends on context as well as on the activities of the specific public administration being measured.

This fundamental specificity leads to differences in terms of performance management systems. One direct consequence is the recommendation for performance management

systems in the public sector to be multidimensional rather than imbalanced towards one specific performance dimension (inputs, processes, outputs or outcomes).

Levels of performance management

There are at least four perspectives through which public sector performance can be addressed.

First, performance can be viewed at the global level: international institutions produce rankings and measures to assess the aggregate levels of performance of countries' public sectors¹. Fukuyama (2013) analyses the available empirical measures of public administration quality that he classifies into four approaches:

- 1) Procedural measures, such as the Weberian criteria of bureaucratic modernity: these include, among others, impartiality of bureaucrats, hierarchical organization and well-defined spheres of competence, recruitment and promotion on the basis of merit and technical qualifications, separation between ownership and management.
- 2) Capacity measures, which include both resources (e.g. tax extraction measures) and the level of education and professionalization of government officials;
- 1) Output & outcome measures such as literacy, primary and secondary education test scores, or various measures of health;
- 2) Measures of bureaucratic autonomy; autonomy referring to the manner in which the political principal issues mandates to the bureaucrats who act as its agent.

The main weaknesses of these measures include being based extensively on expert surveys and being characterized by normative policy preferences that colour the final results. Moreover, output is not considered a valid measure of state quality due to difficulties in divorcing output and outcome measures from procedural and normative measures and from exogenous factors (Fukuyama 2013: 351, 356).

A second level is public sector policies: performance management has been at the centre of public sector reform agendas since the late 1980s. Reforms have made it compulsory in public administrations and often link resource allocations to performance achievements (Bouckaert

¹ The most renowned include:

- World Bank's Governance Indicators, which purport to assess state capacity through six composite indexes: government effectiveness, regulatory quality, political stability and absence of violence, and control of corruption, since 1996: www.govindicators.org/
- World Bank's Doing business ranking, since 2003: <http://www.doingbusiness.org/>
- OECD's more recent Government at a Glance project, a dashboard of key indicators of public sector performance, since 2009: www.oecd.org/gov/govataglance.htm

and Halligan 2008). Public sector reforms were driven by the belief that requiring agencies to define and measure strategic goals and achievements would reduce the performance deficit (Moynihan and Pandey 2010: 849; Poister 2010; Moore 1995). Although deriving from the same global movements such as NPM and Public Governance, the actual implementation of performance management reforms has been affected by specific national administrative traditions and cultures, displaying differences between common law and administrative law countries, and between more and less developed countries (Alawattage, Hopper and Wickramasinghe 2007; Tillema et al. 2010). Also some policy sectors have been more affected than others. For instance, centrally defined performance indicators directly influence financial resource allocations in healthcare and higher education in several countries. The following chapter is dedicated to this level of performance.

At this level, performance management systems have been classified according to the institutional coverage and the learning and development process into four ideal types including (Bouckaert and Halligan 2008: 69):

- Performance administration;
- Management of performances;
- Performance management;
- Performance governance.

The third is the organizational level represented by performance management activities as part of strategic planning and managing efforts. It is the bundle of activities quantifying performance – defining a measurement object, formulating indicators, collecting, analysing and reporting data (Van Dooren, Bouckaert and Halligan 2010: 25). This chapter focuses on this level.

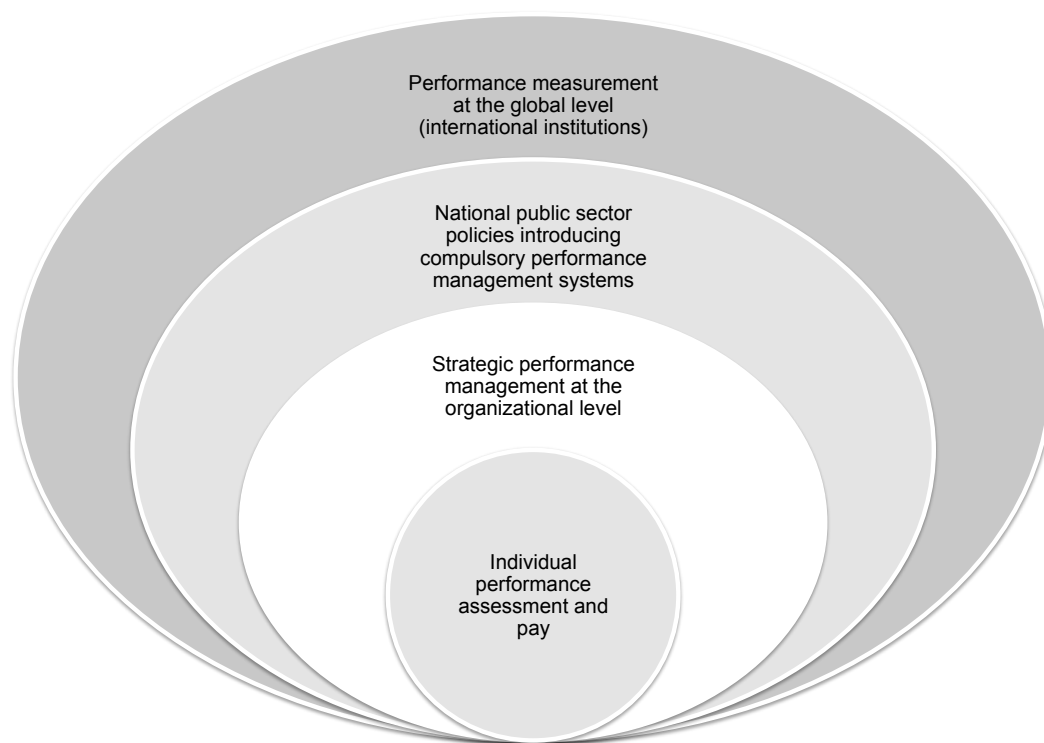
Finally, performance management can operate at the individual or team level, integrating human resources management through instruments such as performance-related pay.

In theory, there should be cause-effect links among these different levels, leading to higher levels of performance of public services and public policies, with the ultimate beneficiary being the citizens. International institutions' rankings are supposed to put pressure on national governments to introduce reforms promoting performance management; such reforms should lead to higher levels of performance orientation in planning and managing resources in organizations and to higher individual performances of public employees. The final result should be better public services and more effective policies. The effects work also the other

way around. National level policies such as spending reviews and budgeting are often dependent on well-functioning performance measurement and reporting systems at the organizational level.

Empirical research on these links offers mixed results, with both positive and negative effects of performance policies being highlighted. Although the cause-effect link between performance management and performance improvement may be problematic to prove, studies show that the former is a crucial determinant.

Figure 1: Levels of performance management



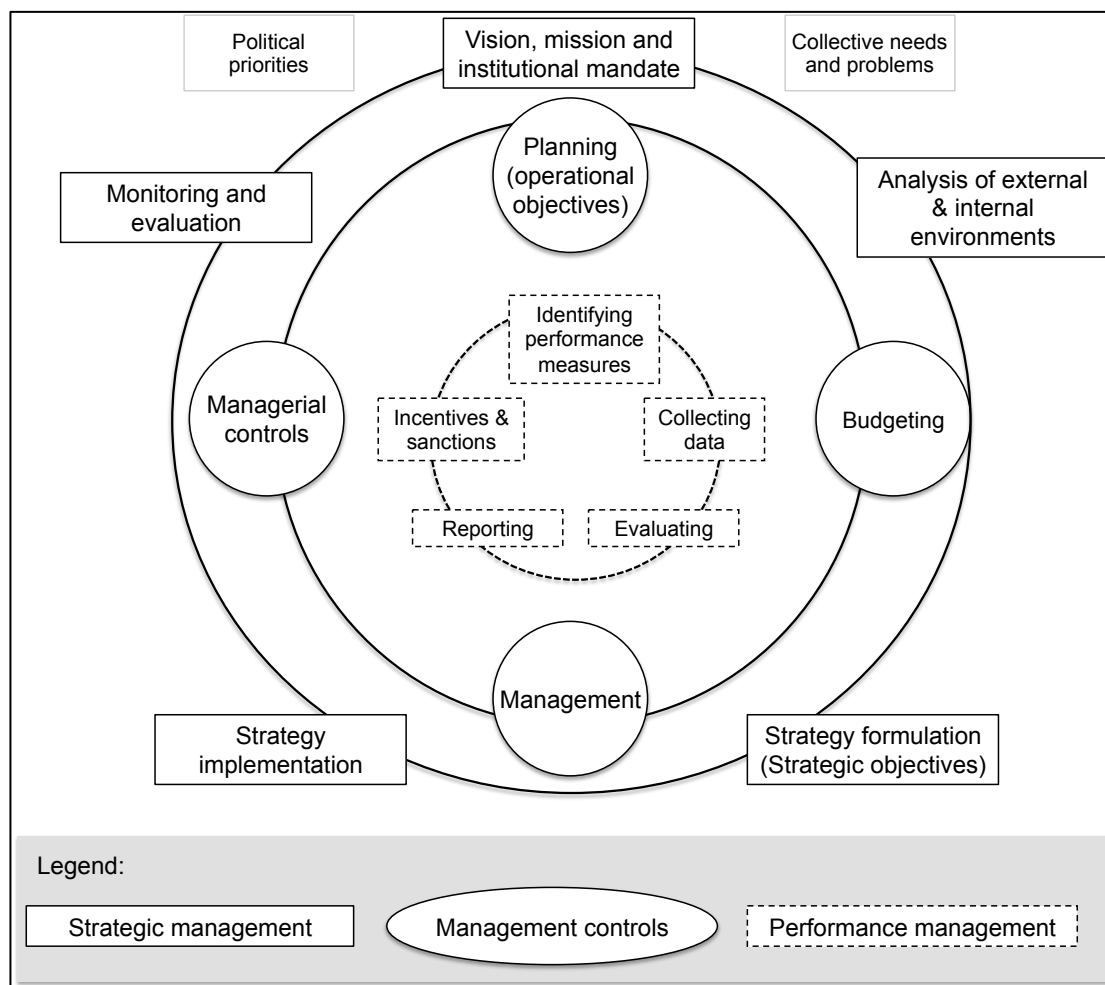
Managing performance at the organizational level

Performance can be planned, measured, assessed and acted upon. When such actions occur in an integrated and systemic way, it is usually referred to performance management. Performance measurement is focused on how to measure what the administration is doing; performance management is concerned with detecting what are the most significant performance deficits and with formulating a strategy for mitigating them; performance leadership aims at motivating everyone in the organization to pursue the strategy (Behn 2013). Performance measurement without management and leadership is useless. “Despite the universal appeal of the seductive cliché, the data never speak for themselves. When the data

speak, they do so only through some framework, some theory, some causal model, some logical construct, some perception of the world and how it works” (Behn 2009).

Performance management at the organizational level is relevant because it is the pillar that holds the upper level of national government effectiveness and a condition for the non-arbitrary evaluation of individual-level performance. It is a process supporting strategic management and managerial controls, as illustrated in figure 2. It “generates information through strategic planning and performance measurement routines and [...] connects this information to decision venues, where, ideally, the information influences a range of possible decisions” (Moynihan 2008, p. 5). In other terms, to be effective, performance measurement systems should not operate as stand-alone systems but support and strengthen other management and decision-making processes, such as planning, budgeting, human resources management, grants and contract management, among others (Poister, Aristigueta and Hall 2015).

Figure 2: Performance management as part of the strategic management and managerial control cycles.



In April 2011, The New York Times Magazine dedicated its cover to Ramón González, principal of the public middle school 223 in South Bronx, someone whose office overlooks one of the largest, most dangerous housing projects in New York. The M.S. 223 case study (box 1) is very useful to illustrate:

- The (sometimes wicked) links between public sector reforms, putting an emphasis on outputs and competition, and performance management at the organizational level, focused on outcomes, public value and collaboration;
 - The nature and activities of performance leadership, which go beyond performance measurement;
 - The impact of a specific organizational mission and vision on performance measures.
- Or, in other terms, the specificities of performance management in public vis-à-vis private organizations.

Box 1: Performance management in a public middle school in Bronx

About 70% of the M.S. 223 students are Hispanic, the remainder are black, either African-American or recent immigrants from West African countries like Senegal. Roughly 11% are English-language learners and about 17% have learning disabilities. Many live in impoverished conditions and about 15% live in shelters.

In 2010, after seven years under González, 60% of the students tested at or above grade level in math and 30% in English, making 223 one of the top middle schools in the South Bronx and, according to the progress report from the Department of Education, the 10th-best middle school in the entire city.

But 223's success remains relative. Studies dating to the 1960s have suggested that children's experiences inside the classroom are responsible for as little as 20% of their overall educational development. No less important is how they spend their evenings, their weekends, their vacations. González is trying to reverse this trend by bringing parents into their children's lives at 223 in any way he can, whether it's through sporting events, plays, recitals or classroom celebrations.

And yet even as school reform made it possible for González to succeed, as the movement rolls inexorably forward, it also seems in many ways set up to make him fail.

The grading system imposed by the NYC Department of Education that has bestowed three consecutive A's on González is based in part on how well 223 does on state tests. But the school's relative success on these tests and other measures also disqualifies it from additional State resources earmarked for failing schools. The ever-growing number of charter schools, often privately subsidized and rarely bound by union rules, skims off the neighbourhood's more ambitious, motivated families. And every year, as failing schools are shut down, a steady stream of children with poor intellectual habits and little family support continues to arrive at 223. González wouldn't want it any other way — he takes pride in his school's duty to educate all comers — but the endless flow of underperforming students drags down test scores, demoralizes teachers and makes the already daunting challenge of transforming 223 into a successful school, not just a relatively successful one, that much more

difficult. González, who prefers to think of himself as a community activist, has an anachronistic vision for 223 vis-à-vis policies of education reform, which is based on school freedom of choice by low-income families and competition between public and charter schools. This idea of school reform is against the very idea of the neighbourhood school with deep roots in a community, which is precisely what González is trying to revive and reinvent. “You know what you have to do to come to school here?” González told the NYT Magazine journalist. “Walk through that door.”

Source: extracted and adapted from Mahler 2011. **Further information:** <http://www.ms223.org/results.html>

The Achilles’ heel: performance information use

Obviously, performance management benefits depend, first and foremost, on the extent to which public managers and other decision-makers and stakeholders make use of performance information. The literature on performance management in the public sector has only recently moved from the analysis of measurement instruments and indicators to question the actual use of information these generate, considered as “the most pressing challenge for scholarship on performance management” (Moynihan and Pandey 2010: 849; Kroll 2015).

Potential users of the performance information being produced include politicians (Askim 2009), citizens and civil society organizations (Pollitt 2006), and public managers (Moynihan and Pandey 2010; Kroll 2013), among others.

Public managers can use performance information in different ways: managerial, political or merely bureaucratic. It is often distinguished between a purposeful use aimed at improving management and allocation decisions, and a passive use, which stands for the use of performance data limited to satisfy the procedural requirements of law (Radin 2006; Moynihan and Lavertu 2012: 1). The main factors influencing the use of performance information, by public managers, are summarized in table 1. These are grouped under three categories: supply side (i.e. characteristics of performance information systems); demand side (i.e. features of public managers as users of information); context (both internal and external) (Moynihan and Pandey 2010: 850).

Table 1: Drivers and effects of performance use: the literature in a nutshell

Area	Drivers and effects of performance use	Main bibliographic references
Design of performance management system	Aims pursued with the introduction of a performance management system (political intentions versus managerial aims).	Behn 2003.
	Involvement of employees and other stakeholders in building the system and in measuring and reporting performance information.	de Lancer and Holzer 2001; Ho 2006; Melkers and Willoughby 2005; Yang and Hi 2007; Moynihan and Pandey 2010.

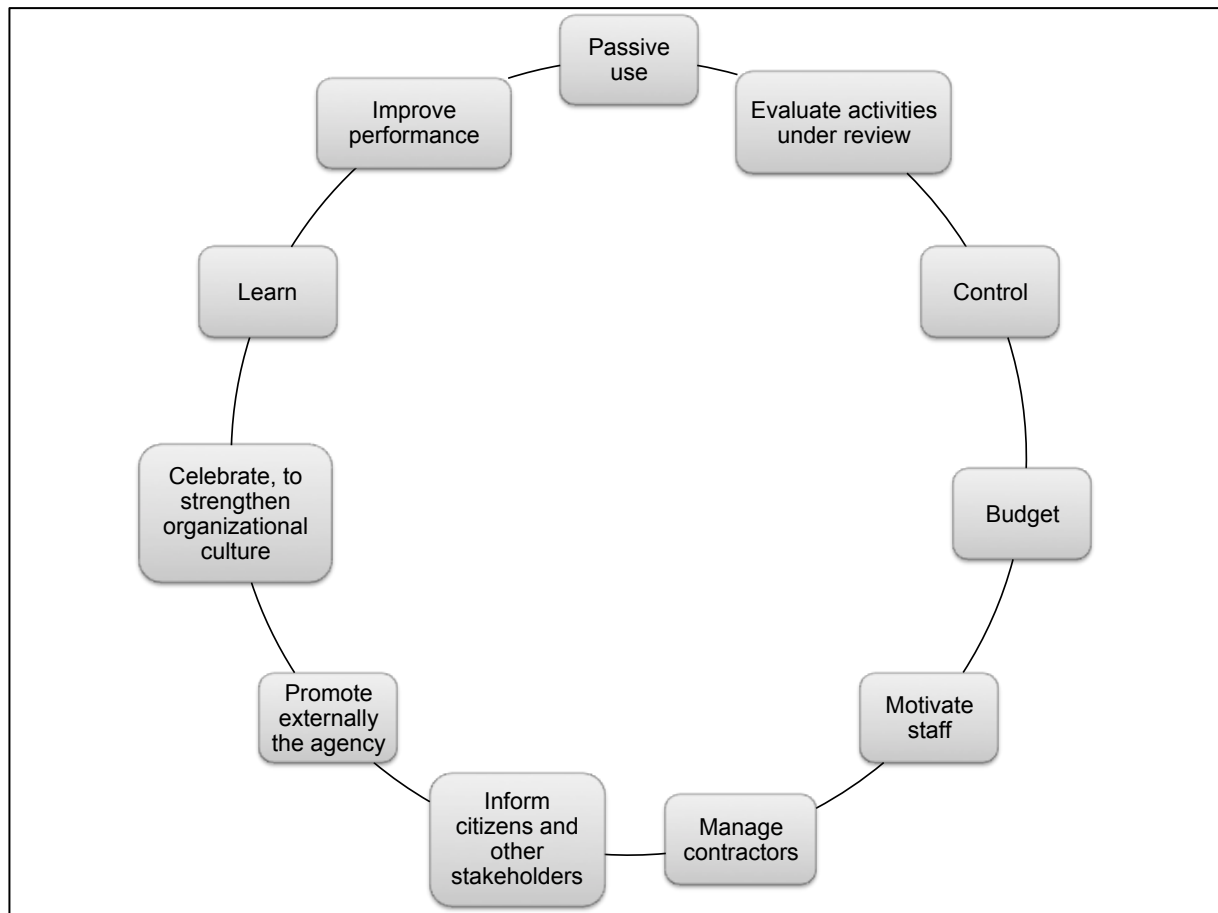
	Paying attention to implementation: training, dialogue and learning forums.	Wholey 2002; Yang and Hi 2007; Askim, Johnsen and Christophersen 2008; Moynihan and Lavertu 2012.
	Adaptability (of timing and formats of delivery of performance information). Fit for use and fit for purpose. Different purposes require different measures.	Bouckaert and Halligan 2008; Van Dooren, Bouckaert and Halligan 2010.
	Contents: accessibility, relevance to users, trustworthiness, quality, reliability and validity.	Heinrich 1999; Behn 2003; Ammons and Rivenbark 2008; Van Dooren, Bouckaert and Halligan 2010; Kroll 2013.
	Resources (time, people, money) available for performance measurement.	Mintzberg 1975; Weiss and Bucuvalas 1980; de Lancer and Holzer 2001; Askim, Johnsen and Christophersen 2008.
	Integration of performance management into the management systems of the organization. Incorporation in documents and procedures and in the culture and memory of the organization.	Bouckaert and Halligan 2008; Ammons and Rivenbark 2008; Van Dooren, Bouckaert and Halligan 2010; Hammerschmid, Van de Walle and Stimac 2013.
Features of users	Performance information needs.	Ammons and Rivenbark 2008.
	Adequacy of competencies and time for analysing and using performance information (including task experience).	Bourdeaux and Chikoto 2008; Moynihan and Pandey 2010.
	Expectations over the usefulness and benefits that derive from performance information use.	Moynihan and Pandey 2010.
Context elements	(Perceived) leadership commitment.	Lancer and Holzer 2001; Moynihan and Ingraham 2004; Moynihan and Pandey 2004, 2010; Yang and Hi 2007; Moynihan and Lavertu 2012.
	Political-administrative relations. Administrative stability.	Ho 2006.
	External (law and administrative regulations) and internal requirements requiring the use of performance information.	Taylor 2009
	Organizational culture (openness to innovation and risk-taking). Efforts in accommodating and motivating performance culture as supra structure.	de Lancer and Holzer 2001; Broadnax and Conway 2001; Hofstede 2005; Bouckaert and Halligan 2008; Van Dooren, Bouckaert and Halligan 2010; Moynihan and Pandey 2010.
	Public service motivation.	Moynihan and Pandey 2010.
	Decision flexibility and level of discretion enjoyed.	Moynihan and Pandey 2010; Moynihan and Lavertu 2012.
	Influence from professional and citizens' associations. Media coverage.	Ho 2006.
Performance information use and effectiveness of use	Categories of uses of performance information. Dysfunctional use and unintended consequences. Gaming.	Hatry, Blair, Fisk, Greiner, Hall and Schaenman 1992; Hatry 1999; Wholey and Newcomer 1997. de Lancer and Holzer 2001; Miller, Hildreth, Rabin, 2001; Behn 2003; Christensen and Lægreid 2004; Melkers and Willoughby 2005; Bevan and Hood 2006; Bouckaert and Halligan 2008;

		Moynihan and Pandey 2010; Van Dooren, Bouckaert and Halligan 2010; Hammerschmid, Van de Walle and Stimac 2013.
	Effectiveness (or effects) of use.	Ho 2006; Yang and Hi 2007; Bourdeaux and Chikoto 2008; Van Dooren, Bouckaert and Halligan 2010; Poister, Pasha, Edwards 2013.

Categories of performance information managerial uses range from the forty-four listed in Van Dooren (2006) to the three found in Van Dooren, Bouckaert and Halligan (2010), distinguishing between learning, steering and control, accountability. de Lancer and Holzer (2001) distinguish between use of measures of efficiency, output and outcome for strategic planning, resource allocation, program management, monitoring and evaluation, reporting to internal management, to elected officials and to citizens or the media. Miller, Hildreth and Rabin (2001) view performance measurement as functional to decisions taken in the framework of the budget cycle, human resources management, evaluation and contracting. Melkers and Willoughby (2005) list possible uses referring to reporting or accountability to elected officials, to management and staff, to citizens, citizen groups, or media, assessment of program results, budgeting, including resource allocation or discussion about resource changes, program planning, annual business planning, or oversight activities, including programmatic changes, strategic planning, managing operations (e.g. services or contractors), establishing or changing of policies, evaluation to determine underlying reasons for results, personnel decisions including staffing levels and evaluations, establishing contracts for services, benchmarking, or comparison of program results with other entities, specific performance improvement initiatives, holding local jurisdictions accountable for state-funded or state-regulated programs, determining which programs, local jurisdictions, or contractors to target for audits, special studies, technical assistance, or other initiatives.

Bouckaert and Halligan (2008: 28) consider the following uses of performance information: designing policies, deciding, allocating resources, competencies and responsibilities, controlling and redirecting implementation, self-evaluating and assessing behaviour and results, substantiating reporting and accountability mechanisms. They distinguish between internal use by agencies and individuals; budget decisions and processes; and reporting (Bouckaert and Halligan, 2008: 144). Behn (2003) envisages eight potential uses: evaluate activities under review; control; budget; motivate staff, contractors, citizens and other stakeholders; promote externally the agency; celebrate, in order to strengthen organizational culture; learn; improve (figure 3).

Figure 3: Uses of performance information by public managers



Benefits of performance management systems

Managing performance is a complex, time-consuming and expensive activity for every organization, which is carried out assuming that organizations have a greater probability of achieving their objectives “if they use performance measures to monitor their progress along these lines and then take follow-up actions as necessary” (Poister, Aristigueta and Hall 2015: 24). However, there is insufficient empirical evidence to back this claim and, similarly to any investment, it makes sense to ask if performance management leads to better results.

The benefits of performance management – also called effectiveness of performance information use – are closely linked to the aims pursued with such use. Van Dooren, Bouckaert and Halligan (2010) identify: learning and innovation, improvement of steering and control, and better accountability. Bourdeaux and Chikoto (2008) propose the following categories: improving effectiveness of agency programs, reducing duplicative services, reducing/eliminating ineffective services/programs, changing strategies to achieve desired results, improving programs/service quality, increasing awareness of and focus on results,

increasing awareness of factors that affect performance results. To these, the three effects on communication proposed by Melkers and Willoughby (2005) can be added: improvement of communication internal to the agency, with other agencies, with the citizens.

Empirical research on how performance management influences performance outcomes include a survey of Hvidman and Andersen (2014) comparing Danish public and private schools and showing that the effectiveness of performance management in private schools is not transferred to the public schools, although public schools use performance management much more than private schools. Poister, Pasha and Hamilton (2013) have examined the impact of performance management practices on organizational effectiveness in 88 small and medium-sized local transit agencies in the United States providing evidence that more extensive use of performance management practices does in fact contribute to increased effectiveness.

Shortcomings of performance management systems

Dysfunctional effects of performance management systems have been widely illustrated, although mainly anecdotally, by the literature developed after the first wave of NPM reforms and refer to perverse and unexpected effects of performance measures conducting to opportunistic or blame-avoidance behaviour (cf. Hood (2002) distinguishing among agency, presentational and policy strategies). Other negative consequences refer to tunnel vision, sub-optimisation, myopia, convergence, ossification, gaming, and misrepresentation (Smith, 1995; Vakkuri and Meklin 2006).

It is interesting noticing that several private firms are abandoning traditional performance management systems; the same systems that recent public sector reforms have forced public administrations to adopt. Excellent examples include Microsoft, Adobe and Deloitte (box 2). This shift in the private sector is occurring following studies highlighting negative unintended consequences of performance management or ineffectiveness, at best. According to a recent survey to private sector managers, today's widespread ranking and ratings-based performance management is "damaging employee engagement, alienating high performers, and costing managers valuable time" (Barry, Garr and Liakopoulos, 2014: 45). Only 8% of companies report that their performance management process drives high levels of value, while 58% said it is not an effective use of time. Therefore, organizations are scrapping the annual evaluation cycle and replacing it with continuous employee development. In the case of Adobe, a company of 11.000 employees, the traditional performance management system was deemed inconsistent with the company's culture of teamwork and collaboration. The new system

brought about a 30% reduction in voluntary turnover in a highly competitive talent environment.

Box 2: Simplification and improvement of the performance management system at Deloitte

The radical transformation of the performance management system at Deloitte was decided after finding out that creating the ratings consumed close to 2 million hours a year. The new system aimed at pursuing three objectives: i) recognize performance; ii) be able to see it clearly; iii) be able, not only to measure and reward performance, but also enable leaders to improve it.

The new system is based on four simple questions that, at the end of every project, team leaders were asked about each team member:

1. Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and bonus [measures overall performance and unique value to the organization on a five-point scale from "strongly agree" to "strongly disagree"].
2. Given what I know of this person's performance, I would always want him or her on my team [measures ability to work well with others on the same five-point scale].
3. This person is at risk for low performance [identifies problems that might harm the customer or the team on a yes-or-no basis].
4. This person is ready for promotion today [measures potential on a yes-or-no basis].

Some key features are meant to make the system work better than traditional performance management systems based on cascading objectives and backward-looking assessments. First, raters are asked to assess their own actions, rather than the qualities or behaviours of the ratee. Second, the questions refer to extreme performance levels and to single, easily understood concepts such as pay, teamwork, poor performance, and promotion.

Further info: Buckingham and Goodall, 2015.

Other authors have put the emphasis on the non-automatic materialization of the benefits promised by the performance management movement (Brodkin 2011; Grundy 2015). These include: i) the enhancement of transparency and accountability; ii) leading to unequivocal information about organizational activity; and iii) enhancing staff efficiency and performance. Performance management efforts at the organizational level may run up against equity, due process or service quality, actually worsening the problems of transparency and accountability that it intends to resolve. Information produced by performance management systems is not necessarily unambiguous as it, especially when referring to outcomes, is often the result of influences other than organizational activity. Finally, organizational efficiency increase may be accompanied by eroded morale of staff because of job insecurity due to missing performance targets and of undue administrative burden given the performance reporting requirements.

Big, small, open data and the impact on performance management

A recent and relevant trend is the sheer volume of data, which public administrations can use in new ways that often reach beyond the conventional definition of performance measurement. Especially local governments are using this information to understand and work within their fiscal constraints and meet citizens' needs. Examples include the following (Peters 2015; Goldsmith 2015):

- In Boston, Uber is sharing a massive and anonymous volume of data about rides to help the city plan for better transportation. The broader patterns of where people go throughout the day can yield useful insights about how the city might redesign roads or plan for new housing. Boston's chief information officer makes use of such data to see how long it takes to get between different neighbourhoods in the city and to make decisions on the growth, development, and changes to the transportation system.
- Boston also uses a mobile app, called Street Bump, to help detect potholes using the accelerometers built into mobile phones.
- The New York City Fire Department collects information from various city departments about building characteristics – such as construction material, fireproofing, height, date of construction, and last inspection date – to prioritize buildings for inspections.
- Detroit collects information about response times, medical emergencies, calls for assistance, and other matters from the Fire Department, computer-aided dispatch, 911 dispatch, geographic information system, and other records through FireView Dashboard, a real-time tracking system. City officials use the information to allocate resources for the Fire Department, estimate response times, and plan community outreach. Budget cuts have forced the department to temporarily shut down some fire companies on a rolling basis to save on overtime costs, but the city had little information about how the brownouts would affect response times.

Not only big data, but also small data can have a value for public management. The Economist (2015a) highlighted the value in terms of improved treatments and outcomes deriving from health data that do not come from big databases on genomics, population health and treatment but “small data”, collected from modest amounts of information from an individual patient. Relatively small groups of patients with chronic conditions account for a disproportionate share of health costs; being able to monitor and receive data from patients in

real time holds the promise of significant financial benefits for hospitals and health funders. Many personal monitoring devices now transmit data via the patient's smartphone.

The use of such data by public administrations is changing the way performance management occurs. Decision makers find more useful these cross-agency and cross-sector data, rather than the traditional statistics produced by single departments. Such data are also available in real time and future-oriented, allowing public managers to be more responsive and efficient and to anticipate occurrences and outcomes. Finally, such data are increasingly becoming open data, which means that citizens and advocacy groups may use them anyway.

Concluding remarks

The future of performance management will depend on the extent to which it will be able to adapt to address emerging trends including: growing critiques on the usefulness in terms of performance improvement, the global financial and economic crisis, the already mentioned recent explosion in the availability of data, and the shift of public management from competition to collaboration.

The many negative effects of performance management described in the previous paragraph, rather than being a reason for not adopting performance management systems, suggest that performance should be governed rather than simply measured. Indeed, often researches that conclude the ineffectiveness of performance management are just reporting that what does not work is the simple collection of data that "might (or might not) be related to performance – to some public purpose that the organization might (or might not) be trying to achieve" (Behn 2014). As Mintzberg (2015) points out: "Measuring as a replacement for managing has done enormous damage".

The last global financial and economic crisis, over in some countries and still going on in others, has multiple effects on performance management. It strengthens the pressure on public managers to maintain the same levels of performances with decreasing resources, and thus their need to rely on data guiding cutback decisions. Meanwhile, fewer resources than in the past are dedicated to implementing and developing performance management systems. Also a different type of performance management is needed, as policy makers need a tool of centralization and greater expenditure control rather than a way to decentralize².

An example of how data can help decision makers in times of crisis is the case of cities' response to homelessness through the use of data to segment markets and track performance

² For instance, a comparison of the 2012 and 2007 OECD surveys of budget practices shows less reliance on performance information in budget negotiations between central agencies and line ministries (Schick 2013).

(The Economist 2015b). Housing subsidies and services are often doled out on a first come-first served basis, regardless of need. With waiting times measured in years, and little coordination between agencies, the homeless who are best served tend to be the easiest to treat. The Housing First project provides the most perilous homeless cases with homes up front, and then delivers the support these people need (such as drug rehabilitation or job training) to help them stay there, rather than reverberating to expensive services, such as jails and emergency rooms. But such savings are possible only if cities can identify who needs the most help and to prioritise needs. A new web-based tool designed by Community Solutions and Palantir Technologies, called Homelink, helps cities to collect data on individual homeless clients, such as income, medical history and substance-abuse problems, and then assign a severity score. The results are gathered in a centralised database for each city, which participating agencies can access and update. An algorithm then matches homeless people with the services available, targeting the neediest clients with the most immediate help. “The effect is like a hospital triage system—or an Airbnb for the homeless” (The Economist 2015b). Finally, as public sectors across the world are abandoning competition-based management in favour of collaborative arrangements such as networks and co-production, performance management systems need to measure up to the need of evaluating and managing collaborative performance.

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Glossary:

Performance: results achieved by individuals, teams or organizations; can refer to inputs (e.g. cost efficiency; motivated and professionalized workforce), processes (e.g. transparency, accessibility), outputs (both in terms of quantity and quality) and outcomes (impact of outputs on collective needs), as well as relations among them (efficiency, effectiveness, cost-effectiveness, value for money, etc.).

Performance management: is the bundle of activities aimed at generating information on performance, through strategic planning and performance measurement routines, and that connects this information to the different decision venues (Van Dooren, Bouckaert and Halligan 2010: 17; Moynihan, 2008, p. 5).

Performance use: is an organizational behaviour influenced by the characteristics of performance information systems, by the features of users of information and by the context (Moynihan and Pandey 2010: 850). It is distinguished between a purposeful use aimed at improving management and allocation decisions, and a passive use, which stands for the use of performance data limited to satisfy the procedural requirements of law (Radin 2006; Moynihan and Lavertu 2012: 1).