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How do UK public service organisations use performance measures and reporting to inform performance management activities?

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Abstract

This paper discusses a doctoral research project exploring how UK public service organisations (PSOs) are using performance measures and reporting to inform performance management activities. The paper discusses key concepts from public service literature, the two-stage 'rich' qualitative case study approach, and early findings from the project. Initial analysis, suggests that PSOs in the UK are very much focused upon economy and efficiency within their performance management activities. There is little evidence from the analysis, that PSOs are linking performance measurement, reporting, and management activities to equity, public value, and co-creation of services with service users and customers.

1 Introduction

This doctoral research project is seeking to understand how UK PSOs use performance measures and reporting to inform performance management activities. Many authors have used the terms performance measurement and performance management interchangeably or as one term, rather than treating these phrases as distinct bodies of scholarship (Boyne, 2002a; Pollitt, 2001). In this doctoral research project, a clear distinction has been between public service performance measurement, reporting, and management. Performance measurement is understood to mean the *'quantitative or qualitative value of the input, output, outcome, or level of activity of an event or process'* (Radnor, 2009, p. 444). Performance reporting is understood to mean *'providing an account, and often some analysis, of the level of input, activity or output of an event or process usually against some form of target'* (Radnor and Barnes, 2007, p. 393). Public service performance management is understood to mean *'action, based on performance measures and reporting, which results in improvements in behaviour, motivation and processes and promotes innovation'* (Radnor and Barnes, 2007, p. 393). The research questions to be answered by this project are:

1. What aspects of performance measurement do UK PSOs focus upon?
2. What are the performance reporting processes used by PSOs in the UK?
3. How do performance measures and reporting influence performance management activities in UK PSOs?
4. How do UK PSOs use aspects of performance management to inform public service improvements?

The first part of this paper will discuss the key debates from public service management literature over the last 30 years; and how this doctoral research project will address the research gaps identified from the literature. The second part of this paper will discuss the research method for this research project. The last section of this paper discusses initial analysis of the first stage rich case studies, and early findings.

2 Key debates from public service management literature

2.1 Public service improvement

Globally, PSOs have attempted to improve public services using a variety of performance measures, reporting, and management methods. From the late 19th century to the 1970s, public service managers focused on *'ensuring compliance with set rules and regulations, controlling inputs, and adhering to the public sector ethos'* (OECD, 2005, p. 57). This traditional view of public service improvement (PSI), known as 'Public Administration' (PA), focused on the rule of law and the administration of rules and guidelines within PSOs, with public service managers (Hood, 1991; Osborne, 2010). The central elements of administration and bureaucracy of PA, ensured a split between public service managers administering public policy, and politicians using bureaucracy to implement policy changes within PSOs (Hood, 1991; Fryer, Antony, and Ogden, 2009; Osborne, 2010).

Since the late 1980s, successive UK governments have focused upon using private sector style performance measures, reporting, and management techniques to improve

public service efficiency and effectiveness (Chester Buxton and Radnor, 2012). This shift towards the private sector away from equity of service to all citizens, became known as New Public Management (NPM). The drive for NPM reforms in the UK led PSOs to adopt a plethora of performance measures and management techniques, which helped to improve public service economy, efficiency, and to some extent effectiveness, (Boyne 2002b; Andrews, 2010; Radnor and Noke, 2013).

By the late, 1990s many authors had begun to criticise the assumption within NPM that private sector techniques could be readily applied in PSOs (Hartley and Skelcher, 2008; Osborne, 2010; Radnor and Noke, 2013;). Many authors also stated that NPM was not one distinct body of scholarship, but rather a series of private sector management practices which have been applied haphazardly in many PSOs (Hood, 1991; Osborne, 2010; Radnor and Noke, 2013). These private sector style management techniques have often been applied within PSOs without understanding the intangible nature of public service delivery, and whether such techniques were appropriate to use in a public service setting (Fryer, Antony, and Ogden, 2009; Osborne, 2010; Radnor and Noke, 2013).

More recently, UK PSOs have made some attempts to improve public services by co-creating services with service users, customers, and citizens (Radnor and Osborne, 2013; Radnor et al, 2014; Osborne et al, 2015). Osborne, Radnor, and Nasi (2013) encapsulated this shift away from NPM to the towards the co-creation of services with service users and customers, in their theory of Public Service-Dominant Logic (PSDL). According to Osborne, Radnor, and Nasi (2013), customers and citizens are the key stakeholders within PSDL; and by co-creating services with PSO staff, they ensure public services are shaped by the *'experiences and knowledge of the service user'* (Osborne, Radnor, and Nasi, 2013, p. 149).

2.2 Measuring and reporting public service improvement

Two models of measuring PSI have emerged from public service scholarship in the last 20 years: the 'economy, efficiency and effectiveness' or 3Es model and the 'inputs, outputs, and outcomes' or IOO model. Economy in the 3Es model and inputs in the IOO model, both measure public service costs such as staffing and estate managements and efficiency in the 3Es model and the outputs in the IOO model, both measure quality and quantity of public service provision by PSOs. However, effectiveness is measured differently in both models: in the 3Es model effectiveness is understood to mean the achievement of formal service objectives by PSOs; whereas in the IOO model effectiveness is narrowly focused on the cost effectiveness of public services (Boyne, 2002b; Andersen, Boesen, and Pedersen, 2016). The 3Es and IOO models are useful mechanisms to understand aspects of public service economy and efficiency (Boyne, 2002b; Fryer, Antony, and Ogden, 2009; Andersen, Boesen, and Pedersen, 2016). However, both models fail to consider the wider aspects of public service effectiveness, such as the long-term effectiveness of performance measures and the equity of service provision to all service users and citizens.

Three recent studies, have attempted to measure the wider aspects of PSP: Boyne (2002b), Andrews and Entwistle (2013), and Andersen, Boesen, and Pedersen (2016). Boyne (2002b) used English local government performance indicators from 1993 to 2002, to develop a conceptual model of public service performance focusing upon outputs, efficiency, service and democratic outcomes, and organisational responsiveness. However, Boyne's model (2002b) is focused on English local government and does not include other dimensions of performance which are relevant to other PSOs, such as equity of service to

service users and citizens (Andrews and Entwistle, 2013). The four faces of public service efficiency proposed by Andrews and Entwistle (2013), provides a useful model to understand the broader aspects of public service efficiency and effectiveness; and useful comparisons can be made with the framework's definitions of productive, allocative, and distributive efficiency and aspects of Boyne's (2002b) conceptual framework. The 'conceptual space of public service effectiveness', proposed Andersen, Boesen, and Pedersen (2016) framework provides a useful checklist for considering the different and multi-dimensional aspects of PSP and develops the frameworks of Boyne (2002b) and Andrews and Entwistle (2013). However, the frameworks of Boyne (2002b), Andrews and Entwistle (2013) and Andersen, Boesen, and Pedersen (2016) do not focus on aspects of wider aspect of public service effectiveness or equity and public value. This doctoral research project will seek to understand how UK PSOs measure aspects of equity and public value, as illustrated by the project conceptual model in Figure 1.

Figure 1 Conceptual model of doctoral research project



Andrews (2004), Andrews et al (2005), Andrews and Martin 2010, highlighted in their studies, how external contextual factors such as devolution and EU immigration have affected the reported performance of local authorities in England, Wales, and Scotland. There has been little or no focus within the academic scholarship about using performance measures to inform internal performance reporting systems such as budgets. As the conceptual model for this project illustrates in Figure 1, this doctoral thesis will aim to address this knowledge gap by seeking to understand how PSOs produce and report

performance measures; and what internal and external contextual factors influence the reporting of PSP.

The focus of recent studies about how UK PSOs use performance reporting mechanisms, has focused upon how central government targets can affect the reported performance of PSOs as illustrated by three studies: Walker and Boyne (2006), Boyne and Chen (2007), and Ashworth, Boyne, and Delbridge (2009). There have been few attempts by authors to examine the effects of internal stakeholders on the reported performance of PSOs. This doctoral research project will therefore aim to understand how internal and external stakeholders can influence the reporting performance processes of PSP. This doctoral research project will also aim to understand what audiences PSOs report performance measures to, and the consequences of a lighter regulatory environment upon performance reporting processes (as illustrated by Figure 1).

2.3 How performance measures and reporting influence performance management activities

Johnston et al (2002) highlighted how service organisations can use performance measures to effectively inform performance management activities, through use of 'good' enough performance measures and learning from good and bad performance to enhance service improvements. In contrast to Johnston et al, Moxham illustrated that UK voluntary organisations were using for performance management activities, were being used to ensure regulatory compliance to the PSOs that had contracted the voluntary organisations to deliver community based services (2013, 2016). Therefore, unlike Johnston et al (2002) where the case study service organisations were using performance measures to inform performance management activities, the case organisations in Moxham's studies were only using the performance measures for compliance (2013, 2016).

In their studies of Finish PSOs, Linna et al (2010) and Jääskeläinen and Lönnqvist (2011), examined how performance measures were used to inform performance activities. Similarly, to Moxham (2013), Linna et al (2010) and Jääskeläinen and Lönnqvist (2011), found that Finish PSOs were using budgetary expenditure as a measure of service performance and that were being used by staff members as an act of compliance for regulatory purposes rather than for service improvements. Therefore, most of the studies of how performance measures can inform performance management activities, have illustrated how PSOs generally used performance measures as an act of compliance rather than for effective performance management activities. Therefore, there is a gap in the recent scholarship regarding how PSOs can effectively use performance measures to inform performance management activities; and how performance data is used to inform performance reporting processes, and internal and external stakeholders (as illustrated by the conceptual model in Figure 1).

Pollitt (2001) discussed how NPM reforms within public service organisations often created unintended consequences, such as misinterpretation of data and the incorrect implementation of performance management techniques. There have been some attempts by scholars to understand these unintended consequences in more detail, with some examination of how these consequences relate to public service performance failure. Mannion and Braithwaite (2012) in their discussion paper of Smith's (1995) unintended consequences in the NHS, highlighted some interesting examples of gaming in the NHS. Mannion and Braithwaite (2012) also found that NHS staff would misrepresent performance

information such as waiting list information to ensure PSOs would not be penalised by regulators. Two studies, Andrews, Boyne, and Enticott (2006) and Micheli and Neely (2010), have attempted, with limited success, to understand how Smith's (1995) unintended consequences of performance measurement and management relate to public service performance failure. There therefore is a gap in the scholarship regarding how performance measurement and management are linked to performance failure (as illustrated by Figure 1).

3 Research method

The research method for this doctoral research project is a two-stage, exploratory, qualitative case study approach with PSOs in the UK. Stage one of this approach involved seven one-day fieldwork visits to UK PSOs, to develop seven rich case studies. At each fieldwork visit, semi-structured interviews were conducted face-to-face or as a focus group (see Table 1 for more details). During each semi-structured interview, extensive field notes of the interview were taken, and each interview was digitally recorded. Each interview recording was then fully transcribed in MSWord and NVivo 10.

Table 1 Schedule of semi-structured interviews

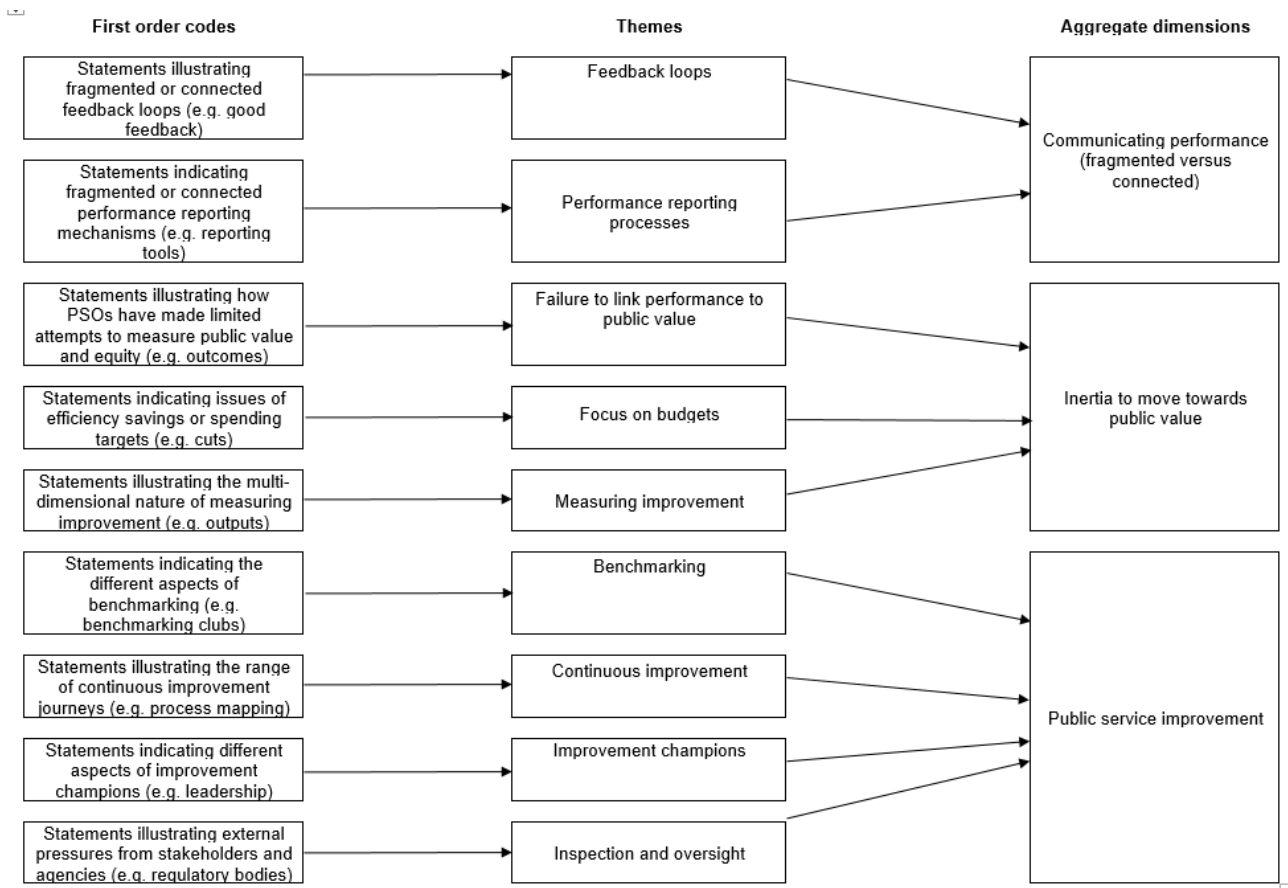
Case study organisation	Number of interviews undertaken
Police authority	4 Continuous improvement managers
Central government delivery agency	1 Continuous improvement consultant
	1 Senior continuous improvement consultant
	1 Continuous improvement manager
Tertiary NHS agency	1 Continuous improvement specialist
	1 Lean specialist
	1 Service improvement manager
	1 Head of improvement
Regional government agency	1 Head of continuous improvement and continuous improvement advisers (x7)
	1 Continuous improvement manager
	1 Government department director
Community based NHS provider	1 Quality improvement lead and continuous improvement leads (x3)
University	1 Continuous improvement project managers (x2)
	1 Continuous improvement project managers (x3)
	1 Departmental directors (x2)
	1 Continuous improvement lead and continuous improvement adviser
Police authority	1 Head of HR
	1 Chief Superintendent
	1 Continuous improvement project managers (x2)
	1 Continuous improvement project officers (x4)

The second stage of the research for this doctoral project, will consist of in-depth semi-structured interviews and small focus groups with staff, service users and/or customers, and other stakeholders such as politicians, involved in performance measurement, reporting, and management activities. The in-depth interviews and focus groups will examine in-detail the key knowledge gaps identified in the conceptual model, and themes from the analysis of the stage one interview transcripts.

4 Initial analysis, findings, and conclusions

Initial analysis of the interview transcripts from stage one of the research for this project, been undertaken to identify early research findings. An exploratory analysis approach, has been used to develop a list of first order codes, coding themes, and aggregate dimensions from the interview data. This approach is based upon similar methodologies used by Braun and Clarke (2006) and Zimmermann, Raisch and Birkinshaw (2015). Figure 2 provides a visual representation of the coding structure including first order codes, the coding theme arising from the first order codes, and the aggregate dimensions arising from the coding themes.

Figure 2 Visual of the coding structure from initial analysis of the stage one interview transcripts



4.1 Are PSOs moving towards delivering public value?

Initial analysis of the data from the stage one interview transcripts, suggests that PSOs are very much focused upon economy, efficiency and to some extent effectiveness, within their performance measurement, reporting, and management activities. There is little evidence from the analysis of the stage one interview data that PSOs are linking performance measurement, reporting, and management activities to equity, public value, and co-creation of services with service users and customers, to in turn inform their improvement activities. This would seem to suggest that PSOs are using aspects of PA and NPM within their performance measurement and management activities, but are not moving beyond PA and NPM to start to explore issues of equity, public value, and the co-creation of services with

service users and customers, as described in the theory of PSDL (Osborne, Radnor and Nasi, 2013), and as illustrated by Figure 3.

Figure 3 Summary of initial research findings



Therefore, the initial research findings from stage one of this project, suggest that UK PSOs are using performance measures, reporting, and management activities in such a way that are reflective of aspects of PA and NPM, but not of PSDL. Osborne, Radnor, and Nasi (2013) also emphasised the need for PSOs to use operations management and a public service-dominant approach to produce more efficient and effective public services. This would in turn help UK PSOs to move towards co-creating services with service users and customers, and therefore create public value (Osborne, Radnor, and Nasi, 2013). However, the initial analysis from stage one of the project, suggests that PSOs are not moving towards co-creating services with service users and customers, and are therefore failing to create and deliver public value to UK citizens.

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