Better Performance Management
Some Single and Double Loop Strategies

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Abstract

New Public Management set off a new wave of performance management efforts in government. Recent performance literature has documented the shortcomings of performance management and provided recommendations to improve. This emerging issues article revisits this literature. It makes a distinction between recommendations for better implementation of what is seen as essentially good systems on the one hand (single loop learning), and recommendations that target the performance management systems themselves on the other (double loop learning). It is argued that in particular in complex settings, performance management may benefit from other ways of doing performance management. It is suggested that performance management needs to be more agile, more decentralised and more political.

Key words

Performance management, implementation, single loop and double loop learning, complexity, use of performance information, politics of performance management
Performance management has a long ascendency, and in all probability, a long road ahead. Hatry (2008) for instance finds it hard to believe that performance management will not continue far into the future. Nonetheless, performance management is not without its problems. Practitioners, management consultants as well as academics have sought solutions in response to the paradoxical and often problematic nature of performance management. Based on the recent performance literature, this text tries to identify some emerging issues for the next round of performance management improvement.

I first outline some paradoxes in performance measurement and management, which at the same time echo some of its main challenges. Next, I use Argyris & Schön’s (1996) distinction between single and double loop learning to categorise the character of the proposed solutions to the challenges. Single loop solutions suggest mitigating the implementation problems of performance management. The main argument is that better results in performance management can be obtained by better implementation. The message is ‘to have a second go’ with an essentially good system. A second cluster of responses, the double loop, proposes to change (parts of) the system in itself. Here, the message is not just to try it again, but to do it differently. In complex and ambiguous contexts, the double loop proposals have the highest potential for improving the added value of performance management.

**Paradoxes in Performance Measurement and Management**

NPM reforms worldwide have introduced a variety of performance measurement and management practices. Performance management has gradually become an integral part of modern governance arrangements (Pollitt & Bouckaert, 2004). In recent years, evaluative research has uncovered some paradoxes in the current practice. Four of those paradoxes are discussed below; the counting of the uncountable, the distrust but reliance on professionals, the paralysis by analysis and the difficulties of combing performance management with accountability arrangements.

**Counting the Uncountable**

Allegedly, in Albert Einstein’s office at Princeton University was a sign stating that ‘Not everything that counts can be counted, and not everything that can be counted counts’. 
Performance measurement adepts sometimes forget about this insight. Managers and politicians inferred from the conviction that *what gets measured, gets done* that *what does not get measured, does not get done*. This incorrect logical inference was reinforced by management consultants advocating the quest for the ultimate set of Key Performance Indicators (KPI’s). An example of the latter is Kaplan and Norton’s (1996) work on the Balanced Scorecard. It is suggested that managerial attention should focus on a handful of ‘key performances’. The KPI’s almost always only refer to a subset of the total array of services in public sector organisations. Knowing that KPI-thinking is the managerial mindset, it is not uncommon that middle managers in large organisations lobby to get the activities of their division into the KPI set in order to be taken seriously at top-managerial and political levels (Van Dooren, 2006).

The last decade, several performance management experts have plead for a focus on measuring outcomes instead of outputs or processes (Hatry, 2002; Perrin, 2003). The argument is that only outcomes are ‘real’ key results. Key are results that matter for society. It does not matter how many police patrols are negotiating the streets (which is an output); citizens want safety (which is an outcome). Therefore, performance measurement should primarily focus on outcomes. Yet, and therein lies the paradox, outcomes are in many instances very hard to count. We know that what is measured gets attention, but we also know that many important dimensions are immeasurable.

**Distrusting Professionals, but Relying on Them**

A second paradox is the ambiguous attitude of the performance management doctrine towards expertise and professionals. On the one hand, professionals are the key to better performance. In fact, the NPM phrase ‘let managers manage’ suggests strong confidence in professionalism of managers (Kettl, 1997). Similarly, it is expected that managers are entrepreneurs and leaders that bring about the best in the staff under their supervision. Not in a command and control style, but by empowerment (Osborne & Gaebler, 1993). On the other hand, performance management systems seem to express a certain distrust in professionals. Davies and Lampel (1998), assessing performance management in the British National Health Service, argue that managers primarily used performance information in a tactical way, in order to intervene in the doctor-patient relationship. Hence, a plethora of
indicators has been developed to counterbalance the doctor’s professional knowledge. Radin (2006) provides the example of the British Research Assessment Exercise (RAE) which audited the research quality of universities almost solely based on a number of performance indicators such as the number and type of publications. These performance indicators replace professional judgement on the quality of research. Similarly, Radin points to the No Child Left Behind initiative in the public schools in the USA. She asserts that the most vigorous critique was on the standardised tests that allegedly did not leave enough room for teacher’s discretion.

There is a clear paradox. On the one hand, trust in professionalism is vital in an increasingly complex society. On the other, we are reluctant to grant this trust and hence we fall back on control and audit. In circles of auditors, the adage ‘in god we trust, the rest we audit’ is well appreciated. Nevertheless, according to Power (1999) these audits are to a large extent ceremonial – he speaks of rituals of verification. Many audits create an illusion of control. Similar arguments can be made for other performance measurement regimes in both public and private sectors (Van de Walle & Roberts, 2008). The failure of rating agencies that was exposed by the financial crisis is a case in point for the latter.

**Paralysis by Analysis**

Decision makers have to process a lot of information found in budgets, audits, impact analyses, evaluation studies, memoranda from interest groups, laws and jurisdiction, personal communication, etc. An almost superhuman analytical capacity is required to process all these sources. Performance information comes on top of this pile, and for this reason, the risk of an information overload increases. Although performance management is devised to improve decisions, it may well lead to paralysis. It should thus not come as a surprise that practitioners consider selectivity in measurement to be one of the key challenges for implementing performance management (Mayne, 2007).

**If Everyone is Accountable, No-one Is**

There is increasing awareness that public organisations cannot be effective on their own. A considerable literature on collaboration, partnerships, and networks has developed. As a result of collaboration, the responsibilities for performance are shared as well. Hence, when many organisations participate, it becomes more difficult to hold a single organisation...
accountable for results. And if many are accountable, the risk occurs that no-one is taking responsibility for failure and everybody for success.

Should we then stick to traditional accountability schemes with one principal and one agent? Probably not. The willingness to collaborate can erode when single accountability schemes are maintained. Aristigueta & Denhardt (2008) demonstrated that typical approaches to performance management are impacting partnerships and collaborations. Performance-based accountability systems tend to undermine collaborative efforts unless they are accompanied by other strategies for providing an impetus for alignment and collaboration across agencies.

**Single loop - better implementation**

The usual response to the paradoxes of performance management is to improve implementation. This is single loop learning. The basic premises of performance management are not put into question. The idea is that if only we try harder, performance management will improve. In what follows, I discuss four strategies that are often provided for better implementation of performance management.

**Improve the Quality of Performance Information**

A first strategy is to improve the quality of the information. The attention paid by organisations to quality matters is not always evident. Research suggests that often only modest attention is paid to quality assurance practices in the area of performance measurement (Mayne, 2007). Nonetheless, Hatry (2008) argues that an investment in the many dimensions of quality can ratchet up the use of performance information. He mentions validity, accuracy, timeliness, analysis and presentation as some important quality dimensions. Clear and timely presentation of performance information may remedy the information overload of decision makers. Professionals may trust performance information more when validity and accuracy increase. Better analysis may help to focus performance management on what matters and to single out accountability issues.

Quality of performance information alone, however, does not guarantee the use of performance information. As argued above, performance information competes with other
sources of information for decision-makers’ attention. Moreover, research on gaming has revealed that on several occasions information is selected because it fits in a pre-determined agenda and not because it is intrinsically good (Bevan & Hood, 2006; Perrin, 1998). This should not come as a surprise. Studies on knowledge utilisation have made the same point for the use of research evidence in to policy-making (Innes, 1990; Weiss, 1977). Yet, it should be clear that in such a context quality improvements will not help to overcome issues such as disputes about accountability or resistance from professionals.

**Leadership**

An OECD survey (Curristine, 2005) found that strong leadership –both of politicians and managers- is key to explain success of performance management. Someone has to put his or her shoulders under a performance management effort and develop a measurement strategy. Preferably, this person carries some weight. Good leadership may be a response to the paradoxes, because good leaders take the uncountable into account, quickly identify core bits of information, motivate professionals and hold people to account in a fair way.

However, leadership as a concept is ill-specified, and hence the interpretation of the OECD findings is complicated. In particular in survey research such as the OECD’s, there is the risk that respondents use leadership as a quick fix when they cannot point to more precise factors. Hence, better implementation through better leadership is not a very actionable recommendation. The issue of leadership certainly raises a host of secondary questions (Van Wart, 2003): Who should the leader be? What traits are important for performance leadership? Where does leadership in performance come from and how to sustain it? What should these leaders do in which circumstances? We thus cannot suffice by stating that better performance management depends on better leadership. We also need to make clear what it is and what leaders need to do.

**Ownership**

Another somewhat magical word in the management discourse is ownership. Implementation failures are regularly said to be caused by a lack of it. Mayne (2007) for instance notes that a system built on filling in performance information forms for others, with no apparent use for those down the line, is unlikely to be robust and to survive over time. Better implementation of performance measurement and management requires that
those who are affected by the system have to accept and internalise the system (Van Dooren, Bouckaert, & Halligan, 2010).

In a thrust to assure ownership, performance management reforms often fall victim of over-commitment (Pollitt, 2008). Many people need to be convinced in order to introduce a performance management system; politicians, top and middle managers, professionals and front line workers, to name a few. Hence, an understandable strategy is to create high expectations and to play down the costs. Yet, although this strategy may prove successful in the short time, it almost definitely will boomerang in the medium term. Typically, costs of a performance management system are tangible and become apparent relatively shortly after the introduction of the system (Bouckaert, 1993). Benefits on the other hand are intangible and may only appear in the longer term. Disillusionment with performance systems that do not (yet) deliver may undermine confidence and therefore the failure of the performance management effort may become a self-fulfilling prophecy. Ownership strategies are hence relatively fragile. It takes much more effort to build acceptance of a performance management system than to lose it.

**Variations of Integration**

Integration, coordination, formalisation, consistency, coherence, routine-building, and alignment are some of the most common keywords for those who want to fix performance management without questioning its blueprint. See for instance the report of management consultant Accenture (2006) for an example. Bouckaert and Halligan (2008) are on the same line of thinking when they stress the importance of integration in the shift from a model of performance administration to genuine performance management and even performance governance.

Although the importance of integration and coordination is undeniable, we should also acknowledge its limitations (Laegreid, Roness, & Rubecksen, 2008). Complexity and change regularly tear carefully coordinated systems apart. The desire to coordinate all efforts in advance may lead to delay and even deadlock. In some instances, it may make more sense to remedy on the consequences of ill-coordinated performance efforts than to embark on excessively ambitious coordination efforts (Johnsen, 1999).
Double loop – new ways of doing performance management

The previous section suggested four strategies for better implementation. Although they may substantially mitigate the paradoxes identified in the first section, I also pointed to some limitations. Recent research on performance management also suggests new ways of doing performance management. Some of these new ways are emerging not only in theory but also in practice as illustrated by the contemporary use of City-stat systems (Abramson & Behn, 2006). The purpose of this section is to dig deeper into these proposals. I first argue that the main challenge of performance management lies in making it ambiguity proof. In the next paragraphs, more concrete implications of this argument are proposed.

Making Performance Management Ambiguity-proof

Contemporary public administration – and society at large – is often described as being ambiguous (Weick, 1995). Ambiguity is characterised by the absence of meaning, rather than by uncertainty and the absence of information (March & Olsen, 1976). Sense-making in society has become multi-layered and more fragmented. Arguably, when everyone has his or her own truth, policy making and management becomes more complex. Noordegraaf & Abma (2003) add that current performance management, which they label as management by measurement, only fits the rare unambiguous contexts. Defined as such, not many unambiguous situations will be found. Since ambiguity is everywhere, the prospects for performance management in this view are rather limited.

An alternative to giving up on performance management is to rethink it in order to make it ‘ambiguity proof’. This can only be done by taking complexity and ambiguity as a given, and to change the practice of performance management on this foundation. Performance information should enable interpretative processes of sense-making. Along these lines, Radin (2006) argues that many problems with performance measurement and management can be attributed to faulty points of departure. She argues that intelligence is not based on universal principles and literal meanings. Rather, multiple sources, situational knowledge and literal and symbolic meanings are important in sense making. It should also not be assumed that values, politics and conflict are not at play in performance management. They clearly are. Finally, the assumption of linear causes and effect relations as well as clear goals
and planned change does not survive the reality check. On the contrary, Radin paints a picture of complexity, interdependence and unplanned change.

**Implications: Performance Management needs to be Agile, Decentralised and Political**

How would such an ambiguity-proof performance management system look like? Three features are discussed below; performance management needs to be agile, decentralised, and political.

**Performance measurement needs to be agile – use PI’s for learning rather than accountability.**

Kravchuck and Schack (1996) refer to Ashby, a cybernetics scholar, who posited that only complexity can absorb complexity. Rigid information systems will not be able to understand rising complexity in the environment. In the most extreme cases, chaos will appear to reign due to the ever increasing gap between practical experience and the knowledge base as provided by the information system. Information (what we believe to know) and practice (what we experience) risk to become separated worlds; one orderly, where objectives are set and performance targets are reached, and one chaotic, where people are mainly trying to muddle through the day.

The main implication would be that performance indicators (PI’s) should be used for learning, and less so for accountability (Delancer Julnes, 2008). PI based accountability requires stability for the period for which targets are set. Yet, as research in Australia and New Zealand has demonstrated that not many fields remain stable for three to six years (Carlin, 2006). As a result, accountability erodes accordingly (Gregory & Lonti, 2008). In addition to stability, accountability requires relatively univocal PI’s that do not allow for much interpretation. PI’s have to be an accurate and undisputed representation of “real” performance. Unlike accountability, learning does not require the same stability and robustness. On the contrary, performance measurement is part of a permanent dialogue in order to make sense of complexity (Moynihan, 2008). Hence, indicators can and should be adjusted in response to contextual changes and new insights.

This proposal does not suggest that managers and professionals should not be accountable for performance. It only suggests that accountability through performance indicators is
probably not compatible with the need to have agile measurement systems. Accountability
however, does not solely depend on PI's. Performance assessment can be qualitative,
quantitative or both. In a complex environment, it might make more sense to hold managers
accountable for the way they facilitate learning from performance indicators, rather than
the performance indicators themselves.

Performance management needs to be close to the action- ‘guerrilla tactics’ and
decentralisation.

Organisations typically have an undercurrent of repeated decisions they have to make. To
these recurrent cycles, a constant stream of unique one-off decisions is added. In recent
decades, the relative importance of the stable, recurrent processes has decreased. Kettl
(2002) argues that the traditional U.S. public administration boundaries of mission,
resources, capacity, responsibility and accountability must be managed in an increasingly
complex and political context, necessitating additional negotiation and collaboration
between systems and agencies. These complex parallel processes are in a unique way
shaped by situational requirements of time and place (Pollitt, 2008).

Recurrent financial, Human Resources Management and contract cycles have been the main
vehicle for incorporating performance information in decision making (Bouckaert & Halligan,
2008). Without doubt, these cycles will remain the foundation of performance management
in the future as well. Yet, top down performance management on a yearly (as in the budget
cycle) or monthly basis (as in many balanced scorecard systems) will need to be
supplemented by flexible efforts to provide performance information on demand. Since
complex, unique processes will gain importance, the timing (when is performance
information used) and the locus (where it is used) will be challenged.

With regard to the timing, performance management in complex contexts may need to
resort to a kind of ‘guerrilla tactics’. In complex policy and management processes, the
demand for performance information can arise relatively unexpected. At the same time,
demand can fade away as quickly as it came about. In such a context, expert staff is needed
to quickly infuse complex processes with performance information. Those performance
information brokers need to be able to both capture the need for and understand the
availability of performance information. Like guerrillas, they use a hit and run tactics to improve the quality of the often unpredictable processes of making sense of performance.

Regarding the locus, performance management in complex contexts may benefit from stronger decentralisation. Rather than devising top down systems, performance management needs to be in the hands of middle managers and front-line supervisors who understand the situational requirements best. This strategy might bring about the capacity of public managers that Behn (2004) calls performance leadership. He compared the performance leadership model to a focus on performance systems and structures. He writes that ‘rather than to develop public managers with the leadership capacity to improve the performance of their agencies, we have sought to create performance systems that will impose such improvements (p.3)’. The same reasoning can be applied within agencies. Middle management and front-line supervisors need the leadership capacity to improve performance. This includes drawing lessons from performance indicators.

For performance budgeting, the decentralised, action-based approach would suggest to introduce performance information into budget negotiations at micro level rather than to systematically report performance in the budget document that is voted in parliament. Since the budget document is mainly an after-the-fact codification of political negotiations that have taken place before, performance-based budget formats risk to become a bureaucratic exercise (Sterck, 2007). There is some evidence supporting the effectiveness of this decentralised and action-based approach. Bourdeaux (2008) for instance suggests that performance information mainly enters the legislative discourse through policy networks maintained by key committee staff, rather than through executive budget reports and requests. Some confirmation is also found in an OECD survey on performance budgeting showing that countries do use performance information to inform, but not determine, budget allocations (Curristine, 2005). Furthermore, Curristine (2005) argues that much ‘linking’ of these performance and financial information has been simply to provide them in the same report. A study of Melkers and Willoughby (2001) at local and county level found the strongest usefulness of measures within a budget cycle to be during budget development, with a lessened importance as the budget process proceeds (J. Melkers & Willoughby, 2005).
Performance management needs to be political.

Some time ago, Innes (1990) observed that the only way to keep data-gathering out of politics is to collect irrelevant data. Good performance information should strengthen the evidence base for solving political problems of who gets what, when and how – which is a classic and broad definition of politics by Lasswell (1936). Issues of who gets what, when and how are at play at all levels; in government wide policy making, in policy sectors and networks, in organisational management, and in micro-management. Performance indicators can elevate the quality of political discussions at all these levels. Therefore, I do not suggest that the political institutions (the executive, parliaments, parties, etc) have to interfere with all performance issues at all levels. Rather, I want to stress the importance of recognising the political nature of performance management.

A first implication is that performance management should involve more, rather than fewer actors. In complex settings, as argued above, performance management is mainly about sense-making. Hence, we can expect that performance management will have the highest impact when different perspectives are drawn into the dialogue. Obviously, the interests around the table have to be relevant and the number of participants needs to be workable.

A second implication is that performance management should deal with controversy rather than suppress it. Performance information should not be an authoritative argument to end conflicting views on who should get what, when and how. Rather, it should underpin a careful argumentation of causes, consequences, and priorities in performance. It should bring controversy to a higher level of argument; more evidence based and more focussed on output and outcome. The assumption is that high quality dialogue will lead to improved judgement and decision making.

The previous paragraphs dealt with the political nature of performance management, and not so much about the political institutions such as parliament, the executive and the political parties. There are efforts, however, to strengthen the role of performance information in the political system as well (Bourdeaux, 2008; Johnson & Talbot, 2008; Moynihan, 2009). Such initiatives will only be successful when they acknowledge the different values and positions of political actors. Performance information that promises to end political debates, to get political argumentation out of the political system, is irrelevant
at best, but potentially harmful. Disagreement is essential for the functioning of democracy and therefore performance information should primarily refocus political debate rather than curb it (Mouffe, 2000).

**Conclusion**

Recent performance literature has documented the shortcomings of performance management and provided recommendations to improve. Some of these recommendations mainly prescribe better implementation (single loop learning) while others suggest new ways of doing performance management (double loop learning). Given that in particular in complex and ambiguous contexts, performance management risks becoming decoupled from practice and hence irrelevant for decision making, here I’ve argued for encouraging double-loop learning. New ways are needed to make performance management ambiguity-proof. These ways may include to have more agile measurement systems that adapt to changing environment; to manage performance close to the action; and to better appreciate the political nature of performance management.

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**References**


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