

MISSING LINKS

By

Rodney Dormer

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Abstract

In the context of the worst economic shock that the world has experienced for eighty years, the New Zealand Government has announced a campaign to establish “a more focused, efficient and productive public service” (Whitehead, 2009). As the emphasis of managing the performance of the public service swings away from effectiveness and outcomes back towards efficiency and outputs, the practical and underlying tensions of managing *within* individual agencies remain. This research explored these tensions in relation to the performance measurement and management practices in three of New Zealand’s public service agencies, namely Work and Income, Public Prisons and the Community Probation Service.

For each of these agencies, the *official* performance management models as defined in relevant legislation and the agencies’ external accountability documents (primarily their statements of intent and annual reports) are described. Note is also made of the ‘formal’ frameworks encoded within each agency’s computer applications. These frameworks are then compared to an analysis of interviewees’ descriptions of the performance measurement and management practices in use within those agencies.

A framework by which the *official*, *formal* and *in use* performance management models within public service agencies may be better understood and aligned is then explained. This model utilises a competing values framework composed of two axes. The first of these, the *rationality of control* is explained in terms of the nature of the major functions involved, the ease with which they may be measured and managed, in what forms information is represented and the nature of the rationality employed. It is argued that these factors support models that exist along a continuum that extends from the use of regulative control to control based on shared understandings.

The second axis reflects the *locus of control* and is explained in terms of the political saliency and perceived complexity of the agency's core functions, the extent to which sensegiving activities are internally and/or externally driven (Maitlis, 2005), and the extent to which management invest in the agency's public capital. These factors are used to explain a continuum on which agencies experience more or less operational autonomy and management discretion.

The combination of these factors produces four possible models that may be described as:

- an administrative control model with a principal focus on managing inputs;
- a rational goal model employing the language of (quasi) markets and a principal focus on outputs;
- a multiple constituency model that acknowledges the shared responsibility for outcomes and a need to establish 'joined up' mechanisms with other agencies within government and the community; and
- a professional service model that seeks to manage specific targets and focuses on the processes or activities that managers manage.

This model is then applied to each of the case study agencies to reveal the, at times competing, forces that shape performance management practices.

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Chapter 1

INTRODUCTION

1.1 Introduction

Over the last twenty or so years in New Zealand, as in most other developed and transitioning economies, the measurement and management of the performance of public sector¹ organisations has been the major focus of an ongoing series of reforms. The initial reforms, hailed as a “new paradigm for the administration of public affairs” (Aucoin, 1995, p.3), were shaped by a theoretical framework drawn from public choice theory, agency theory, and transactional cost economics. They were also heavily influenced by private sector, practitioner-based models, generically referred to as ‘managerialism’, which emphasised an increased focus on performance and results (Aucoin, 1995).

Pollitt (1990) has suggested that these private sector practices are premised on a set of clear and mutually compatible objectives that are first defined and then translated into a limited set of agreed performance targets. However, in a public sector context, in the absence of a singular performance metric such as profit [“a bottom-line” (Boston *et al*, 1996)] or clearly specified and stable priorities and objectives (Pollitt, 1990), defining, monitoring and managing such targets has proved problematic. Indeed, as Boyne (2003) has pointed out, there exists little from either the academic or practitioner communities by way of a definition of what, in a public sector context, is meant by ‘performance’. This may reflect the complex nature and objectives of the public production process, the intangible nature of many of the outputs produced by public sector agencies, the level of co-

¹ As explained in Chapter 4, while much of the literature on public sector management refers to the broader public sector as a whole, including state-owned enterprises and local government, this research focuses on the core public service which represents the ministries and departments of New Zealand’s central government.

production or interdependencies with other organisations, and/or the diverse range of stakeholders with an interest in the results of the process (Wilson, 1989; Alford, 1993; Metcalfe, 1993; Gregory, 1995a). More simply, as Kanter and Summers (1994) suggested, it may be: "the centrality of social values over financial values that complicates measurement for non-profit organisations" (p.98).

The measurement and management of the performance of public sector organisations remains a contested field of interest to the academic community, to practitioners within the public sector and to the general public whom the sector seeks to serve. In New Zealand, at least in part, this debate is fuelled by the ongoing changes to public sector management systems that have continued since the initial reforms of the mid 1980s and early 1990s. Those initial reforms gave rise to what has subsequently been referred to as "the New Zealand Model" (Boston *et al*, 1996) which was applauded for the rigour of its theoretical integrity (Hood, 1990b; Osborne and Gaebler, 1992) and has internationally been a subject of significant interest for both academics and practitioners. Subsequently, although the New Zealand Model has undergone a number of changes in emphasis, its underlying concepts and key structures can be seen to have remained intact. However, what have been referred to as "continuing dilemmas" (Boston *et al*, 1996), or "perennial tensions" (Pallot, 2001), also remain. Those tensions can be seen to be manifest in a series of paradoxes that include:

- the attempt to provide increased operational autonomy to public service managers at the same time as strengthening formal centralised controls;
- an official concern with outcomes and outputs accompanied by a practical focus on more detailed processes and inputs;
- the use of an instrumental logic that stresses quantified measurement together with the application of professional experience and judgement;

- a need to be able to demonstrate the economy and efficiency of service provision as well as the less tangible, and at times conflicting, criteria of effectiveness and equity;
- a literature and discussion of public sector management that is principally framed in the context of a concern with the management *of* the public sector with little focus on managing *within* the public sector.

This thesis seeks to explore those paradoxes in the context of three agencies of New Zealand's public service.

1.2 Autonomy and Accountability

The reforms that created the New Zealand Model (like public sector reforms elsewhere in the world) sought to devolve operational freedom and responsibility to individual public sector agencies and their managers while, at the same time, using mandated performance measurement systems, in respect of outputs and outcomes, to reassert "political control over the state apparatus in order to direct change in accordance with political priorities" (Aucoin, 1995, p.4). According to Aucoin, the effect of public sector reforms towards the end of the twentieth century was as if the pendulum of power had swung in two directions simultaneously, empowering both elected representatives and the professional bureaucracy. Carter (1989) similarly noted how, in theory, performance measures provide a mechanism by which the elected Government can retain firm control over its departments by exercising a 'hands off' rather than a 'hands on' strategy'.

However, in practice, politicians have proved to be prone to being involved in operational matters and appear somewhat reticent to take responsibility for broader strategic issues. Also, although the official logic of the New Zealand Model contains a structure of ex ante performance agreements and ex post

performance reports, their use in practice may be questioned. Thus Norman (2003) reported a public servant as stating:

The real substance of accountability to the Minister does not come through the formal processes and documents, but through weekly meetings and informal exchanges. The formal system is only relevant for when there are problems. (p.147)

More simply a Minister interviewed for the current research suggested that “no one in their right minds thinks we use [the formal accountability documents] to manage performance”.

1.3 Outcomes, Outputs, Processes and Inputs

A consequence of the reforms of the mid to late 1980s was a reduced focus by central agencies² on the specification and management of inputs and an increased emphasis on departments’ accountability for the delivery of outputs³. Outcomes⁴ were to be the domain of ministers who would define the priorities of the Government and set the strategic objectives for their departments. As noted above, and explored further in the next chapter, the involvement of ministers has frequently extended beyond broader strategic issues. Subsequent reforms to the New Zealand model have recognised that this division of responsibility has proven to be less clear cut. However, while an increased emphasis has been placed on departmental responsibility for outcomes, a clear and consistent strategic framework for public service agencies remains, as one New Zealand Prime Minister remarked, “the magic that eludes us” (Shipley, 1997). The extent to which those agencies effectively manage for outcomes is, therefore, questionable (Gill, 2009).

The extent to which both outcomes and outputs represent factors over which managers within individual public service agencies are able to exercise control has

² Those central government agencies that are charged with management of the public sector as a whole; namely, The Treasury, State Services Commission and the Department of the Prime Minister and Cabinet.

³ Outputs are defined by the Public Finance Act 1989 as “the goods or services that are produced by a department, Crown entity, Office of Parliament, or other person or body”.

⁴ Outcomes are defined by the Public Finance Act 1989 as “the impacts on, or the consequences for, the community of the outputs or activities of the Government.

also been questioned (Dormer, 2001). Rather, those managers are more able to exert control over the processes or activities that drive resource consumption and contribute to the delivery of the agency's outputs. Thus, while the New Zealand Model continues to use the language of outputs and outcomes, performance measurement and management both within individual agencies and, at times, by ministers and their advisors in central agencies, continues to focus on procedural management and the control of inputs.

1.4 Measurable Deliverables and Value Judgements

The ideas underlying the reforms that created the New Zealand Model placed an emphasis on a means-ends calculus that focuses on factors that are able to be defined in advance and subsequently measured in quantified terms. This was, in turn, linked to a focus on the *economy* and *efficiency* with which organisational objectives are achieved. As will be discussed further in Chapter 3, at different times and in different organisational settings varying emphasis has also been placed on the *effectiveness* and *equity* of public sector performance – criteria which are less easily defined and measured in objective terms. Similarly, the management of the ongoing capacity of both individual agencies and the sector as a whole and, less explicitly, the trust and confidence in individual agencies held by ministers, other organisations and the general public represent performance criteria that are more subject to judgement and interpretation.

1.5 Management of the Public Sector and Management *within* the Public Sector

Although the reforms of New Zealand's public sector have been the subject of a great deal of interest and discussion, much of that discussion has focused on the mechanisms by which the performance of the sector as a whole is measured and managed. Similarly, over the last two decades, the principal concern of policy

makers who have proposed further reforms of the New Zealand Model has been management *of* the public sector as a whole rather than management *within* individual public sector agencies. The development of formal performance management regimes has, therefore, been somewhat one-sided as the predominant influence has been that of the elected representatives and those officials in the central agencies seeking to exercise control over the public sector as a whole. Individual agencies and their managers have been assigned a subordinate role (Schick, 1996; Norman, 2003).

As in other countries, this has resulted in the risk that formal performance management systems established within individual agencies are orientated towards providing performance information to support external accountability at the cost of not providing sufficient and appropriate performance measurement information to support the agency's operational and technical management.⁵ A focus on measures designed for management of the public sector as a whole requires operational managers to provide information for purposes of upward or external accountability – notwithstanding that they may view this as unrelated to information required for their own decision making. Indeed, the disconnect between external concerns and internal operational practice may be such that it becomes impractical, if not impossible, to measure some factors that are required to be reported for upward or external accountability purposes. This may arise, for example, as a consequence of the adoption of contractual models that create distinct roles for purchasers and providers of services, as part of the New Public Management. Such models usually stress quantification of purchased outputs even when these involve work, such as community liaison, that does not readily lend itself to measurement. As a consequence operational managers may give little regard to the reporting process and the information reported may have, at

⁵ There are ironic parallels here with Johnson and Kaplan's 1987 criticism of private sector performance information in 'Relevance Lost'.

best, a tenuous relationship with operational reality. Hofstede (1978) suggested that "pseudo-control" occurs when that which is formally reported and that which is actively managed represent different factors.

Even at a senior level, performance measurement systems may compile information for symbolic or legitimising purposes associated with managing relationships with external stakeholders rather than for practical or organisational decision support purposes. de Lancer Julnes and Holzer, (2001, p.696) used the term "symbolic action" to describe the process by which organisations may satisfy a law or administrative regulation by collecting and publishing required data despite it not being used by managers to support their internal decision-making processes. Along these lines, Modell (2001, p.447) found that Norwegian hospitals reported performance measures that were requested by State agencies but which were not used internally. Similarly New Zealand's Controller and Auditor-General has commented:

I am concerned that senior managers and governors do not give external performance reports the attention they merit. The reports are not aligned to the information used to plan and monitor performance. I have found that the report preparation is often contracted out and is not connected with organisational strategy development and implementation, creating the risk that the reports become vehicles for public promotion rather than the basis for accountability and transparency. (Controller and Auditor-General, 2008, p.13)

This view contrasts with an earlier report by Schick who, in his 1996 review of New Zealand's public sector reforms, observed:

The accounting and financial management innovations were introduced to comply with external reporting requirements; the next frontier in New Zealand financial management will be to devise systems and practices for internal management needs. (Schick, 1996, p.68)

To the extent that both of these findings are still valid, it would appear that the performance information is not adequately fulfilling the requirements of either external accountability or internal management control.

1.6 Multiple Performance Management Models

However, performance measurement and management practices are not confined to a dichotomy of models concerned either with external accountability or internal management control. The external or official performance management model does not exist as "a monolithic framework ... imposing homogenous requirements on passive organisations" (Scott, 2008, p.430). In discussing the existence of a model of New Public Management, Pollitt (2001) has observed that words and concepts can develop lives of their own to the point that talk, symbolism and organisational pronouncements may not reflect day-to-day practices. But while it may be true to suggest that the words and concepts (the 'theory') of New Public Management defined in an academic context may not reflect a consistent pattern of practice (Pollitt & Bouckaert, 2000), this represents a somewhat simplistic approach to the understanding of performance measurement and management models. It reflects the idea of an official model that exists independently of practice rather than an official model that exists in a number of differing versions that are enacted in the context of local institutions and cognitive frameworks.

When differing models of performance measurement and management serve different purposes the relationship between them has been characterised as being loosely coupled or de-coupled. Brignall and Modell (2000) have argued that the use of de-coupled performance measures, that are contradictory in themselves or reflect inconsistent goals, may be a rational response by managers to the diverse and conflicting objectives of the wide range of stakeholders which characterise public sector entities. It may, for example, reflect the difficulty of expressing in

the quantitative or financial terms required by external stakeholders the due process and qualitative concerns of internal managers and professional stakeholder groups. Dillard, Rigsby and Goodman (2004) have also observed that this decoupling is a result of incongruence between the goals of the broader, external environment and those of the entity itself. They suggest: "The implementation of an institutional practice is symbolic, or decoupled, if it is not integrated into the management and organisation processes" (p. 518). A disconnect may therefore exist between the performance measurement model official by Government Ministers (and the central agencies) and that used by individual agencies.

However, differences between performance management models are not limited to those between exogenous definitions of the official model and the manner of its enactment in individual organisational settings. Within each organisation there is likely to co-exist fragmented and conflicting understandings and uses of performance information. Within those agencies loose or decoupling may also exist between a corporate framework and the frameworks used by separate functional groups or locations (Modell, 2009). The risk of disconnect will be further heightened where the performance measurement frameworks actually used by managers (particularly at grass roots level) are significantly different from those incorporated in the communication and information technologies (i.e. computer systems) which codify a formal (organisational and/or sector wide) approach to measuring and managing organisational performance. Whatever the extent of that disconnect, the significant fact is that those often divergent models exist in parallel to one another.

It is posited that these models may be generically grouped in three ways, namely:

- *the official 'New Zealand Model'*, i.e. the nationally defined model that seeks to govern the performance of public sector organisations and is

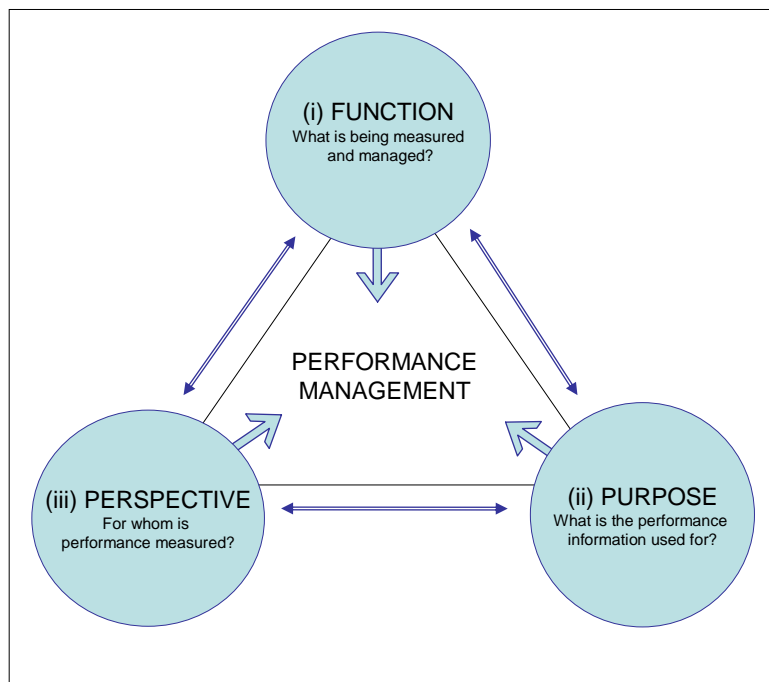
contained within legislation, Cabinet instructions and the guidance material of central agencies;

- *formal models*, i.e. the performance management models encoded within computer systems and other artefacts on the basis of a set of ideas and a cognitive framework in place at the time of their creation; and
- *in use models*, i.e. performance measurement and management practices that are employed by the managers and their staff to support operational decision making within a particular organisational setting.

1.7 Lenses on Performance Management

It is posited that the range of different models, within which both internal and external stakeholders define and seek to influence organisational performance, may be understood via three lenses. From differences in the *functions* performed (i.e. the nature of the work being measured and managed), from the *purposes* for which performance is measured and managed, and from the differing *perspectives* of those for whom the performance is measured and managed and/or have an influence on those practices. These three approaches are represented in Figure 1.2 and discussed below.

Figure 1.1: Approaches to Performance Management



(i) Function

Approaches to performance management are influenced by the nature of the work being measured. Notwithstanding significant reductions in the range of activities undertaken by public sector organisations following the reforms of the late 1980s and early 1990s, a significant diversity of functions is still performed by the agencies of New Zealand’s public service. These extend from relatively routine tasks such as issuing permits or passports, to the more complex and knowledge intensive tasks associated with community corrections or child welfare. The nature of public sector services varies in terms of the degree to which it is possible to (i) predefine the activities being undertaken and (ii) observe the results achieved. In this respect Wilson (1989) categorised organisational functions into the following four broad groups based on the extent to which their activities (outputs) and their results (outcomes) can be observed:

- (a) *Production organisations* – that undertake standard tasks, such as issuing passports, for which it is possible to observe both the work being done and its results.
- (b) *Procedural organisations* – that provide services such as policy advice for which it is possible to observe the work being done but not its results.
- (c) *Craft organisations* – that include organisations, such as those involved in environmental conservation, for which is possible to observe the results of work done but not the work itself.
- (d) *Coping organisations* – such as those involved in social work, for which it is not possible to observe either the work done or its results.

Wilson acknowledged that such a broad classification should be applied with caution as, for example, even in a coping organisation some elements of the work done will be able to be observed and controlled by managers. As discussed in greater detail below, while in a particular public sector agency there may be a principal function, and an accompanying dominant culture and management logic possibly reflecting a principal professional or functional grouping (Bettis and Prahalad, 1986; Mintzberg, 1996), each agency undertakes a range of different functions. However, as Gregory (1995b) has noted, those managing the performance of public sector agencies have tended to adopt a 'one size fits all' approach that inherently views all agencies as 'production' organisations. Gregory suggested that public sector managers should exercise more "conceptual discrimination" in order to recognise the diversity of functions undertaken by, and within, public sector agencies.

(ii) Purpose

In addition to recognising the variety of functions performed by public sector agencies, it is necessary to recognise that performance is measured and managed for a number of different purposes. These include:

- accountability to external stakeholders and/or internal management;
- direction setting, i.e. as a means of establishing priorities and targets;
- strategic evaluation of both the current external environment and indicators that might point to future trends;
- resource planning and allocation;
- control of existing standard procedures; and
- improvement in the economy, efficiency and effectiveness of key activities or programmes.

A more detailed consideration of these purposes is provided in Chapter 2.

(iii) Perspective

Differences in the perspectives of those for whom performance is measured is a third factor affecting the performance framework adopted and the aspects of performance prioritised by and within an organisation. The parties for whom performance is measured and/or who influence that practice are the constituencies mentioned in the discourse of organisational members and in organisational documents. They embrace the full range of individuals or groups who may evaluate the performance of the agency (or components thereof) and are not limited to stakeholders who have a direct association with the organisation concerned (Connolly *et al.*, 1980). For example, the general public has no direct association with any public sector

agency but may have a significant opinion on, and may influence, agencies' performance measurement and management practices.⁶

Particularly when trying to identify the relevant constituencies of public service agencies it becomes apparent that there is no singular perspective by which an organisation's performance is defined and evaluated. The priorities assigned to the interests of different constituencies by different public sector agencies vary and are affected by a range of factors. These include:

- the existence (or absence) of strong professional cultures within the agency;
- the degree of centralised as opposed to decentralised control within the agency;
- the degree of 'sensegiving'⁷ undertaken by managers within the agency and/or by external stakeholders;
- the size of the agency;
- the roles performed by external control agencies such as the Treasury and the State Services Commission;
- the strength and role of the agency's other stakeholder groups; and
- the political saliency (i.e. profile and sensitivity) of the agency's tasks.

Performance management practices are also, at least in part, affected by the perspectives or cognitive frameworks of those measuring and managing the work. Different agencies and functional groups within agencies tend to

⁶ This may be illustrated, for example, by public sector agencies, such as Public Prisons and the Community Probations Service, which are subject to public criticism when their performance fails to meet public expectations.

⁷ Sensegiving is defined by Gioia and Chittipeddi, (1991) as "the process of attempting to influence the sensemaking and meaning construction of others towards a preferred re-definition of organisational reality".

have their own 'culture' or mode of working, objectives and value set (Wilson, 1989; Gregory, 1995a; Henri, 2006). For example, the modes of working and conceptual frames employed in managing the largely cerebral work of a policy function, which undertakes activities such as providing advice to government Ministers and developing proposed legislative and regulatory frameworks, and for which it is difficult to define the details of the end product, tend to focus on due process or how work is done. The concept of performance applied in such entities is likely to be defined in terms of efficiency and public accountability. In contrast, those employed in managing the more emotional or 'caring' work of a human services or welfare function, where operators have considerable professional discretion regarding what gets done and when, may rely on a more substantive logic and the ethos or sense of duty of individual organisational members. Such groups are more likely to conceive of performance in terms of serving the interests of clients and broader issues of social intervention. In both of these cases (agencies primarily engaged in 'cerebral' as opposed to 'caring' work) different ways of working, reinforced by different induction and training regimes, support the creation of different sets of shared beliefs or organisational "myths" (Modell, 2004). Yet, despite their fundamental differences, both the cerebral and caring functions may exist within the same public sector agency (as is the case, for example, in the New Zealand Ministry of Social Development), potentially complicating performance measurement in such agencies.

1.8 A Dominant Logic

Notwithstanding the varying influences on performance management of functions, purposes, and perspectives, Bettis and Prahalad (1986) pointed to the emergence of a 'dominant logic' that represents the purposes and perspective of the most

influential group within an organisation, or component thereof. This dominant logic acts as a filtering mechanism for information. According to Bettis and Prahalad (1995, p.7): "These filtered data are then incorporated into the strategy, systems, values, expectations and reinforced behaviour of the organisation". Further, such filters put constraints on the ability of the organisation to learn as only anticipated information is received and new or unexpected stimuli are missed. Weick (1995) used the concept of 'requisite variety' (proposed by Ashby, 1952) to highlight the benefits of multiple perspectives for organisations that function within complex and dynamic environments. He suggested that for an organisation to respond effectively to the stimuli of a complex environment it needs to contain matching complex elements. The ability of managers to interpret or make sense of complex environments is thus largely dependent on the sensitivity of an organisation's performance measurement systems to this diversity. As Weick (1995) noted: "seeing what one believes and not seeing that for which one has no beliefs are central to sensemaking" (p.87).

Public sector organisations frequently have to balance multiple objectives and sometimes conflicting mandates and functions that overlap those of other agencies (Trebilcock, 1995; Boston *et al.*, 1996). Tolerance, and indeed encouragement, of a diversity of perspectives may, therefore, be seen as highly desirable for a public sector organisation dealing with a range of different organisations and stakeholders. However, a politically encouraged bias for risk aversion may also work against diversity of perspective and promote the establishment of a dominant logic that simplifies decision-making but may be "blind" to some of its implications.

1.9 Theoretical Approach

In order to explore the relationships between the *official*, *formal* and *in use* performance management models at various levels within New Zealand's public service agencies, it is necessary to understand the functions, purposes and perspectives underlying the performance management frameworks applied to, and used within, those agencies. An appropriate theoretical approach to understanding the effects of these factors is that of social constructionism and new institutional sociology.

As is explained in more detail in Chapter 4, this approach recognises that organisational performance does not exist independently of the minds of those who define and measure it. Rather, the diverse understandings of organisational performance are socially constructed in the context of each organisational setting. Those settings being composed of the existing institutional structures and the actions or agency of actors both within the organisation and externally exerting influence on it.

1.10 Agency Selection

As noted earlier, the functions of public sector agencies in New Zealand are diverse and, as a consequence, the performance management model which is appropriate in one agency may not be appropriate in another. Therefore, in order to investigate the performance management models defined for and used within New Zealand public sector agencies, it is appropriate to select for study a small sample of agencies, each with an array of functions but whose functions as a whole differ significantly.

Three agencies were selected, namely: Work and Income (within the Ministry of Social Development), and Public Prisons and the Community Probation Service

(both within the Department of Corrections). These agencies have varied functions which, in terms of the categorisation suggested by Wilson (1989) (outlined above), include the following:

- production tasks for which both the work being done and its results can be observed; for example, paying benefits by Work and Income;
- procedural tasks for which the work being done but not its results can be observed; for example, the provision of policy advice to relevant Ministers by Work and Income, Public Prisons and the Community Probation Service;
- craft tasks for which the results but not the work done can be observed, as, for example, is the case with the social development functions of Work and Income; and
- coping functions for which neither the work done nor its results can be observed, as, for example, the rehabilitative functions of the Community Probation Service

Figure 1.2: Example Functions of the Agencies Selected for Study

Function	Example	Agency
Production	Paying benefits	Work and Income
Procedural	Provision of policy advice to Ministers	Work and Income, Public Prisons, & the Community Probation Service
Craft	Social Development	Work and Income
Coping	Rehabilitative services	Community Probation Service

As noted by Wilson (1989) and Gregory (1995a), each of these broadly defined functional categories gives rise to a different management culture and thereby a different approach to performance management. However, differing functions is not the only factor shaping performance management frameworks; for example, external stakeholders may also be influential in determining the factors that are included in an agency's performance management framework (Brignall and Modell, 2000). The performance management frameworks adopted by and within the

three case study agencies may, therefore, be affected by the strength of their links with other public service agencies, community based groups, the media, and the general public.

Little empirical research has been conducted into the existence of and relationships among different approaches to performance management within public sector agencies in New Zealand. Ultimately, the lack of knowledge of these matters hampers understanding of why the performance measurement information of public sector entities is generated and how it is used. This, in turn, may have a detrimental impact on, or at least preclude improvement of, the efficiency and effectiveness of public sector organisations. As Modell (2004) has suggested, "Future research exploring the development of performance measurement 'myths' ... needs to map the collectively shared interpretive schemes within and across various groups of influential actors" (p.50).

1.11 Research Aim and Objectives

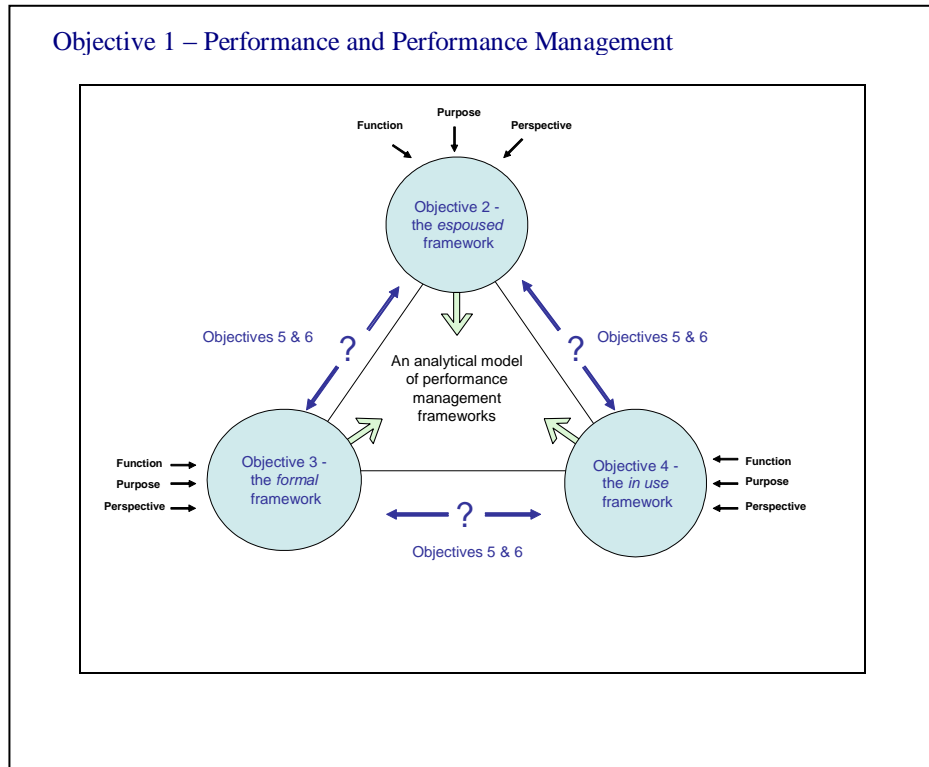
Following from the above discussion, the aim of the research is to develop an analytical framework by which the *official*, *formal* and *in use* performance management models within public service organisations may be better understood.

In order to achieve this aim the research has the following objectives, which are described below and shown diagrammatically in Figure 1.4. The research objectives are:

- (i) to define performance and performance management within the context of the New Zealand public service and, more specifically, the three agencies selected for study;

- (ii) for each of the case study agencies, to identify and describe the performance management framework espoused in relevant legislation and accountability documents (the *official* performance management model);

Figure 1.3: Research Aim and Objectives



- (iii) for each of the case study agencies, to determine the role of the formal performance management frameworks that are encoded within the agency's information technology (IT) systems and other artefacts (the *formal* performance management model);
- (iv) to identify the performance management frameworks adopted at different hierarchical levels within each of the case study agencies (the *in use* performance management models);
- (v) to ascertain the level of congruence (or incongruence) between the *official*, *formal* and *in use* performance management models within each of the case study agencies; and

- (vi) to provide a framework that encompasses and explains the structures and practices that form performance measurement and management models.

1.12 Research Methodology

In order to achieve these objectives the following research methods were adopted.

1. Literature Review

Literature from the fields of management accounting, public management, organisational studies and cognitive psychology, as they pertain to the measurement and management of performance in public sector organisations was reviewed. The literature was identified by inputting key words such as 'performance measurement', 'public sector', 'public sector reform', 'institutional theory', 'organisational sense making', and 'loose coupling' into databases such as the Web of Science, Science Direct and EBSCOhost. The literature reviewed included academic and professional journal articles, books, research monographs and conference papers. Prior doctoral and masters degree research in the United Kingdom, Canada, the United States, South Africa and Australia were also identified by conducting searches on international theses databases including Dissertation Abstracts, Index to Theses and the Australian Digital Theses Program. Reference lists in the literature accessed by these means were reviewed to identify further literature not identified through the database searches.

This review of relevant literature enabled prior research and theories relating to performance management in public sector entities to be identified and examined in the light of the research aim and objectives of the current study. It also resulted in the adoption of the three lenses on performance management (i.e. function, purpose and perspective) as the bases for analysing the empirical research data.

2. Document Study

A range of documents were examined in order to ascertain the *official* performance management models of each of the case study agencies. The documents studied included legislation (such as the State Sector Act 1988, the Public Finance Act 1989, the Public Finance Amendment Act 2004, the Social Security Act 1964, and the Corrections Act 2004), relevant instructions and guidance material published by the Treasury and State Services Commission, and speeches by key players such as relevant Government Ministers and the State Services Commissioner.

Documents relating to the performance measurement frameworks within each of the case study agencies were also examined. These included the agencies':

- external accountability documents (i.e. their 2006/2007 Statements of Intent, Output Plans, and Annual Reports);
- documents relating to their formal performance measurement frameworks and supporting IT applications (such as information systems architecture diagrams, user documentation and examples of the outputs of these systems); and
- artefacts such as wall posters and desk calendars which carry key performance related messages.

Other organisational documents, including managers' business plans, management reports and the agenda and minutes of internal management and project meetings were also examined.

These documents provided insight into the extent to which the *official* and *formal* performance management models impacted on the decisions of managers and the in use performance management frameworks within each case study agency.

3. *Observation of Meetings*

In each case study agency, a routine meeting of operational managers was observed in order to gain insight into the performance management practices in use in that agency. Notes were taken in each meeting on the issues discussed, priorities established and language used.

4. *Semi-Structured Interviews*

A series of semi-structured interviews were conducted with between 11 and 14 members of each case study agency. These included operational supervisors and local managers as well as more senior and Head Office based managers. The interviewees were asked to define their performance objectives and the factors that affect their ability to achieve them. They were also asked about the factors or issues they are required to measure and report on, and whether these are useful in practice for planning and monitoring progress in achieving their objectives.

These interviews provided insight into the performance measurement frameworks in use at different levels within each agency and the extent to which these frameworks differ from, or are consistent with, the frameworks used in other components (or levels) of the agency. They also enhanced the insights, gained from the document study and the observation of meetings, into the extent to which the in use performance management frameworks are congruent with the *official* and *formal* models.

5. *Feedback*

Opportunities were sought to provide early feedback of the research findings relating to each agency to the relevant senior management team. These

meetings enabled the preliminary findings to be discussed and interpretations of the findings to be evaluated.

1.13 Outline of Thesis

This thesis is structured as follows:

- *Chapter 1 Introduction:* This chapter provides the background to the study and identifies issues that are central to performance measurement and management in public service agencies in New Zealand. It also specifies the research aim and objectives, outlines the methodology adopted for the research, and identifies the contribution and limitations of the study.
- *Chapter 2 Public Sector Reform and Public Sector Management:* This chapter describes the context of the research, namely New Zealand's public service, and provides a summary of the motives and ideas that shaped the initial reforms of New Zealand's public service in the late 1980s and early 1990s and those that have influenced its subsequent evolution. This enables a description of the *official* model by which the service is managed and a brief discussion of the tensions which remain within it.
- *Chapter 3 Performance Measurement and Management in a Public Sector Context:* This chapter provides a definition and description of what is encompassed by the terms 'performance' and 'performance measurement' in the context of the New Zealand public service and, more specifically, the three case study agencies. The chapter also describes the factors that create distinct challenges for measuring performance in public sector organisations.
- *Chapter 4 Theoretical Underpinnings of the Research:* This chapter outlines a number of extant theories and ideas that have been influential in the area of public sector performance management and identifies their

limitations in explaining performance measurement and management practices in public service agencies. It then proposes an alternative theoretical approach, based on social constructionism, new institutional sociology and the idea of organisational sensemaking.

- *Chapter 5 Methodology:* This chapter provides an explanation of the theoretical approach adopted for the research and the methods used to collect and analyse the data. It also explains how the research results are reported.
- *Chapter 6 Function:* This chapter outlines the construct of function and examines the functions of the three case study agencies (namely, Work and Income, the Public Prisons Service, and the Community Probation Service). For each agency, the functions as official in relevant legislation and key accountability documents, and those identified by the interviewees as being used in practice, are reported and discussed.
- *Chapter 7 Purpose:* This chapter outlines the construct of purpose and reports and discusses the purposes for which performance is measured and managed as identified by interviewees in each of the three case study agencies.
- *Chapter 8 Perspective:* In this chapter the construct of perspective is outlined and the perspectives of those for whom performance is measured, as described by interviewees in each of the three case study agencies, are reported and discussed. The influence different perspectives have on performance priorities, as identified by the interviewees, is also discussed.
- *Chapter 9 An Explanatory Framework:* This chapter draws together the findings of the literature review, document study, interviews and observations at meetings within the case study agencies. It proposes a single model of performance management that encompasses the, at times competing, forces that shape performance measurement and management practices in the case study agencies.

- *Chapter 10 Missing Links - Conclusions:* The final chapter summarises the key aspects of the research and its findings. It also outlines the contribution and limitations of the research and identifies future research opportunities.

Chapter 2

PUBLIC SECTOR REFORM AND PUBLIC SECTOR MANAGEMENT IN NEW ZEALAND

... it is common knowledge that the world economy is convalescent and the domestic economy sick; that public expenditure must therefore be constrained; that obtaining value for money has become a matter of acute necessity. The desirability for improved public sector performance assessment is therefore 'obvious'. (Pollitt, 1986, p.158).

2.1 Introduction

This chapter provides a background to, and description of, the official 'New Zealand Model' of public sector performance measurement and management over a period in which the economic cycle, that was a major impetus to public sector reform in the 1980s, has come full circle. That model represents the conceptual framework, or "web of beliefs and reasoned arguments" (Puxty, 1993, p.4), within which the objectives and challenges of public sector performance are, largely, defined and understood. Whilst locally, within individual organisations, other ideas may intervene, the institutional structures created by the New Zealand Model represent a dominant logic.

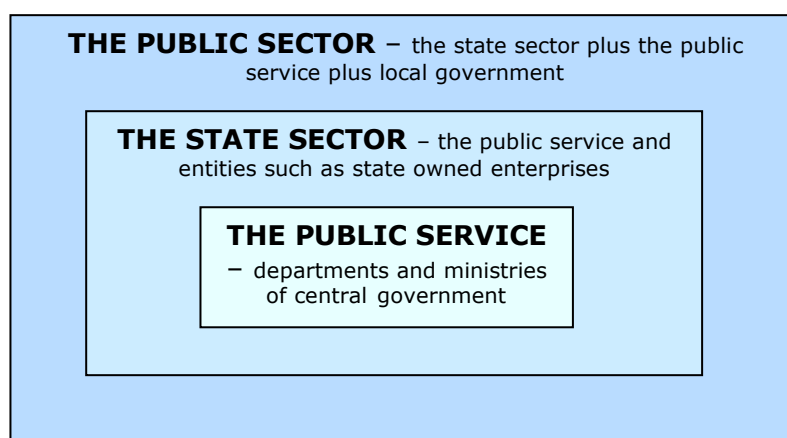
The initial impetus and conceptual framework are first described before the model's inherent tensions and criticisms are discussed. These criticisms have given rise to an ongoing series of reviews and adjustments, if not fully fledged reforms, to the model. The reviews and resulting changes to legislation and the guidance material of the central agencies represent an ongoing debate in respect

of how the performance of public sector organisations should be measured and managed.

2.2 An Overview of New Zealand's Public Sector and Core Public Service

As noted in Chapter 1, the research focuses on performance measurement in three agencies within New Zealand's core public service. The public service needs to be distinguished from the broader state sector and still broader public sector. As can be seen from Figure 2.1, the term *public service* refers to the departments and ministries of central government.⁸

Figure 2.1 The Public Sector



The *state sector* includes the public service but also encompasses state-owned enterprises (such as New Zealand Post Limited), Crown entities (such as the Civil Aviation Authority of New Zealand and the Museum of New Zealand Te Papa Tongarewa), offices of Parliament (such as that of the Controller and Auditor-General) and a number of other agencies of central government such as the New Zealand Police, the Parliamentary Council Office and the Reserve Bank of New

⁸ Although the terms *department* and *ministry* are frequently used interchangeably, generally *departments* are considered to be those agencies of central government that are principally concerned with the delivery of services and *ministries* to be those agencies that are principally concerned with the provision of policy advice to Ministers. Given the common practice of blurring this distinction, in this thesis the term department is used to refer to both types of agency.

Zealand.⁹ The term *public sector* refers to all of the departments and agencies of the state sector and also includes local authorities and local authority trading enterprises (LATEs) such as Wellington City Council's Wellington Waterfront Ltd that implements the Waterfront Development Project, manages daily activity on the waterfront, and runs the Wellington marina.

While this research focuses on three agencies within the core public service (Work and Income, Public Prisons and the Community Probation Service), it draws on prior studies and extant literature that is concerned, in general, with changes in management practices within the public sector as a whole.

2.3 Public Sector Reform - Motives and Concepts

Since the early to mid 1980s, many countries in the developed world have introduced a series of reforms to their public sector's structure and management. Most notably, in the United States of America and in the Westminster democracies of the United Kingdom, Canada, Australia and New Zealand, a pattern of change emerged that has been referred to as "the New Public Management" (Hood, 1990; Hood & Jackson, 1991). Aucoin (1995) suggested that these changes were occasioned by three major factors, namely:

1. The advent of economic pressures that resulted in growing public indebtedness and a requirement to restrain and reduce public sector expenditure. (A problem that has returned to influence public sector management at the end of the first decade of the new century.)
2. A growth in consumer awareness and expectations that fuelled a decline in public confidence in the effectiveness of public policies and the quality of public services. This, in turn, led to calls for "government that works better but costs less" (Gore, 1993).

⁹ A diagram summarising New Zealand's state sector is provided as Appendix I.

3. A recognition that, while governments may become smaller in size, they still play a crucial role in facilitating national wellbeing and prosperity.

To these motives Boston *et al.* (1996) added the following:

4. A general ideological shift to the right which reinforced calls for a smaller public sector and greater reliance on market mechanisms such as contracting out, corporatisation and privatisation.
5. A desire by politicians for greater insight into, and control over, the activities of public sector agencies.
6. A desire for an improvement in the transparency and accountability of the executive to the legislature (Parliament).

In their book entitled *Reinventing Government*, Osborne and Gaebler (1993) famously claimed that global forces would inevitably lead to the spread of what they termed "entrepreneurial government". However, in practice, the reforms of the New Public Management in different countries have not resulted in a singular model but rather a pattern of not dissimilar responses to local contingencies (Pollitt, 2001). In New Zealand, as elsewhere, these responses included:

1. the corporatisation, commercialisation or privatisation of a range of functions previously undertaken by agencies in the core public sector;
2. the devolution of increased management responsibilities to the chief executives of public sector agencies;
3. public sector agencies being subject to tighter *ex ante* performance specifications;
4. stronger *ex post* accountability mechanisms involving a shift in emphasis from input and process controls to results (expressed in terms of the outputs produced and outcomes achieved);
5. the separation of commercial from non-commercial activities;

6. the separation of responsibility for the provision of policy advice from responsibility for policy implementation and service provision; and
7. all service provision being made as contestable as possible.

The reforms that embodied these response and shaped New Zealand's model of public sector management have been explained by commentators such as Boston *et al.* (1996), Scott, Ball & Dale (1997), and Scott (2001), in terms of a group of theories, that are generally grouped under the rubric of institutional economics, and the apparent desire by politicians for public sector entities to adopt private sector management practices ('managerialism').

The theories, namely, public choice theory, transaction cost economics and agency theory, seek to explain the relative costs and the form, function and behavioural impacts of man made institutions such as organisational structures and behavioural norms.

Public Choice Theory

Public choice theory, espoused by Buchanan and Tullock (1962), challenged the view that politicians and bureaucrats are driven primarily by ideology and the public interest; instead, it assumes they operate out of self interest in an environment of multiple, and often conflicting, objectives.¹⁰ It suggests that, as rational, self-interested utility maximisers, politicians will seek to increase their chance of re-election (Downs, 1957) and officials will seek to inflate their departmental budgets (Niskanen, 1971). In effect, this theory views the political process as inefficient and lacking the stabilising influence provided by the 'invisible

¹⁰A recent Treasury survey of public service chief executives and chief financial officers showed that a critical financial risk for chief executives over the next three years is management of conflicting priorities (76% rated this moderate to high). Conflicting priorities primarily refer to the tensions between Ministerial decisions and issues such as managing day-to-day cost escalations and maintaining a focus on long-term goals with the former two impacting on the ability to do the latter. (Treasury, 2009c)

hand' in the open market system. Whilst in the private sector context of a open market it has been argued that self-interested behaviour is ultimately beneficial to the community, this contention has not been advanced in relation to the public sector. Rather, public choice theorists contend that, to prevent the number and size of government agencies growing beyond the level necessary to perform their designated functions, the role of the State should be subject to explicit and transparent controls. Further, to avoid biased advice and bureaucratic capture, policy, service delivery and regulatory functions should be separated and services provided by the State should, wherever possible, be made contestable.

Transaction Cost Economics

Transaction cost economics is generally associated with Williamson (1985) who defined it as: "an examination of the comparative costs of planning, adopting and monitoring task completion under alternative governance structures" (p. 2). It recognises, in the decision-making of rational actors, both the direct costs of production and the costs of exchange (transaction costs) associated with different organisational settings. It therefore supports consideration of how the production of goods and services occurs in different organisational settings and the nature of their related governance structures. It assumes that rational actors will select governance structures that minimise the aggregate of their production and transaction costs. In some circumstances, transaction costs will be lower in the context of an open market and in other cases they will be lower if the transactions occur within an integrated organisation. These circumstances rest on three key determinants of transaction costs, namely:

- frequency: infrequently traded goods or services will tend to have higher transaction costs as a consequence of the need to establish specific terms;
- uncertainty: transactions occurring within a short timeframe (for example, in a 'spot market') will tend to have lower transaction costs; long term transactions or contractual relationships are more likely to be subject to

bounded rationality (all eventualities cannot be foreseen), information asymmetries and the danger of opportunistic behaviour, and thus will incur higher transaction costs;

- asset specificity: where transactions involve assets whose value is solely, or principally, related to that transaction, the related transaction costs will tend to be higher in an open market as it will be relatively expensive for new suppliers to enter the market.

It is therefore argued that the production and exchange of some goods and services are more suited to an open market while others are “much better suited to hierarchical or rule-governed organisations, such as a public bureaucracy” (Boston *et al.*, 1996, p.23)

Agency Theory

Agency theory views social and political life as a series of ‘contracts’ in which one party (the principal) enters into an agreed relationship (i.e. a contract) with another party (the agent) under which the latter agrees to undertake a task or deliver goods or services in accordance with the terms of the contract. However, the very nature of, and need for, the agreement is predicated on different levels of knowledge and will, to a greater or lesser extent, involve the agent acting beyond the vision and direct control of the principal. The central problem, as identified by Jensen and Meckling (1976), is that of “inducing an agent to behave as if he [or she] were maximising the principal’s welfare” (p. 309). In a public sector context, agency relationships exist between, *inter alia*, the electorate and its elected representatives, Ministers and departmental chief executives, and departmental chief executives and their managers.

Agency theory assumes that principals and agents have different objectives which may not necessarily be driven by self-interest but which will, nonetheless, be based on differing beliefs and, as a consequence, will inevitably give rise to a

conflict of interests. Thus, although both principal and agent are prone to utility maximisation, agency theorists largely focus on the role of agents and how to find the least costly way to negotiate, specify and monitor the agency 'contracts' so as to minimise the likelihood of the agent engaging in behaviour contrary to the principal's interests. Principals can employ various forms of incentives and sanctions and/or closely monitor the agent's behaviour, both of which will give rise to 'agency costs' for the principal. It is claimed that these costs are lower when an agent serves only one principal thereby avoiding multiple contractual arrangements and accountabilities. The challenge is to establish a process for specifying, negotiating and monitoring contracts that minimise both the agency costs and the possibility of opportunistic behaviour by the agent that is not congruent with the best interests of the principal. The application of agency theory to public sector management has, therefore, resulted in performance being defined in terms of the interests of the principal and performance measurement being concerned with establishing accountability mechanisms over the activities of the agent(s) (Anderson & Dovey, 2003).

Together these three theories underpinned a utilitarian or instrumental view of organisations (Etzioni, 1961) in which performance can be specified in advance and subsequently managed by the institutional structures and incentives that are put in place to control the actions of rational and largely self-interested actors. This was also a singular perspective that took the position of a principal (in the form of the central agencies and their political masters) that seeks to manage public sector organisations against a consistent set of principles and toward public policy objectives.

Managerialism

In addition to the theoretical approaches outlined above, a set of ideas, generally referred to as managerialism, influenced the development of New Zealand's model

of public sector management. These ideas were drawn less from the theoretical world of the academic community than from the accumulated experience of practitioners and consultants. An underlying assumption of these ideas is the existence of a generic management discipline, or set of practices and rules, that can be applied equally to entities in the private and public sectors. 'Management' is seen as an activity, distinct from public policy, that "offers our society the best chance of material progress" (Pollitt, 1998, p.47). The argument that private sector management practices should be applied to the public sector was not new when it was adopted to underpin the reforms of the late 1980s; it was recommended by the 1912 Commission of Inquiry into the New Zealand public service (House of Representatives, 1912). However, a significant difference between 1912 and the 1980s was the growing body of popular management literature, largely pioneered by Peters and Waterman's 1982 book *In Search of Excellence*. In New Zealand, the early success of privatisation initiatives, and of the State Owned Enterprises Act 1986, in producing dramatic reductions in costs, also fuelled the perceived validity of these ideas.

A key theme of managerialism is the improvement in the economy and efficiency of organisational performance accomplished by giving managers the freedom to manage whilst making them accountable for the results of their activities. Hood (1990b) has suggested that this has led to the adoption of a thermostatic form of performance management (or control) in which "those who select the preferred policy temperature are, at least within limits, indifferent to how it is delivered" (p.312). For politicians this equates to "steering not rowing" (Osborne & Gaebler, 1992). For public sector managers, it means being given the scope and authority to deliver but also being held accountable for the delivery of agreed outputs. Central to being accountable is the requirement to provide information and explain achieved performance. This information has been couched in the language of the

private sector in terms such as 'business plans', 'strategic intents', and performance contracts.

In New Zealand the impact of these motives and concepts on the model of public sector management that emerged in the late 1980s can be summarised as follows:

- a belief in the superiority of private sector performance management models that should, therefore, be adopted in the public sector;
- the performance of public service departments defined in terms of the goods and services they provide (their outputs) rather than the inputs they use and/or the processes they follow;
- a strong emphasis on *ex ante* specification of performance and *ex post* measurement and reporting of results;
- a requirement that departmental financial and non-financial performance information be reported (and audited) in a Statement of Service Performance which for all significant outputs reports the quantity, quality, cost and, where relevant, time and location of delivery of the outputs (Neale & Pallot, 2001);
- an implicit assumption that the impact of departmental outputs on the community (their outcomes) is the responsibility of relevant Ministers, not of departmental chief executives;
- an increase in the authority of departmental chief executives to purchase and manage inputs;
- a series of cascading formal (as opposed to relational) contracts and performance agreements linking principals with agents designed to achieve the accountability of departmental chief executives and their managers (Yeatman, 1995);

- an avoidance of multiple accountability arrangements so that each 'agent' should only be accountable to one 'principal';
- the organisational separation of commercial and non-commercial activities and advisory, delivery and regulatory functions, as a guard against provider or bureaucratic capture;
- a general focus on increased economy and efficiency as: "doing more for less and achieving value for money became the objectives of this finance centred perspective on public management reform" (Aucoin, 1995, p.9).

2.4 The Continuing Evolution of the New Zealand Model

While the comprehensive and theoretically consistent nature of the New Zealand model of public sector management generated international interest and many plaudits, the tensions inherent within its framework have also been recognised by a number of commentators (for example, Pallot, 1991; Gregory, 1995b; Boston, 1995). Thus, for example, while the theoretical rigour of *Government Management* (Treasury, 1987) attracted praise, it also gave rise to concerns that inadequate consideration had been paid to the social, cultural and ethical constraints which, together with more tangible rewards and sanctions, govern human relations (Boston *et al.*, 1996). If the concern of public sector managers is limited to efficient delivery, broader normative considerations, such as concern for others, professional integrity and/or the pursuit of a more just and equitable society, are excluded. Gregory (1995a) warned that such a framework could challenge the ethos of what it means to be a public servant and encourage narrow self-interested behaviour. Similarly Hood (1992) observed that in the public sector replacing relational modes of contracting (based on high levels of trust) with more formal classical modes of contracting (which assume low levels of trust) may result in a reduced level of trust and commitment from those involved.

In addition to these commentaries, since the initial legislation that introduced the public sector reforms in New Zealand (the State Owned Enterprises Act 1986, the State Sector Act 1988, and the Public Finance Act 1989), a number of reports on, and reviews of, the New Zealand model have been written. Whilst these acknowledged the accomplishments of the reforms they also provided criticisms which have resulted in some modifications to the original model. Three key reports, namely the Logan Report (1991), the Schick Report (1996), and the Report on the Review of the Centre (State Services Commission, 2002a) are discussed below.

1) *Report of The Steering Group on the Review of State Sector Reforms (Logan, 1991)*

In 1991 the Government requested that a Steering Group, led by Logan, a former chief executive of IBM New Zealand, undertake a review to “assess the effectiveness of the State sector reforms, brought about by the State Sector Act 1988 and the Public Finance Act 1989, in improving the efficiency and effectiveness of the Public Service” (Logan, 1991, p.121). The resulting ‘Logan Report’ noted that the reforms had delivered significant improvements to the management of the New Zealand’s public service but it also identified a number of perceived shortcomings. Three of these, relating to the performance management arrangements, are particularly significant. They are:

- i) limited consideration being given to the wider public interest;
- ii) the lack of a strategic framework; and
- iii) poorly specified performance agreements.

Each of these is discussed below.

i) Limited consideration being given to the wider public interest

The New Zealand public service reforms, *inter alia*, devolved accountability for output production to departments through what was initially referred to as a Purchase Agreement (subsequently reframed as the Output Plan) between a purchasing Minister and a department. Purchase Agreements required Ministers to specify the outputs to be provided by the relevant department with terms and conditions similar to private sector contracts (Treasury, 1996). Each Purchase Agreement was also cross-referenced to the relevant Chief Executive's Performance Agreement that existed between the Responsible Minister for the department and the department's chief executive. The Chief Executive's Performance Agreement also included expectations in respect of the financial performance to be achieved by the department, the management practices to be followed, and any personal performance issues for the chief executive. The Logan Report noted that Ministers were concerned that these arrangements with individual departments and their chief executives had eroded consideration of the wider collective interest of government. Inadequate consultation between departments, and insufficient consideration of the impacts of departmental decisions on other agencies and the wider interests of government, were also noted. These concerns have remained a consistent theme in the subsequent reviews.

ii) The lack of a strategic framework

The Logan Report also noted chief executives' concerns about the lack of a Cabinet defined, strategic framework within which coherent decisions could be made. This was initially remedied when, beginning in 1993, the Government of the day introduced a system of strategic result areas (SRAs), representing its major priorities and goals, and key result areas (KRAs), which represent each department's contribution to these goals. However, in 1999 the Labour/Alliance Government abandoned this more explicit strategic framework contained in SRAs

and KRAs. In its place, that and subsequent Governments have issued a high level, and much less explicit, statement of their key priorities. Departments are now required to outline their contribution to these priorities in their own longer term accountability document (their Statement of Intent).

iii) Poorly specified performance agreements

In 1991, when the Logan report was written, the intended structure of performance agreements between Ministers and departmental chief executives had not been fully implemented by all Ministers. The report observed that some Ministers were not entirely convinced about the benefits of these agreements as they believed they tended to “focus on the readily measured aspect of performance rather than the more qualitative dimensions of the Minister and chief executive relationship” (Logan, 1991, p. 61). While significant improvements have since been made to the specification and management of departmental performance (State Services Commission, 2002a), as late as 2001 an informed commentator was led to observe: “On the whole the system has not been developed to the point where Logan’s concerns can be set aside” (Scott, 2001, p.48). More recently, Chief Executive Performance Agreements have been replaced by a letter of expectations which outlines general expectations in respect of performance with few, if any, quantified targets.

2) *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change (Schick, 1996)*

Another formal review of the New Zealand State sector was undertaken in 1996 by Schick (a Professor of Public Policy in the School of Public Affairs at the University of Maryland), at the behest of the State Services Commission and the Treasury (Schick, 1996). His report suggested that, whilst the reforms undertaken over the preceding eight years had successfully transformed public management in New

Zealand, a number of issues remained to be addressed. These included questions relating to:

- i) organisational capacity;
- ii) strategic capacity; and
- iii) departmental accountability.

i) Organisational Capacity

Schick argued that Ministers' dual roles, as purchasers of departmental outputs and as owners of the departmental capacity to produce those outputs both currently and in the future, inevitably pull in different directions. He suggested that, as a consequence of the application of a formal contractual logic, the purchase role had dominated Ministers' accountability arrangements with departmental chief executives and that this should be countered by strengthening a broader set of accountability arrangements (p.44). According to Schick, this could be achieved by more detailed specification of ownership interests in the Performance Agreements between Ministers and departmental chief executives and by the examination of expenditure on critical inputs that contribute to maintaining or enhancing productive capability (for example, staff training and development).

ii) Strategic Capacity

The report also noted that the New Zealand model was "still more geared to short term production of outputs than planning for the long haul, and to account for what has been produced than to evaluate progress in achieving major policy objectives" (p. 53). It suggested that Ministers and central agencies (i.e. the Treasury, State Services Commission, and Department of the Prime Minister and Cabinet) needed to promote, and provide more input to, departmental strategic planning. The report also suggested that the existing annual appropriation

process be amended to include a multi-year framework in order to encourage a more strategic approach to the allocation of resources. Such an approach to resource allocation might also be supported by giving Ministers a broader portfolio of activities.

iii) Departmental Accountability

In relation to departmental accountability, Schick noted that a focus on *ex ante* specification of outputs had created a reliable basis on which to enforce managerial accountability. However, it had also led to something of a checklist mentality rather than the use of good indicators of performance. He argued for a broader accountability framework based, not just on compliance with the delivery of agreed outputs at an agreed price, but also on "values, judgement and leadership". The need for increased accountability for departmental effectiveness was also acknowledged but in this respect Schick sounded a note of caution. He suggested that, given their many formative influences, some of which may be beyond the control of departments, "Outcomes should be seen not as measures of impact but as indicators of direction. They should be employed more for formulating policy than maintaining accountability" (p. 61).

Schick further noted that the accounting and financial management reforms introduced in the mid 1980s and early 1990s were designed to be parts of a regime of external accountability. He suggested: "the next frontier in New Zealand financial management will be to devise systems and practices for internal management needs" (p.68).

When Schick's report was released in 1996 it promoted considerable debate. However, little further reform occurred until 2000 when a range of initiatives began to take shape. These included:

- the establishment of the State Sector Standards Board to review, and make recommendations on, the perceived erosion of normative controls within the State Sector;
- increased focus on the development of public service managers, centred on the Executive Leadership Programme;
- the Pathfinder Project on outcomes, including the introduction of new departmental Statements of Intent, which sought to refocus departmental planning on outcomes and capability as well as on outputs; and
- work, led by the Ministry of Social Development, to identify a range of appropriate social outcome indicators.

3) *Report of the Advisory Group on the Review of the Centre.*

In 2001, a Ministerial Advisory Group which included public service chief executives, external commentators and a representative of the Public Service Association¹¹, undertook a further review of New Zealand's public management system and how well it was responding to the needs of Ministers and citizens. The Report of the Advisory Group on the Review of the Centre (State Services Commission, 2002a) provided a more coherent framework for the initiatives noted above and identified three priority areas for change, namely:

- i) citizen-focused service delivery;
- ii) a whole of government focus; and
- iii) public service values.

Each of these is discussed below.

¹¹ The major Union of public sector workers.

i) Citizen-focused Service Delivery

The Advisory Group noted a need to achieve better integrated, citizen-focused service delivery, particularly where complex social problems are dealt with by multiple agencies. The language used is significant; a focus on "citizens" as opposed to "customers" or "clients" represents a step away from the purity of managerialist rhetoric. It recommended that improved service delivery should be achieved with the aid of a range of mechanisms to encourage and increase inter-agency coordination. These included front-line based "circuit breaker teams" tasked with providing creative solutions to previously intractable problems. The Advisory Group suggested that integration of service delivery could be facilitated by ensuring that public sector agencies focus on "the results that citizens and Government want in terms of outcomes and services" (p.19).

ii) A Whole of Government Focus

The Advisory Group also saw fragmentation in the large number of state sector agencies as a major inhibitor of effective policy formulation and service delivery. It suggested that individual agencies had placed emphasis on vertical accountability to their purchasing Minister and had not taken adequate account of broader, whole of government interests. The Advisory Group therefore recommended a less rigorous approach to the separation of policy and service delivery functions that would, over time, see the creation of a smaller number of larger, sector-based agencies. An early example of this strategy was the re-amalgamation, in 2003, of the Department of Courts and the Ministry of Justice. In 2006 it also included the "merging" of the Department of Child, Youth and Family Services into the Ministry of Social Development.

iii) Public Service Values

In a broader review of the impacts of the New Public Management, Sinclair (1996) suggested that the reforms associated with the use of private sector models had resulted in "a lost discourse" that has been replaced by one that "casts public sector management as a technical activity rather than a social commitment or moral practice" (p. 227). In terms of the people and culture of the New Zealand State sector, the Review of the Centre also saw a need to build a strong and unifying sense of values associated with a spirit of service to the community. The Advisory Group noted the existing work of the State Sector Standards Board (State Services Commission, 2001) in re-stating the ethos of the public service, and recommended that increased responsibility be given to the State Services Commissioner to broaden and reinforce this work. The Advisory Group also emphasised the need to strengthen human resource management practices, particularly in respect of the development of staff and leaders who would "actively model and develop a professional public service culture" (State Services Commission, 2002a, p.30). This again indicates a shift from a more general managerialist approach to one that is more relevant to public sector management.

More specifically, in respect of performance measurement, the Advisory Group expressed concern over the lack of information in respect of both performance in relation to outcomes and the Government's non-financial interests as owners of State sector organisations (p.16). It recommended that *ex ante* performance specification should be concentrated in a single document, a departmental Statement of Intent (SOI). This should include information on a broad range of performance factors including targeted outcomes and organisational capability as well as the outputs to be produced. The latter would still also be specified in an Output Plan that, in essence, combined the previously separate Purchase Agreement and Chief Executive's Performance Agreement.

The Advisory Group further noted there was a need for improved information “about actual performance, in both outcome and service delivery terms” (p.24). It encouraged all government agencies to place more emphasis on *ex post* evaluation but also suggested that central agencies¹² should have an increased role in evaluating organisational performance.

2004 Legislative Change

Further refinement of, and statutory support for, the changes recommended by the Advisory Group was provided by what the then Minister of Finance identified as “the first major change to State sector governance in a decade” (Cullen, 2003). Enactment of the Public Finance Amendment Act 2004, the State Sector Amendment Act 2004, and the Crown Entities Act 2004 (all in December 2004) resulted in significant changes to the key legislation that had shaped the New Zealand Model of public sector management for nearly twenty years. In relation to management of the performance of public service organisations, five legislative changes provided both opportunities and, potentially, further challenges. These involved:

- i) possible changes to the structure of Votes¹³ [Public Finance Amendment Act 2004, s. 5(28)];
- ii) the possible introduction of more broadly scoped multi-class output expense appropriations [s. 7(3)(b)];
- iii) an ability for departments to incur expenses on behalf of another department (s. 20);

¹²In general, the term “central agencies” is used to refer to the Treasury, State Services Commissioner, and the Department of the Prime Minister and Cabinet.

¹³A Vote is an appropriation, or a grouping of one or more appropriations, that is granted by Parliament and represents an authority to incur expenses, or capital expenditure, up to a specified amount.

- iv) a requirement for more detailed performance information (s. 40);
- v) increased statutory responsibilities in respect of the development of management capability (State Sector Amendment Act 2004, s. 9) and the maintenance of appropriate public service values [State Sector Amendment Act (No 2) 2004, s. 11].

These changes are discussed in more detail below.

i) The Structure of Votes

Appropriations are grouped into Votes for presentation to Parliament. Prior to the amended legislation, a Vote was the responsibility of one Minister and one department. Each ministerial portfolio thus required a separate Vote. The Review of the Centre had pointed to structural fragmentation amongst State Sector agencies and, in a Parliamentary Briefing Document on the introduction of the legislation (State Services Commission, 2003a), it was suggested that the compartmentalising of appropriations into approximately seventy different votes had created barriers to collective decision-making and added compliance costs in respect of co-ordination between departments and Ministers.

Section 5(28) of the Public Finance Amendment Act 2004 redefined a Vote so that, in the future, it could represent a grouping of appropriations which are the responsibility of one or more Ministers. However, it remains clear which Minister is accountable to Parliament for each separate appropriation and each appropriation is administered by one department. It was thought that this might allow better integration of decision-making and resource prioritisation, particularly if, in the future, Votes were formed around sectors in which more than one Minister has an interest. In effect, this has the potential to both widen the scope of Ministers' purchasing decisions and to better integrate departmental activities.

However, despite this legislative provision, Votes have largely remained structured to reflect the funding and responsibilities assigned to individual agencies.

ii) The Scope of Appropriations

Formally, each appropriation within a Vote was limited to a single class of (similar) outputs. Although Ministers and departmental chief executives were able to argue for a simpler and more flexible set of fewer, more broadly specified appropriations, the desire to maintain clarity around purchase and funding decisions worked against this happening. As a result of the Public Finance Amendment Act 2004, s. 7(3)(b), an appropriation can now cover more than one class of outputs – given prior approval by the Minister of Finance and inclusion of the reasons for so doing in the Estimates documentation. Accountability for departmental performance remains at the level of individual output classes (i.e. a grouping of similar outputs) in both the prospective Statement of Intent and the retrospective Statement of Service Performance included in the departmental Annual Report. Within a multiple output class appropriation, departments have the ability to change the level of funding between output classes without the need for further Parliamentary approval. It is, therefore, possible that multiple output class appropriations, grouped around the achievement of particular outcomes, will permit a greater devolution to chief executives of decision making in respect of resource switching or usage. This potential grouping of inter-dependent activities might also address, or at least ease, the problem of managing the inter-dependencies of output class appropriations within departmental output costing systems, particularly for relatively small output classes that are more noticeably affected by changes in overhead allocation. While multiple output class appropriations might reduce the need (created by the prior inflexibility) to broadly define output classes and therefore support more transparency in the funding of public services, to date little evidence exists of this having occurred.

iii) Expenses Incurred on Behalf of Another Department

Whilst government departments have always been able to purchase services from each other, this has previously required an expenditure appropriation (i.e. an authority to incur the related expense) to be held, and accounted for, by both of the departments involved. However, an appropriation is no longer restricted to expenditure incurred within a single department (or, to put it another way, a department can incur expenditure for which it is not appropriated) as Section 20 of the Public Finance Amendment Act 2004 allows one department to incur output expenses for and on behalf of another department. In effect, this expenditure will be funded by inter-departmental revenue but it requires an exact off-set of revenue and expenditure. Any unused revenue must be returned to the funding, or purchasing, department.

This has simplified accountabilities to the extent that only one department is required to obtain, and account for, the appropriation. It might also facilitate joint initiatives that struggle with issues associated with separate departmental fiefdoms and who holds the purse strings. However, as is the case with the legislative initiatives outlined above, there is little evidence that this change has affected performance management practices.

iv) More Detailed Performance Information

In terms of performance measurement, the Public Finance Amendment Act 2004 gave legislative recognition to, and requirement for, more detailed reporting of both departmental intentions and results. This includes reporting both financial and non-financial information in respect of outputs, their related outcomes, and each department's future capability. More specifically, as well as forecast financial

statements for the ensuing year, the Public Finance Amendment Act 2004, s.40, requires each department to report:

- the nature and scope of its functions and intended operations;
- the specific impacts, outcomes or objectives it seeks to achieve or contribute to;
- how it will:
 - perform its functions and conduct its operations, and
 - effectively manage those functions;
- the measures or standards it will use in respect of:
 - its impacts, outcomes and objectives;
 - the cost effectiveness of its interventions; and
 - its organisational health and capability;
- any other information that may be necessary to explain the department's operating intentions and direction.

The Responsible Minister is also required to confirm that the above information is consistent with the policies and performance expectations of the Government.

Prior to these legislative changes, instructions and guidance material issued by the central agencies in relation to the production of departmental Output Plans and Statements of Intent (State Services Commission, 2003b), had included many of these items. However, these requirements are now enshrined in statute. Nevertheless, questions remain as to the extent to which departments are able (i.e. have adequate systems in place) to report all of the required information for this more comprehensive view of organisational performance. A review of the 2007/2008 public service accountability documents by the New Zealand Controller and Auditor-General resulted in the following observation:

Overall we were disappointed that many entities' service performance information did not set out coherent performance frameworks showing logical links from the medium-term outcomes sought by the entity to the annual outputs (goods and services) delivered by the entity. Many SOIs [Statements of Intent] did not have well-specified, relevant performance measures and targets for both the medium term and SSP [Statement of Service Performance] information. (Controller and Auditor-General, 2008, p. 21)

As noted in Chapter 1, with reference to mandated reporting requirements in the Norwegian (Modell, 2001) and American (de Lancer Julnes and Holzer, 2001) public sectors, the extent to which the information reported for purposes of external accountability is applied to internal management functions also remains questionable.

v.) Public Service Capability and Culture

Concerns in relation to the maintenance of a body of suitably qualified and experienced managers and the maintenance of appropriate public service values were noted in the work of the State Sector Standards Board and in the Review of the Centre. A number of changes aimed at addressing these concerns were introduced in the State Sector Amendment Act 2004.

The original State Sector Act 1988 provided for a Senior Executive Service (SES) which was designed to promote some cohesion and co-operation among departments, to maintain a core pool of talented executives and, albeit indirectly, to contribute to the maintenance of relevant public service values. However, in practice, the Senior Executive Service faced a number of operational problems and received little support from departmental chief executives and "by 2000 the SES was moribund" (Scott, 2001). The 2004 amendment of the State Sector Act 1988 removed the relevant provisions and replaced them with a responsibility, shared

by the State Services Commissioner and departmental chief executives, to develop senior leadership and management capability in the public service. The Commissioner was also specifically tasked with providing advice on, and setting minimum standards for, the integrity and conduct of state sector employees. To assist in the discharge of this responsibility the Commissioner was given powers to conduct inspections and investigations, summon witnesses, obtain information, and enter premises.

It remains to be seen to what extent the legislative provisions can facilitate change to the ethos and culture of the public service. It may, in part, depend on how active the Commissioner is prepared to be. One initiative in that respect was the 2005 launch of the 'Development Goals for the State Sector'. This aimed to both define what the New Zealand State Sector should "look like in 2015" and annually report on progress towards that end (State Services Commission, 2005). By 2007 the Development Goals had been re-stated as follows:

- Employer of Choice: ensure the State Services is an employer of choice, attractive to high performers who are committed to service and the achievement of results.
- Networked State Services: use technology to transform the provision of services for New Zealanders.
- Value-for-Money State Services: use resources and powers in an efficient, appropriate and effective way.
- Coordinated State Agencies: ensure the total contribution of government agencies is greater than the sum of the parts.
- Accessible State Services: enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.

- **Trusted State Services:** strengthen trust in the State Services and reinforce the spirit of service.

However, while the language of these goals may have entered agencies' external accountability documents and the performance conversations of some public servants, since the change of Government in November 2008 the State Services Commission no longer formally reports on the progress of the Development Goals framework.

2009: Changes in Emphasis

In an environment of contracting economic activity, rising unemployment and reducing tax revenue, the New Zealand Government, like many others around the world, has been set new priorities for the management of the public sector. In particular, with an increased emphasis on cost efficiency, public service agencies are being asked to provide performance information to demonstrate how they are delivering "better, smarter public services for less" (Treasury, 2009a). As the Minister of Finance announced in respect of an initial 'value-for-money' exercise:

The scrutiny of existing baselines is not a one-off exercise. In future Budgets we will continue to seek to shift spending away from lower-priority areas. This will require a new way of working from the public sector and a focus on delivering better services with the same resources. (Treasury, 2009b)

The renewed emphasis on departmental accountability for outputs has been reinforced by the Government's introduction of an "enhanced reporting and monitoring regime" (CAB Min (09) 17/10) which requires each public service agency's (usually) quarterly reporting to its Minister against its Output Plan to be also provided to the Treasury and State Services Commission. Those latter agencies are then, bi-annually, to provide a consolidated report to the Cabinet Expenditure Control Committee which is itself to play a more active role in

monitoring agency performance against agreed “performance improvement actions” (PIAs).

2.6 Remaining Tensions

Despite, or perhaps because of, the ongoing changes described above, a number of issues, or what Pallot (2001) termed “perennial tensions”, remain within the public service management systems. These include:

- i) increased management autonomy and enhanced central control;
- ii) control, accountability and ‘real work’;
- iii) short term efficiency versus long term capacity; and
- iv) measuring the immeasurable.

Each of these is explained below.

i) Increased management autonomy and enhanced central control

Although the State Sector Act 1988 devolved increased autonomy in decision making to agency chief executives, departments are still required to provide performance information in conformance with the accountability regime by which the public service as a whole is managed. This regime is largely operated by the central agencies¹⁴ who also retain significant influence in decision-making processes relating to the structure and funding of individual agencies. Thus, while the reforms of the late 1980s gave departmental chief executives “unprecedented degrees of managerial freedom” (Scott, 2001, p.1), that freedom was not unencumbered and has been the subject of ongoing debate.

Norman (2003) has noted that the emphasis placed on central versus decentralised controls varies over time but “[t]he period since mid 2000 has been

¹⁴ See footnote 8.

one of increasing evidence of a pendulum swing away from the model of [decentralised] control adopted in the late 1980s" (p.209). This has involved central agencies playing an increased role in strategic coordination, management of the public service ethos, and maintenance of departmental capability (Scott, 2001). This more active role of the central agencies was reinforced when, in 2006, the former Government announced a series of departmental reviews aimed at improving performance and value for money within and across Votes (Mallard, 2006; Treasury, 2006). Although these reviews were conducted by the agencies concerned, they also involved active participation from the central agencies. When considering the proposal to undertake the reviews, the Cabinet also agreed that Ministers would "consider opportunities for central agencies to serve all Ministers, including Vote Ministers, further in improving performance" (Treasury, 2006, p.4).

In 2008, the Auditor-General's critical review of performance reporting in the public sector concluded that the central agencies should play a more active role in both setting and monitoring performance reporting standards. As noted above, in 2009 the new Government gave some form to this recommendation by requiring departments' (normally) quarterly reports to their Minister to also be provided to the Treasury and State Services Commission who are then to, biannually, prepare a consolidated review for the Cabinet Expenditure Control Committee.

Like the role played by the central agencies, that played by Ministers in managing departmental performance has also varied over time. The original (1980s) devolution of increased decision-making to departmental chief executives was linked to improvements in their accountability to Ministers for the outputs produced and an underlying assumption that politicians would concentrate on indirect steering of departmental performance by using output targets as a means

of control (Hood, 2002). In practice, outputs are not always easily defined and, when this is the case, politicians may resort to controlling inputs (Trebilcock, 1996). Alternatively, and more simply stated, politicians may, on occasion, wish to exercise more direct control than setting output targets allows, particularly when the outputs concerned are politically salient and/or are more significant in terms of the size of their budget (Pollitt, 2006).

ii) Control, accountability and 'real work'

The increased information requirements of the accountability regime created by the Public Finance Act 1989 and its 2004 amendment, has placed significant demands on the information systems of public service departments which, at least initially, many have not been able to meet. Departments' external accountability requirements include reporting output measures in their Statement of Service Performance, the costs of outputs and output classes, and their contributions to targeted outcomes. Since 2004 they have also been required to report on organisational health and capability. However, these requirements may have more to do with making the activities of departments visible to Ministers, Parliament and the public than with effectively supporting managerial decision-making within those organisations.

The possible disconnect between information required for external accountability and that required for management decisions is reflected in Power's (1997) observation that there has been an explosion in controls based on procedures for "making things auditable" which is associated with declining trust in traditional styles of professional regulation. As Hood *et al.* (1998) concluded from a two year study of British government: "internal regulation [is] in some ways moving in the opposite direction from operational management, as increased management discretion is balanced by more explicit and intrusive regulation" (p.65).

Hood (2002) has also pointed to the assumption, inherent within the New Public Management's thermostat-like model of information feedback,¹⁵ that the performance of public sector agencies is monitored by a relatively non-distorting information gathering regime with which managers comply. As observed in Chapter 1, that compliance with the reporting regime may have more to do with the need to demonstrate external legitimacy than reflecting or guiding management practice. Or, more simply, there is a risk that departments will regard the information required to support that regulation as divorced from their 'real work'. Interviews with a large number of New Zealand public service managers conducted by Norman in the late 1990s and early 2000s provided a "distinct impression" that "the rituals and routines of control operate at a level of abstraction. Participation in these rituals is a necessary process for securing financial resources, job preservation and patch protection" (Norman, 2003, p.220).

The simple thermostatic models of control that underpinned the initial reforms of New Zealand's public service have not fitted easily into its world of competing, and not always clear, objectives. Brignall and Modell (2000) have, therefore, suggested that loosely coupling, or decoupling, of external and internal accountability mechanisms may be a rational response to complex or competing objectives

¹⁵ The machine-like, thermostatic model is based on the idea of a preset goal and a feedback mechanism that signals any divergence from that goal and institutes corrective action to bring performance back in line with the goal. Hood (2002) notes: "the incentives and sanctions that operate to ensure that managers follow the goals set by politicians are like switches that turn the current to heating elements or exchangers on or off" (p.312).

iii.) Short term efficiency vs. longer term capacity

In New Zealand, a clear distinction has been drawn between the dual roles of Ministers as purchasers of departmental outputs and as owners of the organisational capacity that allow these outputs to be produced. However, the primary emphasis of the reforms of the late 1980s and early 1990s was on the purchase role (Schick, 1996; State Services Commission, 1998). The accompanying focus on increased efficiency in the production of public sector goods and services allowed little, if any, consideration to be given to the need to maintain organisational capacity and capability to produce goods and services in the future (Controller and Auditor-General, 1999). The resulting erosion of future productive capacity, in effect, represented an under-costing of current goods and services.

Whilst the Public Finance Amendment Act 2004 introduced a requirement for departments to report on organisational health and capability to perform its functions and conduct its operations effectively (s.40(d)(iii)), it remains to be seen to how well this occurs in practice. It also remains to be seen how consideration of the longer term requirements of departments will affect Ministers' funding decisions, particularly in an environment of renewed economic pressure and fiscal constraint.

iv) Measuring the immeasurable

As noted above, the rational logic of *ex ante* output specification and *ex post* performance measurement has not proved to be uniformly straightforward. Many of the functions retained in the core public service are there largely because they cannot be clearly specified in advance and subsequently monitored. If this had not been the case, they may well have been contracted out or corporatised. While defining and (quantitatively) measuring outputs has not always proved to be

straightforward, defining and measuring their contribution to government outcomes is even more problematic. The measurement of outcomes often requires a less quantitative and more values-based approach that involves the use of judgement in respect of the "performance story" (State Services Commission, 2008). The requirement of the 2004 legislative amendment to report on organisational health and capability introduces a further level of sophistication and a set of related reporting challenges.

With these unresolved tensions the New Zealand Model did not, and could not, represent a singular solution and model but rather a work in process that has continued to evolve.

2.7 Summary

This chapter has focused on the public sector reforms which commenced in New Zealand in the late 1980s and early 1990s. These reforms gave public service departments authority to source and allocate inputs (such as personnel, office accommodation and motor vehicles) and made them responsible for the provision of outputs (goods and services such as policy advice, the payment of social welfare benefits, or the management of prisons) which were agreed in formal, quasi-contractual documents. Ministers were responsible for selecting and 'purchasing' these outputs for a specified level of funding, either from these departments or, through the departments, from private or not-for-profit organisations, in order to achieve the desired outcomes (such as social development or a lower crime rate) for which they were, at least implicitly, responsible.

However, the performance measurement and management model introduced by the initial reforms has continued to evolve. Together with an increased focus on

chief executives' responsibilities in respect of the health and capability of their organisations, subsequent reforms have also placed more emphasis on the contributions of public service departments to the longer term outcomes desired by the Government. More recently, and in the context of the worst economic crisis for decades, the New Zealand Government has announced a campaign to establish "a more focused, efficient and productive public service" (Whitehead, 2009). This has heralded a swing in emphasis away from outcomes and effectiveness back towards outputs and economy and efficiency. It has also resulted in the central agencies (in particular the Treasury and State Services Commission) playing a more active role in the oversight of the performance of departments.

Despite the ongoing reforms, a number of perennial tensions remain. These tensions are reflected in continuing concerns about the extent to which there is adequate coordination between individual departments and recognition of the wider interests of government. The management of departmental performance in silos may be an inherent characteristic of a quasi-contractual model that narrows the focus of accountability to the deliverables for which individual agencies can be held accountable. Tensions are also evident in criticisms of the quality of both financial and non-financial performance information that plausibly results from the difficulty of defining performance in the objective terms conceived in the New Zealand model as initially created in the 1980s. Although some of the subsequent guidance material of the central agencies has recognised the benefit of a broader set of performance information based on values and judgement, such an approach does not fit comfortably with the calculation-based logic within the conceptual framework that underpinned the creation of the New Zealand Model.

The next chapter reviews the formal definitions of 'performance' and 'performance measurement' and discusses in greater depth their application in the context of the public service.

Chapter 3

PERFORMANCE MEASUREMENT AND MANAGEMENT IN THE CONTEXT OF THE NEW ZEALAND PUBLIC SERVICE

Performance is not a unitary concept, with an unambiguous meaning. Rather it must be viewed as a set of information about achievements of varying significance to different stakeholders. (Bovaid, 1996, p.147)

3.1 Introduction

In this chapter the meanings ascribed to the terms 'performance' and 'performance measurement' are further explored. The chapter first sets out the definitions of performance provided by dictionaries, generally accepted accounting practice (GAAP)¹⁶ and the *official* model of performance management in New Zealand's public service. It then considers the distinctive features of performance management in a public service context and describes two models which highlight the differing concepts of performance both between and within public service agencies.

3.2 Definitions of Performance

A formal definition of 'performance' is generally absent from the extensive literature on performance measurement and management. Nevertheless, some definitions are provided in dictionaries and in the literature of generally accepted

¹⁶ The preface to the New Zealand equivalents to International Financial Reporting Standards states:
In the case of state sector bodies and local authorities, the term 'generally accepted accounting practice' means:
(i) approved financial reporting standards, so far as those standards apply to the state sector body, local authority or council-controlled organisation; and
(ii) in relation to matters for which no provision is made in approved financial reporting standards and that are not subject to any applicable rule of law, accounting policies that are appropriate in relation to the state sector body, local authority or council-controlled organisation and have authoritative support within the accounting profession in New Zealand. (NZICA, 2009)

accounting practice. Guidance is also provided in a number of publications by central government agencies, both in New Zealand and elsewhere.

(i) Dictionary Definitions

The Oxford English Dictionary (2005) defines performance as:

The carrying out of a command, duty, purpose, promise, etc.; ... the accomplishment, execution, carrying out, working out of anything ordered or undertaken; the doing of any action or work; ... something performed or done; an action, act, deed, operation.

This definition indicates that 'performance' involves the undertaking of some form of command or predetermined action. A further element of the meaning of the term is provided by the Collins English Dictionary (2003) which defines 'performance' as:

1. the act, process or art of performing;
2. an artistic or dramatic production: *last night's performance was terrible*;
3. the manner or quality of functioning: *a machine's performance*;
4. *Inf.* Mode of conductor behaviour, esp when distasteful: *what did you mean by that performance at the restaurant?*

This brings within the meaning of the term 'performance' the notion of *how* an action or work is performed. Together these dictionary definitions support the suggestion of the Canadian Auditor-General that: "The concept of 'performance' requires a comparison of what was expected with what was achieved" (Mayne, 2003, p.1).

(ii) Generally Accepted Accounting Practice (GAAP)

Although New Zealand's Public Finance Act 1989 does not explicitly define performance, it requires each public service agency to provide details of future operating intentions (s.40) and a subsequent statement of actual service performance (s.45A), both of which are to be prepared in accordance with GAAP.

In New Zealand, GAAP principally encompasses financial reporting standards based on International Financial Reporting Standards (IFRS) that have been approved by the Accounting Standards Review Board.^{17, 18} In the absence of an applicable standard, GAAP allows for the application of standards approved by similar bodies in other countries such as the Australian Accounting Standards Board. Additionally, GAAP includes accounting practice widely accepted as appropriate and prevailing within the industry or sector concerned, and extends to the pronouncements of authoritative bodies such as the New Zealand Treasury and the Controller and Auditor-General as well as those of similar bodies overseas.

Whilst GAAP does not provide a specific definition of performance, it discusses the concept in three key documents, namely:

- *The New Zealand Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime* (the Framework) (NZICA, 2009);
- *The New Zealand Equivalent to International Accounting Standard (NZ IAS1): Presentation of Financial Statements* (NZICA, 2007a); and
- *Technical Practice Aid (TPA) 9: Service Performance Reporting* (NZICA, 2007b).

New Zealand GAAP principally equates performance with changes in the financial position of an entity. The Framework therefore provides the following definition of performance as: "... the relationship of the income and expenses of an entity, as

¹⁷ The Accounting Standards Review Board is an Independent Crown Entity established by the Financial Reporting Act 1993 to give direction as to accounting policies that have authoritative support within the accounting profession in New Zealand, and to review and approve financial reporting standards in New Zealand.

¹⁸ The applicability of these standards to New Zealand's public sector has recently been questioned by the Auditor-General who, in noting his concern, stated:

Taking standards created by the International Accounting Standards Board for one purpose (i.e. for application by large profit-orientated entities accessing capital markets) and using them for another purpose relies on relevant and appropriate changes being made to IFRS. Unfortunately there have been few changes and little guidance included in [New Zealand versions of IFRS] to assist public sector entities to apply the new standards. (Controller and Auditor-General, 2009a, p.6)

reported in the income statement" (NZICA, 2009, p.53). However, in relation to non-financial performance, NZ IAS1 notes that the elements of service performance are "inputs, outputs and outcomes" and states that, where relevant, each output should be described in terms of its quantity, quality, time, location and cost (NZICA, 2007a, p.55). A broader discussion of these concepts is left to TPA 9 which explains that "actual performance" is the results achieved measured against the performance targets or standards. Targets are defined as:

... the precise levels of performance that are to be delivered or achieved within the performance period (usually one year). Performance targets can be expressed as numbers, percentages or ratios, and/or point estimates or as a range. (NZICA, 2009b, p. 48)

More specifically, TPA 9 explains that the aim of government and other not-for-profit agencies is to improve the well-being of the community through delivering outputs. It states that agencies are accountable for outputs although contextual information should also be provided in respect of outcomes. In respect of outcomes, TPA 9 explains:

... for effective accountability to occur, it is important to distinguish responsibility for assessing outcomes, advising on outcomes and implementing changes to outputs to better achieve desired outcomes, from responsibility for the outcomes themselves. (p. 6)

It should be noted that the Framework, NZ IAS1 and TPA 9 principally focus on performance in the context of external accountability and, therefore, particularly in the case of TPA 9, adopt a perspective and language that reflects the separation of the roles of purchasers and providers of outputs. Little attention is given to other roles and perspectives such as those of owners (which, as is explained below, in a public sector context are generally not the same as purchasers), organisational members, service users, or the general public. The focus on outputs contained within these documents also reflects an instrumental rationality in which outputs

are readily definable and means-ends relationships between outputs and intended outcomes are able to be identified.

(iii) Guidance from Central Government Agencies

The New Zealand Model, as initially implemented in the late 1980s and early 1990s, did draw a distinction between the role of Ministers as purchasers of departmental goods and services and their dual role as owners of departmental tangible and intangible assets. However, the quasi-contractual underpinnings of that model placed significant emphasis on the former with a resultant focus on departmental accountability for outputs, although, it has subsequently been claimed, that was not the intention of those leading the reforms (Scott, 2001). Certainly the perceived failure of the New Zealand Model to adequately focus on accountability for outcomes led, between 2000 and 2008, to a new “managing for outcomes bargain” Baehler (2003, p.25) between Ministers and departmental chief executives.

In the same period the potential scope of departmental performance was widened further by the New Zealand Controller and Auditor-General who suggested that performance is a “comprehensive concept” (Controller and Auditor-General, 2002a, p.5) and stressed the need for a more comprehensive measurement framework. He indicated that such a framework encompasses:

- results, or what a public entity achieves in terms of outcomes;
- the specific goods and services produced (i.e. the outputs);
- how they are produced, in terms of the agency’s ethical standards and interaction with the public; and
- the cost incurred, including any diminution of the agency’s future capability.

The implication of the Auditor-General’s stance is that the performance of public sector agencies is to be considered, not only in terms of the economy and

efficiency of output delivery, but also in the light of less tangible factors such as the contribution of those outputs to broader outcomes, the manner or ethos with which outputs are produced, and the 'organisational capital' or ongoing capability of the agency to deliver them.

The State Services Commission (2004) further suggested that, in assessing agencies' performance, increased recognition should be given to how agencies interact and support joint contributions with other agencies, local government, community providers and communities. The Commissioner observed:

... many of the major objectives of government cannot be easily delivered by a single agency. ... This means delivering better results for New Zealanders will require government agencies to work together in many instances. (State Services Commission, 2004, p. 3)

However, as noted in the previous chapter, the vertical accountability arrangements which arise from, and reflect, simple Minister-chief executive relationships begin to break down when agencies share responsibility for achieving an objective or outcome. Recognising this, some characteristics of effective joint working and power sharing relationships (such as clarity of purpose, agreed and clear roles and responsibilities, and Ministerial support) were suggested by the State Services Commission, although how these might be achieved and monitored was not discussed.

A focus on outcomes and concepts of joint responsibility moves performance assessment and accountability away from notions of objective measurement towards ideas requiring interpretation. This has been noted as a concern by a number of commentators; for example, in a State Services Commission working paper Anderson and Dovey observed, in respect of the performance management of, and accountability arrangements for, outcomes:

One significant risk for MfO [Managing for Outcomes] is that the increased subjectivity associated with process and outcomes will blur accountability too much – that the ‘hard edge’ of out-based accountability will be replaced with waffle. (State Services Commission, 2003b, p.10)

This broadening of performance focus, together with its attendant challenges, is not unique to New Zealand. In the United Kingdom, for example, Public Service Agreements which set out “what the Government aims to achieve” have become increasingly focused on outcomes as part of a broader framework of outputs, processes and inputs (Comptroller & Auditor General, 2001). In Australia, the Australian Steering Committee for the Review of Government Performance (ASCRGP), which publishes annual reports on the comparative performance of State government agencies, has “a focus on outcomes” as a guiding principal (ASCRGP, 2005). In Australia, as in New Zealand, it is acknowledged that, given the range of factors that may impact on societal outcomes, attributing cause and effect poses significant problems. Nonetheless, given the underlying instrumental rationality of explicit means-ends relationships, the performance of individual agencies is still defined in terms of their *contribution towards* an outcome rather than overall *responsibility for* an outcome. In Canada, the Auditor General, similarly grappling with problems associated with defining and measuring outcomes, has suggested a more detailed analysis of outcomes in the context of a ‘results chain’. This links outputs to immediate outcomes (or the first level effects of these outputs), immediate outcomes to intermediate outcomes (which are defined as the benefits and changes resulting from the outputs), and intermediate outcomes to the ultimate outcomes (which represent the final or long term consequences of the outcomes) (Mayne, 2003, p.2).

The tension between agency performance defined and managed in terms of the specific deliverables associated with outputs, and the broader and longer term

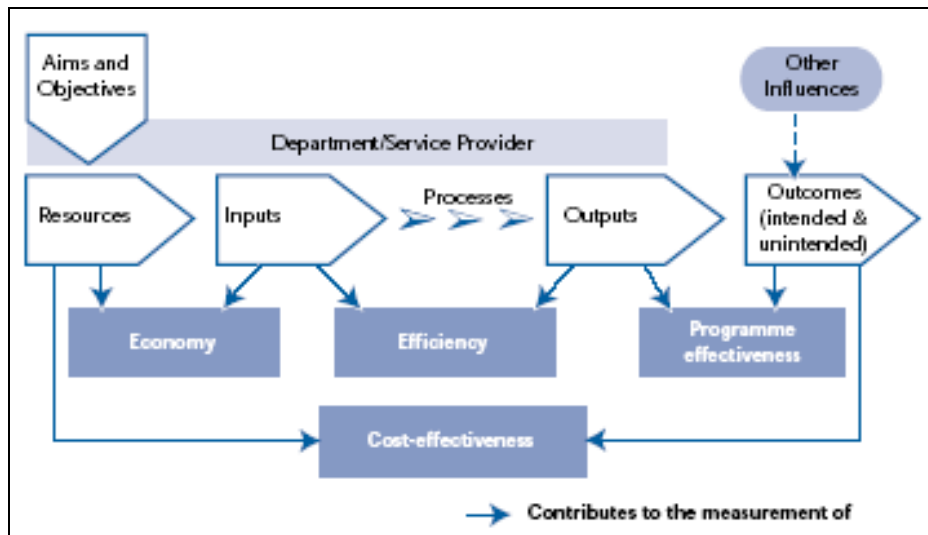
concepts of performance defined in terms of outcomes, has remained within the formal discourse associated with the *official* New Zealand Model of public sector performance management. In 2008, in the context of “the worst economic crisis the world has faced for 80 years” (Whitehead, 2009, p.1), the New Zealand’s newly elected Government swung the emphasis back towards outputs and the cost-effectiveness of their delivery. Following decisions to place caps on government expenditure and the size of the public service (CAB (09) 111), the Secretary to the Treasury suggested: “at times we’ve hidden behind the focus on outcomes to be less rigorous on output performance than we should” (Whitehead, 2009, p.1).

While the debate around outputs and outcomes has largely focused on the economy, efficiency and effectiveness with which public services are delivered, some consideration has been given to a wider set of performance criteria. In the United Kingdom, the Comptroller & Auditor General (2001) has proposed a broader framework for measuring and reporting public sector performance. This specifies four criteria for evaluating performance, namely:

- *economy* - how funding is used to provide inputs to the agency’s processes;
- *efficiency* - the relationship between the use of those inputs and the agency’s outputs. (The Australian Steering Committee for the Review of Government Performance (ASCRGP, 2005) has referred to this as *technical efficiency*);
- *cost effectiveness* - the relationship between resources or inputs and the outcomes that occur; and
- *programme effectiveness* - the relationship between outputs and outcomes (whether those outcomes are intended or unintended). (The Australian Steering Committee (ASCRGP, 2005) describe this as the relationship between programme or service objectives and outcomes).

These four criteria, and their relationships to resources, inputs, outputs and outcomes, are presented diagrammatically as follows.

Figure 3.1: Measuring the Performance of Public Service Agencies



Source: Comptroller and Auditor General, (2001, p.2)

The Australian Steering Committee (ASCRGP, 2005) added a further criterion to performance measurement by separately identifying the importance of measuring equity in service provision. Focusing on *how* (rather than *what*) goods and services are delivered, equity is seen to encompass both:

- *horizontal equity*, which refers to services that are made available to everyone in the community without restriction (for example, police services); and
- *vertical equity*, which recognises the special needs of some groups within the community and adjusts aspects of service provision accordingly (for example, welfare services).

The former is defined as “the equal treatment of equals” and the latter as “the unequal but equitable treatment of unequals” (ASCRGP, 2005, p. 115). In part, the significance of this criterion for performance management is its recognition that equity may be achieved at the cost of efficiency in service delivery. However, it should also be noted that the idea of equity (or, as it is on occasion termed,

'fairness') does not sit comfortably with the instrumental rationality of institutional economics. Rather, it reflects a more substantive rationality that employs values-based judgements.

3.3 Performance Management in the Public Service Context

In practice, measurement of the economy and efficiency of service provision has proved easier than measurement of cost and programme effectiveness and equity and, as a consequence, economy and efficiency have been the principal focus of performance measures reported by public service agencies. To report on broader issues such as effectiveness and equity agencies require a more comprehensive and complex set of information on the societal impacts of their activities.

The requirements of this comprehensive and complex set of performance information also do not fit easily in public service agencies where performance management models developed in a private sector context have been applied. In New Zealand, the State Owned Enterprises Act 1986 corporatized a number of State owned trading entities, such as the Post Office and the State Insurance Office, and required them to operate profitably in a manner similar to private sector organisations. This conversion of public sector agencies into commercially orientated organisations provided some, at times, dramatic improvements to the economy and efficiency with which their goods and services were produced (Boston *et al.*, 1996; Scott, Ball & Dale, 1999; Scott, 2001). This encouraged Ministers and their advisors to seek similar improvements in the economy and efficiency of the agencies that comprise the core public service.¹⁹ While, at a micro level, managers in the public service may do similar things to their private sector counterparts, at a macro level the tasks undertaken, and the decisions made,

¹⁹ Stan Roger, the then Minister of State Services, was quoted as stating in respect of the State Owned Enterprises Act (1986): "given the freedom to run their business on a profit motivated but highly accountable basis, many in those organisations are finding a new lease of life. The State Sector Act will have the same effect on the public service as a whole and those who work within it." (*Evening Post*, 30 March, 1988).

display some significantly different characteristics. To understand the distinctive characteristics of management within the public service it is helpful to adopt what Metcalf (1993) has referred to as a *focus*, as opposed to a *locus*, approach: instead of distinguishing between the private and public sectors (i.e. *where*, in terms of the sector in which an organisation is situated), it is more helpful to focus on what is done (i.e. *what* is the nature of the functions being performed).

In a similar vein, Alford (1993) has argued that, while both the private and the public sectors are concerned with the production of goods and services of value to those within their environment, the production process in the two sectors differs in four key ways. Specifically in the public sector it has:

- (i) broader objectives,
- (ii) a more complex environment,
- (iii) more diverse resources, and
- (iv) different productive capabilities.

Two further distinguishing characteristics of public, as compared to private, entities may also be identified, namely:

- (v) goods and services of a different nature are produced, and
- (vi) different mechanisms of accountability apply.

Each of these factors is discussed below.

(i) Broader Objectives

Alford described the private sector production process in terms of financing and reward; that is, obtaining money from customers and investors in return for the provision of perceived value. He noted that private sector objectives are generally stated in quantifiable terms such as profit, return on assets employed (or equity) and/or market share. However, in much of the public sector, and especially in the public service, money is provided as a result of rationing decisions made by those in authority (i.e. the Government) in the context of, often non-quantifiable, value-

based criteria. Unlike the private sector, the public service produces goods and services which are associated with non-market, as well as market, values. These non-market values relate to social objectives and involve more substantive issues such as equity, impartiality, and participation; they are not measured in monetary or market terms and, as noted below, may be implicitly included in decision-making processes rather than being explicitly measured and evaluated. Alford also observed that the mechanisms employed to achieve public sector objectives are frequently concerned with the explicit redistribution of resources or wealth and are based on criteria which differ from those implicitly embodied within the market mechanisms used by private sector organisations.

However, while the objectives of public sector organisations, particularly in the core public service, may be broader than those in private sector entities, the mechanisms used to achieve them are also often more clearly prescribed, generally by legislation. For example, most government departments have specific legislation governing the scope and nature of their activities. More broadly, pursuant to the New Zealand Public Finance Act 1989, Parliament provides funding Ministers, and thence to the chief executives of public service agencies, for reasonably specific purposes which are defined in the Estimates documents and, without prior approval, that funding may not be used for any other purpose. These chief executives may not raise money from investors or from customers by means of creative pricing policies, nor may they use their funding as they believe most appropriate within their organisation or, through reinvestment, in other organisations. Given these restrictions, information in respect of the scope of organisational activities plays an important role in monitoring and managing the performance of public service agencies.

(ii) A More Complex Environment

Alford also suggested that the environment in which public service goods and services are produced is much more complex than the private sector business environment in terms of both the relationships with others involved in achieving the same objectives and the range of stakeholders to whom public service agencies are accountable. In the private sector, clients and customers participate in market-based transactions that are distinguished by their voluntary nature and the existence of an exchange. In the public service, not only are these characteristics often missing but managers also have a responsibility to the general public that goes beyond that of private sector managers to their customers or clients. In this regard McGuire (1997) observed:

The relationship between customers who pay for public services, providers who deliver public services, clients who co-produce and directly consume public services and citizens who indirectly fund and benefit from public services is far more complex than the relationships between customers, providers and consumers of private services.
(p.112)

Mintzberg (1996) similarly described a spectrum of relationships that extends from the rights of customers and clients to the reciprocal obligations of citizens and subjects.

The complexity of the public sector environment is further complicated by the redistributive processes referred to in relation to the broader objectives of public sector agencies [see (i) above]. Every alternative deployment of public resources to one group will have a different impact on other elements of the public and this must be taken into account when making an allocation, particularly when such groups are structured into cohesive interest groups. Government processes associated with protecting or managing natural resources provide an example of where the interests of different stakeholder groups may come into conflict as decisions to resolve one issue rarely have a neutral impact on all stakeholders.

For example, a government decision to reduce water-borne nitrogen levels caused by run off from agricultural land that are polluting and damaging life in a lake, and thereby threatening an important recreational fishery, could require changes that may limit the permissible activities of farmers and reduce their profitability but would benefit recreational fishers and the local tourist industry.

Thus, in public service organisations, decision-making takes place in a complex environment of competing, but plausibly valid, values and objectives. Different groups in society may have different views, and place different emphases, on how and where services are (or should be) delivered, or, for example, the extent to which equitable delivery of services should compromise cost-effectiveness.

(iii) More Diverse Resources

In addition to the broader objectives and the complex environment which characterise public sector entities, Alford (1993) pointed to the use of more diverse resources in public, compared to private, sector production processes. These include not only economic resources similar to the revenue or investment returns provided to private sector organisations but also the use of broad powers such as the coercive power of the State. Thus, in the public service, departments may acquire property by compulsory purchase or remove or detain people against their, or their guardians', will. Just as economic resources have a cost, the exercise of public power has costs or side effects that arise from the nature of its use. As McGuire (1997) observes:

The task of public sector managers is thus to maximise benefits to the public while minimising resource costs - not only dollar costs but also the costs of using public power. (p.140)

In relation to resources, it is pertinent to note Martin's (1994) observation that, in the public sector, resource availability is a more significant issue than in the

private sector as it is frequently constrained by the fiscal policies of Governments. Indeed, as Bower (1977) noted, whereas private sector business strategy is frequently characterised by the application of massive resources to limited objectives, for a public service agency: "strategy might be called the art of the imperfect – the application of limited resources to massive objectives" (p.135).

(iv) Different Productive Capabilities

The fourth difference in the production processes of public, compared to private, sector entities identified by Alford (1993) is the public sector's use of a more sophisticated range of productive capabilities. These encompass not just the resources within the organisation (such as labour, equipment, etc.) but also the external resources of other organisations. For example, in order to prevent child abuse and to manage the wellbeing of children and young people, New Zealand's child welfare agency, Child, Youth and Family Services, works closely with other government and non-government organisations such as schools, local medical centres and community providers of welfare services. The way in which the public sector functions across a range of organisations, rather than in terms of individual entities pursuing their own objectives, was also identified by Metcalfe (1993) who suggested:

If management in general is about getting things done through other people, public management is getting things done through other organisations. (p.296)

As was noted in the previous chapter, New Zealand's public sector reforms of the late 1980s and early 1990s were subsequently criticised for creating structures that separated individual departments with little incentive to work with other organisations towards the wider interests of government. However, it is apparent that considerably more emphasis is now placed on how departments and their managers develop relationships and work with other organisations. In this respect it is notable that feedback from departmental chief executives' peers now plays a

significant role in their annual performance assessment by their employer – the State Services Commissioner.

(v) *Different Goods and Services*

While Alford focused on differences in the production processes of public and private sector entities, public service entities may also be distinguished from other public and private sector organisations by the nature of the goods and services they produce.

A key result of New Zealand’s public sector reforms is a significant reduction in the range of goods and services that remain to be produced by the core public service. In cases where goods and services, and their related production processes, can be defined in advance and subsequently monitored, their provision has been easier to privatise, corporatise or outsource (as applies, for example, to the provision of postal and insurance services). The goods and services that remain to be produced by the public service are generally less easily defined in advance and subsequently monitored and, as a consequence, give rise to a range of challenges as to how they are measured and managed. In areas such as child welfare or policing, for example, it is both difficult to pre-define the work to be undertaken in any detail, or to directly equate that work with the results achieved. These challenges are explored further below.

Public sector goods and services also include those for which there is an element of market failure in that their delivery involves the provision of economic externalities (that is, costs and/or benefits that are unintentionally or unavoidably imposed on, or acquired by, third parties). More particularly, public goods²⁰ such as policing or street lighting are likely to be either under-produced or not produced

²⁰A public good is defined as one that is either non-rival, in that its consumption by one person does not prevent someone else from consuming it, or non-excludable, in that it is particularly difficult or costly to exclude the consumption of the good by others (Victorio, 1995, p.54).

if left to the private sector and individual responses to market mechanisms. Nonetheless, such goods and services have a value to society as a whole and so governments are prepared to purchase them. However, the quantum of that value and the question of how much is appropriate for them to purchase remain issues of debate.

(vi) Different Accountability Mechanisms

At the same time as public sector reforms have reduced the range of the goods and services produced by public service agencies, public expectations and scrutiny of those agencies has become far more intense than formerly and may well exceed that of consumers and the media of private sector organisations. In a public sector setting, that scrutiny is part of a broad accountability framework that is central to the model of devolved management responsibility provided by the New Public Management. In an organisational context, accountability requires those in a subordinate position to give an account of their activities, and the results of those activities, to those in a superior position; in a public sector context the hierarchy of accountability includes managers, chief executives, Government Ministers, elected Members of Parliament, and the general public.

Each of New Zealand's public service agencies is also subject to oversight from other government agencies, such as the Treasury, the State Services Commission and policy departments such as Te Puni Kōkiri (the Ministry of Maori Development) specifically charged with oversight of public sector service delivery. Oversight also routinely occurs by parliamentary select committees, the press and (particularly where levies or user charges recover some departmental costs, as is the case for the Ministry of Fisheries) from consultation with affected groups in society such as industry groups or resource users. Additionally, recent changes to the legislative framework governing the New Zealand public service (especially those introduced by the Public Finance Amendment Act 2004) have placed more stringent

requirements on public service agencies to report, in some detail, both their future operating intentions and their actual performance.

However, in what is a risk adverse environment, this oversight of public service agencies frequently focuses on the management of functional and behavioural boundaries (i.e. what activities are allowed to be undertaken and how they should be performed) and, thereby, on the avoidance of unforeseen problems (i.e. no surprises). It pays much less attention to the recognition or celebration of success. Ingraham (2005) observed that the nature of the accountability regime surrounding public agencies is such that “we judge [their] performance by failure, and not by success” (p.391). She argues that the public takes for granted what government agencies do really well and that good management is frequently associated with “averting crisis, preferably in a way that no one ever knows about” (p. 394).

Boston *et al.* (1996) note that, within the public service, the absence of a market as a resource allocation mechanism results in the general absence of clear links between the level of an organisation’s performance and the level of funding it receives. As a result, the incentives for, and resultant focus on, efficiency is far greater than on effectiveness. However, Allison (1982) suggested that, without external market stimuli, even the drive for efficiency is less acute in the public, than in the private, sector.²¹ The absence of a (practical) market often removes external competitive benchmarks against which the efficiency of public service organisations may be compared, although surrogates or overseas organisations may be used for this purpose. This may be illustrated, for example, by the introduction of quasi-markets in the health and education sectors of the United Kingdom and New Zealand.

²¹As is explained the previous chapter, in New Zealand, initiatives and legislative changes associated with ‘managing for outcomes’ attempted to address this issue. The extent of their success remains a matter of debate (see Gill, 2008).

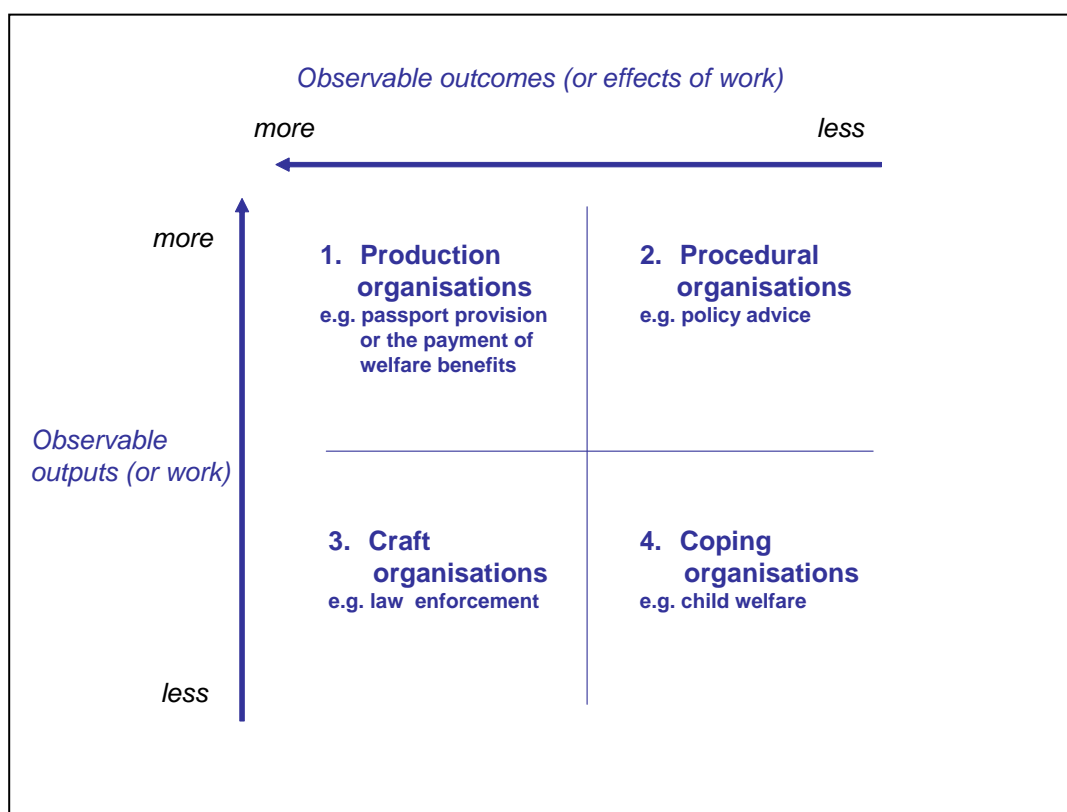
3.4 Conceptual Discrimination between Models of Public Sector Performance

Whilst public sector performance is often presented as the objectively measured result of rational activity, in practice the causes and character of performance may be less evident. Indeed where outcomes are the focus of performance measurement and management they may not be readily identifiable and are frequently likely to be the result of a range of factors (both planned and unplanned) rather than the efforts of a single function or agency. At a lower level, even the definition of contributing outputs may require some "conceptual discrimination" (Gregory, 1995b) if a realistic and practically useful description of performance is to be achieved. Two models which adopt a flexible approach to the definition of the performance of public sector organisations have been suggested. The first of these focuses on differences in the work undertaken and the effects of that work. The second focuses on the factors that differentiate that work. Both of these models are discussed below.

(i) Observable Work and Results

Recognising that different performance measures will be relevant to different organisations, the New Zealand Controller and Auditor-General (2002, p.53), amongst others (for example, Gregory, 1995b; Norman, 2003), has drawn on the work of Wilson (1989) to distinguish between different types of public agencies. Wilson suggested that it is possible to distinguish between different public sector organisations based on the extent to which (i) outputs (in this context Wilson is referring to the work done) and (ii) outcomes (the effect or results of that work), can be defined in advance and subsequently monitored. Based on this proposition, Wilson identified four types of organisation that are represented in a 2 by 2 matrix. This is shown in Figure 3.2 and described below.

Figure 3.2: Wilson's Organisational Types



Source: adapted from Gregory (1995b)

1. Production Organisations

According to Wilson, "production organisations" are characterised by the ability to define and observe both the work done and its effects. This applies, for example, in the issuing of passports by the Department of Internal Affairs. In such organisations, the definition and measurement of work done, i.e. outputs, is relatively straightforward. However, the Auditor-General suggested that the performance of these organisations should also be defined and measured in terms of progress towards outcomes. But outcomes frequently have long lead times and are the result of factors other than the contribution of an individual agency. Further, as the Auditor-General remarked, society and governments do not, in effect, achieve outcomes; rather they are the subject of continuous adjustment as priorities and conditions change. He therefore suggested that performance measurement should focus on "intermediate outcomes"

that are results, or indicators of results, which can be measured over the short term (for example, a three year period corresponding with New Zealand's election cycle) and which "show the extent of progress in the desired direction". (Controller and Auditor-General, 2002, p.27).

2. *Procedural Organisations*

"Procedural organisations" are those in which the work done but not its effects is observable. Such characteristics are evident, for example, in the policy advice functions of the Ministry of Women's Affairs. The Auditor-General contended that in such organisations performance will tend to be conceptualised and managed in terms of how closely the work done conforms with 'due process'. It follows that, in such entities, performance measures are likely to focus on process related metrics such as the time taken to complete a task or whether all steps in the due process were completed.

3. *Craft Organisations*

In "craft organisations" the results of work done, but not the work itself, are observable. This applies, for example, in the case of the investigation activities of the New Zealand Customs Service and the environmental protection work of the Department of Conservation. The Auditor-General suggested that, in such organisations, performance will tend to be defined in terms of particular goals. Performance measurement will therefore be concerned with the progress towards, or completion of, particular pieces of work such as elements of an annual work programme. However, Wilson (1989) suggested that, given the difficulties in measuring outcomes (discussed above), "craft organisations" are unlikely to rely on goal-oriented management alone. Rather, they will tend to place strong

emphasis on the professional and ethical standards by which goals are achieved.

4. *Coping Organisations*

The fourth group of agencies identified by Wilson (1989) are referred to as "coping organisations". They are characterised by an inability to observe either the work done or the results of that work. An example is afforded by the social work undertaken by Child, Youth and Family Services which usually takes place away from the office environment and for which the results, in terms of the outcomes for children and young people, can only be determined at some indeterminate time in the future, often many years hence. For "coping organisations" measuring performance poses distinct problems. The Auditor-General suggested that, for such organisations: "there may be few or no objective, readily observed measures [that are] appropriate" (Controller and Auditor General, 2002, p.53). Wilson (1989) observed there is a risk that performance will be defined in terms of factors that are easily measured but what is measured may not adequately represent the entity's activities. Gregory (1995a) went further to state that, in such environments, a concern to be able to 'give an account' of performance: "creates strong incentives for managers and operators to collaborate in constructing a body of 'artifactual' knowledge [which] becomes, in effect, the agency's own officially created reality" (p.63). An alternative suggestion by Trebilcock (1995) is that, where outputs are difficult to observe and measure, managers will inevitably be driven back to the management of inputs.

(ii) The Nature of the Work

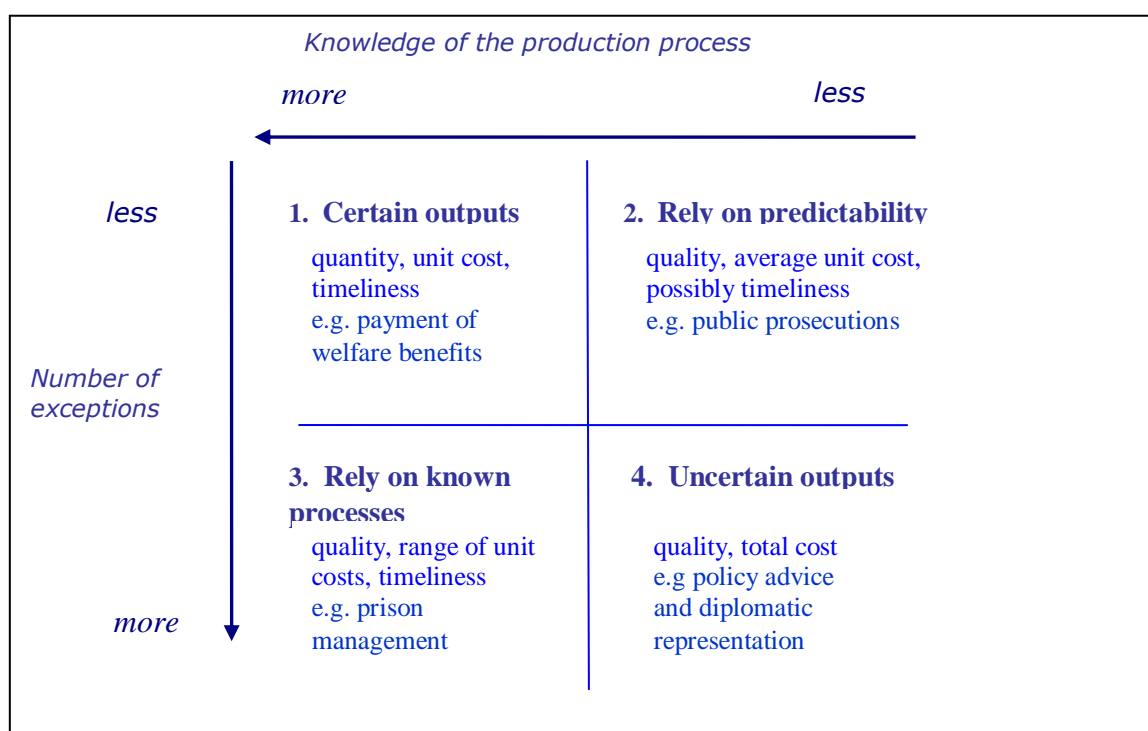
A similar approach to identifying and measuring performance based on the nature of the work undertaken, has been proposed by the Organisation for Economic

Cooperation and Development (OECD, 2000). The OECD suggested that outputs may be more or less easily defined and measured depending on the following two factors:

- *knowledge of the production process* - how well the production process is known and can be defined in advance and consistently followed; and
- *the number of exceptions* - to the standard output, i.e. the ability to predict the detailed characteristics of each unit of output.

As is the case with Wilson’s recognition of more or less observable outputs and outcomes, the OECD’s two factors also give rise to a 2 by 2 matrix. This is presented in Figure 3.3 and explained below.

Figure 3.3: Ability to Measure Outputs



Source: adapted from OECD (2000)

1. Certain Outputs

Quadrant 1 represents outputs that can be produced with certainty. The production process is well defined and there are few exceptions to the

standard output. An example is provided by the payment of welfare benefits by the Ministry of Social Development. The OECD suggests that in such cases performance criteria will focus on quantity, unit cost and timeliness of output delivery.

2. *Reliance on Predictability*

Quadrant 2 represents the situation in which production processes are not well articulated but outputs are relatively standardised and few exceptions occur. An example is provided by public prosecutions undertaken by the Ministry of Justice. Where this situation exists, management will rely on the predictability of outputs and performance criteria will focus on quality, average unit cost and possibly timeliness of output delivery.

3. *Reliance on Known Processes*

In quadrant 3 outputs have known and clearly defined processes but considerable variability occurs across units produced. This is the case, for example, with prison management and fisheries patrol and surveillance. In these situations management will rely on known processes and procedural forms of control and performance will be defined in terms of adherence to procedural standards, quality, the range of unit costs, and timeliness.

4. *Uncertain Outputs*

In quadrant 4, production processes are not well established and articulated and there is considerable variability between units of outputs (for example, policy advice and diplomatic representation). In such cases it is difficult to both specify in advance, and subsequently monitor, performance. Under these conditions management will tend to focus on factors such as total cost and quality as defined by externally referenced professional standards.

As the authors of both of these models acknowledge, their distinctions are broadly representative rather than specifically applicable to individual agencies. However, the models do present a strong argument for a more sensitive approach to what is being measured, both between individual agencies and between the varying functions within individual agencies. Measuring the performance of public sector organisations is often difficult, either because of the complexities of the activities involved or because of the range of extraneous factors that may be involved in the accomplishment of organisational goals. In the context of complex environments and imperfect information, measurement mechanisms that use calculation orientated models of rational cause and effect may need to be supplemented with a more substantive rationality that employs more subjective forms of information such as narrative. Mayne (1999) has suggested that it is necessary to recognise the limits of measurement and the need to accept a level of uncertainty as, “[m]easurement in the public sector is less about precision and more about increasing understanding and knowledge” (p.5).

3.5 Summary

This chapter explored the meaning of the terms ‘performance’ and ‘performance measurement’ in the context of the public service. Performance is broadly defined as how some pre-defined task or action is undertaken and with what results. Both the ‘how’ and the ‘results’ may be evaluated against a number of different criteria that extend beyond what Pollitt (1986) has referred to as “that triumvirate of virtue: economy, efficiency and effectiveness”, to also encompass the equity of service provision and the extent to which organisational capital is maintained, enhanced or eroded.

A review of GAAP and the guidance material associated with the *official* New Zealand Model of public sector management was presented and showed that this

largely focuses on performance in relation to the external accountability requirements of public sector organisations and the interests of Ministers as purchasers of departmental outputs. This is based on an economic rationality that is concerned with the most efficient mapping of means to desired ends. Performance is then: "judged in relation to consequences as compared with other alternative courses of action" (Townley, 2008, p26). While the focus of the *official* model has broadened from its original emphasis on the responsibility of individual departments for outputs, in the context of economic recession and declining government revenues the New Zealand government, like many governments elsewhere, have more recently placed revised emphasis on the economy and efficiency of output delivery.

To explore the distinctive features of performance measurement and management in a public service context, and within individual public service organisations, it is necessary to adopt a *focus* rather than a *locus* based approach. It is then possible to identify the varying characteristics by which the production processes, goods and services (outputs), and accountability mechanisms of public sector organisations differ from those of private sector organisations. Although broadly descriptive rather than specifically applicable, the models suggested by Wilson (1989) and the OECD (2000) provide strong arguments in favour of the complex and distinctive nature of performance management in a public service context.

The next chapter explains that, although influential in shaping the official New Zealand Model for management *of* the public sector, the theories drawn from institutional economics and ideas borrowed from private sector management provide a limited insight into performance management *within* individual organisations. An alternative theoretical approach is therefore proposed.

Chapter 4

THEORETICAL UNDERPINNINGS OF THE RESEARCH

The world is not a fixed, solid array of objects, out there, for it cannot be fully separated from our perception of it. It shifts under our gaze, it interacts with us, and the knowledge that it yields has to be interpreted by us. There is no way of exchanging information that does not demand an act of judgement. (Bronowski, 1973, p.364)

4.1 Introduction

This chapter first outlines the reasons why the theories and ideas that underpin the official New Zealand Model of public sector management do not adequately explain performance management practices within individual public service agencies. An alternative theoretical approach is then proposed based on new institutional sociology and the notion of organisational sensemaking, which overcomes the evident deficiencies in the application of the extant theories and ideas to performance measurement and management practices.

4.2 Institutional Economics and Managerialism and Performance Management Practices in the Public Sector

Research into, and understanding of, organisational performance management practices involves a set of assumptions and theories about how organisations, and the individuals within them, work. The assumptions and theories that underpinned the reforms that shaped the New Zealand Model were outlined in Chapter 2. While these theories and ideas formed an explanatory and normative logic for those devising and implementing the public sector reforms of the late 1980s and early 1990s, their role should not be overstated. Even in New Zealand, which has been applauded for the theoretical consistency of its reforms (Hood, 1990b), one of the officials closely involved with their development and

implementation has noted that politicians instituted the reforms for practical reasons such as economic pressures and growth in consumer awareness and expectations (Scott, 2001). Boston (1996) has also suggested that, "despite the clear conceptual linkages between the major reforms", they did not emerge in any predefined manner. Rather, they were sequentially developed as a result of "a continuous process of debate and refinement, evaluation and modification" (p.117).

It has also been argued that the theories and ideas underpinning the reforms, together with their related rhetoric, came to assume a life of their own, at times independent of the reality of organisational practice (Pollitt, 2001). In introducing the logic by which an espoused set of ideas provide legitimacy to the existence and activities of organisations, DiMaggio and Powell (1991) noted;

Administrators and politicians champion programs that are established but not implemented; managers gather information assiduously but fail to analyze it; experts are hired not for advice but to signal legitimacy. (p.3)

Pollitt (2001) similarly pointed to how language (i.e. the particular words and concepts employed in communications) helps define and reinforce communities of interest. In respect of the spread of the New Public Management, he suggested:

... convergence, in the sense of replication of rhetoric, forms and practices across the world, may have more to do with government fashions, symbolism and the propagation of norms than with the grim dictates of the global economy or the functional necessity for increased efficiency. (p.934)

Thus it seems that the ideas contained within the New Public Management have assumed a normative significance that has served to justify changes to the structure and to the funding of public service organisations but which may not always have been absorbed into operational decision-making. To the extent that this normative framework supports a model of performance measurement and management that is disconnected from the decision-making practices of

operational managers, it is pertinent to explain why these theories and ideas do not explain managerial practice.

The institutional economics of public choice theory, transaction cost economics and agency theory, is premised on a view of humans as rational, self-interested utility maximisers. As theoretical frameworks which explain performance measurement and management practices within an organisational setting they fall short for at least the following four reasons:

- i) the validity of more than one perspective of what represents performance is not recognised;
- ii) people are subject to more than just economic motives;
- iii) performance information serves purposes other than accountability and control; and;
- iv) performance is considered to be an objective reality.

Each of these reasons is discussed below.

(i) Multiple perspectives on performance

A singular view of performance poses problems in an organisational setting in which the, often divergent, roles and interests of different stakeholders are recognised. Particularly in the context of the public service, there is no "one party who is common to all the contracts of the joint inputs" (Alchian & Demsetz, 1972); rather, public servants tend to serve as "partial agents" for a range of principals (Boston *et al.*, 1996). In New Zealand these principals include a Vote Minister, a Responsible Minister,²² Cabinet, Parliament, and the State Services Commissioner

²² As the Treasury (1996) has explained:

A *Vote Minister* seeks appropriation from Parliament to purchase classes of outputs produced by a department or other supplier, or otherwise to incur expenses, for example, for social welfare benefits. The Minister is, in this role, requesting Parliament to vote resources. Each department has a *Responsible Minister* who agrees specific ownership priorities with the chief executive. The Responsible Minister, on behalf of the Government and the people of New Zealand, represents the owner of the capital invested in the department. Responsible Ministers are concerned with ownership performance in relation to departments, whereas Vote Ministers are concerned with the purchase of outputs through votes administered by departments. Frequently the Vote Minister will also be the Responsible Minister. (p.16)

as well as parties outside the public sector such as professional bodies, community groups and the public in general. Within individual organisations there will also exist differing and competing professional, functional or geographic perspectives on what represents good and bad performance. A theoretical framework which can adequately explain performance management in the public service therefore needs to take account of the different external and internal perspectives of performance that shape the beliefs and behaviours of the actors involved.

(ii) More than just economic motives

The premise that rational self-interest dominates human behaviour is subject to question. As Boston *et al.* (1996) have noted, human beings “are not merely economic beings, but also political, cultural and moral beings”. As such the actions, motivations and interpretive mechanisms of public service managers (like others) will be shaped by a range of factors other than self interest. Public choice theory, transaction cost economics and agency theory pay little attention to these factors which nonetheless have, at least a modifying, influence on opportunistic or self-interested behaviour.

In particular, performance management frameworks that reflect governance systems based on formal contractual models, inherently assume lower levels of trust than those associated with relational or more informal agreements. Indeed, their potential to reinforce behaviours based on lower levels of trust and commitment has led to a search for a more comprehensive model for measuring and managing the activities of organisational members (see, for example, Gregory, 1995a; Yeatman, 1995).

More simply, the assumed divergence of interest between principal and agent does not always exist as both parties may recognise and wish to achieve common goals (Cribb, 2005).

(iii) Purposes other than accountability and control

The central question that institutional economics in general brings to the performance measurement arena is how might performance measurement be used to more effectively monitor and control the activities of agents (be they employees, contracted providers, or funded agencies). However, performance measurement information may be used for a range of different purposes which include the following:

- Accountability – performance measures may be used to provide assurance to more senior managers and external stakeholders that elements within the organisation are, or the organisation as a whole is, engaging in legitimate activities and meeting the required standards.
- Direction Setting – performance measures may be defined as standards against which actual performance can be measured and which can signal what is important. Henri (2006) refers to this purpose as “attention focusing” in as much as top management use performance measures as cues to lower level managers as to what they should focus on. All performance measurement tends to impact behaviour because those whose performance is to be evaluated will focus on the matters that are to be measured and reported.
- Strategic Evaluation – performance measures relating to both the organisation and its broader environment may be used to shape and monitor strategy. Simons (1995) suggested that “interactive control systems” provide performance measurement information which enable managers to monitor and respond to their environment by changing strategies in a process of double loop learning (Argyris & Schon, 1978).

- Resource Planning and Allocation – performance information may be used to allow managers to identify resource requirements, make resource allocation decisions and monitor the efficiency of resource usage.
- Process Control – performance measurement may also be used to control routine process. Henri (2006) identified this purpose as “monitoring” by which a cybernetic logic involves the use of information for single loop learning (Argyris & Schon, 1978) in as much as a predefined process is monitored and managed within acceptable limits but the process itself is not changed.
- Performance Improvement – performance information may be used to benchmark and improve key processes or systems.

If it is acknowledged that the value of any performance information is associated with the relevance it has to a particular decision-making process, dangers exist to the extent that a given set of performance information is used for the wrong purpose. Institutional economics does not help to explain what these purposes are, how they arise, or what sustains them.

(iv) Performance is considered as an objective reality

The theoretical approaches that shaped New Zealand’s model of public sector management in the late 1980s and early 1990s reflect the measurement principles of scientific management whereby resources (inputs) and final goods and services (outputs) are viewed as being objectively defined and measured so as to control and optimise the economy and efficiency of each agency’s work. Performance is viewed as an objective reality that is able to be measured and managed through the use of scorecards, performance rankings, benchmarking, cost-benefit ratios, etc. In this world of measurement, “phenomena are turned into crisp facts and

figures, states of affairs can be assessed and comparisons with earlier, other, or imagined states of affairs can be made" (Noordegraaf, 2008).

However, this instrumental approach to the measurement and management of performance has been criticised by those who perceive the work of public sector managers as being less concerned with rational decision making and more an exercise in "muddling through" (Lindblom, 1955) or "management by groping along" (Behn 1988). While measurement and analytical techniques are not discounted they are given less emphasis in favour of the inclusion of other forms of knowledge such as previous experience and 'gut feeling'.

Hyndman and Eden (2001) also criticise the use of a "rational management model" to improve performance in the public sector on the grounds that:

- the expectation that management has the skill and time to operate such a model is misplaced;
- 'rationalist' models often over-emphasise quantitative performance measures at the expense of qualitative and strategic factors as elements of the decision-making process; and
- its tendency to ignore the political and cultural context in which decision making takes place.

Thomas (2008) has therefore suggested that a more intuitive approach is perhaps more rational than the 'rationalist' approaches since it more closely matches the conditions of decision-making in the real world.

In summary, while the ideas provided by the theories drawn from institutional economics provided a normative logic for the reform of New Zealand's public sector, that logic was better suited to a model for the management of the public sector than it is for management of the complexity of performance management *within* specific organisational settings.

4.3 Performance as a Social Construct

The functionalist paradigm (Jackson, 2003) on which the official New Zealand Model is based and which views performance as an objective reality, subject to *ex ante* specification and *ex post* measurement, contrasts with an interpretivist view of performance. The latter conceives performance as a socially constructed phenomenon that is subject to explanation on the basis of prior experience and current values and expectations. The socially constructed view of performance contends that, unlike tangible objects such as buildings and equipment, organisational performance does not exist independently of the rules or frameworks created by those who measure, monitor and manage it. Organisational performance is, therefore, seen as a product of social interaction and shared experience and cognitive frameworks.

Social constructionism is defined by Crotty (1998) as:

... the view that all knowledge, and therefore all meaningful reality as such, is contingent on human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essential social world. (p.42)

A social constructionist thus understands human knowledge as emerging from human interactions with the world and other people within the world. While that world, in an absolute sense, remains 'out there', truth or meaning does not; rather, meaning is created by different people in different ways depending on how they interact with the world and with each other. The meanings people give to the world and their interactions with it are neither consistent nor constant; they emerge as a consequence of ongoing interactions which vary between different groups of people and in different circumstances. They are dynamic, in that meanings are reinterpreted as new or changed experiences differ from those of the past and challenge existing sense-making frameworks. Social constructionism

is, therefore, also relativist in that it recognises that at different times, and in different places there have been, and are, very different interpretations of the same phenomenon (Crotty, 1998).

Following this approach it is proposed that the social construction of what constitutes organisational performance is embodied within three separate, but interlinked, measurement frameworks, namely:

- formally defined codes or rules (the *official* model);
- computer systems and other artefacts which themselves embody and represent a set of assumptions about reality (the *formal* models); and
- the differing practices or routines of groups within and outside of the organisation (the *in use* models).

Each of these frameworks contains and reflects a set of standards, norms and expectations that validate the perceived reality of organisational performance. Indeed, socially constructed reality (i.e. what is perceived and understood to occur) is determined with reference to a set of standards or expectations which are themselves valid only to the extent that they are understood and accepted. As Mouck (2004) observed in respect of financial reporting standards, once they are no longer accepted, because they no longer conform to, or explain, perceived reality, these standards are changed.

Searle (1995) has suggested that there is no privileged vocabulary for describing reality: "different and even incommensurable vocabularies can be constructed for describing different aspects of reality for our various different purposes" (p.155). Therefore, in an absolute sense, no one approach to performance measurement (be it contained in an *official*, *formal* or *in use* model) is any more valid than another; although it may sit more comfortably with a particular perspective. Quattrone (2000) argues that, from the viewpoint of a constructionist epistemology, "what is valid inside a system of knowledge is not/may not be valid

out of the context that binds the observer and his/her own observations" (p.141). He quotes Ceruti (1986) to suggest that the issue no longer seems to be "that of rendering homogeneous and consistent differing points of view; it becomes that of understanding how different points of view are reciprocally produced" (p.26).

To facilitate that understanding a number of theories from the substantial body of work contained within the literature on performance measurement and management may be drawn upon. However, given the epistemological approach outlined above, the relevant literature can be refined to include that based on new institutional sociology and the idea of organisational sensemaking. From this literature it is possible to identify prior research and a number of theories that better help to explain performance management practices in a public service context. These are summarised below.

4.4 Institutions and the Rationality of Control

Institutional sociology provides an insight into how management controls are shaped within differing organisational settings. This section explains the nature of institutional structures and how they shape and are shaped by the practices of organisational actors. It then describes how the institutional characteristics of a particular organisational setting may be understood.

Institutions Defined

An early definition of institutions was provided by Hughes (1939) who suggested: "institutions exist in the integrated and standardised behaviour of individuals" (p.319). Early writers in this field stressed that within organisations, institutional patterns, or standardised modes of action, are not simply the result of rational decision-makers' conscious efforts to maximise efficiency by securing coordination and control of work activities (Meyer & Rowan, 1991; Tolbert & Zucker, 1996); they also hold symbolic significance that may be unrelated to, or even counter-

productive to, organisational efficiency. Such symbolic significance is seen as providing legitimacy to the actions of the actors, thereby supporting the acquisition and/or retention of resources irrespective of whether such resource acquisition or retention is justified on grounds of efficiency and/or effectiveness. As DiMaggio and Powell (1983) explained, "organisations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as for economic fitness" (p.150).

Early institutional theorists assumed individuals experience institutions as objective, social facts that constrain and shape organisational structures and behaviours (Durkheim, 1901). They viewed the replication of institutions over time as being based on rules and supported by rewards and sanctions that reflect a broader (societal) structure of norms and values. However, more recently it has been recognised that institutions exist neither passively nor independently of organisations and individual actors. As Scott (2008) has suggested institutions (such as those comprising the New Zealand Model of public sector management) do not represent a monolithic framework "imposing homogenous requirements on passive organisations ... [rather they are] subject to interpretation, manipulation, revision and elaboration by those subject to them" (p. 430). Institutions are therefore: "both the medium and the outcome of the practices they recursively organise" (Giddens, 1984). From this viewpoint, institutions are also experienced subjectively as the products of human action by which they are created, reinforced and revised. This action is governed not only by attention to rules and the operation of norms but also by shared cognitive mechanisms and cultural frameworks.

Dillard, Rigsby and Goodman (2004) have noted that institutional theory provides "a way of thinking about formal organisational structures and the nature of the historically grounded social processes through which these structures develop"

(p.508). One such set of structures are the frameworks (*official, formal and in use*) within which organisational performance is defined, measured and managed. The content of these structures is likely to vary between organisational settings which may be dominated by technical, economic or physical factors that reward organisations for the efficiency and effectiveness with which they deliver goods and services. Alternatively, organisational structures that favour social, cultural, legal and/or political factors “reward organisations for conforming to values, norms, rules and beliefs upheld by social institutions” (Hatch & Cunliffe, 2006, p.86).

Many researchers and writers in the field of institutionalism have constructed ideas that largely focus on the level of the broad social, economic and political environment, the level of the organisational field, or the level of individual organisations (Burns & Scapens, 2000). Little attention has been paid to the intra-organisational level. As a result, the analysis of institutions has assumed a rather unitary perspective. Whilst Zilber (2002), amongst others, has observed that institutional meanings are a consequence of and medium for the use of power within organisations and it may thereby be appropriate to refer to a dominant logic, or view of reality, (Bettis & Prahalad, 1986), such a logic is only dominant, to a greater or lesser extent, amongst other logics. It is not an exclusive logic. As Morgan (1997) has observed:

In any organisation there may be many different and competing value systems that create a mosaic of organisational realities rather than a uniform corporate culture.
(p.137)

How Do Institutions Shape Management Controls?

Zilber (2002) has argued that institutions should be analysed as a non-automatic interplay of three inter-related yet separate components – actors, actions and meanings. Scott (2001 and 2008) has argued that these meanings represent

shared conceptions of the nature of social reality that are framed by the interplay of regulative, normative and cultural/cognitive mechanisms. He presents these mechanisms as “pillars” that support differing “underlying assumptions, mechanisms and indicators” and provide a framework to facilitate understanding of the social structures and interactions within which institutions are preserved or modified. In a given organisational context, the relative importance of each of these pillars varies on a continuum “from the conscious to the unconscious, from the legally enforced to the taken for granted” (Hoffman, 1997, p.36; quoted in Scott, 2001). They are explained as follows:

- The *regulative pillar* encompasses mechanisms that stress rule-setting, monitoring and sanctioning activities that range from informal, customary systems to highly formal and explicitly defined systems. Thus, Scott suggests, powerful actors may impose their will on others. They may, for example, provide rewards to induce compliance or, most frequently, they may use authority which legitimises coercive power through a normative framework that both supports and constrains the exercise of that power. From a regulative perspective, organisational actors achieve legitimacy by compliance with relevant laws and regulations. DiMaggio and Powell (1983) have suggested that this compliance occurs through processes of “coercive isomorphism” that are particularly prevalent in organisational environments with clearly defined legal and technical requirements. Such is the case in the New Zealand public service, where the measurement, management and reporting of organisational performance occurs not only in the context of the specific requirements of the Public Finance Act 1989 and generally accepted accounting practice (GAAP),²³ but also in response to the detailed reporting requirements of the New Zealand Treasury and, to

²³ As explained in Chapter 3, generally accepted accounting practice (GAAP) is the term used to define the standard framework of guidelines for financial and non-financial reporting.

a lesser extent, the State Services Commission. However, as noted in Chapter 1 and discussed further below, the implementation of externally mandated reporting frameworks does not always result in their being adopted within the organisation (McKevitt & Lawton, 1996; de Lancer Julnes & Holzer, 2001). Such performance measurement frameworks may thus be decoupled from those used to support decision-making within the organisation (Meyer & Rowan, 1977), even to the extent of setting up within the organisation specialist and largely autonomous units to manage the provision of information for externally mandated frameworks (as is the case in many of New Zealand's public service departments).

- The *normative pillar* is centred on social obligations that define both goals or objectives and the appropriate means by which they should be achieved. The mechanisms involved include both values and norms. Scott (2001) defines values as "conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behaviour can be compared or assessed" (p.54). Norms, on the other hand, specify how things should be done in this context, the "legitimate means to valued ends" (p.55). Scott also suggests that certain values and norms are only applicable to certain actors and thus become embodied in social functions or roles. This creates expectations among other actors and pressure, or at least influence, on the focal actor to conform to those expectations. Public servants, for example, are expected to act in an unbiased manner, provide free and frank advice to elected politicians and provide services equitably to the public.

Normative legitimacy is more likely to involve intrinsic as well as extrinsic rewards and, therefore, has a more internal basis than regulative controls.

- The *cultural-cognitive pillar* represents “shared conceptions that constitute the nature of social reality and the frames through which meaning is made” (Scott, 2001, p.57). Thus, the primary mechanisms are common beliefs and shared logics of action. DiMaggio and Powell (1991) note the importance of formal education processes, the role of professional networks that span organisational boundaries, and the “filtering” of personnel that occurs through employment processes as mechanisms that reinforce these common beliefs and logics of action. Weick (1995) suggests that such shared conceptions are often based on shared experience which then becomes a language or code for sensemaking of subsequent events. In this way, cultural and cognitively-based institutions are less a reflection of ‘what we do around here’ and more of ‘what we have done around here’. In a number of countries (including New Zealand), a consequence of the reforms which created the New Public Management (Hood, 1990a; Hood & Jackson, 1991) was the erosion of some of the shared beliefs and logics of action that had previously characterised public servants. This occurred as the boundaries between public and private sector management practices converged and career public servants were replaced with generic managers and staff whose careers might span both the public and private sectors. In New Zealand, concern over the perceived erosion of a public service ethos led to initiatives such as the State Sector Standards Board (State Services Commission, 2001) which sought to re-establish and confirm a set of distinct (non-market) values.

Cultural-cognitive legitimacy is arguably stronger than regulative and normative legitimacy in that it involves preconscious, taken-for-granted understandings.

While a regulative legitimacy may allow for some decoupling of performance management frameworks used for decision making within organisations from those needed to generate the information to meet reporting requirements defined at a higher organisational level or externally, such decoupling becomes progressively more difficult with the adoption, and internalisation, of normative and cultural-cognitive mechanisms.

Dillard, Rigsby and Goodman (2004) provide an alternative view of the context within which institutions, such as those associated with the measurement and management of organisational performance, are formed. They suggest that context is formed by three "axes of tension", namely:

- (i) representation, i.e. "the way that reality is framed and symbolically described" (p.517);
- (ii) rationality, that provides the logic by which criteria and actions are evaluated; and
- (iii) power, or "the means and degree of control over human and material resources" (p.518).

(i) Representation

Dillard *et al.* (2004) suggest representation occurs along a continuum that extends from being more objective to more subjective. Objective representation occurs in situations where a formal logic or "scientific calculus" can be applied; this occurs, for example, in a "production" organisational environment (Wilson, 1989) in which work done and the results of the work may be observed, and goals and means-ends relationships are well defined and able to be monitored. Such an environment facilitates specific and quantitative measurement. Objective representation is, therefore, a feature of what Hatch and Cunliffe (2006) refer to as "output controls" which focus on the measurement of the results of work (such as the number of clients served or

complaints received) or of the work itself (such as the time taken to serve a client).

At the other end of the continuum, subjective representation is socially constructed through social interaction, based on shared values, norms and goals. Rather than quantitative information, it employs anecdote, narrative and direct observation. This applies, for example, in organisational environments in which means-ends relationships are not clearly defined (as in Wilson's (1989) "coping" organisational environment), and the final goods or services are highly variable. In such environments performance is benchmarked against professional standards and normative frameworks (OECD, 2000).

(ii) *Rationality*

The actions of organisations, and of groups within them, may be justified by formal and/or substantive rationality. Dillard *et al.* (2004) suggest that formal rationality is "calculation orientated", empirically-based knowledge that supports the logic of economic efficiency by which the ratio of outputs to inputs is optimised. More specifically:

... the representational schemes would be expected to contain concrete, quantitatively measurable elements. The representational context relates to finding "the" answer or specifying "the" norms and values as well as articulating processes that attain "the" goal. (Dillard *et al.*, 2004, p.517).

As noted in section 4.2 above, the initial reforms of the New Zealand public sector (in the mid to late 1980s) were largely based on theories that stressed the use of formally rational models that employ standardised and value neutral performance information. However, as Simon (1957) pointed out, the limited information, cognitive ability and time available to decision-makers

results in the desired optimal solutions being displaced by satisfactory solutions based on an existing set of values. As was explained in Chapter 2, notwithstanding the theoretical underpinnings of the initial reforms of New Zealand's public sector, the performance of many public sector organisations, particularly those in the core public service, is also evaluated on the basis of a substantive rationality, that is "ends orientated, associated with ethics, values and actions that promote the ends implied therein" (Dillard *et al.*, 2004, p.518). Such values-based, substantive models are also orientated towards demonstrating equity or fairness rather than simply economy and efficiency.

Dillard *et al.* (2004) have noted that a tension exists between formal and substantive rationalities as ways of knowing, or understanding reality, and therefore justifying action. As Weber (1947) observed, humanity becomes imprisoned in an "iron cage" when formal rationality is applied independently of a substantive rationality. It is not, therefore, a question of either-or, but rather the degree to which formally defined objectives and substantive values are embodied within the applied rationality.

(iii) *Power*

As noted above, Dillard *et al.* (2004) define their third institutional 'axis of tension', power, as the means and degree of control over material and human resources. In the context of bounded rationality and differing, and at times competing, goals, power may also reflect the extent to which the definition and meanings of performance are able to be influenced by others. Hatch and Cunliffe (1996) have identified a range of mechanisms by which power may be exercised by organisational actors, namely:

- coercion (the threat or use of force);
- the position held within a formal organisational hierarchy;
- personal characteristics (i.e. charisma);

- expertise (skills and knowledge that are required by others);
- control over scarce resources (e.g. funding); and
- the ability to apply normative sanctions established by cultural values and expectations.

Dillard *et al.* (2004) suggest that these mechanisms lie along a continuum whereby “control can be exercised either through the implementation of formal hierarchical structures or through social consensus” (p.518). At one end of the continuum the logic of action is defined by formal organisational structures and levels of authority and the other end by ongoing social interaction, communication and consensus.

How May Institutions Be Understood?

The institutional structures by which organisations define, measure and manage their performance develop and change over time. Institutions are subject to both recurrent reinforcement and periodic revision - a revision that will sometimes be characterised by a slow and evolutionary drift from pre-existing structures, sometimes by more sudden transformation occasioned by social or technological change. Zucker (1977) suggested that, for a particular organisation, institutional change may variously arise from the broader environment, inter-organisational ties, other organisations, and/or from within the organisation itself. The nature and extent of change also depends on the context and the ability of actors to intervene in their social world by altering the rules and/or the distribution of resources (Scott, 2001). The extent and speed of institutional formation and change is facilitated by what Scott (2001) referred to as “carriers”,²⁴ which represent links between the realms of action and institution. He identified four types of “carriers”, namely:

- (i) symbolic systems,
- (ii) relational systems,

²⁴ Or what Giddens (1976) referred to as “modalities”.

- (iii) routines, and
- (iv) artefacts.

(i) *Symbolic systems*

Symbolic systems reflect an existing culture or the "symbolic and learned aspects of human society" (Oxford Dictionary of Sociology, 2006) by which socially established structures of meaning are transmitted. Culture exists as widely held beliefs, classifications, models or rules that are viewed by organisational actors as the formally recognised way that things should be done (Burns & Scapens, 2000). In general, symbolic systems exist externally to those actors and their adoption is supported by coercive mechanisms. However, they may also represent values, standards or standardised processes that have been internalised and exist "in the heads of organisational actors" (Scott, 2001, p.79).

It should also be emphasised that, within a given organisation, culture is not a singular construct; different functions and social groupings may create different cultures of varying strengths, each with its own structure of rules, values and symbols. Thus, performance management frameworks will vary within and between organisations to the extent that they reflect different cultures. This seems particularly likely in organisational settings containing strong professional groupings which in each case have a distinct culture.

(ii) *Relational systems*

Relational systems act as institutional carriers to the extent that they represent patterned expectations that are associated with particular social positions or roles. These systems may be more or less structured depending on the degree of formality of those relationships and the clarity of the goals to which they are orientated (Scott, 1987). Weick (1995) distinguished between

"intersubjective" and "generically subjective" systems (p.71) by which meaning or sensemaking is created and reinforced. Intersubjectivity refers to processes by which, in uncertain environments, "individual thoughts, feelings and intentions" become merged into shared understandings and commonly applied frameworks. Generic subjectivity occurs in more stable environments when, within the relational system, the individual identity becomes replaceable by "an interchangeable part - a filler of roles and a follower of rules" (Weick, 1995, p.71). In this context, the meanings provided by institutions are passed by relational systems to those who did not participate in their initial creation. As Weick (1995) pointed out, in practice intersubjectivity and generic subjectivity coexist, to a greater or lesser extent, depending on the degree of ambiguity within the environment.

Thus, the nature of performance measurement frameworks and the relationships between them are affected by the strength of networks of social positions and roles which are, in turn, affected by the stability of the organisational environment.

(iii) Routines

According to Burns and Scapens (2000) routines are: "the patterns of thought and action which are habitually adopted by groups of individuals", that is, the practices actually in use. Scott (2001) suggests that these patterned actions reflect the tacit knowledge of the actors concerned. The creation of routines also plays a significant role in the revision of institutions as "practical drift" occurs to modify formally sanctioned institutions (Snook, 2000). Such local routinisation by groups of actors may be either deliberate, in that it represents conscious resistance to, or rejection of, an official view or it may more simply be the result of unconscious adaptation to local conditions. Burns and Scapens (2000) suggest that unconscious change is likely to occur in the

absence of systems which effectively monitor practice or where routines are not properly understood or accepted by the actors.

Within New Zealand's public service considerable effort is invested in monitoring and ensuring that performance measurement practices comply with (externally) mandated standards. However, this does not preclude local managers from developing their own performance measurement routines which may parallel or replace those that are formally mandated.

(iv) *Artefacts*

According to Scott (2001), artefacts also act as carriers of institutional information and facilitate their formation and maintenance. They include not only physical objects such as wall mounted mission statements but also information systems embodied in both hardware and software. As carriers of institutions, artefacts generally embody a particular cognitive framework and set of rules which constrain organisational structure and behaviour (Woodward, 1958; Blau *et al.*, 1976). As a consequence, the social forces underlying the design and creation of an artefact prior to its establishment are particularly significant. Once established, artefacts tend to be treated as objective facts or as 'black boxes' whose logic is somehow sealed. Nevertheless, as Scott (2001) pointed out, the ongoing potential for users to physically and/or socially change artefacts, through ongoing interaction with them, should not be discounted. There is also no guarantee that artefacts such as computer technologies will be used as intended or even adopted by organisational members; their implementation may at times, in the words of Kanter (2001), be more akin to "putting lipstick on a bulldog".

Artefacts in the form of information systems provide formal codifications of the frameworks by which organisations define, measure and manage

performance. However, while these have been seen as systems of intelligence that may represent the very foundation and form of the organisation (Morgan, 1997), it should not be assumed that they will either reflect the *official* performance management model or that they will be used as intended. This latter point is illustrated by the findings of McKeivitt and Lawton (1996) who surveyed a range of British public sector organisations in the early 1990s. They found that “overwhelmingly” top-down external forces exerted the greatest influence in the development of performance measurement systems, if not in their practical use in management decision making. In reviewing the impacts of the United States Government Performance and Results Act (1993), de Lancer Julnes and Holzer (2001) also drew a distinction between the implementation of mandated practices and their practical use in management decision-making processes within the agencies studied. They suggested that, if performance measurement information is to be used to support managerial decision-making at all levels, rather than solely for purposes of legitimisation, a much broader constituency than those seeking to exercise control over the sector as a whole needs to be involved in its formulation.

These carriers also represent “scripts” (Barley, 1986) that can be empirically identified and ‘read’ within the contexts of a particular organisational setting. Barley and Tolbert (1997) described such scripts as “observable and recurrent patterns of interaction characteristic of a particular setting”.

The institutions that shape and direct the logical framework within which organisational performance is measured and managed, i.e. the *rationality of control*, are, therefore, embedded in:

- formal rules and procedures (i.e. the way things should be done);

- routines (that may exist independently of formal rules and procedures and represent the way things are done);
- artefacts, in the form of both tangible objects and communication and information technologies, that are central to modern organisations;
- social networks of roles and positions; and
- shared understandings and logics of action.

However, as noted above those factors often vary both between and within individual organisations.

De-coupling of Performance Measurement and Management Frameworks

Advice provided by New Zealand's State Service Commission and Treasury (State Services Commission, 2008) suggests that performance information provided by each public service entity for purposes of external accountability should represent a sub-set of the more detailed information used by managers within the organisation. It states: "... it is critical that the same body of data that is used for internal decision making be used for external reporting" (p.9). The New Zealand Controller and Auditor-General has similarly stressed the importance of "a common set of performance reporting information" (Controller and Auditor-General, 2008, p.10). Indeed, the Auditor-General's proposed practice standard for the audit of service performance reports (Controller and Auditor-General, 2009b) requires external reporting of performance to be evaluated in the context of the organisation's internal management control environment. This includes:

- ... processes for measuring and reporting performance throughout the different levels within (and outside) the agency; and
- how the entity assesses its performance information needs for the purposes of management decision making and accountability. (p.18)


However, as noted above and in Chapter 1, managers may be required to measure and manage performance for purposes that are concerned more with legitimising

their roles (and that of their organisation) and ensuring the continued supply of resources, than with supporting their own decision-making processes. Such divergence of objectives is a reflection of performance being measured and managed in the context of competing rationalities. In this respect Townley (2002) observed:

... coercive pressure results in procedural compliance, a mechanical process of implementation focusing on external needs and requirements, to ensure legitimacy, but a lack of embeddedness, as performance measures fail to become part of operational management. (p.175)

Differing rationalities can, therefore, lead to "symbolic action" (de Lancer Julnes & Holzer, 2001) whereby reported results are gamed or, more simply, limited emphasis is placed on the accuracy of those reports. It is suggested that decoupling of the *official*, *formal* and *in use* performance measurement and management models will become more difficult as the institutional structures and the effective *rationality of control* move from being more regulative to more culturally and cognitive-based. A summary of this continuum – from formal, externally defined rules to internalised shared understandings – is shown in Figure 4.1 and is explored further, in the light of the empirical research, in Chapter 9.

Figure 4.1: Institutional Carriers and Framework Decoupling

Carrier		Example
Formal rules and procedures	Regulative Controls (Decoupling more likely)  Cultural/Cognitive Controls (Decoupling less likely)	Job descriptions and manuals
Routines		Reporting cycles
Artifacts		Computer systems Uniforms and epaulettes
Social networks of roles and positions		Rank Community relationships Media relationships
Shared understandings and logics of action		Team briefs Professional cultures

In summary, the *rationality of control* – the logical framework within which performance is measured and managed – will vary between different organisational settings. It can be seen to exist on a continuum at one end of which the *rationality of control* is more regulative in nature and at the other end more culturally and cognitively-based.

4.5 Sensemaking and the Locus of Control

As reflected in their definition, institutions are standardised modes of action or responses to stimuli; they are also mechanisms which enable organisational members to make sense of those stimuli in the context of the limited knowledge that is usually available in complex organisational settings, that is, in the context of bounded rationality. The concept of, and literature on, 'sensemaking' provides a window into the performance measurement and management practices of organisational actors – who are either within a specific organisational setting or externally exerting influence upon it. In a world of bounded rationality, socially created institutions (that are based on past experience, assumptions and interests) function as filters of current experience to enable plausible, consistent and socially acceptable "sensemaking" to occur (Weick, 1996). In their decision-making, organisational actors cannot hope to absorb and consider all available information and thus they seek cues which are accepted "as the equivalent of the entire datum from which it comes" (James, 1890, quoted by Weick, 1996, p.49). Performance measurement frameworks are, in essence, a series of extracted cues, ordered in a predefined format, which represent, and provide a sensemaking device for, the reality of organisational actions.

Sensegiving and Sensemaking

However, sensemaking practices are also influenced by the degree and manner of 'sensegiving' undertaken by internal leaders and/or external stakeholders, which is in turn influenced by the political saliency or sensitivity of an agency's core functions. Gioia and Chittipeddi (1991) define sensegiving as "the process of attempting to influence the sensemaking and meaning construction of others towards a preferred re-definition of organisational reality" (p.442). In DiMaggio and Powell's (1983) terms, this represents the use of power to define norms and standards by which performance measurement and management practices are shaped and guided. Sensegiving practices range from the use of physical artefacts such as wall mounted mission statements or messages on a computer screen saver, to formal staff briefings delivered by a chief executive, or the public pronouncements of Government Ministers.

From a study of three British orchestras, Maitlis (2005) identified sensegiving activities undertaken by internal leaders and external stakeholders. She proposed that different combinations of these activities produce four different forms of organisational sensemaking, namely, "guided", "fragmented", "restricted" and "minimal". As shown in Figure 4.2, each of these sensemaking forms produces different accounts (descriptions of an issue and its context) and actions (i.e. organisational decisions) (Maitlis, 2005, p.32). Maitlis found, for example, that organisational settings that are subject to limited sensegiving by internal leaders and significant sensegiving by external stakeholders will hold multiple accounts of reality that give rise to an emergent and inconsistent pattern of action. However, such fragmented accounts and patterns of action are dependent on the number and diversity of external stakeholders. Many public sector organisations are likely to exhibit a form of "restricted sensemaking" in which there is either significant internal leader sensegiving and limited external stakeholder sensegiving, or limited internal leader sensegiving and significant levels of sensegiving from a single

stakeholder or united group of external stakeholders. In either case sensemaking is likely to produce a unitary but narrow account and a single action or series of consistent actions.

Figure 4.2: Forms of Organisational Sensemaking

Sensemaking Type	Resulting Account and Action
GUIDED SENSEMAKING Significant leader sensegiving Significant stakeholder sensegiving	A unitary account that is rich. An emergent but consistent series of actions
FRAGMENTED SENSEMAKING Limited leader sensegiving Significant stakeholder sensegiving	Multiple accounts that are narrow An emergent and inconsistent series of actions
RESTRICTED SENSEMAKING Significant leader sensegiving Limited stakeholder sensegiving	A unitary account that is narrow One time actions or a planned series of consistent actions
MINIMAL SENSEMAKING Limited leader sensegiving Limited stakeholder sensegiving	Nominal accounts 'One off' compromise actions

Based on Maitlis (2005)

Maitlis also noted that the risk of “minimal sensemaking”, in which both internal leaders and external stakeholders undertake little sensegiving activity, is likely to result in the production of “nominal” accounts which neither synthesise the views of multiple stakeholders nor provide a single, well articulated logic of action. In this situation, the actions of managers are more likely to represent ‘one off’, or short term, compromises in the face of conflicting objectives.

The extent to which public sector agencies are subject to external sensegiving, and the resulting impact on their performance management practices, was also explored by Pollitt (2006a). A study of four agency types (forestry, meteorology, prisons and social security) across four European states (Finland, the Netherlands, Sweden and the United Kingdom), identified three factors that affect the extent of

external sensegiving and the degree to which managers have discretion or experience operational autonomy.²⁵ Pollitt suggests these are:

- the political salience of the agency's primary task;
- the nature of the agency's primary task; and
- the relative size of the agency's budget.

In respect of the first factor, Pollitt suggested that the greater the political salience of the agency's primary task, the more external interest there will be in setting targets and monitoring its performance and the less operational autonomy will be provided to its managers. From the European survey it was noted, for example, that compared to the other functions studied:

Prisons are much more in the daily eye of the politicians and the media. Prominent escapes are news, especially if the escapees go on to commit further crimes. Whether the prisons are becoming "too soft" has been an issue in all four countries, as has the abuse of drugs by inmates". (Pollitt, 2006a, p.37)

In New Zealand public concerns associated with crime, and the perceived risk of crime, work to ensure that the functions of both Public Prisons and the Community Probation Service are politically salient. A succession of high profile incidents being reported in the media in recent years have embarrassed Ministers and provided ammunition to opposition parties. As Pollitt observed:

... when embarrassments, scandals or disasters occur, politicians and the media suddenly take on an enormously detailed interest in organisational activities they have never asked about before. This interest includes performance data, but those data are unlikely to be given any privileged standing during bouts of political conflict – more probably they will just be treated as extra ammunition. (p.39)

Along related lines a New Zealand ex-Minister explained:

²⁵ As Wilson (1989) has explained autonomy does not imply complete freedom of action but rather the ability to choose how most appropriately to operate within a given jurisdiction.

In a portfolio like Corrections there are always problems. People escape - there's just a myriad and endless - it's just a difficult portfolio because you're never really on top of it. (COR external 5)

The second factor identified by Pollitt relates to the nature of the agency's primary task and the extent to which it is "relatively simple, understandable and measurable" (Pollitt, 2006a, p.29). The more technically complex the task is perceived to be, the greater the reliance that is placed on the professional training and knowledge of its managers and the more operational freedom they will experience. As Pollitt observed, "Ministers are understandably more cautious about intervening in the details of the activities that they realise (or believe) they do not fully understand" (p.36). In New Zealand, the activities of Public Prisons (i.e. locking people up) are not seen as complex, despite the complexity of the offenders concerned. Similarly, the activities of the Community Probation Service, although at times extremely complex (given the variety of community-based sentences and offenders) are viewed by the public and media in relatively simple terms associated with whether the community is or is not perceived to be safe.

The third factor identified by Pollitt relates to the relative size of the agency's budget. He suggested that big budget agencies are more likely be of interest to Ministers and their advisors and thus their managers will have less freedom to operate 'under the radar'. However, in practice, that logic may apply in reverse for very small agencies, such as the New Zealand Ministry of Women's Affairs, whose small budget will constrain the scope of their activities. In contrast, the size of the appropriations provided to the larger agencies, such as the Ministry of Social Development, provides increased scope for budget management and operational flexibility.

Notwithstanding Pollitt's (2006a) thesis, political saliency and the perceived complexity of an agency's core functions are not conditions that are determined simply by the nature of those functions. They are able to be influenced by the sensegiving and communication strategies undertaken by the agency's management. How managers interact with the media, the public, other organisations, and Government Ministers will either enhance or erode understanding and hence the trust and confidence in their agency. Moore (1995) has suggested that the management of public capital (and more broadly 'public value') requires non-elected public servants to assume an active role in the external authorising environment to promote and maintain the trust in, and legitimacy of, their agency. As Coates and Passmore (2008) explain:

Public value assumes that public managers will try to both shape public opinion and have their views shaped in turn. This is much more of a continuous conversation than an exercise in market research and should be viewed as a serious effort to restore trust in the public realm. (p.8)

The relative strength of internal as opposed to external sensegiving can, therefore, be seen as a reflection of the degree to which an organisation is, more generally, internally or externally focused. In particular, those public sector agencies that are more externally focused will be concerned to develop their 'public capital', that is, the trust and confidence that Government Ministers, other agencies, and the general public have in them. While Moore (1995) and Talbot (2008), among others, have explained the positive impacts of trust and legitimacy, Yang and Holzer (2006) have observed:

... distrust can be used as a political discourse to attack government programmes, reduce government funding, and ultimately impair government performance. To restore public trust, public administrators must improve their performance and *communicate*²⁶ it to citizens. (p.116)

²⁶ Emphasis added.

In New Zealand the importance of public capital has been recognised by the inclusion of "Trusted State Services" as one of the key "State Sector Development Goals" promulgated by the State Services Commission (2006a). The Commission explained that attainment of this goal would reflect the fact that New Zealanders "have confidence in the people, the systems and processes and the way in which New Zealand's State Services are delivered" (State Services Commission, 2006b, p.61). That confidence has subsequently been the subject of two surveys (in 2007 and 2009) that have sought "to find out more about New Zealanders' experience of public services" (State Services Commission, 2009). Significantly, those surveys showed that perceptions of service quality in terms of equity and responsiveness (i.e. *how* services are delivered) are more important contributors to public capital than the results or outcomes of those services. Therefore, while public capital is, in part, based on the rational analysis of evidence of agency performance provided in external accountability documents, it is also based on more subjectively framed information. Of equal, if not greater, significance are public expectations, anecdote, partial understanding and emotional responses – factors that contribute to the political salience of, and external influence on, an agency's core functions.

In summary, public service agencies are subject to, and engage in, varying degrees of interaction and sensegiving with external stakeholders. The nature of that interaction reflects, and is affected by, the (internal or external) *locus of control* over how the agency's performance is defined and driven.

4.6 A Proposed Framework of Performance Measurement and Management Models

A means by which the interplay of organisational goals and institutional characteristics may be analysed, is provided by a competing values framework

that combines the two continua of the *rationality of control* and the *locus of control*.

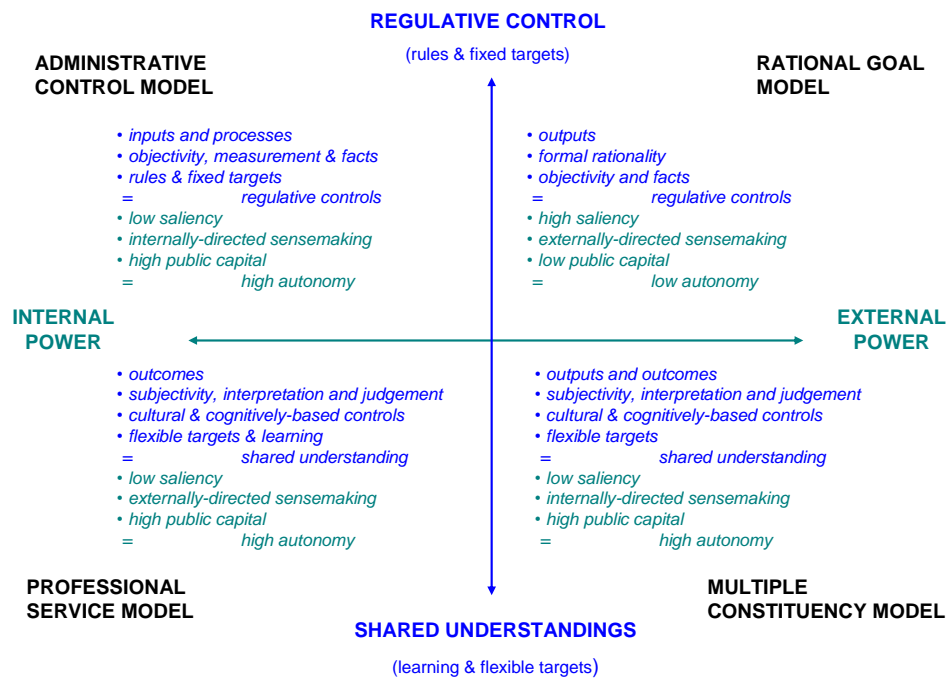
The competing values framework was initially developed in the 1980s by Quinn and others as a tool to analyse organisational culture (Quinn, 1988; Quinn & McGrath, 1982) based on the dimensions of (i) control versus flexibility and (ii) internal versus external focus. However, it has been used in other contexts that have included analysis of organisational efficiency (Quinn & Rohrbaugh, 1983), and of performance measurement and management frameworks that attempt to encompass the often competing objectives inherent in the public sector (Boyne, 2003; Talbot, 2008). An adaptation of the competing values framework may similarly be derived from the theories, ideas and conclusions discussed above to provide a model that encapsulates the characteristics of performance measurement and management practices in New Zealand's public service.

As may be seen from Figure 4.3, the proposed framework encompasses four quadrants, defined by two continua that shape performance measurement and management practices within public service organisations. The first of these continua represents the *rationality of control* and reflects the regulative, normative and cultural/cognitive institutional pillars described by Scott (2001). At the regulative end of the continuum, the focus is on performance management executed through rules and fixed targets that are seen as objectively represented in numerical information and constructed by the application of a formal, calculation-orientated rationality. Such measures are more likely to relate to inputs, processes and outputs. At the shared understanding end of the continuum, performance management is exercised through culturally and cognitively-based mechanisms. These reflect a concern for learning and employ more flexible targets that are subjectively interpreted with the aid of narrative, anecdote and direct observation. The measures used are likely to relate to

outputs and outcomes, and the rationality employed will be substantive, ends-orientated with an increased focus on ethics and values.

As noted earlier, decoupling of the *official*, *formal* and *in use* performance models becomes less likely as the control mechanisms move away from being regulative towards being based on shared understandings.

Figure 4.3: Performance Measurement and Management Models



The second dimension reflects the *locus of control* in relation to the influences on an agency's activities, resource allocation and performance priorities. At one end of the continuum, where these influences are principally located externally, agencies are more likely to have core functions that are politically salient and not perceived by external stakeholders as being particularly complex or difficult to measure. Such agencies are likely to have lower levels of public capital and be subject to higher levels of external stakeholder sensegiving in respect of their performance objectives and measures. They will, therefore, experience less

operational autonomy and management discretion. At the other end of the continuum, where internal rather than external influences dominate, agencies will be subject to significant internal sensegiving and are likely to have core functions that are not politically salient but which are perceived to be technically complex and difficult to measure. These agencies will also have higher levels of public capital. They are, therefore, likely to experience more operational autonomy and management discretion.

As shown in Figure 4.3, these two continua define the nature of four possible models of performance management that may be described as follows.

(i) The *Administrative Control Model*: Public service agencies (or parts thereof) which adopt an administrative control model of performance management utilise a calculation-orientated logic, based on empirical knowledge, that focuses at the level of inputs and processes. Performance management is characterised by regulative control with clearly defined rules, fixed targets and a formal rationality that is conceptualised as value neutral and universally applicable. In such an environment the *official* model of performance measurement and management may be loosely-coupled with the model(s) used by operational managers.

The functions managed by agencies whose characteristics are reflected in this model are not politically salient and may be perceived by external stakeholders as technically complex and difficult to measure. There will, therefore, be limited external stakeholder sensegiving but internal sensegiving will produce organisational sensemaking that is restricted to a unitary but narrow account, and a series of consistent actions. The organisation is likely to experience higher operational autonomy.

(ii) The *Professional Service Model*: Public service agencies which are characterised by the professional service model of performance management adopt a more substantive logic that is ends-orientated. As well as quantified data, this model places emphasis on more subjectively framed information and judgement based on values and norms. Performance is measured and managed at the level of processes and outputs utilising flexible targets and highlighting the importance of learning. The *rationality of control* is more culturally and cognitively-based.

Such agencies are also likely to be principally concerned with functions that are not politically salient and may be perceived by external stakeholders as technically complex. They will not, therefore, be subject to high levels of external stakeholder sensegiving. Higher levels of public capital, associated with perceptions of professional expertise, may further impact on the degree of operational autonomy experienced by managers of agencies, or parts of agencies, in this quadrant.

(iii) The *Rational Goal Model*: Agencies characterised by the rational goal model of performance management use a calculation-based logic that employs empirical knowledge and focuses principally on the delivery of outputs. It places an emphasis on regulative control through the use of fixed targets and a formal rationality that may not reflect the exigencies of, and will therefore be loosely-coupled with, operational management.

This model is also likely to be concerned with the measurement and management of functions that are politically salient and not perceived as technically complex. This will encourage external stakeholders to engage in sensegiving activities that, without a similarly strong pattern of sensegiving by internal leaders, will result in fragmented sensemaking activities in respect of

its performance, and an emergent and inconsistent series of actions. A strong external influence on the organisation's activities and allocation of resources will further result from it having limited public capital, i.e. low public, and hence, political, trust and confidence in the management of its performance. In such situations, the organisation is likely to experience limited operational autonomy.

(iv) The *Multiple Constituency Model*: Agencies that characterise the multiple constituency model embody a more substantive, ends-orientated rationality that, as well as quantified data, employs more subjectively framed information such as narrative and direct observation. Performance is measured and managed at the level of outputs and outcomes, using flexible targets and giving recognition to learning processes. The *rationality of control* is culturally and cognitively-based, and supports an integration of the formal performance framework with those used by operational managers.

The functions managed by organisations with the characteristics of the multiple constituency model are not politically salient and may be perceived as technically complex and difficult to measure. These organisations are likely to possess a higher amount of public capital and thus experience more operational autonomy. However, in this externally focused organisation high levels of interaction with stakeholders will result in both internal leader and external stakeholder sensegiving that produces guided sensemaking practices that also richly encompass the range of external stakeholder perspectives.

In proposing this competing values framework of performance management models which may apply to public service agencies in New Zealand, it should be stressed that the analysis does not support the commonly made suggestion that:

... the competing values framework highlights that it is impossible for organisations to emphasise simultaneously control and flexibility, or to be responsive primarily to both internal and external stakeholders ... movement into one box ... must be traded against movement out of another. (Boyne, 2003, p.220)

Rather, it is proposed that the characteristics of each quadrant overlap, to varying degrees in different organisational settings. As Talbot (2008) observed:

The absolutely key point about [the competing values framework] is that it is not an 'either/or' model but rather a 'both/and' approach. In other words, every organisation will have some degree of each of the characteristics of each quadrant – whilst some organisations may exhibit stronger tendencies in one direction or another at different times, all will have some element of all four sets of characteristics. (p. 12)

4.7 Summary

This chapter began with a critique of theories drawn from institutional economics which, together with ideas drawn from private sector management practices, formed a normative logic for the reforms of New Zealand's public sector in the mid 1980s to early 1990s. It was suggested that these theories are more concerned with explaining changes to practices associated with management *of* the public sector, rather than explaining performance measurement and management practices *within* specific organisational settings.

To explain the performance measurement and management practices in use within individual public service agencies it is necessary to understand the factors driving the behaviours of organisational members. To this end it has been proposed that ideas drawn from new institutional sociology and organisational sensemaking enable the development of a competing values framework representing the two continua of the *rationality of control* and the *locus of control*. This framework contains four ideal type performance management models by which the practices in use within individual organisational settings may be located and explained.

In the next chapter the methodology used to explore the performance management practices in use in the three agencies chosen for study is described. The findings of the study are presented in Chapters 6, 7 and 8.

Chapter 5

METHODOLOGY ADOPTED FOR EMPIRICAL RESEARCH

5.1 Introduction

This chapter describes the methodology employed to gather evidence of performance measurement and management practices within three agencies selected from New Zealand's public service. To paraphrase Mason (2002), this evidence was gathered to resolve a puzzle that is both "mechanical" and "comparative" in as much as it seeks to understand how performance measurement and management practices are constituted and operate by comparing the differences and similarities between three case study agencies. A qualitative approach was adopted in order to remain sensitive to context and the complexity of the processes by which performance measurement and management practices are formed and maintained.

Four different approaches were used to gather data, namely:

- semi-structured interviews with staff from each of the case study agencies;
- observation of meetings at operational sites;
- a review of the formal accountability documents and internal reports produced by each agency; and
- feedback from agency members on the initial findings of the research.

By these means evidence was gained of the concepts of performance held by members of the agencies and contained in formal accountability documents. Note was also taken of the performance frameworks contained in organisational artefacts the most significant of which were the agencies' computer systems. Agency members' descriptions of their interactions with these systems were also noted.

In the following sections the basis of the selection of the case study agencies is first explained and then the four different approaches used to gather data and its subsequent analysis are described.

5.2 Agency Selection

The three agencies selected for study, namely Work and Income, Public Prisons and the Community Probation Service, represent a cross-section of New Zealand's core public service and present the problems and paradoxes associated with measuring and managing performance in that sector. All three agencies have a significant national office establishment in Wellington as well as service delivery functions distributed in offices throughout New Zealand. They operate through a tiered management structure encompassing national, regional and local levels.

At least in theory, Work and Income's core functions of paying social security benefits and placing people into employment give rise to performance measures (such as the number of people receiving benefits, the value of benefits paid out, or the number of people placed into employment) that are definable and measurable in objective terms. However, Work and Income also presents more challenging performance issues associated with its objectives in respect of social development for which the results will only be determined over a number of years. Those results will also be influenced by a range of extraneous factors beyond the agencies control and will inherently involve more subjective, value-based measures. Similarly, determining the success with which both Public Prisons and the Community Probations Service manage the rehabilitation and reintegration of offenders also gives rise to problems of measurement and attribution given the complex social and psychological issues that those offenders carry. The extent to which behavioural change is engendered in offenders is often a matter of professional expertise and judgement rather than quantified measurement.

However, at least for a broad range of the New Zealand electorate, these issues are frequently simplified down to the measurement of punishment in terms of objectively represented measures of sentence completion.

5.3 Semi-Structured Interviews

A series of semi-structured interviews was conducted with individual members of each case study agency in order to gain insight into the performance measurement and management frameworks in use at different hierarchical levels within and between each organisation. The key objective of these interviews was to reveal the *in use*, rather than the *official* and *formal*, performance measurement and management models within each of the case study agencies. Semi-structured interviews were used in order to allow the interviewees' own thoughts to emerge and, where necessary, be able to be explored via further questioning.

Before the interviews were conducted, the interviewees were provided with a note (a copy of which is attached as Appendix II) explaining the purposes of the research and that their contribution would remain anonymous and confidential. Each interviewee was also asked to sign a consent form (shown as Appendix III), in which they acknowledged their agreement to participate in the research and also to the interview being recorded. They were informed that, if at any time they wished to withdraw from the research, the interview would be stopped and the recording deleted. Interviewees were not provided with a formal list of questions although, to facilitate consistency of approach, an interview guide outlining the topics to be addressed in each interview was used by the interviewer. A copy of the guide is provided in Appendix IV. Broadly, each interviewee was initially asked to define what their agency does and the specific functions undertaken by themselves and their team. They were then asked to define their performance objectives and the factors that affect their ability to achieve them. They were also

asked about the factors or issues they are required to measure and report on and whether these are, in practice, useful in terms of planning for, and monitoring progress in achieving, their objectives.

In order to obtain opinions from the various hierarchical levels within each agency, the interviewees included operational supervisors and local managers as well as regional and national office based managers. For Work and Income and the Community Probation Service, both of which have offices spread throughout the country, offices were selected to give a diverse geographic (i.e. both rural and urban locations) and demographic mix. For Public Prisons, a male and a female prison were chosen as interview sites.

Whilst these interviews, and their subsequent analysis, were categorised into three organisational levels (local, regional and national), there were variations in the organisational structure and number of levels of each agency. Simplification into three hierarchical levels facilitated consistency in the treatment of the three agencies and did not detract from the relevance of the interviewees' comments. A list of the interviews conducted is provided in Appendix V and summarised in the following table.

Figure 5.1: Interviewee Selection

Agency	Local	Regional	National	External	Total
Work & Income	6	2	3		11
Public Prisons	10	1	2	1	14
Community Probation Service	7	2	4		13

The interviews lasted for between 45 and 75 minutes, although the majority were kept to about an hour. Notes were taken during the interviews which were also

recorded. The recordings were transcribed into Microsoft Word and a copy of the transcript returned to each interviewee for their review and to enable them to make any corrections and/or to provide any further comments they considered appropriate. Required amendments were effected and then each transcript was analysed on the basis of the three lenses on performance measurement and management described in Chapter 1, namely *Function*, *Purpose* and *Perspective*. Each of these lenses provided a different view of the factors shaping performance measurement and management practices in the case study agencies.

The analysis of the interview data involved successive readings of the transcripts during which codes were created to identify the factors that emerged. These codes were assigned to relevant passages of the text and the coded passages copied and pasted into separate Word documents. The process of analysis was grounded in that the detailed codes, representing identified factors, were allowed to emerge in the coding process rather than being predefined and used to test a particular hypothesis. By adopting this 'bottom-up' approach, other than the lenses selected, the interview data was allowed to speak for itself and the codes emerge "to produce data that represents insiders' lived experience" (Stablein, 1999). The use of predefined coded factors would have created the risk of missing important, but unexpected, themes within the data.

Taking each lens in turn (i.e. Function, Purpose and Perspective), the coded text was analysed to ascertain the number of statements made by each interviewee in respect of each of the coded factors. The number of statements made by an interviewee in respect of a coded factor was then calculated as a percentage of the total statements made by the interviewee in relation to the lens in question. The interviewees' 'scores' were then grouped by hierarchical level (i.e. national, regional, and local) within the agency and weighted by the number of interviewees

at each level. This generated a percentage for each coded factor which reflected the proportion of statements made in respect of the factor of the total statements made by all interviewees within the particular agency at that level. This summarisation process enabled any bias resulting from the following causes to be eliminated.

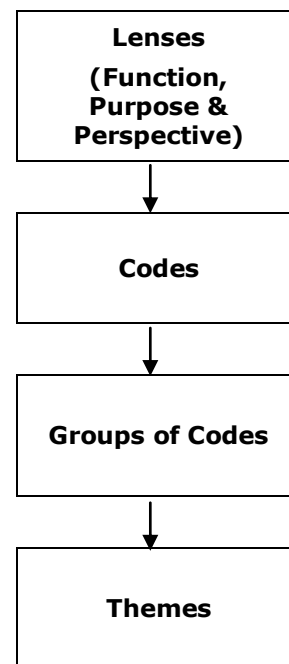
- The spread and number of interviewees varied at each hierarchical level within the three case study agencies as a result of different organisational structures within the agencies.
- There were more interviewees at the local than at the regional or national office levels because of the geographical spread of operations.
- The scope and length of the interviews, and therefore the number of statements made, was significantly greater for more senior managers than for local level staff.

The percentages of statements made by interviewees at the three different levels within each agency, in respect of each coded factor, were then presented in summary tables for each of the lenses. This enabled the relative importance of the coded factors within the three agencies, and at the different hierarchical levels, to be compared. These tables – relating to function, purpose, and perspective – are presented in Chapters 6, 7 and 8 respectively. The percentages of statements made by interviewees in respect of each coded factor are also presented in graphical form (histograms) in each chapter. When reviewing these tables and histograms it needs to be borne in mind that they reflect the percentages of the total number of statements made by the interviewees in relation to the coded factors, irrespective of whether the statements were negative or positive in nature. They therefore provide high level cognitive maps of the factors (or themes) that the interviewees associated with performance measurement and management in their agency.

For each of these chapters the coded Word documents were reviewed to identify patterns and themes relating to each of the coded factors which were then plotted on 'mind maps' (Buzan, 2003) to facilitate the creation of summaries for each case study agency. More simply this can be seen as a four step process, represented as follows:

Figure 5.2: Analysis of Interview Data

- i. Lenses, of function, purpose and perspective, provide a mechanism to categorise the data at a broad level. They were defined *prior* to the analysis process.
- ii. Codes are attached to factors mentioned by, or reflected in the comments of, interviewees. Factors *emerged* during the coding process.
- iii. The coding process resulted in a broad range of coded factors that were reviewed and appropriately grouped.
- iv. It was then possible to identify key themes and emphases that are described in Chapters 6, 7 and 8.



5.4 Observation of Meetings

For each of the agencies studied, a routine meeting of operational managers and staff was observed for two key purposes:

1. to gather further evidence of the performance measurement framework(s) in use within each agency; and
2. to gain additional insights into local cultural norms and 'the way things are done around here'.

In each meeting notes were taken on the issues discussed, the priorities established and the language used.

Together with the site visits required for the semi-structured interviews, attending these meetings provided an opportunity to observe the physical environment in which performance is measured and managed. Relevant factors observed included the layout of desks and offices and the impact of such arrangements on the extent to which performance, in terms of client or offender interaction, is directly observable. Note was also taken of relevant local artefacts such as posters and wall charts which also provide insight into sensegiving practices in respect of the measurement and management of organisational performance.

Where relevant, the observations from the operational meetings and site visits are reported in Chapters 6, 7 and 8.

5.5 Document Study

In order to ascertain the official framework or meta narrative by which performance in New Zealand's core public service is conceived and measured, a range of documentary sources relating to the case study agencies was examined. These included the legislative framework provided by the State Sector Act 1988 and the Public Finance Act 1989. Other documents studied included the publications and guidelines of the control agencies (e.g. *Treasury Instructions 2004* (The Treasury, 2004) and *Getting Better at Managing for Shared Outcomes – A Resource for Agency Leaders* (State Services Commission, 2004)). Databases, including the Te Puna Web Directory, were also used to search for published speeches by key players such as relevant Government Ministers and the State Services Commissioner.

Within each of the three case study agencies documents relating to the *official* performance management model were also examined. These included legislation specifically relating to the Ministry of Social Welfare (e.g. the Social Security Act

1964) and the Department of Corrections (e.g. the Corrections Act 2004) and the formal accountability documents of each organisation including their Statements of Intent, Output Plans, strategic plans and plans for the current year (2007).

In addition to documents relating to the agencies' *official* performance management model, documents relating to the formal performance management systems and supporting computer applications, such as information systems architecture diagrams, user documentation and examples of the outputs of these systems, were also examined.

Other organisational documents such as managers' business plans, management reports and the agenda and minutes of internal management and project meetings over the preceding twelve months, were studied for insight into the *official* performance management model and also to identify the performance management models in use by the various managers and their teams.

This study enabled comparisons to be made between the *official*, *formal* and *in use* models but, in order to not prejudice the questions asked in the interviews, the document review was not undertaken until after those semi-structured interviews were complete.

5.6 Feedback

Opportunities were sought to gain early feedback from a meeting with senior managers from each case study agency. The objective of these meetings was to promote discussion to test and validate the preliminary research findings and interpretations.

5.7 Synthesis

To provide an explanatory logic to the data an “abductive research strategy” (Blaikie, 2000) was utilised to move back and forth between the empirical data, the researcher’s own experience and the broader concepts provided by the structure of the public management and institutional literature described in Chapters 2 to 4 (Coffey & Atkinson, 1996). Thus, rather than deductively testing a particular theoretical framework, or inductively proposing a new one, the common and divergent themes identified by the analysis of the empirical data (described in Chapters 6, 7 and 8) were framed via a recursive process that involved returning to the initial literature review to select appropriate ideas from which propositions could be derived and tested against the research findings.

From this process pertinent theories were selected to form an explanatory framework that encompasses the, at times, conflicting themes that emerged from the empirical data. The application of this framework to the case study agencies is presented in Chapter 9.

Performance measurement and management practices in an organisational context are socially constructed by the modes of rationality, norms and values of organisational actors in different functions and at different organisational levels. To explain this complex picture three forms of triangulation were employed in the empirical research design to “overcome the intrinsic bias that comes from single-methods, single-observer, and single-theory studies” (Denzin, 1970). These are as follows:

1. *Perspective triangulation* (Patton, 1990) – was provided by the three lenses of function, purpose and perspective to map out how performance information is defined and used within the context of each of the case study agencies.

2. *Source triangulation* – was provided by the use of semi-structured interviews, meeting observations, document reviews and feedback. It gave explicit recognition to the fact that different elements of performance measurement and management practices will be captured in the data provided by the various sources.
3. *Theoretical triangulation* – involved the use of a number of theoretical models which were drawn from the public management and institutionalist literatures each of which casts the data in a different light but which together provide a richer, more textured picture of the phenomenon.

5.8 Summary

In this chapter the selection of the case study agencies was explained and the methods used to accomplish the empirical research have been described. The chapter has also explained how the interview data was analysed through the lenses of function, purpose and perspective. These findings are reported in Chapters 6, 7 and 8 respectively.

Chapter 6

FUNCTION AS AN ELEMENT OF PERFORMANCE MEASUREMENT AND MANAGEMENT IN THE CASE STUDY AGENCIES

6.1 Introduction

As explained in Chapter 1, three lenses by which we may examine performance measurement and management practices are function, purpose and perspective. This chapter outlines the construct of function and compares the functions as espoused in relevant legislation and key accountability documents with those identified as in use by the interviewees from each of the case study agencies. The nature of those functions is explored together with the extent to which the work involved and its results are able to be defined in advance and subsequently measured. Consideration is also given to the extent to which that definition and measurement occurs in terms of the inputs, processes, outputs and/or inputs involved.

Finally consideration is given to the extent to which the interviewees at the national, regional and local levels of each agency describe and seek to manage the same functions.

6.2 The Construct of Function

The construct of function refers to the purposeful activities which are undertaken by the members of an organisation. In the context of the New Zealand model of public sector management these activities are, at least in the *official* model, principally directed to the delivery of outputs and outcomes, which are defined in formal accountability documents, together with information relating to the maintenance or enhancement of their capacity and capability, which receives rather less formal definition.

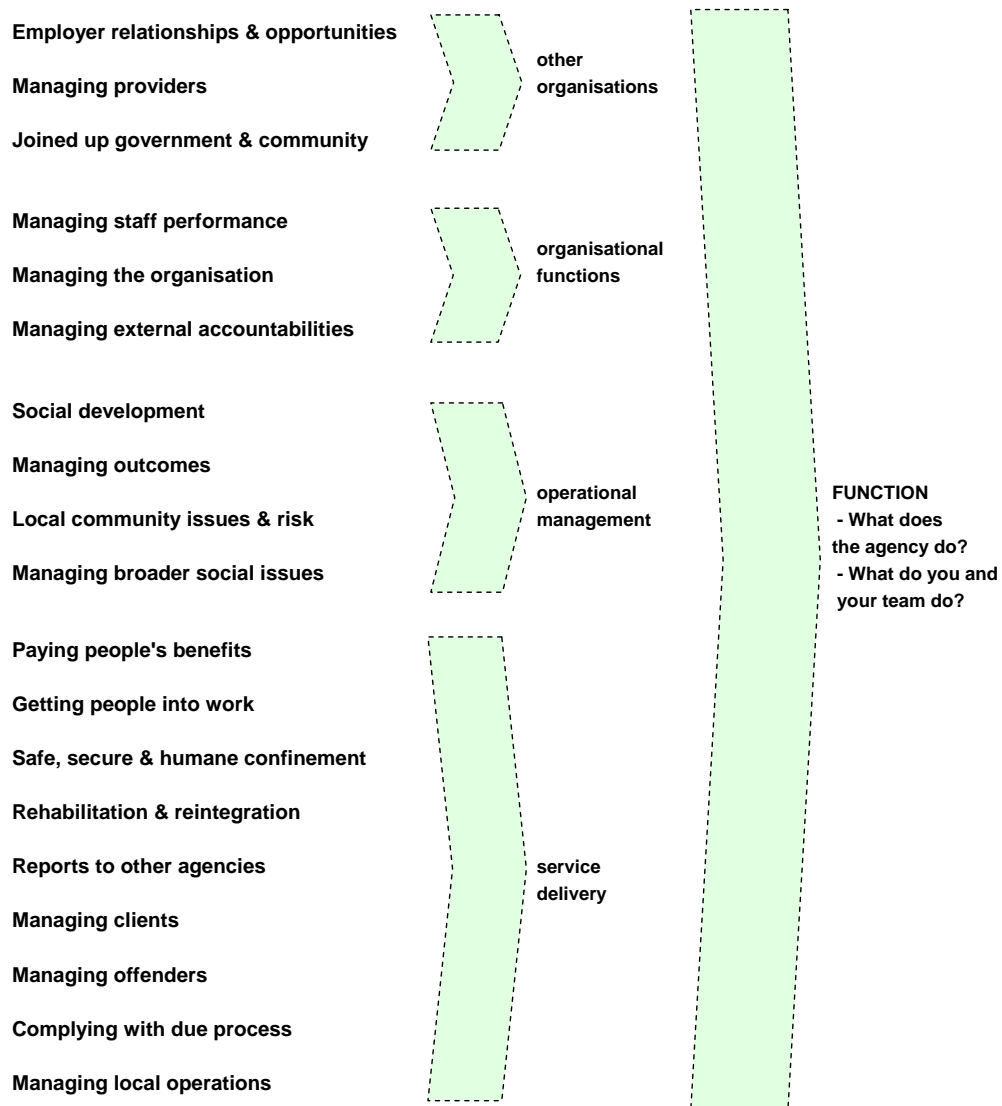
For the Government as a whole, largely financial information relating to the functions of each public service agency is published in the annual Estimates of Appropriations documents. Each agency also produces its own accountability documents which provide more detailed financial and non-financial information, principally in the form of:

- a Statement of Intent which sets out the agency's functions and medium term objectives;
- an Output Plan which sets out the specific outputs that relevant Vote Ministers will 'purchase' from the agency during the ensuing financial year; and
- an Annual Report which provides information on outputs delivered, costs incurred and contributions to outcomes achieved during the previous financial year.

The specific functions and purposes of each public service agency are also set out in legislation relevant to that agency (such as the Social Security Act 1964 and the Corrections Act 2004).

Notwithstanding these official specifications of an agency's functions, those working within the agency may have a different understanding of their, and their agency's, functions. As reported in Chapter 5, in order to ascertain the understanding of managers and staff in the three case study organisations, semi-structured interviews were conducted in which the interviewees were asked, *inter alia*, 'what does your organisation do?' and 'what do you and your team do?'. From their responses, nineteen separate functions were identified.

Figure 6.1: Functions Identified by Interviewees



As shown in Figure 6.1, the functions identified by the interviewees may be categorised based on the extent to which they are concerned with:

- managing interfaces with other organisations,
- managing the organisation itself,
- operational management, and
- more detailed process management.

Although the interviewees' responses indicated that institutional, managerial and technical functions are all important, their relative importance differs between the three agencies. This is reflected in Figure 6.2 which presents a summary of the

interviewees' responses. As explained in Chapter 5, the findings reported in Figure 6.2 reflect the percentage of the total statements made by each interviewee about the functions of his/her agency,²⁷ with the interviewees grouped according to their sphere of authority within the agency, that is, national, regional or local.

Figure 6.2: Summary of Interviewees' Statements Concerning Function for Each Case Study Agency

FUNCTION	PERCENTAGE OF ISSUES MENTIONED											
	Work and Income				Public Prisons Service				Community Probation Service			
	National	Regional	Local	Average	National	Regional	Local	Average	National	Regional	Local	Average
Other Organisations												
Managing employer relationships & opportunities	3	3	5		-	-	-		-	-	-	
Managing providers	-	3	-		-	-	-		2	-	3	
Managing joined up government & community	9	24	4		6	10	1		1	11	8	
Total % of issues mentioned	12%	29%	9%	17%	6%	10%	1%	6%	3%	11%	11%	8%
Organisational Functions												
Managing individual (staff) performance	-	-	-		8	-	13		1	4	17	
Managing the organisation	33	21	4		19	-	10		47	36	18	
Managing external accountabilities	4	-	-		6	20	1		8	15	1	
Total % of issues mentioned	37%	21%	4%	21%	33%	20%	24%	25%	56%	55%	36%	49%
Operational Management Functions												
Managing social development	23	3	10		-	-	-		-	-	-	
Managing outcomes	-	-	-		6	-	-		7	-	2	
Managing local community issues and risk	2	8	9		3	-	-		3	4	1	
Managing broader social issues	5	16	1		-	20	-		-	-	-	
Total % of issues mentioned	30%	27%	20%	26%	8%	20%	0%	9%	11%	4%	3%	6%
Service Delivery Functions												
Paying people's benefits	8	7	13		-	-	-		-	-	-	
Getting people into work	12	15	20		-	-	-		-	-	-	
Managing safe, secure and humane confinement	-	-	-		27	10	6		-	-	-	
Managing rehabilitation and reintegration	-	-	-		22	40	17		14	4	4	
Provide reports to other agencies	-	-	-		-	-	-		3	-	10	
Managing clients	-	3	34		-	-	-		-	-	-	
Managing offenders	-	-	-		3	-	13		7	15	25	
Complying with due process	-	-	-		3	-	21		6	11	6	
Managing local operations	-	-	-		-	-	18		-	-	6	
Total % of issues mentioned	20%	24%	67%	37%	54%	50%	75%	60%	30%	30%	50%	37%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

²⁷ The total statements made by interviewees include statements reporting that the function was *not* a function of the agency (or the interviewee, or his/her team) as well as those identifying the function as that of the agency (or the interviewee, or his/her team).

From Figure 6.2 it may be seen that the national level interviewees from Work and Income were principally concerned with functions associated with the management of the organisation and its strategic focus on social development. While Work and Income's regional level interviewees were reasonably evenly split across all four categories, interviewees at the local level emphasised the service delivery functions relating to their clients.

In contrast interviewees at all three organisational levels of the Public Prisons Service emphasised the service delivery functions associated with prison management. In the Community Probations Service national and regional interviewees principally described functions associated with managing that organisation while local level interviewees placed most emphasis on service delivery functions concerned with managing offenders in the community. Interviewees from Work and Income indicated that the agency's activities are fairly evenly divided between institutional and technical functions. This contrasts with the Public Prisons Service where the focus appears to be on technical functions, and the Community Probation Service in which institutional functions seem to be the most important. Managerial functions are least important in all three agencies but remain significant in Work and Income.

For each of the case study agencies the functions, as specified in the accountability documents and those described by their interviewees, are reported in more detail below.

6.3 Work and Income

6.3.1 Official Functions of Work and Income

Work and Income is a major service line within New Zealand's largest public service agency, the Ministry of Social Development (MSD). The Ministry embraces

a range of other service lines including, for example, Family and Community Services, Child, Youth and Family Services, and a Social Services Policy Group. In the 2006/2007 financial year, Work and Income operated from its national office in Wellington, 11 regional offices, 141 service centres and 5 contact centres. It was responsible for the payment of approximately \$6.2 billion in social security benefits and \$6.7 billion in New Zealand Superannuation entitlements.

The principal functions of Work and Income are set out in:

- (i) the legislation it administers (for example, the Social Security Act 1964 and the New Zealand Superannuation and Retirement Income Act 2001),
- (ii) the Government's Estimates of Appropriations documentation, and
- (iii) MSD's own key accountability documents (the Statement of Intent, Output Plan and Annual Report).

Section 1A of the Social Security Act 1964 establishes the following functions:

- (a) [T]he provision of financial and other support as appropriate –
 - (i) to help people to support themselves and their dependents while not in paid employment; and
 - (ii) to help people find or retain paid employment; and
 - (iii) to help people for whom work may not currently be appropriate because of sickness, injury, disability, or caring responsibilities, to support themselves and their dependants.
- (b) [I]n certain circumstances the provision of financial support to people to help alleviate hardship.

In the context of the broader MSD accountability documents, three "high level outcomes" are identified to which Work and Income contributes. The first and most significant is entitled *Working Age People* and is defined in the MSD's 2006/2007 Statement of Intent as follows:

People achieve economic independence throughout their working lives. They are able to participate in and contribute to society and have a sense of belonging. (MSD 2006, p. 18)

Secondly, Work and Income contributes to MSD's outcome entitled *Families/Whanau* which includes the goals:

Families and whanau are active participants in working and community life, and obtain the resources to play a fully functional role in supporting their members and communities; and

Families and whanau are a safe and secure environment where all members live free from violence. (MSD 2006, p.18)

Providing an overall context for the previous two outcomes, the third high level outcome *Leading Social Development* is defined as:

A whole of government approach to achieving the Government's social vision. (MSD 2006, p.18)

This is supplied by, *inter alia*, the following lower level outcome:

Facilitate and promote collaboration among social sector service delivery agencies at the regional and local level. (MSD 2006, p.18)

The Government's Estimates documentation and the MSD's 2006/2007 own accountability documents specify four classes of outputs that facilitate achievement of these outcomes and encapsulate the official functions of Work and Income. These are:

- (i) Services to minimise the duration of unemployment and move people into work;
- (ii) Services to provide benefit entitlement and obligations to working age beneficiaries and to promote self sufficiency;
- (iii) Service to Seniors; and
- (iv) Social Development Leadership.

Each of these is explained below.

(i) *Services to minimise the duration of unemployment and move people into work.* This class of outputs contributes to the high level outcome for *Working Age People* and includes the following major functions:

- assessing clients' capability to work;
- supporting job seekers to develop skills and knowledge relevant to labour market opportunities;
- working with industry to identify opportunities for job searching clients;
- matching job seekers to appropriate employment opportunities;
- providing clients with support once they are placed in employment;
and
- assisting disadvantaged communities and groups to recognise and develop their own labour market initiatives and to use their own assets to create employment opportunities that lead to self-sufficiency and contribute to the local economy (MSD 2007, p.60).

(ii) *Services to provide benefit entitlement and obligations to working age beneficiaries and to promote self sufficiency.* This class of outputs includes the functions:

- providing information on the full range of assistance available so people can apply for assistance for which they might be eligible;
- informing people of their rights and obligations when they receive income support;
- assessing, verifying and paying income support;
- managing people's needs for income support and other assistance, including responding to changes in people's circumstances in a timely and appropriate manner;

- managing client debt repayment in a way that balances the client's ability to repay with the need to ensure integrity of the benefit system;
- providing individual assistance to those for whom an employment outcome is not an immediate option, for example single parents, people who have ill health or people with a disability; and
- providing information on social community and employment services and referring people to the agency that best suits their need (MSD 2007, p.64).

(iii) *Service to Seniors*. This class of outputs includes the functions:

- assessing, paying and reviewing entitlements for New Zealand Superannuation (NZ Super) and supplementary benefits, grants, allowances and subsidies paid to NZ Super clients or pensioners (MSD 2007, p.66).

(iv) *Social Development Leadership*. This class of outputs includes the functions:

- leading, facilitating and contributing to "whole of government" regional and local social development initiatives; and
- identifying social, economic and infrastructural issues of high priority to the regions, communicating these priorities to Wellington [national office] and facilitating progress through government agencies' work programmes (MSD 2007, p.70).

The functions of Work and Income outlined above are largely associated with the core functions of helping people into sustainable employment and paying people their correct benefit entitlements. In terms of the framework shown in Figure 6.2, these are characterised as service delivery functions. However, the function "assisting disadvantaged communities and groups to recognise and develop their

own labour market initiatives" (MSD 2007, p.60) reflects the operational management function, *Managing Social Development* (see Figure 6.1). Along similar lines, the function "work in partnership with industry to identify skill and labour shortages" (MSD 2007, p.60) reflects the organisational function *Managing Employer Relationships and Opportunities*. These are discussed further below, in the context of the findings of the interviews with Work and Income staff.

It should be noted that the key public accountability documents identified above largely assume a 'purchase'²⁸ perspective and place little emphasis on functions associated with the 'ownership' role of Ministers and the stewardship role of the agency's managers. However, MSD's 2006/2007 Statement of Intent does explain the need to strengthen the organisation's capacity and capability by reconfiguring:

... the skill base of our workforce both at the front line and within national office to assist in shifting from a transactions approach to one of achieving outcomes ... [and providing] our staff with the right systems and tools. (MSD 2006, p.95)

To this end, the same document states that MSD will:

- strengthen our understanding of client needs and requirements ... ;
- provide information and promote choices [to clients] ... ;
- develop our capability to work more effectively with clients who have high and complex needs ... ;
- develop a new assessment tool, including an automated assessment and job matching tool ... ;
- increase our knowledge of the local labour market. (MSD 2006, p.67)

Despite these statements, little specific information is provided in respect of how these initiatives will be measured and monitored. In comparison, in the

²⁸ Within the public service context, it has been suggested that Ministers have dual roles as 'purchasers' of goods and services from the government agencies and as 'owners' of the assets and productive capabilities that deliver those goods and services currently and in the future (see, for example, Treasury 1996, pp. 15-16). However, little legislative recognition has been given to these dual responsibilities of Ministers and matching functions of chief executives. Although the Public Finance Act 1989 requires public service departments to report on "organisational health and capability" (section 40(d) (iii)), no further definition of that requirement is provided. Similarly, no mention of maintaining departmental capability and capacity is included in the responsibilities of departmental chief executives as defined in section 32 of the State Sector Act 1988.

Statement of Intent, Forecast Output Performance Statements provide detailed cost, quantity and quality criteria for each output. Similarly, MSD's 2006/2007 Annual Report notes the need for "strong foundations" (p.38) and reports:

- good progress in developing an integrated client management system;
- the development, in Auckland and Canterbury, of offices shared by front line staff from the Ministry's various service lines;
- a staff turnover rate of 13% which is in line with the rest of the public service;
- a graduate recruitment programme that attracted 470 applications; and
- and annual regional Maori hui and national Pacific fono.²⁹

However, like MSD's other accountability documents, the Annual Report provides no more detailed information in respect of the progress or results of these initiatives.

Figure 6.3, below, summarises the official functions of Work and Income which are defined in the agency's governing legislation, the Government's Estimates documentation, and in MSD's own accountability documents. In all three sets of documents, the focus is on the provision of appropriate benefit payments, assisting people into paid employment and on leading social development. The stewardship function of managing organisational capacity and capability is mentioned in both the Estimates documentation and in MSD's Statement of Intent and Annual Report. Promoting collaboration among social sector agencies, although closely linked to leading social development, is only specifically mentioned in MSD's Statement of Intent and Annual Report.

²⁹ Meetings for Maori and Pacific Island staff in which their cultural practices are adopted.

Figure 6.3: Official Functions of Work and Income

	Service Delivery (Purchase Perspective)	Stewardship (Ownership Perspective)
Legislation	<p>The provision of financial and other support as appropriate –</p> <ul style="list-style-type: none"> (i) to help people to support themselves and their dependents while not in paid employment; and (ii) to help people find or retain paid employment; and (iii) to help people for whom work may not currently be appropriate because of sickness, injury, disability, or caring responsibilities, to support themselves and their dependants. <p>In certain circumstances the provision of financial support to people to help alleviate hardship.</p>	
Government Estimates	<p>Services to assess and pay the appropriate entitlement of social assistance to beneficiaries and to protect the integrity of the benefit system, including management of debt.</p> <p>Services to assist people into employment.</p> <p>The provision of social development leadership, including support of cross-sectoral government collaboration at a local level.</p>	Expand the capacity and strengthen the capability of regional offices
Departmental Statement of Intent and Annual Report	<p>Services to minimise the duration of unemployment and move people into work;</p> <p>Services to provide benefit entitlement and obligations to working age beneficiaries and to promote self sufficiency;</p> <p>Service to seniors; and</p> <p>Social development leadership</p>	<p>Strengthen the agency’s capacity and capability</p> <p>Facilitate and promote collaboration among social sector service delivery agencies</p>

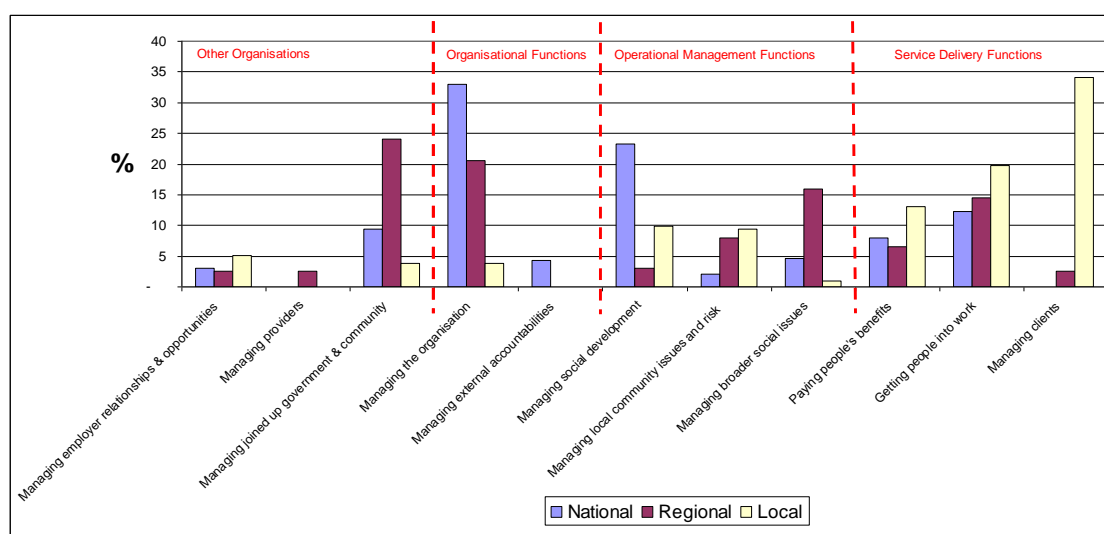
The observations by interviewees from Work and Income reported below identify the agency’s key functions as perceived by them and provide an insight into the extent to which they reflect the official functions outlined above and support the

desired shift in focus from transactions to outcomes noted in MSD's 2006/2007 Statement of Intent.

6.3.2 Interview Findings Related to Functions of Work and Income

As might be expected, and as reflected in Figure 6.3, the interviewees' descriptions of their functions varied with their role within the agency's organisational hierarchy.

Figure 6.4: Functions of Work and Income Identified by Interviewees Grouped by Level in the Organisational Hierarchy



Thus, for example, descriptions of client-related (i.e. service delivery) functions were more prevalent at the Service Centre level (identified in Figure 6.2 and 6.4 as 'local') but at national office level greater emphasis was placed on *Managing the Organisation* and on the operational management function *Managing Social Development*.

Organisational Functions of Work and Income

As reflected in Figures 6.2 and 6.4, the interviewees from Work and Income referred to the following two organisational functions:

- (i) Managing the Organisation;
- (ii) Managing External Accountabilities;

For this agency the most significant organisational function is that related to *Managing the Organisation*; this concerns developing and communicating strategy and facilitating the provision of the required organisational capability and capacity. As might be expected, national office managers, and to a lesser extent regional managers, focused principally on this function and, in particular, its broader strategic element. A senior national office manager, when describing Work and Income's evolving role, asked, "What can you actually do to influence direction and have people thinking in different ways?" (WI national 7)³⁰. Another national office manager explained that his/her role was to:

Put Work and Income in a place three to five years ahead and say this is where we want to be, or collectively this is where we feel we want to be, how are we going to get there, what do we want to focus on, how do we communicate that to our staff, how does it relate in a practical way to the operational side of things? (WI national 6)

Similarly reflecting the strategic element of their function, national office managers mentioned their roles in "setting targets that our regions need to perform to" (WI national 6), and allocating funding on the most effective basis (WI national 11).

Managing the Organisation also appears to be important at a regional level (see figure 6.3) but, at this level, it seems that the focus is principally on the organisational capability and capacity element of the function. This is reflected in the observations of a Regional Commissioner who stressed the importance of "training and development and investment", and stated:

... what we're talking about now is let's step back ... and focus more on how we do things ... and to develop our foundation, to make sure that it's really strong and we have the capability and the capacity to do the best possible job that we can; that

³⁰ Quoted comments are identified by the agency of the interviewee (i.e. 'WI' for Work and Income, 'PP' for Public Prisons and 'CPS' for the Community Probations Service), their level in the organisational hierarchy (i.e. 'local', 'regional', 'national' or 'external') and a unique numerical identifier.

everybody understands why they're here; that we invest heavily in our training so that people know how to do what we expect them to do. (WI regional 9)

This interviewee also stressed the importance of managers as leaders being able to "encourage, support and develop the potential of your people", but noted that problems exist with attracting and retaining appropriate staff. (S)he explained:

Because [we are part] of the public service ... we basically just inherit people and they stay forever; and to be quite frank about it, the worse they are the longer they are likely to stay especially if they recognise that they are not very good because the realities are where would they go and who would have them? (WI regional 9)

As is noted below, this issue was similarly mentioned by interviewees from both the Public Prisons Service and the Community Probation Service.

Although *Managing the Organisation* did not feature significantly in the responses of Work and Income interviewees at the local level, a local Service Centre Manager conveyed elements of both the strategic and the people elements of the function.

This interviewee observed:

... it's important that I paint the bigger picture and then I drill it down into the detailed stuff so they actually know that what we are trying to do is not because I am telling them to do it, it's because it feeds into this and then that feeds into this and just so [into] the bigger picture stuff as well. So they see what they do on a daily basis is important and it's meaningful. (WI local 4)

Distinguishing features of public service organisations lie in the scope of the information they are required to provide for purposes of external accountability and in their relationship with the media which is often hungry for stories. However, as reflected in Figure 6.2, unlike the other two case study agencies, the function of *Managing External Accountabilities* did not feature prominently in the

responses of interviewees from Work and Income.³¹ Nevertheless the function was mentioned by a national office manager who explained:

We are also heavily involved in Work and Income's input into the Statement of Intent, the Output Plan, [and] a whole range of key, significant documents that the Ministry produces ...

(S)he further explained:

What we are doing, or are planning to do this year, is make sure we have a key performance indicator report that is really aligned to [the Ministry's] Statement of Intent and our Output Plan whereby we could quite happily present that externally and it's, sort of, the public face of our reporting. (WI national 6)

This observation suggests that, in the past, internal and external reporting have been more loosely coupled.

Functions Relating to Other Organisations

Interviewees from Work and Income also identified three functions relating to other organisations, namely:

- (i) Managing Joined Up Government and Community;
- (ii) Managing Providers; and
- (iii) Managing Employer Relationships and Opportunities.

The most important function relating to other organisations identified by interviewees from Work and Income is that of *Managing Joined Up Government and Community*. This function is aligned to the managerial function of managing local community issues but reflects an emphasis on broader relationship building.

A senior national office manager described the function in the following terms:

... it is about what we need to do as an organisation in terms of collaboration, working with other agencies, working with non-government organisations,

³¹ However, at national office level, Work and Income has a significant communications function. In the past, under the high profile chief executive Christine Rankin, the agency attracted considerable media attention. More recently, it has plausibly managed the organisation's profile, and relationship with the media, more successfully and, in so doing, has provided more 'operational space', or less distraction, for its managers.

developing those kind of relationships across the board so that we can get the best outcomes. (WI national 7)

(S)he added to this by asking:

[H]as it ever occurred before where a government agency develops partnerships with industry and then develops relationships with training organisations so it's a three way partnership, getting people trained for specific jobs and paying them for the outcome that you get? (WI national 7)

Managers at all three hierarchical levels described working with other agencies within the Ministry of Social Development, such as Family and Community Services and Child, Youth and Family Services, as well as with other central government agencies, such as Housing New Zealand and the Police. Several references were also made to working with organisations such as councils, hospitals and schools. Nevertheless, this function (i.e. *Managing Joined Up Government and Community*) appears to be particularly important at regional manager level. A Regional Commissioner observed, for example:

We do have to spend a lot more time as we are trying to get more collaborative, working with other agencies, even internally, a lot of time trying to work out where all the crossovers are. (WI regional 3)

However, a local service centre manager also displayed a concern for collaborative effort. In relation to social development and building community capability, (s)he observed:

... we can't do that by ourselves we need the help of the community that we service and other organisations whether that's government organisations or non-government organisations. (WI local 4)

This interviewee explained that his/her service centre enlists the help of other agencies by inviting them into the service centre from where they can assist the members of the local community:

... Inland Revenue are here once a week. Citizens Advice are here twice a week. Housing New Zealand are here three times a week. So we are becoming a one stop shop where someone can come to and get all of their needs addressed (WI local 4).

The importance of this function within Work and Income is also reflected in the fact that being able to demonstrate, or provide evidence of, collaboration with other governmental and non-governmental organisations is an element of both managerial and individual staff member performance. A senior national office manager noted, for example:

There's a bunch of stuff in there about collaboration I think. I'm not sure if it's in the Output Plan, it's certainly in my performance agreement. (WI national 7)

A function, which appears to be of relatively minor importance in Work and Income (as in the other two case study agencies), is that of *Managing Providers*. Work and Income relies on a large number of external providers for services such as training programmes that help to prepare clients for future employment. However, this function was mentioned only by a Regional Commissioner who noted:

We don't purchase training for the sake of training and that sort of stuff. ... We actually say, well tell us about the outcomes which you'll get. ... instead of us paying for the course, we'll actually pay you for each [client] that you get into employment. So if you get lots of people into employment, that's good, you will make some money; if you don't, you won't get paid and you might have spent all that time doing all that training for no reason; because, if it doesn't achieve the outcomes, why would we purchase it? (WI regional 3)

Aligned to managing providers of services is the function *Managing Employer Relationships and Opportunities*. This involves developing and maintaining relationships with employers, as well as identifying specific job opportunities for clients. Although not particularly significant at any one hierarchical level, it was

mentioned by interviewees from all three levels. At national and regional levels, in particular, managing employer relationships has the objective of establishing industry partnerships that allow Work and Income to identify the staffing requirements of employers and to fill these with appropriately qualified and experienced personnel. Thus, a Regional Commissioner provided an example of a “Uniformed Services Strategy” in which:

... we are going to try and implement a process where we can bring young people through a range of intervention or preparatory processes so that they can have an opportunity to enter any one of the armed or uniformed services, be it from the Police, to the Navy, to even the security industry, or prison guards, that type of stuff. Because those are the areas where there is a huge skill shortage and there’s long term sustainable employment there. (WI regional 9)

At a local level, *Managing Employer Relationships* is a key part of the role of Work Brokers.³² A Local Service Centre Manager explained that Work Brokers are:

... out on the streets. They go out and they talk to big companies, they talk to little businesses - sort of like an employment agency but for free. And employers now are starting to refer to us because of the clients that we can refer to them. (WI local 1)

Operational Management Functions of Work and Income

As shown in Figures 6.2 and 6.4, the interviewees from Work and Income identified three operational management functions, namely:

- (i) Managing Social Development;
- (ii) Managing Broader Social Issues; and
- (iii) Managing Local Community Issues.

Each of these managerial functions was referred to by interviewees from all three organisational levels but with a different emphasis.

³² Work Brokers are employed at local Service Centres and have the principal responsibility of identifying employment opportunities in the local community.

The most significant managerial function, particularly at national level, is that of *Managing Social Development*. This function reflects a broadening of Work and Income's operations, beyond the transactional processes of paying benefits and placing people in employment, to issues potentially affecting the broader outcomes the agency is trying to achieve. A senior national office manager explained that *Managing Social Development*:

... is very much focused on improving the lives of our clients and their families. You could say, what does that mean? I guess we started out by thinking that getting people a job would make a difference when we started getting people off unemployment benefit. But what we found ... was that actually it made a difference right across their lives and their families if they were in employment just because of the way it makes them feel; and it kind of gets them out of that dependency frame and provides opportunities for them and the kids. (WI national 7)

(S)he went on to suggest that the nature of this function led to the agency engaging in activities that were not included in its formal accountability documents:

[T]hat performance starts to go outside the agreement that we have with Government. So that might be the starting point but then it's starting to think about ... what can we do in relation to the clients, what can we do in relation to these things ... that might not be your core business but impact on outcomes for clients? So how can you ... work in that area and how might you measure that to show you have a level of performance that is contributing to the outcomes. (WI national 7)

Along similar lines, another national office manager observed:

[W]e have our core business when we have to see people within two days and all those kind of basic measures that we've had in place for years; but then we've got this more holistic view of the client now when we are able to look at people from a family perspective, an individual perspective, a community perspective and just attach them to services that they need. So we are doing a lot more in the way of health interventions and that sort of thing. (WI national 11)

Similarly, a local level a Service Centre Manager stated:

[W]e are definitely focusing more around the holistic approach - around social development as well as income support; finding people employment; building capability within the community (WI local 4).

For regional managers the most important managerial function is *Managing Broader Social Issues* (see Figure 6.2 and 6.3). The significance of this function at the national level was reflected in the suggestion by a national office manager that Work and Income is:

... the only government department that is actually truly distributed. We are installed in eleven regions, we have a hundred and fifty sites, we are out in every community. (WI national 11)

The interviewee explained that, as a result of its wide geographical distribution, the agency has become the first port of call for a range of social issues:

For example, the snow in Canterbury, the tornado in Greymouth, the floods in the Bay of Plenty, the floods in the Manawatu - the first person they call is us because we have got one of the biggest contact centres in the country so we can set up a flood line like that. We have got an emergency line now permanently that we can reactivate as we need (WI national 11).

Another national office manager explained:

... what happens now is people come to us to say I want you to have a look at this, we want you to be involved in this. Because of that 'can do' attitude, you know, it doesn't really matter whether you've got a formal mandate. It's just how you work with others to support them (WI national 7).

These comments reflect a degree of discretion that is available to managers in Work and Income which enables them to adopt a holistic approach to the wellbeing of their clients. This was illustrated by a Regional Commissioner who stated:

There's two ways of reducing benefit numbers: one is to stop people going on the benefit, or helping them so they don't need to; and the other way is to help people who are on the benefit move off it ... you can actually become more connected with

schools, and trades training, and a whole range of other things, as pro-active initiatives if that's going to help you in the long run; that's a judgement that you can actually make. (WI regional 3)

Another Regional Commissioner similarly explained the need to work with clients before they become beneficiaries by stating:

[Y]ou can't demarcate it and say the youth and those clients who aren't receiving a benefit [are not our clients] because, if we don't have some engagement at that end, the flow of people likely to come into our negative funded area is never going to change. (WI regional 9)

(S)he provided an example of "preventative work" taking place in the Youth Transitions Service which (s)he described as:

... more of a partnership based approach. Working with councils, working with strong community organisations to facilitate the transition of youth who are at risk of becoming unemployed or getting into trouble. (WI regional 9)

Although *Managing Broader Social Issues* is not generally an immediate concern for local level staff, a local Service Centre Manager explained how (s)he seeks to involve his/her staff in broader social issues:

We go through the Social Report³³ at times. We talk about this is what we are here for, how can we bring change in peoples' lives; not just getting them to work, etc. It's just so different now - we're involved in the family violence prevention programme. (WI local 1)

(S)he went on to acknowledge that approaching clients about sensitive issues like family violence presents difficulties for his/her staff and that a quite different approach is required. Nevertheless (s)he reported:

[I]n the last month we actually referred twenty people. Twenty people; and we are thinking, ... if we're not doing this what would happen to these twenty people? And we refer them to agencies like Parentline. (WI local 1)

³³ 'The Social Report' has been published annually since 2001 by the Ministry of Social Development and, on a regional and territorial basis, provides a range of measures related to social wellbeing that support monitoring progress in relation to *Managing Broader Social Issues* and *Social Development*. .

The operational management function of *Managing Local Community Issues* is aligned with the institutional function of *Managing Joined Up Government and Community* but it involves a more detailed focus on local community groups and organisations and working with them to resolve issues of concern. Although this function was mentioned by interviewees from all three organisational levels, perhaps not surprisingly, it is most important for interviewees at a local level. An element of this function is concerned with appropriately managing cultural issues.

A local Service Centre Manager explained:

I have very high Maori and Pacific Island [population] and I've got to deal with those issues that they face; whereas in [another city] they're predominantly European, very different, brought up differently, different values, different beliefs. So I've got to manage those first before we even look to move on to anything else. (WI local 4)

Geographic variations and the need to recognise different communities were also reflected in the comments of a Regional Commissioner who observed:

... different geographic environments, different communities ... there are different issues for those communities. [the local population] covers quite a broad spectrum and performance is quite closely associated with the challenges that are in those communities. (WI regional 9)

Managing Local Community Issues involves providing a wide range of services many of which may be intangible or difficult to measure and, as such, lie outside the formally recognised responsibilities and the performance management processes of individual staff. This was explained by a local Case Manager in the following terms:

You have lots of other little things that come in to it too. Like, we might have to go to strengthening families meetings. We might have to go to an FGC [Family Group Conference] of some sort.³⁴ So there's little things that come in from outside but they are all part of [the job] ultimately. (WI local 5)

³⁴ Strengthening Families meetings are held to bring together local health, education, welfare and police services to discuss and assist problem or at risk cases. FGCs, or Family Group Conferences, are meetings more formally provided for in legislation and convened by Child, Youth and Family Services.

Service Delivery Functions of Work and Income

The interviewees from Work and Income identified three technical functions they are expected to undertake:

- (i) Getting People into Work;
- (ii) Managing Clients; and
- (iii) Paying People's Benefits.

These functions closely reflect the official functions defined in the governing legislation and formal accountability documents. Their relative importance at the three organisational levels is shown in Figures 6.2 and 6.4.

Interviewees from all three organisational levels recognised *Getting People into Work* as a key function of Work and Income. Its importance was conveyed by two Regional Commissioners in the following terms:

[O]ur core function is to help and assist people to find employment, gain employment, through a range of different means wherever possible. (WI regional 9)

[O]ur strategic long term goal, if you wanted to refine it down to one particular thing that we actually do is to help people find sustainable long term employment. (WI regional 3)

At the local level, a Service Centre Manager conveyed a similar view but explained how the focus has broadened from targeted reductions in the number of people on the centre's unemployment register to embrace people receiving other benefits.

That's our main focus here, to put people in employment; and it's not just from the unemployment register now, it's about looking at people who want to work from the domestic purposes benefit, sickness benefit, and the invalids' benefit. Some ... people may be only able to work part time; that's their call but we can still sort that out for them. It's about putting people into work and keeping people in work. (WI local 2)

More simply, a local staff member stated:

I'm a work broker so I'm out talking to employers about opportunities for the unemployed, then list vacancies and try and locate the best person we've got on our register for the positions we've got available. (WI local 10)

However, as a national office manager explained, this function extends beyond putting people into, and keeping them in, employment. (S)he said it could be regarded as "social investment" and explained:

People say why do you focus so much on unemployment? That's the reason; because it adds stability to the family and it gives people a far better feeling about themselves. Maybe they won't hit their kids as much, or whatever. (WI national 6)

The same perspective is reflected in the function *Managing Clients* which is particularly important to local level interviewees. A local Service Centre Manager described the role of his/her team as providing clients with income support and/or assistance in gaining employment:

... so they can survive, get an income, and then we can work with them positively to make a difference in their lives. Connect them with those agencies, put them back into work, give them some value, and things. (WI local 8)

Commenting on the change in the role of local Work and Income staff, another Service Centre Manager stated:

Once upon a time ... you were just a case manager sitting at your desk, delivering benefit. And when they walked out the door, they walked out the door; and when they cancelled the benefit, they cancelled it and that's good, that's gone. Now you become quite involved and a lot of the staff enjoy it. (WI local 1)

The enjoyment of staff members is reflected in a local level interviewee's description of working with clients:

... I've got some clients that, I've been here since 2003, that are still my clients. So I know lots and lots and lots about their lives and where they are at and what they are doing. Working with them for that length of time you get to know what they need and what you can do best to help them. ... If I wasn't helping anybody and all I was

here for was just to dish out money, I wouldn't be here to be quite honest. (WI local 5)

A local level Service Centre Manager noted that this broader approach to managing clients requires front line staff to possess a different skill set. (S)he explained:

Previously it was about making sure that they could type and capture all that information whereas now it's: can these people have a conversation? Can they get the information that we need? Yes, you still need to be able to type to put it all in but you've got to be able to have a conversation with the person and ask the right questions to get that information out. ... You're looking for a very different ... person than you would have been, I don't know, five or ten years ago. (WI local 4)

The function *Managing Clients* was also mentioned at the regional level where a Regional Commissioner described how an "outcomes approach" has empowered local Case Managers to adopt a broader focus. (S)he suggested:

[W]hat our ... more outcomes approach has done [to] the way that case managers work is that they think of themselves as more [of] a broker, more of somebody who's interested in what's going to happen to this client after they leave us. (WI regional 3)

(S)he provided a powerful example of the broader approach to client management by relating the story of a client who had erroneously been fined for an offence they did not commit. (S)he reported:

[E]ffectively [the client] tried as much as possible to explain to people at the Court that they're not this person, this is not their debt, they shouldn't have to pay it. But they didn't know any more how to deal with it so they just gave up and said its easier, it's only ten dollars a week, I'll just give up I can't be bothered. (WI regional 3)

However, a Case Manager was able to intervene, explain the error to the Court and gain the client a refund of the monies already paid.

The function *Paying People's Benefits*, like *Getting People into Work*, is probably seen by the general public as a key function of Work and Income. It is not surprising, therefore, that it was mentioned by interviewees at all three levels of the agency. A senior national office manager explained the function in terms of administering the Social Security Act 1964,

... which is paying out benefits, if you like, in a timely and accurate manner and to the right people. (WI national 7)

A regional level manager described paying people's benefits in rather broader terms. (S)he explained:

[I]ncome support is a safety net, social safety net, for a range of New Zealanders really ... that includes people who are looking for work, those people who have sole parent obligations, who are sick or have disabilities, and also those who are in retirement. (WI regional 9)

A similar idea was conveyed by a local Service Centre Manager who noted that by paying income support, "we give them a financial base to work from" (WI local 8).

6.3.3 Summary: Functions of Work and Income

In terms of the organisational types proposed by Wilson (1989) and discussed in Chapter 1, the core functions of Work and Income (i.e. paying benefits and placing people into employment) have been characterised as belonging to a "production" organisation (Gregory, 1995a) on the basis that the work and activities of staff and the results of that work are both observable. However, the emphasis placed on *Social Development*, *Managing Broader Social Issues* and *Managing Clients* by interviewees at all levels of the organisation suggests that Work and Income is more correctly characterised as a "procedural" organisation in which, while much of the work can be observed, little of the results can be, at least directly, observed.

As noted above and in the comparison between *official* and *in use* functions shown in Figure 6.5 below, the *official* functions of Work and Income, as contained in the Ministry of Social Development's key accountability documents, focus on four main functions. However, the *in use* functions described by interviewees from Work and Income represent a much broader mandate than those espoused in its formal accountability documents and embodied in the common view that it is an agency responsible simply for paying benefits and placing people into employment.

The Ministry's 2006 Statement of Intent noted the need for these functions to be undertaken with a shift in focus "from a transactional approach to one of achieving outcomes" (MSD 2006, p.21). The longer term focus on client wellbeing and broader social issues reported by the interviewees suggests that Work and Income has, in large part, achieved that. In so doing interviewees also indicated that they are seeking to go beyond the strict mandate of the external accountability documents.

In relation to the 'stewardship' functions of managing Work and Incomes capacity and capability, discussed above and in Chapter 2, the function *Managing the Organisation*, which encapsulates notions of stewardship, was mentioned by interviewees at all three organisational levels and was particularly important at national and regional level managers.

In terms of the different organisational levels of Work and Income, as shown in Figure 6.2 local level interviewees principally focus on service delivery functions but this does not simply equate to a concern with the management of processes and inputs. The emphasis at the local level on *Managing Clients* extends beyond paying people's benefits or placing them in employment. It embraces a broad concern with managing client related outcomes in terms of their own and their families' long term wellbeing.

Figure 6.5: Official and In Use Functions of Work and Income

Official Functions	In Use Functions
Services to minimise the duration of unemployment and move people into work	Getting people into work Managing employer relationships & opportunities
Services to provide benefit entitlement and obligations to working age beneficiaries and to promote self sufficiency Service to seniors	Paying people's benefits Managing providers
	Managing clients
	Managing external accountabilities
Managing the agency's capacity and capability	Managing the organisation
Providing social development leadership, including support of cross-sectoral government	Managing joined up government & community Managing local community issues and risk
Social development leadership	Managing social development Managing broader social issues

Similarly, regional level interviewees did not represent the middle level managers described by Kanter and Summers (1994) who focus principally on process and outputs. Regional level interviewees in Work and Income principally identified institutional functions associated with *Managing the Organisation* and managing cooperative and productive relationships with other agencies and community organisations. Nor did national level interviewees (at Mintzberg's (1996) "strategic apex") entirely reflect the expected concern with longer term issues and the management of the political interface with Government and other organisations, as as they also reported significant concerns with operational management and service delivery functions.

As discussed further in Chapter 9, Work and Income interacts with, and therefore is subject to sensegiving from, a broad range of external stakeholders. Nonetheless, it also appears to have a significant amount of 'operational freedom'. This plausibly reflects, in a period of economic growth and declining

unemployment (as existed during the period of the interviews), a decline in the political salience and sensitivity of the agency's core functions. It also is facilitated by a shift to the more complex function of *Managing Social Development* which, as the interviewees pointed out, is not easily defined and discussed in the broader external environment of the media and general public.

6.4 The Department of Corrections

The Public Prisons Service and the Community Probation Service are the principal operational divisions of the New Zealand Department of Corrections. The main functions of the Department (and therefore of the two agencies) are set out in:

- (i) the Corrections Act 2004, ss. 5-6,
- (ii) the Government's Estimates of Appropriations documentation, and
- (iii) the Department's key accountability documents (the Statement of Intent, Output Plan and Annual Report).

Section 5 of the Corrections Act 2004 defines the following purposes of the corrections system:

- (a) ensuring that the community-based sentences, sentences of home detention, and custodial sentences and related orders that are imposed by the courts and the New Zealand Parole Board are administered in a safe, secure and humane, and effective manner; and
- (b) providing for corrections facilities to be operated in accordance with rules set out in this Act and regulations that are made under this Act ; and
- (c) assisting in the rehabilitation of offenders and their reintegration into the community, where appropriate, and so far as is reasonable and practical in the circumstances and within the resources available, through the provision of programmes and other interventions; and
- (d) providing information to the courts and the New Zealand Parole Board to assist them in decision-making.

In further setting out the principles which govern how the corrections system operates, section 6 (1) (a) of the Corrections Act 2004 states:

[T]he maintenance of public safety is the paramount consideration in decisions about the management of persons under control or supervision.

The Government's Estimates documentation and the Department's 2006 Statement of Intent identify two high level outcomes to which Corrections contributes. Firstly, *Protecting the Public* (which accounts for eighty five percent of the Department's output costs) involves:

- providing a safe environment for staff and the public;
- managing offenders in a safe, secure and humane manner;
- ensuring appropriate compliance with, and administration of, sentences and orders;
- providing information to the judiciary to inform the sentencing process and release conditions; and
- supporting reparation to the community (Corrections, 2006b, p16).

Secondly, the outcome *Reducing Re-offending* concerns changing offender behaviour by providing targeted rehabilitative and reintegrative initiatives. Such initiatives require the provision of,

- a risk and needs assessment for each offender to determine how best to address their offending behaviour;
- programmes to encourage offenders to address their offending behaviour;
- education, training and work experience to assist offenders to secure employment upon their release; and
- assistance with accessing community services (Corrections, 2006b, p16).

In relation to the ownership role of the Minister of Corrections and the 'stewardship' functions of the agency's managers, discussed in Chapter 2 and above in connection with Work and Income, one of the four themes of the Department's 2003-2008 Strategic Business Plan is *Enhancing Capability and Capacity*. Unlike Work and Income, this theme is analysed in some detail in the Department's 2006/2007 Statement of Intent which defines four related strategies, namely:

- develop the capability and capacity of staff and managers;
- provide and increasingly safe and healthy work environment;
- continue to develop information management processes that support the Department's business; and
- provide facilities to meet projected demand.

The 2006/2007 Statement of Intent also provides details of a range of initiatives in respect of each of these strategies. The Department's 2006/2007 Annual report additionally states:

The capacity of Corrections' structures, people, leadership and training, culture, staff recruitment and retention strategies, information technology, and physical assets are all critical to its ability to contribute effectively to achieving its outcomes.

(Corrections 2007, p. 31)

In this respect the report explains a range of achievements during 2006-2007 which include:

- a major review of the Department's head office organisational structure to realign functions and introduce a shared services model for support services;
- a major recruitment and training initiative for Probations Officers and additional staff to implement a new home detention sentence and new community-based sentences of intensive supervision and community detention, that were introduced under the Effective Interventions programme from October 2007;

- the use of external assistance and the establishment of a national Internal Investigations Team to respond to claims about staff corruption and issues of integrity (Corrections 2007).

As noted above, the principal operational arms of the Department of Corrections are the Public Prisons Service and The Community Probation Service; the functions of each of these agencies are considered below.

6.5 The Public Prisons Service

6.5.1 Official Functions of Public Prisons

In the 2006/2007 fiscal year Public Prisons was responsible for nineteen prisons located between Northland and Invercargill which together accommodated an average of 1,633 remand prisoners and 5,898 sentenced prisoners (Corrections, 2007). Public Prisons contributes to the Departments' two outcomes *Protecting the Public* and *Reducing Re-offending* which, as is shown in Figure 6.6 below, are the primary focus of the functions described in the Corrections Act 2004, the Government's 2006/2007 Estimates documentation and the agency's own external accountability documents.

As is the case with Work and Income, the ownership/stewardship function of managing organisational capacity and capability is mentioned in both the Estimates documentation and in the Department of Correction's Statement of Intent and Annual Report. Collaboration with other agencies is only specifically mentioned in the Department's Statement of Intent and Annual Report.

Figure 6.6: Public Prisons Official Functions

	Service Delivery (Purchase Perspective)	Stewardship (Ownership Perspective)
Legislation	<p>Ensuring that custodial sentences and related orders that are imposed by the courts and the New Zealand Parole Board are administered in a safe, secure and humane, and effective manner.</p> <p>Providing for corrections facilities to be operated in accordance with rules set out in this Act and regulations that are made under this Act.</p> <p>Assisting in the rehabilitation of offenders and their reintegration into the community ... through the provision of programmes and other interventions.</p> <p>Providing information to the courts and the New Zealand Parole Board to assist them in decision-making.</p>	
Government Estimates	<p>Custodial services, the provision of facilities and administering sentences of imprisonment.</p> <p>Custodial remand services and provision of services to hold people charged with offences and offenders convicted but not yet sentenced.</p> <p>Transportation of prisoners to and from court and their custody while at court.</p> <p>Provision of pre-release reports to the New Zealand parole board.</p> <p>Prisoner employment and training.</p> <p>Rehabilitative and reintegration programmes and services.</p>	Maintaining existing physical infrastructure and strengthening the skills of staff.
Departmental Statement of Intent and Annual Report	<p>Custody of remand prisoners.</p> <p>Provision of custodial services.</p> <p>Provision of escort and custodial supervision at court.</p> <p>Prisoner employment in facilities within the prison environment and also on release to work schemes.</p> <p>Provision of a range of rehabilitative and reintegration programmes and services.</p> <p>Provision of pre-release information and advice to the New Zealand Parole Board.</p>	<p>Enhancing capability and capacity.</p> <p>Collaboration with other agencies.</p>

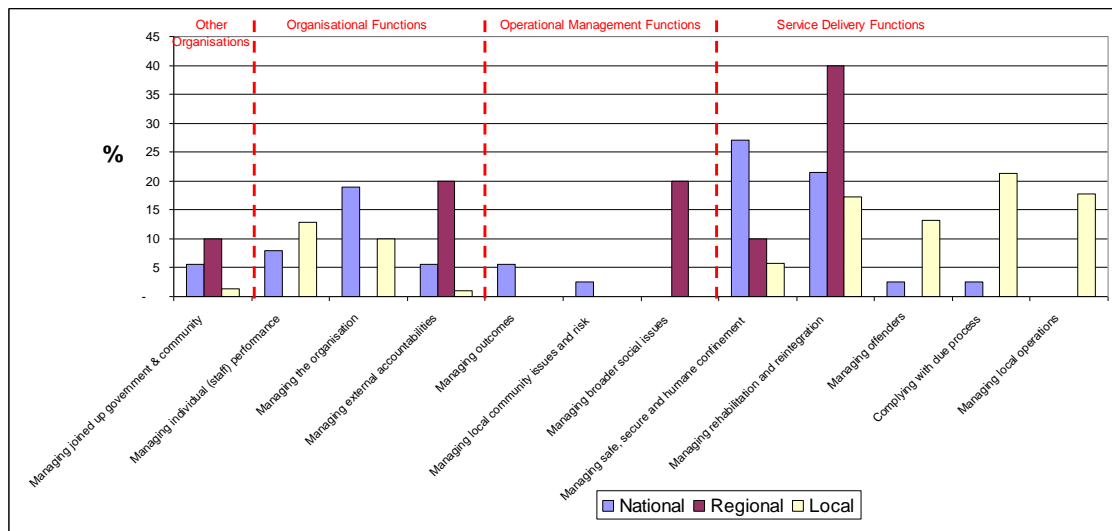
6.5.2 Interview Findings Related to Functions of Public Prisons

As may be seen from Figures 6.2 and 6.7, comments by interviewees from all three organisational levels within Public Prisons in respect of function principally focused on the service delivery functions of:

- (i) managing safe secure and humane confinement, and
- (ii) the rehabilitation and reintegration of offenders.

However, as is noted below, comments by local level interviewees that related to rehabilitation and reintegration were less positive than those made by interviewees at regional and national levels. Further unlike their national and regional level counterparts, local level interviewees placed significant emphasis on managing due process.

Figure 6.7: Functions of Public Prisons Identified by Interviewees Grouped by Level in the Organisational Hierarchy



Organisational Functions of Public Prisons

As shown in Figures 6.2 and 6.7, interviewees from the Public Prisons Service identified three organisational functions, namely:

- (i) Managing the Organisation;
- (ii) Managing External Accountabilities;
- (iii) Managing Individual (Staff) Performance; and

Two of these [(i) and (ii)] were also identified by interviewees from Work and Income, but *Managing Individual (Staff) Performance* was not directly referred to by interviewees from that agency.

As noted in relation to Work and Income, the function of *Managing the Organisation* reflects the stewardship responsibilities described above and, in particular, is concerned with developing and communicating strategy and facilitating the provision of the required organisational capability and capacity. In relation to this function, interviewees from Public Prisons at both the national and local level focused principally on the issue of attracting and retaining suitable staff. A senior national office manager, for example, explained:

In terms of staff we struggle to recruit people at an appropriate level who really could do the job well. We get some really good people but we get some dunces too and, I guess, the worse our public reputation is the harder it's going to be to attract good staff. So that's one part of that leg; the other is that Prisons is actually quite a complex business and it needs good competent managers and good competent leaders. We're not well dressed in that area; we have some really good managers and leaders but again some who just don't come up to scratch and we need to manage that big time. (PP national 5)

Similarly at the local level a Unit Manager³⁵ noted:

... staff is probably your big issue. It's like being a parent because you cannot expect a child to behave in a particular fashion if they have never been shown how to; so we have to role model on a regular basis. However, you cannot assume that they are going to behave in an appropriate fashion; ... They may not be the most appropriate staff that should be coming in off the street. They are coming in, perhaps, with a misunderstanding of what they're coming in for. (PP local 10)

A number of Unit Managers also commented on the problems associated with staff shortages and turnover. In the words of one of these interviewees:

³⁵ Within a prison a Unit Manager is responsible for a group of cells, usually containing between 20 and 25 inmates.

[A]s we have quite new staff, it's a continual roundabout of getting your staff up to grips with [the job] because from here they move on to somewhere else. So we are continually training to get people up so that we can keep looking like we are working on sentence management; so we can get our ICRs [internal control reports] looking good. (PP local 10)

Another Unit Manager suggested that, as a consequence of staff turnover, some staff are acting in more senior roles for which they are not adequately qualified:

[W]e've got PCOs³⁶ that operate under us but the quality of some of those PCOs is – they're really COs being moved up to act in that position so they're still learning the processes they need to know. ... Some guys are running before they've learnt to walk, type of thing. In theory they're good but in practicalities they're not so flash. (PP local 9)

On the subject of staff development, a national office manager referred to Public Prison's "very important role as an employer" stating:

We are an employer of almost four thousand people; we're a significant national employer. And so there's a set of criteria around good performance for being a good employer which is about being able to attract and retain good quality staff, paying attention to things like their training and development, the evidence around that in terms of the proportion of our spend on training and the evidence that training actually happens. (PP national 3)

However, although a local Unit Manager acknowledged that (s)he had received formal "Manager in Corrections" training, (s)he did not believe it had helped him/her. Rather (s)he said:

We have to rely on solely the experience that we have gained and the experience that we bring with us ... the rest of it we have to learn as we go. (PP local 2)

Also a local Prison Manager reported,

The major issues that I have to manage are [the result of] the way my managers are managing their staff, or not managing their staff. (PP local 4)

³⁶ PCO = Principal Corrections Officer; CO = Corrections Officer

At the time of the empirical research (2008), a major project had been introduced at one prison in an attempt to change the local organisational culture. It had been implemented primarily in response to concerns about the frequency with which prison officers were resorting to the use of force. Whilst the project was strongly supported by the Regional and Prison Managers, a number of local Unit Managers complained about the incremental demands on their time resulting from this project. In the words of one Unit Manager:

Then on top of that we have two hundred meetings a day! [laughter] Because of the amount of development going on in here, development work streams, the [prison] development plan, there's just a lot happening. I'm a pod³⁷ manager so we've got a work stream down there about changing the environment in the pod. There's a lot happening down there at the moment so we're constantly having meetings. (PP local 9)

As may be seen from Figure 6.2, in Public Prisons, unlike in Work and Income, the function *Managing External Accountabilities* appears to be significant at the national level and, more especially, at the regional level. This function involves providing a broad range of information for purposes of external accountability and managing interactions with the media.³⁸ It is reflected in the observations of a national office manager who described his/her job as managing "the interface between ... field operation[s], the wider Department, and government more broadly" (PP national 3). (S)he also noted that, at the national level, the function includes Public Prisons' contribution to the Department of Correction's key accountability documents such as the annual Statement of Intent and quarterly report to the Minister.

³⁷ A 'pod' is a term used to refer to a 'unit' or separate group of cells.

³⁸ The Department of Corrections 2006/2007 Statement of Intent notes, "With high public interest in the Department's work there will frequently be reactive management of media interest in specific events" (Corrections 2006, p.45).

This function is also reflected in a Regional Manager's speaking engagements in which (s)he explains the benefits of providing rehabilitation programmes to inmates. (S)he noted:

[W]e haven't as an organisation been particularly good at spreading the message that you're paying for this. Often, if I go out and do some public speaking, I will draw some figures around what we are talking about and tell people. People don't know that a medium ... life of crime costs the country about three and a half million [dollars]. A serious life of crime costs about five million dollars. (PP regional 13)

However, (s)he also revealed frustration in dealing with the media. Following a number of recent high profile incidents and accusations against staff members in 2007 and 2008, Public Prisons was the subject of significant media interest. The interviewee observed:

[W]ell it wrecked my Easter. I spent all of Easter Monday on the 'phone; I was trying to drive from Auckland to Wanganui and I ended up having to stop in rural New Zealand and do three interviews by 'phone. Then they don't publish what you say; they just make up their own story. (PP regional 13)

In the midst of the interview in which this statement was made the interviewee had to answer a telephone call in respect of another media issue.

Although the function of *Managing External Accountabilities* is not significant at the local level, a Unit Manager complained about demands for information:

[D]riven by our current climate ... with so much negativity and investigation work going on ... we have a lot of ... outside agencies like head office and support agencies, that want information yesterday that we haven't really got so we have to go and hunt it. (PP local 9)

From Figures 6.2 and 6.7 it may be seen that *Managing Individual Staff Performance* is the organisational function that prompted most comment by local level interviewees and was also significant for interviewees at the national level. A national level interviewee explained that performance expectations and targets

cascade down the agency's accountability framework into individual managers' performance agreements. However, (s)he noted:

It kind of works but it kind of doesn't as well. The bit that doesn't work, I think, ... it's about having everybody understand why you would do that and how it should work. (PP national 3)

Nevertheless, a description of the formal performance management system by a local Unit Manager suggests that the system may be viewed more positively than the national manager thinks. The local manager perceived the system to be:

... supporting the officers and trying to encourage them to do their levels [i.e. meet their performance targets]; to encourage them to expand their horizons. And, if they don't perform, then you performance manage them to look at where to from there. (PP local 10)

This interviewee went on to acknowledge that, whilst the system required reviews to be undertaken with each staff member on a quarterly basis:

... we do mostly half yearly. We try to get a break in through that half yearly to have a catch up but in reality people are coming and going twenty four seven and it makes it very difficult to do that. (PP local 10)

A less positive view was provided by another Unit Manager who, in terms of his/her own performance review noted: "I'm still waiting to have one done in the seven years I've been here" (PP local 9a). Similarly, a somewhat jaundiced comment was provided by a Unit Manager who said of his/her own performance assessment: "I've got one done but it's got other peoples names in it" (PP local 9b).

A number of local level managers described how they routinely set performance targets for their staff. One described how (s)he had ranking³⁹ staff below him/her

³⁹ The quasi-military term 'ranking' is used to refer to Corrections Officers with supervisory responsibilities who report to a Unit Manager.

“tasked with measuring the performance of the staff” whilst (s)he managed the performance of the ranking staff. (S)he explained:

I sit down and attempt to have meetings with my ranking staff on a regular basis. Unfortunately it’s easier said than done. In those meetings I make it quite clear what are my expectations of them; they also have my expectations in writing ... If they step outside of my expectations and do not perform then they get pulled back into line (PP local 2).

(S)he also noted that positive recognition might result in a “written letter of commendation” or an email, a copy of which would be placed on a staff member’s personal file.

An alternative perspective of *Managing Individual Staff Performance* was provided by a non Public Prisons staff member who was working within one prison and who described a quasi-military, command and control management culture in which subordinates are shouted at, sworn at, and bullied (PP external 12). Along similar lines a local level manager in another prison talked about “bollocking” lazy staff. (S)he asserted:

You have to be hard on them because the minute you take the soft approach they just totally ignore you; you get nothing done. You need to keep your wits about you too, in this line of work. (PP local 7)

(S)he went on to say:

Of course the staff’s going to hate my guts because I’m the one with the broomstick. ... Some of them, if they had a turn acting up in my role then they’d realise why I do that. But if they haven’t they just don’t care; you know, ‘who cares, why do we have to do that?’ It’s not about what you want, or what’s easiest for you; this is the process, that is the rule, you will do it that way. (PP local 7)

The difficulty of managing officers ‘on the prison floor’ where, unlike staff within a Work and Income office, their activities cannot be routinely seen and monitored, was also recognised by a Prison Manager. (S)he explained:

... we've got three staff with sixty prisoners, and staff can't keep an eye on that many and each other. ... [C]orruption's a hot topic at the moment and we do have corrupt staff here as you do in prisons. It's an easy way to make money and it's very hard to catch them. (PP local 4)

Functions Relating to Other Organisations

The one function relating other organisations mentioned by Public Prisons' interviewees is *Managing Joined Up Government and Community*. This was mentioned by interviewees at all three organisational levels and encompasses activities associated with building and maintaining relationships with other government agencies and community groups. A national level interviewee explained:

Even inside the prison we've got other agencies in the rehab stuff and the reintegration stuff. Internally we work pretty closely with CPS, CPPS⁴⁰ as it is now, and CIE just in terms of providing activity for the prisoners in the case of CIE but with CPPS in terms of their going home plan. But also we're working with CYFS, Work and Income, Housing New Zealand, all of those other agencies who all need to be part of the reintegration plans for each prisoner. ... Likewise in terms of security we need to be working with Police, we need to be working with Immigration ... So I think there's no way we can function independently anymore and nor would we want to. We're all trying to make a better New Zealand at the end of the day. (PP national 5)

Another national level manager spoke of the importance of Public Prisons' role in the community saying:

Part of that is our security role, like letting people know if somebody escapes, but part of that is just the role that we play in the community. The extent to which people can come into the prison, the extent to which our staff and managers are represented in that community, the kinds of relationships that prison management

⁴⁰ CPPS = the Community Probation and Psychological Service; CIE = Corrections Inmate Employment; CYFS = Child, Youth and Family Service.

has with Work and Income, or Housing, or any of those people. So there's a whole sense of our role in the community. (PP national 3)

Locally a Prison Manager expanded on this by explaining his/her attempts to build community understanding by speaking to local organisations:

[W]e went out and spoke to Rotary, Lions people like that and made sure we ticked off specific items. One is release to work – would you take on a prisoner to work? Another one was volunteers who come in and [teach] adult reading, one on one – target that. And then we target, have you got any community work? I did that at [one] prison and got a local kindergarten that dropped off all their broken desks and the guys in our joiners shop, our little work shop, fixed them. So it's tiny, but it's work and the local kindergarten loved it; it saved them quite a bit of money. (PP local 11)

Operational Management Functions of Public Prisons

As reflected in Figures 6.2 and 6.6, interviewees from Public Prisons identified three operational management functions, namely:

- (i) Managing Broader Social Issues;
- (ii) Managing Outcomes; and
- (iii) Managing Local Community Issues and Risk.

Unlike in Work and Income, operational management functions do not appear to be significant in Public Prisons (see Figure 6.2). Nevertheless, a Regional Manager commented on the function *Managing Broader Social Issues* in the following terms:

[O]ne of the things I believe we miss the bus on in Corrections is we've got a huge number of really talented people here who know why people come into our facilities. They know what creates the offending but we don't do any preventive work. The health organisations do, they get out there in the community, ... WINZ⁴¹ is starting to do it too, we're not. ... [W]e're not tasked with it obviously but to me it seems that

⁴¹ Although the name is no longer used by the agency in question, a few years previously Work and Income had been branded as 'WINZ' or 'Work and Income New Zealand'.

we've got this huge contribution that we could be making. We do try by having people go out and do public speaking, and sometimes with youth groups, and sometimes we have kids from schools come and look through our facilities. But I just feel there's a lot of skill there that we could be tapping into and putting out there in the community to do some of that preventive work. I find that's a sadness. Everything we do in Corrections is ambulance at the bottom of the cliff. (PP regional 13)

A national level interviewee mentioned the function *Managing Outcomes* but observed that moving to an outcomes focus is difficult given all "the short term reactive stuff" that staff have to deal with (PP national 5). The same interviewee also mentioned the function *Managing Local Community Issues*, noting that Regional and local Prison Managers have targets relating to meeting community and neighbour responsibilities included in their performance agreements. (S)he observed that this could encompass public speaking engagements as well as involvement in local community groups and activities.

Service Delivery Functions of Public Prisons

As shown in Figures 6.2 and 6.6, service delivery functions were the primary focus of comments by Public Prisons interviewees (for all interviewees an average of 60%, compared to 31% for institutional functions and 9% for managerial functions). They were particularly significant for interviewees at the local level (75%). Five functions were identified:

- (i) Managing Rehabilitation and Reintegration;
- (ii) Managing Safe, Secure and Humane Confinement;
- (iii) Complying with Due Process;
- (iv) Managing Local Operations; and
- (v) Managing Offenders.

Managing Rehabilitation and Reintegration was a significant function for interviewees from all three organisational levels but particularly for those at a regional level. The term *rehabilitation* was explained by a national level interviewee in the following terms:

That's about providing programmes which will help to rehabilitate prisoners and help them move back into the community; and things like drug treatment, violence prevention, those kinds of programmes. (PP national 5)

Another national level interviewee described it as providing offenders:

... with an opportunity to address the issues that caused their offending and ... to return to their home situation or community better placed in terms of education, work, or basic living skills. (PP national 3)

A regional level interviewee stressed the importance of the rehabilitation and reintegration function, noting:

... just locking people up certainly wouldn't be of any benefit to any society. So we have a huge role to play in rehabilitation and re-integrative services and that's an endeavour, of course, to reduce re-offending in our society, and particularly among this criminal fraternity. (PP regional 13)

However, that interviewee also cautioned as to the difficulty of, and required time span for, rehabilitation:

Are our expectations realistic - that if we do put a kid through a number of courses, or an adult through a number of courses, even over a two or three year period, we can address all of the harm that's happened in the twenty years prior to that? (PP regional 13)

Despite this view, (s)he believed:

... you couldn't do this job if you didn't think that you can make a difference and people can change. (PP regional 13)⁴²

⁴² A parallel may be drawn with the comment from a Work and Income Case Manager noted above, "If I wasn't helping anybody and all I was here for was just to dish out money, I wouldn't be here to be quite honest" (WI local 5).

A national level interviewee expressed the opinion that prison officers have a key role in modelling appropriate behaviour. (S)he said:

[C]orrections officers are the people that prisoners see most; they're there twenty four seven. So, if there is any group that is going to be able to influence [them] by its behaviour, it's going to be that group. (PP national 3)

A local level Unit Manager made a similar observation:

We train our staff, and we continually talk at staff meetings, about active management, working with the prisoners, talking with them one-on-one, trying to exert influence, trying to just give them the bigger picture. It's just, as I say, active management and that's part of the job of a prison officer nowadays. (PP local 9)

Nonetheless, local level interviewees were not enthusiastic about the likely success of rehabilitation efforts. The view of a number of these interviewees is reflected in the following statement by a Unit Manager:

Rehabilitation, yes that is one of our goals, but it has to be balanced with the reality. If you've got a person who has come back into jail after their fourth and fifth time of committing a crime, whether it be drink driving or hurting someone again – someone has to hit rock bottom before they are going to decide to change their life. (PP local 10)

Other local level interviewees considered that the ability of prison officers to influence offenders' behaviour is made difficult by the role that officers are required to play and the limited skill sets they possess. This was highlighted by a Unit Manager when talking about performance targets:

[A] lot of ... things are geared around staff having the ability to address the prisoner's re-offending. A lot of our actions that they are required to do [to address re-offending] are viewed as a negative by prisoners so they've got an added task of trying to convince them [prisoners] that this is good for them. So that's another hindrance that they [prison officers] have in meeting compliance with performance. (PP local 9b)

The limitation of Prison Officers' skills was noted by another Unit Manager who explained:

A lot of what's required for the rehabilitation side of it is outside services coming in. We don't specialise in that; I believe you have to have more of a psychologist's background if you want to change people's way of thinking. Our staff ... some of the staff we've got, I wouldn't even contemplate going near that area. ... I think if you're going to convince people they need to change, you need specialist people that can do it. (PP local 9a)

Further it seems that, in the view of some of the local level interviewees, experienced prisoners have learnt how to 'manipulate the system'. One of these interviewees observed:

[I]f you get a prisoner that comes to jail and they say, "yes I want to change, I want all these programs, give me all these programs", in my opinion ninety nine percent of the time they are prisoners who've been through the system before. They know what they need to say and what they need to do for reflecting well when they go to the Parole Board. They know how to manipulate the system and other people will tell you the system can't be manipulated; these people are experts at it. That's why they are in jail. (PP local 2)

Nevertheless, a local level Principal Corrections Officer pointed to the difficulty of filling places in an arduous, six month, Drug Treatment Programme. In respect of the twenty bed unit (s)he explained:

We'll be lucky to start off with say fifteen in a group, the first intake. Gradually because it's a six month programme those numbers will reduce because often they'll be chucked out for misbehaviour or they become positive for drug tests. By the end of the course we'll probably have two that's completed the course. (PP local 7)

Although identified as part of the same function as rehabilitation, the interviewees perceived reintegration to be different in nature. As a national level interviewee explained:

[B]ecause some of these people are with us for quite a long time it's really important that we prepare them to move back into society. Just in terms of the world's moved on in ten years while you've been here and there are things other than TV's out there now. But as well as that, what are you doing about thinking about accommodation? How are you going to become part of your family again? Things like that. (PP national 5)

A local level Prison Manager explained that reintegration is currently being given greater emphasis and that a specialist 'Reintegration Team', involving staff from other agencies such as Work and Income, has been established:

[F]or years we did all we could [for prisoners] till we waved them goodbye at the door. We didn't know what happened to them for so many years until they came back to jail. But they'd have to go out and find accommodation, make sure they had a job, make sure that there's some support out there. (PP local 11).

However, a local level Principal Corrections officer commented that, although the introduction of reintegration services is viewed by Corrections staff "as a huge benefit to the prisoners", because of the work involved in arranging temporary release excursions for prisoners prior to their final release, "case officers see this as a whole lot of work, paperwork" (PP local 7).

The function *Managing Safe, Secure and Humane Confinement* is another important function for interviewees from all three organisational levels in Public Prisons but particularly for those at the national level. The function was explained by a national level interviewee in the following terms:

I guess there are several legs to Public Prisons. The first, obviously, is to keep the public safe; and that's in terms of the incarceration of prisoners and making sure they can't escape; but also making sure that the prisoners are kept safe as well; so safety of the public, safety of the prisoners. (PP national 5)

(S)he suggested that this is seen as Public Prisons' sole role, both by the general public and by many in the agency itself, but noted that from his/her experience as a Prison Manager it was possible to broaden this view:

[T]he traditional culture was that prisons are there to lock people up. Prison officers are just turnkeys; they unlock the door in the morning and they lock it back up at night and that's all they do. But over a few years we were able to raise the expectations of our managers, or for our managers, so they started to raise the expectations of staff and we quite successfully changed the culture. (PP national 5)

Nevertheless, *Managing Safe, Secure and Humane Confinement* appeared to remain as a priority throughout the organisation. Another national manager explained:

We get into more trouble if they get their core security stuff wrong than if they get the other stuff wrong. (PP national 3)

Similarly a Regional manager stated:

[E]ssentially the Public Prison's role is to provide for the safe, secure, and humane containment of offenders. (PP regional 13)

And a local level interviewee noted his/her key focus to be:

Purely just to maintain prisoners in a safe environment both for them and for staff; and that's all we are doing at this moment in time I feel. (PP local 6)

Local level interviewees also conveyed the difficulties they face in trying to broaden safe and secure confinement into something more humane and constructive. In the words of two of these interviewees:

It would be absolutely weird to get out of here without being yelled at and screamed at and abused. And that's what we have to live with on a daily basis so, you know, to think that you are really a social worker, to change these poor misunderstandings around is not going to happen; and I think that's quite difficult for some people to get to grips with. (PP local 10)

[I]t seems to me that, at the moment, we put the prisoner, who is our key focus, almost our key stakeholder, on the backburner and that we are just here to give society a break from these criminals. We are not providing reintegration skills, constructive regime, or activity for guys. (PP local 1)

To some extent, these views reflect those expressed, particularly by local level interviewees, in respect of the function *Managing Offenders*. For example, a local level Prison Manager explained that working with offenders:

... has to be tempered with the reality of the job. ... We can't afford to have officers who are social workers and social workers alone. (PP local 11)

That interviewee explained how *Managing Offenders* initially involves an assessment and development of a sentence plan:

[P]retty much soon after they get inside, they are interviewed by a Sentence Planner. That Sentence Planner will go through and check their history and work out with the prisoner what their needs are. If the guy is an alcoholic then there's a drug treatment part of the person's programme. If he steals because he's broke all the time then it might be a budget thing. Anger problem – you need to go on an anger management course. (PP local 11)

A local level Unit Manager further explained how it is necessary for him/her to:

... read all their files and find out their background and make sure that the future they have in here is as safe for them, as well as the staff, as possible. (PP local 10)

Another local level interviewee commented:

[W]e get this plan from the sentence planners; and what I do is go through that to ensure that this can be achieved here, at this particular prison; and if not, I'll forward it to the case officer to review the plan. Like, de-activate an activity [that] can't be achieved here. So what we do is enter an activity that can be achieved here. (PP local 7)

The subsequent management of inmates was described by local level interviewees as a function of "continually monitoring them and ensuring the safety and security aspect of being inside a jail" (PP local 10) and as a process of "getting them basically into a routine, having their day structured" (PP local 7).⁴³ This latter interviewee also explained that each Corrections Officer is assigned about five or six prisoners for whom they become the case officer. Each week they are:

⁴³ The Department's 2006/2007 Annual Report states: "a stable social environment within prisons helps to motivate prisoners to comply with the restrictions of their sentence" (Corrections 2007, p.11).

... required to have a progress meeting with the inmate to find out how the inmate is doing with the activities on that [sentence] plan. (PP local 7)

However, that interviewee also noted that the inmates are:

... always playing games with you. They'll show their true colours to the [prison] staff because they're face-to-face with the inmates. So it's full on all the time. Whereas with external people that don't actually work in the wing, they'll come in and all they'll hear is the inmate [say] "please miss can you help me". A lot of people get sucked into that. They get drawn into their world. So if anyone can tell you about an inmate it will be a corrections officer. (PP local 7)

This interviewee also observed that managing change in offenders' behaviour, or getting them to the point when they are prepared to consider changing their behaviour through participating in a programme, may take many months if not years. As a consequence, short term prisoners tend to be more difficult to manage, both for themselves and in the context of the rest of the unit:

At the moment we are getting a lot of short serving prisoners who are serving three, let's say six months. We get so many of those and they give us more problem than long term inmates because ... they have this attitude, "who gives a shit; we'll come in here and cause trouble because I'll get released in a couple of months". They are more of a concern for the staff; they create more problems. (PP local 7)

Managing the problematic behaviour of prisoners can, at times, necessitate direct intervention and the use of force. A local level Unit Manager explained how pressures can build up within a prison unit and if prisoners:

... don't like what they're hearing we come back to the use of force which has been a problem when they become non-compliant. Or we have ... what we call 'non vol [voluntary] segregation' ... till they can pull their heads in and behave. (PP local 9)

An external person working in the prison environment explained that the use of force and application of control and restraint (C&R) techniques are the subject of one week of a six week initial training programme for corrections officers who are also required to be re-certified each year. This interviewee explained:

They have a special C&R team which has highly prestigious membership; and then you have an advanced C&R which is ... highly prestigious and very highly regarded. So the use of force is held up [i.e. assigned some prestige among prison staff] ... "he's a member of the C&R team". (PP external 12)

In Public Prisons, unlike the other two case study agencies, *Complying with Due Process* appeared to be an important functional concern of interviewees at the local level. It was also mentioned by a national level interviewee when (s)he was referring to the difficulty of linking individual performance agreements for prison staff to the agency's outputs. (S)he explained:

So our performance agreements for individuals at the front line are more about how they do their job in terms of their personal style and approach, their ability to act with dignity, follow rules, progress their own development in terms of achieving unit standards, those kinds of things. ... But, of course, a lot of the things we're looking at there are the reasons people end up getting fired at that level; do they follow the rules? (PP national 3)

Reflecting similar sentiments, a local level Unit Manager observed:

Corrections is very much driven by policy and if you step outside of that policy you just get slapped, basically. (PP local 6)

Also at the local level, when explaining various tasks that have to be completed and recorded within the Integrated Offender Management System (IOMS) computer system within given timeframes, a Unit Manager stated:^x "I'm really measured on timeframes and adherence to business rules" (PP local 8). Those rules are contained within the Public Prisons Manual (PPM) which another Unit Manager described as:

... our bible basically; ... If you want to go outside of that you have to put a business case forward and then that goes to the Region and you take it from there really. But that's a long process. (PP local 6)

Notwithstanding local level interviewees' recognition of the importance of the PPM, there was some sense of frustration with staff members' failure to comply with it. This is reflected in the statement of a local manager:

... people who don't understand the policy, or don't bother to understand the policy or the legislation and do dumb things. (PP local 4)

Another local manager explained his/her frustration by saying:

[P]erformance, at the moment, here is set towards compliance rather than prison performance. It's set all about are we ticking the right boxes when we check to see if a prisoner is in his cell. ...[W]e lose that element of trust in all this. There's that element of micro management all the time. ... It makes my job difficult in that I can't really focus on progression within my unit because I'm always fire fighting, ... I'm always looking [to see] if somebody else has done their job. (PP local 1)

Another element of *Complying With Due Process* was highlighted by a local level manager who commented on an increased amount of paperwork. (S)he explained:

If they [prisoners] ask to speak to the PCO [Principal Corrections Officer] they have to fill out a form to do that. That form is then put on to the computer, a receipt given to them, and a copy given to the PCO. The PCO then does his bit, there's a receipt given to the prisoner and a copy kept with the original, and all of that is then filed. So you could actually have a letter, and the paper that they were given to fill ... in, then the paper that was put on to the computer, [and] then the PCO's copy as well. So you are looking at huge amounts whereas initially it would have just been, "hey, can I have this organised". (PP local 10)

Nevertheless, the requirement to capture this data was regarded more positively by another local level manager who stated that, in the past:

... an incident report would be written for a unit and, unless it needed to be progressed, that's where it [would remain]. The inspectorate, the Ombudsman, can [now] see what's happening so we've become quite a fish bowl. Whereas before we had concrete walls and it was quite hard to see in. So that's a positive; I think that's a good thing, to be truthful. (PP local 8)

The more general function of *Managing Local Operations* was not mentioned by regional and national level interviewees but was a concern to those at the local level. Locally, managing prisons is regarded as a complex and demanding activity because, as one interviewee noted, prisons are a “reactive type of environment” and “anything can happen on any one day” (PP local 4). Along similar lines another local level interviewee stated:

It is a very stressful work environment ... Some days it is money for jam because everything goes sweetly; but some days you certainly earn your money. (PP local 8)

According to the interviewees, a key element of *Managing Local Operations* is managing staff resources. In relation to a staff member being ill, a local Unit Manager explained:

We can't live without that person for a day because they're all essential shifts. ... I was on call over the weekend and I was shuffling people around and pinching one from there to cover in the morning and then had to go through the crises of covering in the afternoon. So we are chasing our tail the whole the time just because we've got a lot of staff on leave. (PP local 8)

The same interviewee also identified as a major issue the movement of prisoners and managing available beds so that inmates can be housed in appropriate categories:

A lot of that is about how many beds have you got spare this week ... It's a balancing act. We're looking at different categories; so we have remands, segregated and mainstream. Remands can't mix with mainstream. Segregated can't mix with mainstream. So we manage our beds as well as the youth unit. If you're under seventeen, you must go to the youth unit; it's the only place you're allowed to reside. Movements are huge for us and it is a juggling act sometimes to manage our muster and ensure security and safety all of the time. (PP local 8)

Managing prisoner numbers not only makes logistics difficult; as local level interviewees from a prison that had experienced rapid growth explained, it also impacts on the local organisational culture. In the words of one local level manager:

[W]hen we started, I think we had a muster of about three hundred and we had staff of about a hundred and thirty. You knew all the prisoners and you knew all of the staff. Now we've more than doubled that; in both counts the place has got huge. The paperwork has just increased tenfold. The expectations have gone up. The risks have gone up. (PP local 9)

Another local level manager reflected on the implications of rapid growth in prisoner numbers for staffing:

[S]ome of the issues we are dealing with now are because we expanded so rapidly that we had to employ so many staff so quickly that, I'm not saying that we compromised on our standard, but ... in a way I guess we did. (PP local 8)

Related to the rapid growth in prisoner numbers is the challenge that it presents in terms of providing work for inmates. A local Prison Manager observed:

[O]ne of our levels [performance targets] is we should be aiming for sixty percent of our prisoners working ... So ... I need to go out and find some sort of community work. ... [A]t other places we've looked at Victims Support [for whom] they made teddy bears. In Wellington prison, we got in touch with the local zoo and we're supplying them with veggies in exchange for their zoodo [animal manure]. Just stuff like that which, if it means a job, will help us achieve the sixty percent. (PP local 11)

6.5.3 Summary: Functions of Public Prisons

Considering the functions of Public Prisons in the light of the organisational types proposed by Wilson (1989), Gregory (1995a) identified prison management as belonging in a "procedural" organisation in which the work and activities of staff are observable but not their results or outcomes. This categorisation was confirmed by the comments of interviewees from all three organisational levels of Public Prisons as they described an environment in which standard operating

procedures are pervasive. The importance of following correct operating procedures and adhering to the Public Prisons Manual (referred to as “our bible”) was frequently emphasised.

As explained in section 6.5.1, the *official* functions of the Public Prisons Service principally focus on the Department of Corrections’ two outcomes *Protecting the Public*, through the management of remand and custodial services, and *Reducing Re-offending*, through prisoner employment and release to work schemes and the provision of relevant rehabilitative programmes and reintegrative services. A similar focus was reflected in the *in use* functions identified by interviewees from Public Prisons. However, as shown in Figures 6.2 and 6.8, a broad range of other functions was also described. For local level interviewees in particular, this included the technical functions of *Complying with Due Process* and *Managing Local Operations*.

Figure 6.8: Official and In Use Functions of Public Prisons

Official Functions	In Use Functions
Custody of remand prisoners; Provision of custodial services; Provision of escort and custodial supervision	Managing safe, secure and humane confinement Managing offenders Complying with due process Managing local operations
Prisoner employment in facilities within the prison environment and also on release to work schemes Provision of a range of rehabilitative and reintegrative programmes and services	Managing rehabilitation and reintegration
Provision of pre-release information and advice to the New Zealand Parole Board	
Managing capability and capacity	Managing external accountabilities Managing the organisation Managing individual (staff) performance
	Managing joined up government & community Managing local community issues and risk
	Managing outcomes Managing broader social issues

Interviewees from Public Prisons also identified the stewardship function of *Managing the Organisation*. Although it received less emphasis than in Work and Income, it was mentioned by interviewees at the national and local levels of Public Prisons who principally focused on the difficulties of attracting and retaining suitable staff.

As was the case with Work and Income, the functions described by interviewees from all three organisational levels of Public Prisons did not match the hierarchical division of focus suggested by Kanter and Summers (1993) or Mintzberg (1996) and described in Chapter 1. Figure 6.2 illustrates that interviewees from all three organisational levels of Public Prisons principally described the functions associated with *Managing Safe Secure and Humane Confinement* and *Managing Rehabilitation and Reintegration* that may be categorised as being concerned with service delivery rather than operational or organisational management. It would therefore appear that what managers manage in Public Prisons is more associated with technical level processes and outputs than it is with outcomes, as will be discussed further in Chapter 9.

The internal de-coupling of the conceptual frameworks used to measure and manage performance will also be discussed further in Chapter 9; however, at this point the, at times, distinctly different viewpoints in respect of the agency's functions offered by Public Prisons interviewees at the national and local levels should be noted.

A number of interviewees suggested that an irony of Public Prisons lies in the keen public interest in the results of its activities being coupled with limited interest or understanding of how those activities are undertaken. The functions of Public Prisons are politically salient and of significant interest to the media who, during the period of the empirical research, publicised a number of perceived failures by

the agency. As suggested in Chapter 4, the combination of political saliency and low perceived task complexity supports a context in which Public Prisons is subject to significant external sensegiving and enjoys limited operational freedom. Its strategies and related functions are, therefore, generally constrained to passively responding to the workload generated by external factors.

6.6 Community Probation Service

6.6.1 Official Functions of the Community Probation Service

During the 2006/2007 fiscal year, the Community Probation Service managed 45,619 community-based sentences and orders (Corrections, 2007) as well as providing information and reports to Judges and the New Zealand Parole Board to assist them in making sentencing and release decisions. The Service also referred “offenders to motivational and rehabilitative programmes and to reintegrative services to help address the needs that contribute to offending” (Corrections 2006).

As shown in Figure 6.9 below, the focus of the functions described in the Corrections Act 2004, the Government’s 2006/2007 Estimates documentation and the agency’s own external accountability documents is on the management of community-based sentences and orders, the provision of rehabilitative and reintegrative services and the provision of reports and information to the courts and the New Zealand Parole Board. As is the case with Work and Income and the Public Prisons Service, the stewardship function managing organisational capacity and capability is mentioned in both the Estimates documentation and in the Department of Correction’s Statement of Intent and Annual Report. Collaboration with other agencies is only specifically mentioned in the Department’s Statement of Intent and Annual Report.

Figure 6.9 - Community Probation Service Official Functions

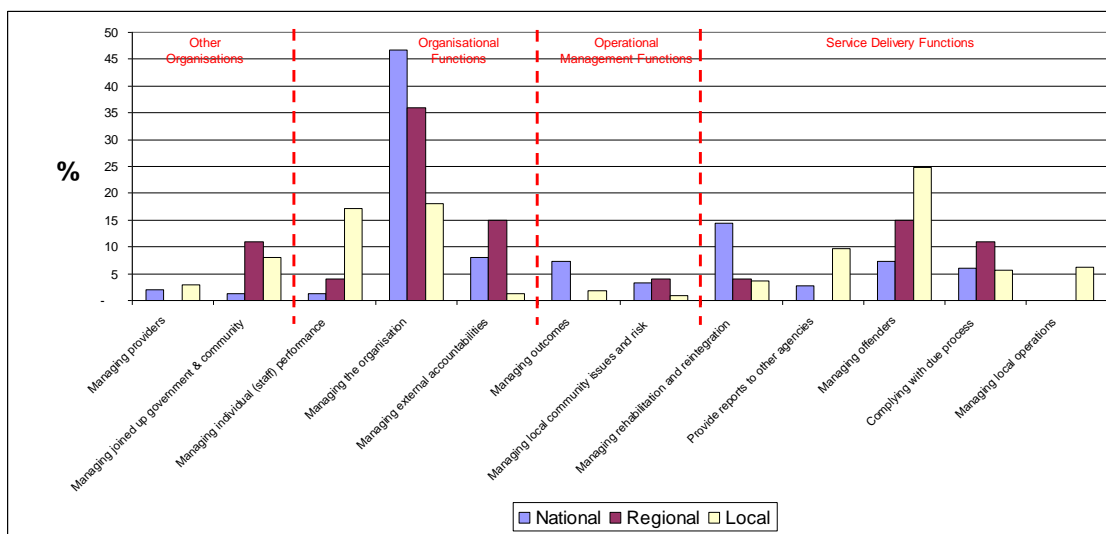
	Service Delivery (Purchase Perspective)	Stewardship (Ownership Perspective)
Legislation	<p>Ensuring that community-based sentences, sentences of home detention and related orders imposed by the courts and the New Zealand Parole Board are administered in a safe, secure and humane, and effective manner.</p> <p>Assisting in the rehabilitation of offenders and their reintegration into the community ... through the provision of programmes and other interventions.</p> <p>Providing information to the courts and the New Zealand Parole Board to assist them in decision-making.</p>	
Government Estimates	<p>Management and delivery of community-based sentences and orders and rehabilitative and reintegration programmes and services.</p> <p>Remand pre-sentence reports, reparation reports, same-day reports, home detention reports and assessments, oral information reports, information for extended supervision orders, and reports to the New Zealand Parole Board</p>	Maintaining existing physical infrastructure and strengthening the skills of staff.
Departmental Statement of Intent and Annual Report	<p>The management of offenders sentenced to community based supervision;</p> <p>The management of offenders sentenced to community work;</p> <p>Administering Home Detention and Parole Orders imposed by the New Zealand Parole Board;</p> <p>Administering post-release conditions for prisoners with short sentences (as imposed by the judiciary at the time of sentencing);</p> <p>Administering Extended Supervision Orders (imposed to actively manage the long term risks posed by high-risk child sex offenders in the community); and</p> <p>The provision of sentencing information and advice to the courts.</p>	<p>Enhancing capability and capacity</p> <p>Collaboration with other agencies</p>

6.6.2 Interview Findings Related to Functions of the Community Probation Service

As is reflected in Figure 6.2 and 6.10, in contrast to the Public Prisons Service, interviewees from the Community Probation Service (especially those at national and regional levels) tend to focus on organisational more than service delivery functions. Nevertheless, as was the case for Public Prisons, the interviewees conveyed that service delivery functions are also important at all three organisational and especially at the local level. Also like Public Prisons, operational management functions appear to be of minor importance in the Community Probation Service.

Comments by interviewees in respect of the functions of the Community Probation Service are reported below. It should be noted that, at the local level, the processes of managing community based services are divided between (a) Community Work Supervisors, who are responsible for managing offenders sentenced to community work, and (b) Probation Officers, who are responsible for managing other community-based sentences.

Figure 6.10: Functions of the Community Probation Service Identified by Interviewees Grouped by Level in the Organisational Hierarchy



Organisational Functions of the Community Probation Service

As may be seen from Figures 6.2 and 6.10, interviewees from the Community Probation Service mentioned three institutional functions, namely:

- (i) Managing the Organisation;
- (ii) Managing External Accountabilities;
- (iii) Managing Individual (Staff) Performance;

From Figures 6.2 and 6.10 it can be seen that *Managing the Organisation* is a function of primary importance for interviewees at all three organisational levels in the Community Probation Service. However, as in Work and Income and Public Prisons, this function is particularly significant for national level interviewees. In Community Probations, *Managing the Organisation* is primarily concerned with facilitating and developing the culture of the agency and ensuring the provision of the required systems and staff resources.

A national level manager explained that, over the last five years, efforts have been made to change the organisational culture. This has included adjusting to the 2002 legislative changes⁴⁴ which replaced a regime of periodic detention with one that provides for sentences designed to facilitate reparation to the community.

The interviewee explained:

It's a fundamental shift and a lot of those Community Work Supervisors can't get their head around it; won't get their head around it some of them. So we've worked quite hard with that part of the workforce. ... A few years ago the workforce was dominantly social worker and one of the characteristics of the workforce at that time was that they wouldn't focus on risk; they were more interested in helping people who wanted to be helped which are generally the lower level offenders that will help themselves; the nicer people, nicer offenders if you can say that. So they wouldn't

⁴⁴ The Sentencing Act 2002 abolished the sentence of periodic detention. As Newbold (2007, p.269) points out, this occurred in part because of the declining number of offenders receiving this sentence, in part because of the rising use of imprisonment, and in part because of the use of alternative sanctions such as community service.

focus on high risk offenders and neither would they focus on taking enforcement action against offenders not complying with their sentence. (CP national 7)

(S)he stated that the agency's response has been "to widen the recruitment pool"; social workers can still be included but "they come in on the understanding that they are to be probation officers not social workers" (CP national 7).

At the regional level, a manager also described his/her efforts to change the organisational culture and develop "a learning organisation". (S)he explained:

We are trying to get into the more proactive end of things ... become more forward focused, actually look to the successes rather than a lot of what we get caught up in which ... is the kind of failure end of the business. Our staff have repeatedly said to us we drive this kind of blame culture which we are trying to turn around and say there are successes but you have to show them to us by operating in certain ways.

(CP regional 1a)

Another Regional Manager described how (s)he wants to build a "culture of inclusiveness" in which staff could say "this is what I've done to contribute to the community". (S)he noted:

I want people to believe that the structures that we actually put in place, our policies and procedures, are things that they believe in and that they will actually deliver on. So there's a massive culture of ownership which we've yet to achieve. I believe that if we had ownership, quality indicators would follow; and there's no point in fighting for quality unless people believe that what you are actually asking them to do makes a difference. (CP regional 1b)

Local level interviewees also referred to attempts to change the organisational culture. For example, an Area Manager asserted:

I want to build a workplace ... where people are feeling satisfied in their work. People are very clear about their purpose [for] coming to work and what they're trying to achieve here. And people feel that, if there are issues, they can get them resolved, or at least they can get some conclusion to it whether or not it can be resolved [in] the way they want it to. There is some sense of process and there is some sense of they have a voice as well within the organisation. (CP local 4)

Another element of *Managing the Organisation* identified by Community Probation Service interviewees is that of securing adequate resources. In relation to staff resources a senior national level interviewee described a strategy to “drop the average age level” of the workforce. (S)he explained:

... managers have thought they couldn't employ anybody in their twenties to do probation work, which is not our preference. What we are finding, of course, is if you only employ people in their thirties and ... forties and upwards, they have generally by that stage in their careers fixed their views on how they see the world and what they will and won't do. So ... picking them up and re-training them to the way we want the job done is actually harder than it is for a twenty five or twenty six year old who hasn't formed those views yet. (CP national 7)

Considering managing resources more generally, a regional level interviewee noted:

[O]ur role is really overseeing that the structures and the resources and the management of all those operations happen. ... [However, we] don't know, from a supply and demand model, where our demand will come [from]. We don't know that one ... team will suddenly get a massive explosion of offenders arriving at their door that they can't possibly manage. So it has to be by area, by region, by organisation. (CP regional 1a)

Resource issues are also a concern for local level interviewees. For example, an Area Manager explained:

A lot of my role is much more about resourcing. I've got four new building projects on at the moment. So that's being involved in the design and commissioning of new buildings, new service centres and so on, resource requests for funding, business cases; doing a soft fit-out of one of our current buildings in terms of working out the requirements; looking at our volumes in terms of how they track against our staffing numbers. (CP local 4)

Along related lines another Area Manager observed:

For me the issue is where do I shift the resource to meet the need? ... it's a constant tension in this work ... you are balancing volume against quality all the time. Part of that is your resourcing ... When you are having to respond to the Court, what happens if your resource doesn't shift? When your volume increases your quality does drop; and that is what happens. (CP local 9)

A local level Service Manager also described the difficulty of scheduling and managing individual workloads given the volume of cases and the variability of their complexity and administrative requirements. (S)he stated:

Occasionally I would have someone in court and the next day they would be in court again. With this day, generally you'd start at eight preparing for a ten o'clock start; with admin to do, sometimes you'd finish half past five, six o'clock. You'd still have some admin so I'm very conscious of supporting the staff. ... What I'm trying to do is, people don't have court the next day; they have a sort of admin catch up day. Otherwise they'll be overwhelmed and it will have knock-on effects. (CP local 10)

In relation the level of resourcing, national and local level interviewees commented that the Minister was explicitly purchasing "a satisfactory service"; while it would be possible to provide a better, or indeed excellent, service this was not being funded. However, the interviewees also noted that this presents problems in motivating staff performance. In the words of a local Area Manager:

[I]t's a difficult message to sell to people who are passionate about what they do ... To say to them that you are going to do a satisfactory job just doesn't ring any bells for them. So you have to temper that message a little. (CP local 9)

Managing External Accountabilities was the second most significant organisational function for Community Probation Service interviewees especially for those at regional and national levels (see Figures 6.2 and 6.10). As was the case for interviewees from the Public Prisons Service, media reports of the agency's activities are a major concern for interviewees from the Community Probation Service. A national office manager explained:

The media have been particularly vicious when we make mistakes, and even when we don't make mistakes. Burton's⁴⁵ [case is] interesting for that because actually ninety six percent of that was managed extremely well. The one thing that wasn't was that a probation officer went on leave for a week and there wasn't any cover for her for five days and something could have been done in those five days. But that's all. But that's not the way it was treated from the Prime Minister down. (CP national 7)

At the regional level, a manager suggested that responding to the media is now a key element of a Community Probation Service manager's performance, whereas previously it had been: "... the Minister's job or someone else's job and you burrowed away and got on the best you could" (CP regional 1a).

However, *Managing External Accountabilities* is not simply a responsive function; the same interviewee outlined efforts to gain a more positive public image:

Part of our work is delivering what we call community work where groups of offenders or even individuals work in different agencies and organisations or on projects that give back to the community. That's kind of a bit of a shop window to our good news. We're now getting more into saying, probation officers do this and this in the community, trying to get more into the public sell because it's hard to get those stories out into the media. (CP regional 1a)

Despite these efforts, another regional interviewee, commenting on the limited public understanding of a sentence of home detention, explained that:

The public's expectation is that the satellite is ... watching now. [However], we are not watching in real time ... we will know the next day, we'll get a report.

(S)he suggested that managing home detention is therefore: "... not managing performance. I guess we're into managing expectations" (CP regional 1b).

⁴⁵ The high profile case of Graham Burton in 2007 concerned the release of an offender from prison on parole who subsequently failed to attend a number of meetings with his parole officer and then committed murder. It was suggested by the media that, had the Community Probation Service acted sooner, this loss of life would have been prevented.

Local level interviewees also referred to ways in which they manage external accountabilities by building relationships with the local community. One explained:

[W]e have a good relationship with our kaitiaki, our manu whenua⁴⁶ people here. I met with them just last week to talk about some of our ongoing relationship issues. That includes not just offender focused outcomes but also things like the new buildings I've mentioned. So if we are proposing to build on a new site ... we want a blessing for that site and so on. (CP local 4)

The function *Managing Individual (Staff) Performance* was mentioned by interviewees from all three organisational levels but it seems to be of significance only at the local level. A local Service Manager explained how each staff member has an annual performance appraisal that develops "a live document" that is subject to a quarterly review that :

... will highlight minimum standards linking to the operations manual. Beyond that there could be how those [standards] are going to be monitored. And then there could be things about which training someone requires, which competencies someone is aiming for and what they need to get those competencies. Then there'd be a more general career long-term goal and how you're going to work to certain things. ... Those are completed and passed to the Area Manager for sign off and it highlights certain points that should be cleared or sorted during that time. It makes you review the situation. (CP local 10)

(S)he also described a more frequent process of professional supervision:

I have supervision with staff members at least once a month. For some of those, it's possibly once every three weeks, but at least once a month. Coming out of that, I minute that and obviously have action points ... There maybe things where we need separately to push things along and within that I'll be looking at performance. (CP local 10)

⁴⁶ A 'kaitiaki' is guardian or senior member of a local Maori tribe. 'Manu whenua' is a Maori term for the local Maori people.

However, as was the case in Public Prisons, local level interviewees were somewhat cynical about these processes. A Senior Community Work Supervisor stated:

[I]t's a bit of a nonsense that whole appraisal because you say things, you put it on paper, nothing happens when you achieve it, nothing happens if you don't achieve it.
(CP local 11)

Another Senior Community Work Supervisor described the process of setting and subsequently appraising individual goals:

For our performance appraisals we sit with our service manager and he gives us five things, areas where he thinks we need to concentrate on with our job. Then he'll probably sit with us in another month or so and see and do an appraisal on those five things, you know, your performance – [but] I've only had one [performance appraisal] in all my time I've been here. (CP local 3)

A Senior Probation Officer similarly observed:

My personal opinion is that we've never managed performance very well at all in Probations. That's my experience of it. ... I've never, ever, yet had a [report] at the end of it. (CP local 6)

Along similar lines a Probation Officer explained that performance appraisals are:

... not always consistent. Sometimes it comes up to renewal time and then either I get a new manager or the manager's too busy and we just flag it for the next time and before you know it they're writing stuff which I don't even know where it's come from [laughter]! Sometimes I've had appraisals where they've put in certain things that I've got to do and I think ... it's good, ... because that's heading me in the right direction. But other times it's like, I'm sure you just put this in because you've been directed to put that in. I mean it's part of my job anyway, but sometimes I just feel unheard.⁴⁷ (CP local 8)

Another element of *Managing Individual (Staff) Performance* is associated with staff development. A Regional Manager explained:

⁴⁷ This contrasts with the comment from a local manager, reported earlier, who wanted to build a workplace in which, for his/her staff, "there is some sense that they have a voice as well within the organisation" (CP local 4).

What we try and say is, there are certain skills we can give you, and certain training that we give everybody now. We have a two year probation officer core curriculum that they go through. (CP regional 1)

Local level interviewees were more positive about staff development than they were about the appraisal process. This is reflected in the comment of a local Service Manager described improvements in the following terms:

There wasn't a manual to say you do this. Now there's a Management at Corrections training package. There's virtually a work book you can look into about things like finance or performance or various things which helps put things in context whereas before it wasn't there. (CP local 10)

Similarly, a Probation Officer explained:

I'm getting developed in my role from the Department, developing my skills to interact with the offenders ... There's always ongoing training and, if we think that we should be needing that to make our job effective, then we can put our names in for that and get the training and develop ourselves. (CP local 8)

At the national and regional levels, the need to undertake disciplinary investigations was also mentioned. For example, a national office manager related how:

... we had one a couple of months ago where a community work supervisor didn't like something that an offender wasn't doing and made him walk back on his own to the service centre. Well it was 22½ k's, so the guy got back to the work centre and promptly complained. (CP national 7)

Functions Associated with Other Organisations

Interviewees from the Community Probations Service mentioned two functions relating to other organisations, namely:

- (i) Managing Joined Up Government and Community; and
- (ii) Managing Providers.

The function *Managing Joined Up Government and Community* was most significantly mentioned by interviewees from the regional and local levels; they explained efforts to build relationships with other agencies and local community organisations. A Regional Manager described the agency's interactions with the Parole Board and Courts, stating:

It's pushed us ... to working closer with those organisations as well, on a more equal basis. Not only, I guess, to avoid a public scrap but also to work with them in terms of managing offenders in our community, particularly around the high-end risk offenders. So we are starting to see in certain parts, although I wouldn't get carried away, this whole of government approach with specific agencies like Police and Children and Young Persons Service working with offenders. (CP regional 1a)

Another regional manager suggested that the scope of this function has broadened to include working with mayors and local government:

It seemed the right thing to do, to now speak with mayors and chief executives and local councils in terms of, you have these offenders in your communities, we are not just interested in pushing them out and seeing them leave town. Can you help us provide housing for them? If we place someone here, neighbours are more likely nowadays to come and see you and complain than they are to go and see their MP. We want an opportunity to work with those communities through you sometimes, or your permission to work with those communities and explain about the offender. (CP regional 1b)

At the local level an Area Manager suggested that links with other agencies had increased significantly over the last five years and also described efforts to work more closely with the Police in respect of high risk offenders:

So we are working a lot more with them in terms of monitoring and enforcement action that we are taking. If someone is in breach, or we are recalling them to prison, we are working much closer with the Police to action that quickly. We were, locally at least, progressing the idea of joint management plans for some offenders. There's been some reluctance for us to go too far down that track from our Head

Office because there's a concern that we are getting into each other's business, I guess. But certainly I can see that coming. (CP local 9)

That manager also described a local "Social Policy Interaction Network" that:

... meets monthly and we're looking at the moment at a project ... looking at the top ten families ... that contribute to a disproportionate amount of crime in the city. That's involved us working a lot closer with MSD [Ministry of Social Development], with Housing, with Child, Youth and Family to look at that group of families that we all actually impact on. ... We can do all the work we like internally ... but, until we have a broader strategy that's focused on outcomes that draws in other partner agencies, it's going to be very difficult to shift that and we will only just draw attention to ourselves because of the things that we haven't been able to achieve. (CP local 9)

Interviewees at different organisational levels described different processes by which *Managing Joined Up Government and Community* occurs. Whereas a national office manager explained that these relationships were guided by formal memoranda of understanding, local level interviewees referred to more informal, and at times *ad hoc*, arrangements. A local Service Manager suggested,

[I]t's being there, being a face and then from there if there are queries ... we can resolve them quickly. Because we're not on the same site you can't always respond by email, it's about knowing people. I feel we've got a very good working relationship. There's no us and them; it's not that. We've responded to a number of things and shared information or stopped something becoming an issue quite quickly. (CP local 10)

The function of *Managing Providers* refers to the management of external providers of training and rehabilitation programmes and other organisations with whom individual offenders may be placed to undertake community work. This function was referred to by a national office manager and a local level Senior Community Work Supervisor. The national office manager, when describing difficulties in sourcing effective rehabilitative programmes, explained:

I think there are some real challenges as to how you get high quality programmes being delivered by people who don't have six years' specialist training leading up to that. I think you can do it but at the moment we aren't doing it. There's a whole issue about how you measure what they're doing in order to improve their performance. ... There's a highly variable workforce out there so issues of performance as to programme delivery become absolutely critical. (CP national 2)

The local level interviewee focused on the organisations that provide opportunities for offenders to undertake community work. (S)he stated that there was no formal process by which (s)he maintained a portfolio of local organisations with whom offenders were placed, but rather (s)he used:

... cold canvassing, advertisements, charitable organisations and things; you try to remember where they are and we've got catalogues and things. (CP local 11)

(S)he further explained that this task is not part of the formal performance management framework:

Nobody knows how many agencies [organisations] we've got. It's not even in our system. I don't know at this point in time how many agencies I'm using. I know if I go to my list and I calculate them all, but I can't give you a figure. That's not part of the [performance] criteria ever. (CP local 11)

Operational Management Functions of the Community Probation Service

As shown in Figures 6.2 and 6.10, interviewees from the Community Probation Service identified two managerial functions, but as in the Public Prisons Service, this group of functions appear not to be significant. The two mentioned were:

- a) Managing Local Community Issues and Risk; and
- b) Managing Outcomes.

Managing Local Community Issues and Risk was mentioned by interviewees at all three organisational levels. At the national level, a manager explained how efforts

to improve the assessment of risks to the community posed by offenders have a broader, potentially political, impact:

[The Minister] said who's going to carry the can if this fellow gets out that sort of stuff enters in; you know, you are very much aware of the potential public backlash. (CP national 2)

A regional level manager referred to a recent high profile case in which a convicted sex offender was initially placed in a small community but was subsequently removed in response to sustained local protests. (S)he explained that the use of appropriate communication strategies could prevent such incidents from occurring:

If you put out to the media, ... such and such an offender is living next door to you, well! ... but if we have the opportunity to go and speak to the neighbours and the communities and explain how to keep themselves safe and what to look for, etc, the response is quite different. We've found that time and time again. (CP regional 1b)

A local level Senior Community Work Supervisor explained how (s)he worked with local councils and schools on community projects such as planting trees and removing graffiti but also noted the difficulties involved:

There are criteria that have to be met every time we go into schools. It has to be made sure that there are no children on site. I could go to a school and it's the weekend and if there are children playing on the school [grounds] we will leave immediately. (CP local 3)

The function *Managing Outcomes* was principally mentioned at the national office level. A senior national office manager reported, for example, that:

Our re-offending rates in the community are going down and I do think we can take some responsibility for that. We can't take absolute responsibility because, of course, laws change, judges behave differently, the Police may or may not catch

people, and so on and so forth. And the offenders themselves have a bit of a role to play! I don't think we can say we can control it; we can influence it. (CP national 7)

However, a local level manager cautioned:

[O]ur ability to forward plan and look where we want to go and be strategic in focus has been difficult. I think we are working on that and I think a move to more of a focus on outcomes will assist with that, but we are definitely not there at the moment. (CP local 9)

Service Delivery Functions of the Community Probation Service

Figures 6.2 and 6.10 show that interviewees from the Community Probation Service identified the following five technical functions:

- (i) Managing Offenders;
- (ii) Managing Rehabilitation and Reintegration;
- (iii) Complying with Due Process;
- (iv) Providing Reports to Other Agencies; and
- (v) Managing Local Operations.

As might be expected, the most significant service delivery function, particularly for interviewees at the local level, was *Managing Offenders*. A Regional Manager explained that offenders "either come to us directly from the Court on a community based sentence or they come through a sentence of imprisonment back into the community" and suggested that managing offenders comprises two parts of an "interlocking system":

[W]e still have the social work sense that it's all about the relationship and [we also have] risk management that says it's all about the procedures and the process of holding someone accountable. To me they are just two parts of the same solution because we've got these two roles. (CP regional 1b)

A local level Senior Community Work Supervisor described this function by saying:

I'm in charge of running operations, placing offenders out into work parties and sending them off into the community to work. We also have agencies where those with lesser offences are going to spend their time. ... [I]t's [about] setting boundaries and telling them right from the start this is what's going to happen and this is what's going to happen if you don't. ... I won't hesitate in sending you back to Court. (CP local 3)

Another local level Senior Community Work Supervisor explained that many offenders do not readily comply with the terms of their sentence:

I would say about fifty percent you would have some problems with. Either you must push them along and drag them through the sentence, and 'phone them every so often to help them through the sentence, basically. A lot of them will not comply and then you'll write them a final warning letter and then they'll start complying. About ten percent of the cases won't comply and you'll take them to Court and they'll get re-sentenced and a lot of them, out of those, will get a warrant for their arrest because they disappear. (CP local 11)

A Probation Officer similarly described his/her role by saying:

I manage their sentences – standard conditions [requirements of their sentences] as well as the special conditions that were imposed by either the Court or the Parole Board. ... Sometimes it's directly doing the conditions; other times it's motivating them to get over other barriers before we can get on to their conditions. (CP local 8)

From the interviewees' comments, it is evident that the relationship between a Probation Officer and an offender is an important factor in the successful management of offenders. It was suggested by a Regional Manager that:

... we need to understand ... that forming an engagement relationship with the offender is somewhat invisible. That's the sort of nebulosity of the social part and social interaction, but the quality of that is hugely important to how you manage the person. (CP regional 1b)

Another Regional Manager similarly explained:

[T]here's still quite a large part of the culture [of the Community Probation Service] that believes that what they do is correct, their advocacy role is what this business is

about, we're there for the offenders and our business is only about reducing re-offending. That's the part that's for the offenders, the rehabilitative, re-integrative role. (CP regional 1a)

At a local level, a Senior Community Work Supervisor described more specifically how (s)he talks to offenders:

At the end of the day the only thing I say to them is "you are in control of your life, you are the one who decides where your life is going to go". I'm not a counsellor but, you know, those are just words that I give to my kids [laughter]. They are just mother words I give to my children, "whatever you do, just make sure that you are accountable for it". (CP local 3)

However, this focus on the relationship with the offender contrasts with the efforts to change the organisation's social work culture reported above. A senior national office manager was quite clear that probation officers are not social workers:⁴⁸

We took ourselves out of that whole social work field. We still employ people that have been social workers but they come in on the understanding that they are to be probation officers not social workers. (CP national 7)

Apart from managing offenders and the risks they pose to the community, a major function of the Community Probations Service is associated with *Managing Rehabilitation and Reintegration*. Although this function was mentioned by interviewees at the local and regional levels, it was the most significant technical function for interviewees at the national level.

In terms of *rehabilitation*, a national office manager pointed to the difficulty of managing effective programmes that, although successful as small scale pilots, are problematic when rolled out across the country. Nonetheless, (s)he explained:

What the data says is that appropriately targeted high quality programmes bring about reductions of between, probably, ... ten and twenty five percent in re-offending

⁴⁸ A similar tension between a (social work) focus on the offender and management of the offender's sentence was also noted in the Public Prisons Service; see section 6.5.

... . So what you infer from that is, that those are certainly worthwhile benefits to have and justify the provision of the programmes. ... At the same time, the inescapable fact is the programmes don't work for the majority of people who receive them, even the good programmes that are appropriately targeted. (CP national 2)

At the local level a Probation Officer noted: "it's always been a problem, for me anyway, finding the appropriate programmes for them" [i.e. offenders]. (S)he continued:

But they basically have to be motivated, really; because when I want to put a person on a programme and they're not motivated we're actually setting them up to fail as well. Although they do know that they've got to do some programmes and so, what we try to do, is motivate them first before we put them on the programme. (CP local 8)

A local Senior Community Work Supervisor was less positive about rehabilitative programmes. (S)he explained:

In reality they'll be back. I'd probably say six out of ten, they'll be back. And when they come back I'll go, "I'm very disappointed you know". But every time my first conversation with every offender is that. Sometimes it works, sometimes it doesn't. (CP local 3)

With reference to *reintegration* of offenders, a senior national office manager simply described the function as "our job". (S)he observed:

That's why you have a Probation Service. So every Probation Officer that manages a parolee, someone who's got out of prison, considers their job is reintegration. (CP national 7)

However, (s)he also suggested that a tension between managing offenders' compliance with their sentences and their reintegration represents "the most common dilemma that our staff would have". (S)he explained:

We do have a bit of a battle between enforcement action and reintegration sometimes because a staff member will say that Johnny is ... not complying but I think that, if they were to get breached and end up back in prison for a month they

would lose their house, their job, etc, etc and we'd have to start all over again when they came out in two months time. (CP national 7)

The only other service delivery function to be mentioned by interviewees at all three organisational levels was *Complying with Due Process*. For a senior national office manager, this function is central to managing performance. (S)he also noted that (s)he explains the value of following procedures to subordinates as follows:

[I]f I know we've got procedures, I can get up and publicly defend you if you follow those procedures. If we don't have procedures, I can't defend you because I won't know what's in your head about why you did things and why you didn't. So every instance you'll have to get up there yourself and explain what you've done and why you've done it. (CP national 7)

Along similar lines, at the local level, an Area Manager suggested:

I think that's a reflection of why we are drawn, pushed, into the process stuff. If you are having to be so reactive to unanticipated, unexpected things that are going to pop up all the time, one of your protections is: "we've followed the process properly". (CP local 9)

However, a Regional Manager acknowledged that, for his/her staff:

there is a certain amount of unknown-ness about what goes on ... [therefore] some of them [procedures] are set in concrete and we growl at people when they don't do them. But, because you are dealing with people, there are certain decision-making processes that have to come in with that. Sometimes people need to be able to exercise judgement and make a decision about which part of the procedures they go with or how they apply those procedures. (CP regional 1)

Adding to this at the local level a Probation Officer explained that due process provides a support when issues are not clear cut and discretion is required. (S)he suggested:

... we're guided by management guidelines and job practices. We have a [standard] sentence management profile that we use to manage those sentences. So basically it's black and white really. (CP local 8)

However, a local level Senior Community Work Supervisor was less supportive of a due process which requires that:

... you make a lot of unnecessary notes which is beautiful and possible if you've got an eighty case load. You can do that; you can manage those, I call it, silly notes. But if you've got a huge caseload [150 offenders], and you want to keep on top of your caseload, and you want to keep on top of the enforcement action, then you must be brief because you don't have time for rubbish. (CP local 11)

The service delivery function *Provide Reports to Other Agencies* is associated with providing (a) information and advice to the Judiciary to assist in sentencing, and (b) advice, information and reports to the Parole Board to assist in its decision-making. This function was mentioned by local level interviewees and, to a lesser extent, those at the national level. A local Service Manager explained what the function entails as follows:

Each day we'll have staff in the main list court, which is the first court people generally appear in; and that's to provide information to the Judiciary on people being arrested and appearing before that court. We also staff a court there which, in the mornings, is a Sentencing Court; and in the afternoon it's called Status Court ... that's to support the reports we've completed, to answer any queries from the Judiciary or any issues raised. Plus we are also asked for information from judges in other courts which may include brief information on someone's current sentence or compliance, to providing a same day report. On top of all that there's requests for reports and we have to process them. (CP local 10)

A Senior Probation Officer added: "[W]e write the reports that are provided for the Courts. We do a little bit for the Parole Board in terms of home detention reports" (CP local 6). A national level interviewee also explained that the Community Probation Service additionally: "... provides some information to prisons to assist with home leave type reports, but that's quite minor" (CP national 7).

The function *Managing Local Operations* was mentioned by local level interviewees in relation to the problems of managing workload and the quality of that work. These comments reflect similar statements made by local level interviewees, in respect of *Managing the Organisation*, reported above. A local level Service Manager, for example, explained that managing workloads is problematic when “all our numbers are going through the roof”. (S)he observed:

The office area hasn't got any bigger; we haven't got any more work stations. So I'm currently also meeting with the area manager to look at staffing numbers and how we can run this. (CP local 10)

A local level Area Manager similarly described how, despite the fact that the Service is actively recruiting staff in order to respond to the implications of pending legislative changes,⁴⁹ some sites were already “at their cap”. This results in a need to move work around. (S)he explained:

For example, this morning [one office] has had a blow out with their reports so we are taking some of their reports for them from next week. So there is that sense there that we'll have to start moving work around and giving it to other people, even though technically we don't have the capacity to take the work either. (CP local 4)

Another aspect of *Managing Local Operations* is trying to check the quality of the reports. A local Service Manager described how (s)he tries to check these on a daily basis by saying:

... the process is set up so that all reports should come to me once they've been completed, spell checked, and everything else, and the officer has checked their report, for me to check it before it goes off. That is the process across the area as well, or to a designated senior probation officer, experienced probation officer, who can check those against those minimum standards. (CP local 10)

⁴⁹ As part of an ‘Effective Interventions’ initiative, from October 2007, amendments to the Criminal Justice Act 1985 expanded the range of community-based sentences to include a stand-alone sentence of Home Detention and two new sentences of Intensive Supervision and Community Detention. New Post-Detention Conditions were also added to the community-based orders managed by the Community Probation Service.

6.6.3 Summary: Functions of the Community Probation Service

In relation to Wilson's (1989) organisational typology discussed in Chapter 1, Gregory (1995a) has characterised the functions of community corrections as principally belonging to a 'coping' type organisation in which neither the work undertaken nor its effects, or outcomes, are readily observed. However, within the Community Probation Service the significant emphasis placed on measuring and managing due process results in the organisation being better characterised as 'procedural'. Processes are a significant focus of the performance measurement and management framework described by the interviewees whereas the agency's contribution to its nominated outcomes of Protecting the Public and Reducing Re-offending remains much more difficult to determine.

As shown in Figure 6.9 the Community Probation Service's *official* model of performance management principally focuses on the two (service delivery) functions of:

- (i) managing community-based sentences, and
- (ii) referring offenders to rehabilitative programmes and reintegrative services.

However, as was the case with the other two case study agencies, the interviewees from the Community Probation Service described a somewhat broader range of functions, shown below in Figure 6.11.

As shown in Figure 6.2, interviewees at the national level of the Community Probations Service focused on organisational functions (principally associated with *Managing the Organisation* and *Managing External Accountabilities*) and local level interviewees focused on service delivery functions (principally associated with *Managing Offenders* and *Providing Reports to Other Agencies*).

Figure 6.11: Official and In Use Functions of the Community Probation Service

Official Functions	In Use Functions
Management of offenders sentenced to community based Supervision and Community Work Administering Home Detention and Parole Orders imposed by the New Zealand Parole Board Administering Post-release Conditions for prisoners with short sentences Administering Extended Supervision Orders	Managing offenders Complying with due process Managing local operations
Referring offenders to rehabilitative programmes and reintegrative services	Managing rehabilitation and reintegration Managing providers
Provision of sentencing information and advice to the courts.	Providing reports to other agencies
Enhancing capability and capacity	Managing external accountabilities Managing the organisation Managing individual (staff) performance
Collaboration with other agencies	Managing joined up government & community Managing local community issues & risk
	Managing outcomes

However, regional level interviewees provided few comments in relation to the expected operational management functions but rather principally described the same functions as national level interviewees. Indeed, as shown in Figure 6.2, organisational functions, and in particular *Managing the Organisation*, were important for interviewees at all three organisational levels. This may be explained by the internal consultation and organisational change processes that had, at the time of the interviewees, been recently completed in preparation for the changes to the sentencing provisions of the Criminal Justice Act 1985.

Note was made above of the decoupling of the conceptual frameworks used to measure and manage performance at the national and local levels of Public Prisons. Other than the focus on *Managing the Organisation*, this decoupling was also particularly evident in the comments of interviewees from the Community

Probation Service. National level interviewees emphasised the importance of following standard procedures and managing offenders' strict compliance with the terms of their sentences and suggested that, in the past, inadequate emphasis had been placed on sentence management and the risk that offenders pose to the community. On the other hand comments from local staff frequently described a more flexible and supportive ("social work") approach to managing offenders. The reasons for this difference will be explored further in Chapter 9.

Unlike Public Prisons which manages offenders 'behind closed doors', the Community Probation Service manages offenders within the community and, as a consequence, is less able to remain internally focused. Interviewees from all three organisational levels of the Community Probation Service described processes by which they interact with, and attempt to gain the support of, local communities. However, according to the interviewees, that support has not always been forthcoming. A number of adverse incidents have resulted in the functions of the agency being subject to media scrutiny and criticism and, as a result the agency's functions have a high level of political salience. Media coverage of the work of managing offenders in the community, like that of managing offenders in prisons, does not dwell on the complexities of the individuals involved, but rather simplifies the tasks involved. The functions of the Community Probations Service are not, therefore, seen as technically complex. As with Public Prisons, given this combination of political saliency and perceived lack of technical complexity, the Community Probation Service is subject to significant sensegiving from external stakeholders. The agency also experiences limited operational freedom. This was noted in particular by interviewees describing the problems of balancing limited resources and the flow of offenders provided by the decisions of the Courts and the Parole Board over which, it was suggested, they have no control.

6.7 Functions – A Summary

In responding to the question “what do you and your team do?”, interviewees from all three case study agencies described the significant role that standard procedures play in the measurement and management of performance. This emphasis on the management of processes contrasts with the expected focus on outputs and/or outcomes described by Wilson (1989) and employed, amongst others, by Gregory (1995a).

As noted above in sections 6.3 and 6.4, each year the functions undertaken by public service agencies are set out in the Government’s Estimates documentation and, in more detail, in each agency’s Statement of Intent, Output Plan and Annual Report. However, from the semi-structured interviews with managers and staff in Work and Income, the Public Prisons Service, and the Community Probation Service, it is evident that within each organisation there exists a more complex and richer conception of the functions for which that agency is responsible.

It should be noted that the *official* functional model contained within the external accountability documents principally focuses on accountability for the outputs and outcomes that are ‘purchased’ from each agency. For each of the case study agencies the *official* model makes little mention of the ‘ownership/stewardship’ functions such as *Managing the Organisation* and *Managing External Accountabilities* but these functions do figure prominently in the comments provided by interviewees from those agencies.

Only in Work and Income does the hierarchical division of focus on functions generally follow the pattern suggested by Kanter & Summers (1994) and Mintzberg (1996). As shown in Figure 6.2, interviewees from the national and regional levels of that agency described activities principally concerned with organisational and operational management functions, and those from the local

level principally focused on operational management and service delivery functions. In contrast, interviewees from all three organisational levels of Public Prisons principally described service delivery functions and those from the Community Probation Service principally focused on organisational functions. However, as will be explored further in Chapter 9, it was noticeable that, in both Public Prisons and the Community Probation Service, the interpretation of these functions varied significantly between national and local level interviewees.

The interviewees also described different degrees of interaction with, and sensegiving from, other agencies and external stakeholders. While interviewees from Work and Income explained how their functions interact with a broad range of other agencies and external stakeholders, little comment was made about their interaction with the media. In contrast interviewees from both Public Prisons and the Community Probations Service described a more politically salient environment which appeared to result in more internally focused strategies and significant concerns over how interactions with the media are managed. Both Public Prisons and the Community Probations Service evidently have limited operational autonomy as interviewees, particularly at the local level, described an environment in which they respond, as best they can, to the demand pressures created by the courts and Parole Board.

The next chapter will consider the lens of purpose and interviewees' responses to the question, "what do you use performance information for?".

Chapter 7

PURPOSE AS AN ELEMENT OF PERFORMANCE MEASUREMENT AND MANAGEMENT IN THE THREE CASE STUDY AGENCIES

7.1 Introduction

As explained in Chapter 1, three key elements of performance measurement and management are function, purpose and perspective. This chapter outlines the construct of purpose (*why* performance is measured and managed) and examines the purposes described by interviewees in each of the three case study agencies (namely Work and Income, the Public Prisons Service, and the Community Probation Service). For each agency, consideration is also given to:

- whether the information is used to objectively or subjectively represent performance;
- the extent to which some purposes of the measurement and management of performance are excluded from the *official* model for each agency;
- the extent to which these purposes are concerned to measure and manage internal or external factors;
- how performance is used for purposes of legitimisation; and
- the use of performance information for internal sensegiving⁵⁰ purposes.

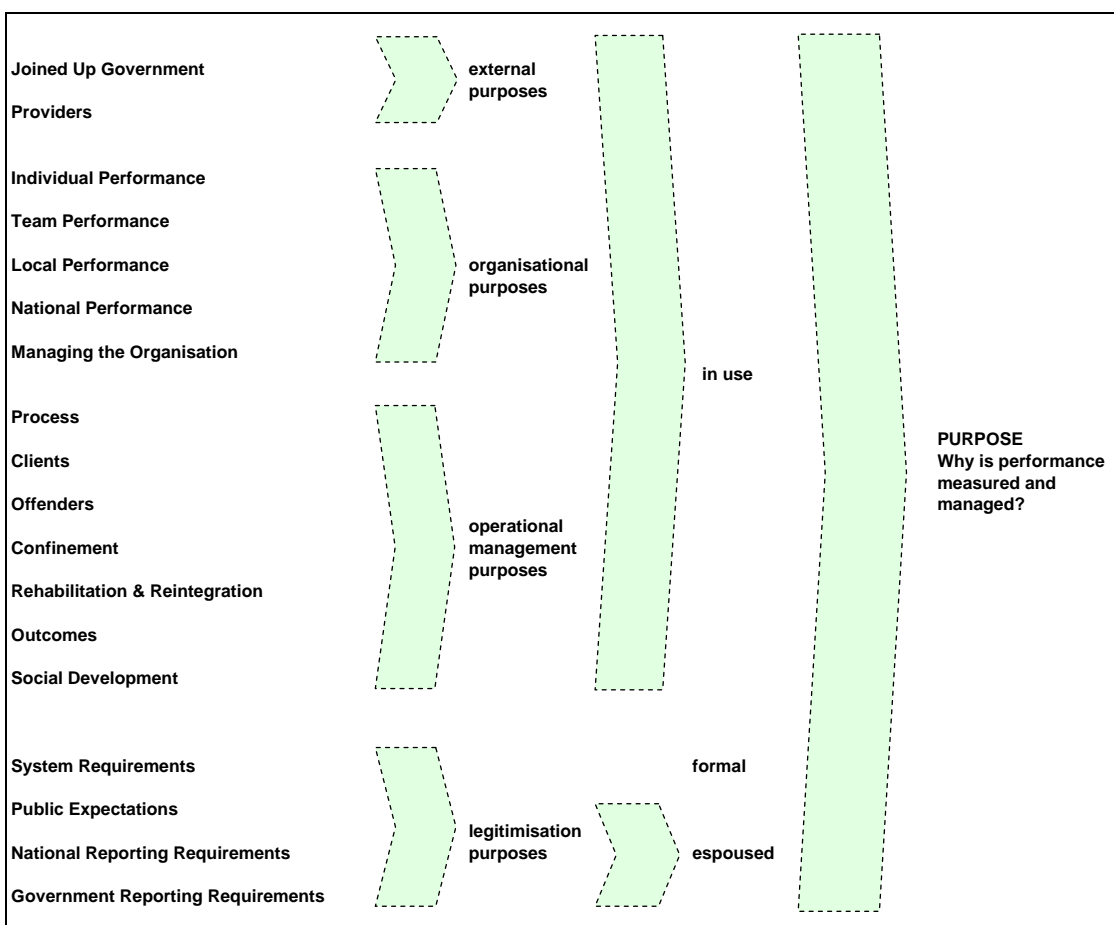
7.2 The Construct of Purpose

The construct of Purpose identifies why performance is measured and managed. As shown in Figure 7.1, the interviewees from the three case study agencies described a total of eighteen different purposes that may be initially grouped based on the extent to which they relate to the *in use*, *official* and *formal* performance measurement and management models described in Chapter 1. As might be expected the principal focus of the purposes described by interviewees

⁵⁰ Refer footnote 5, (in Chapter 1).

relate to the performance measurement and management systems that are *in use*. However, some of the purposes they identified can be matched to the *official* performance measurement and management system; others can be further grouped under the rubric of *legitimation* to the extent that they do not directly support the decision-making process of the interviewees involved but are nonetheless concerned with managing the authorising environment of stakeholders.

Figure 7.1: Purposes of Measuring and Managing Performance Identified by Interviewees



As can be seen from Figure 7.2, below, for all three case study agencies the principal purposes of measuring and managing performance are associated with the management of organisational factors.

Figure 7.2: Summary of the Statements Concerning the Purpose of Measuring and Managing Performance by Interviewees in Each Case Study Agency

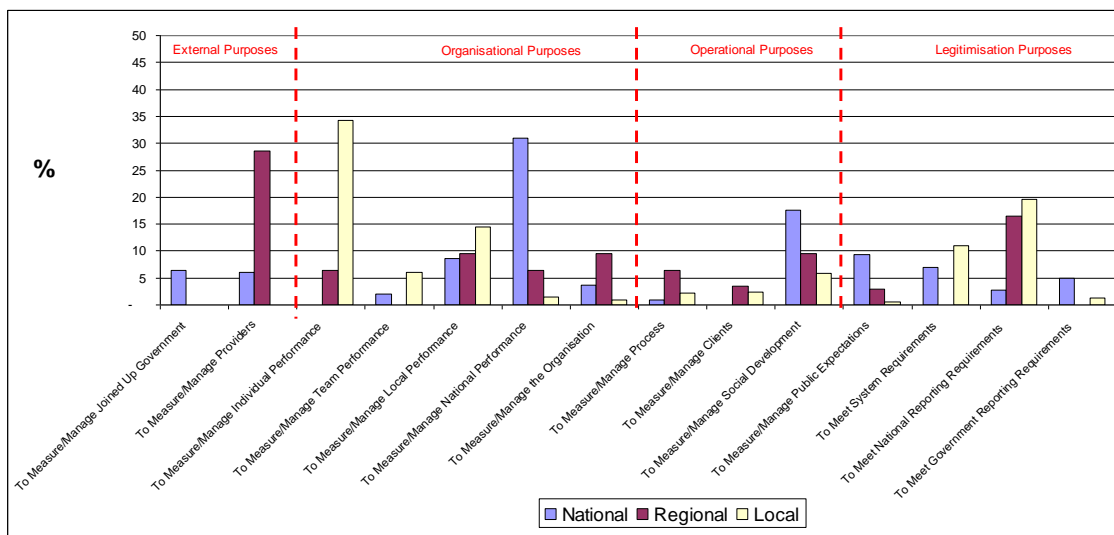
PURPOSE	PERCENTAGE OF ISSUES MENTIONED											
	Work and Income				Public Prisons Service				Community Probation Service			
	National	Regional	Local	Average	National	Regional	Local	Average	National	Regional	Local	Average
External Purposes												
To Measure/Manage Joined Up Government	6	-	-		-	-	-		-	-	-	3
To Measure/Manage Providers	6	29	-		-	-	-		-	-	-	
Total % of issues mentioned	12%	29%	0%	14%	0%	0%	0%	0%	0%	0%	3%	1%
Organisational Purposes												
To Measure/Manage Individual Performance	-	7	34		7	-	24		23	6	29	
To Measure/Manage Team Performance	2	-	6		-	-	-		-	-	-	
To Measure/Manage Local Performance	9	10	15		14	22	43		5	-	15	
To Measure/Manage National Performance	31	7	2		36	7	-		30	41	5	
To Measure/Manage the Organisation	4	10	1		-	-	-		-	6	5	
Total % of issues mentioned	45%	32%	57%	45%	57%	29%	67%	51%	58%	53%	54%	55%
Operational Purposes												
To Measure/Manage Process	1	7	2		-	7	7		13	29	3	
To Measure/Manage Confinement	-	-	-		15	-	-		-	-	-	
To Measure/Manage Clients	-	4	2		-	-	-		-	-	-	
To Measure/Manage Offenders									5	6	8	
To Measure/Manage Rehabilitation and Reintegration	-	-	-		15	-	6		10	-	15	
To Measure/Manage Outcomes	-	-	-		15	21	-		8	6	4	
To Measure/Manage Social Development	18	10	6		-	-	-		-	-	-	
Total % of issues mentioned	19%	20%	10%	16%	44%	28%	12%	28%	36%	41%	30%	36%
Legitimation Purposes												
To Measure/Manage Public Expectations	9	3	1		-	22	-		-	6	-	
To Meet System Requirements	7	-	11									
To Meet National Reporting Requirements	3	17	20		-	21	13		7	-	12	
To Meet Government Reporting Requirements	5	-	1		-	-	7		-	-	-	
Total % of issues mentioned	24%	20%	33%	25%	0%	43%	20%	21%	7%	6%	12%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

External purposes are fairly important for Work and Income, particularly at the regional level, but were not mentioned by interviewees from Public Prisons and only to a minor extent by interviewees from the Community Probation Service. Operational purposes were also mentioned frequently by interviewees from Public Prisons and, more particularly, by those from the Community Probation Service. Legitimising purposes (especially the need to *Meet National Reporting Requirements*) are relatively important in both Work and Income and Public Prisons.

7.3 Work and Income

As is shown in Figures 7.2 and 7.3, although the reasons why performance is measured and managed that were identified by interviewees from Work and Income vary between the agency’s hierarchical levels, they are principally associated with managing internal organisational factors. Across all three levels an average of 45% of the purposes explained by interviewees related to organisational factors. Legitimation purposes were also significant at all three levels (an average of 25%) but regional level interviewees made significant mention of the external purpose to *Measure and Manage Providers*.

Figure 7.3: Purposes of Measuring and Managing Performance in Work and Income as Identified by Interviewees Grouped by Level in the Organisational Hierarchy



Organisational Purposes of Measuring and Managing Performance in Work and Income

As shown in Figures 7.2 and 7.3, the interviewees from Work and Income described five purposes related to their decision making in respect of managing the organisation, namely to:

- (i) Measure and Manage Individual Performance;
- (ii) Measure and Manage National Performance;
- (iii) Measure and Manage Local Performance;
- (iv) Measure and Manage the Organisation; and

(v) Measure and Manage Team Performance.

To *Measure and Manage Individual Performance* is the most significant purpose of performance measurement and management for interviewees at the local level but was also mentioned by those at the regional level. Local level interviewees described how individual performance is evaluated both in terms of objectively represented numerical targets and, more subjectively, in relation to how staff behave in their interactions with clients.

In relation to numerical targets, a local Service Centre Manager explained that Case Managers are required to do more than just put people into work; they are required to focus on reducing the total number of people on the unemployed register:

[T]hey have specific individual targets which they need to achieve which feed into what we've got to achieve as a site. ... it is important that they understand though, that it's not necessarily just cancelling a benefit because you've also got to bear in mind the incoming [numbers on the register]. So it's about managing the incoming [and also] the outgoings ... to achieve that overall reduction. (WI local 4)

However, a local level Work Broker⁵¹ described the target more simply, saying:

In our performance appraisal our requirement is fifteen clients per month into employment. ... [W]e must do that every month, either exceed or achieve that goal. (WI local 10)

Local interviewees described a range of information they regularly receive which facilitates monitoring and managing their performance. A local Work Broker, for example explained:

We get a report that comes out at the end of every month and that tells us exactly who we've placed where and gives us a whole variety of columns on how long they've been on benefit, what their duration was in our work system, who their case manager

⁵¹ See footnote 32 (in Chapter 6).

was, who referred them, where the job or the opportunity number is linked to the employer whether a subsidy has been initiated, and several other bits of statistics.

(WI local 10)

However, this same interviewee explained that not all of their performance information comes from the formal systems. (S)he stated:

It happens with redundancies a lot; people have been made redundant and the Work Brokers carry around a folder of CVs, show them to employers, talk to them about the clients who potentially aren't even on our register but go into employment. So we are required to keep statistics ourselves to ensure that that's captured in our performance appraisal. (WI local 10)

Along similar lines, a local Service Centre Manager described how (s)he maintains his/her own reporting system:

I run a six monthly spreadsheet for each staff member and down the side it has sort of the things we are measuring and then it has what the targets are for the individual – the percentage. And then at the end of every month ... I'll update it and enter what they've achieved in respect of that month. And we'll keep monitoring and doing that so when I sit down to coach them I'll be able to talk to them about what they achieved ... and what we have got to do to either lift performance, keep going, all those sorts of things. (WI local 8)

In relation to *how* Work and Income staff manage clients, a local Service Centre Manager explained:

... that's about ... are they effective, do they always demonstrate the standards of behaviour and example role models, consistently. So it's about people skills, and that's huge. (WI local 1)

A regional level manager added to this by describing a framework within which individual performance could be managed:

If you're a Case Manager and you are dealing with a client, here's a range of activities and approaches that you would actually take if you were dealing or working with that client in a way that we would want. Here's a range of factors that might indicate that

you are not doing that ... in the way that we would like and we would critique against that. (WI regional 3)

The behavioural aspects of individual performance are less easy to measure than quantified targets but a local Service Centre Manager explained how (s)he relies on observations of staff members' behaviour by him/herself and by other members of his/her staff. (S)he stated:

I've built an environment where it's OK to talk to me about what you have seen, good, bad, or otherwise, because we are only as strong as our weakest link. So, if our weakest link is pulling us back then I need to know about it so that I can support them and help them through that. (WI local 4)

Another Service Centre Manager similarly explained that his/her site periodically uses "peer assessments" of performance but more regularly relies on the feedback received from a local trainer and from clients:

I've got a service centre trainer; she does observational checks as well. So she sits in the background and watches them as they work; and feeds that back to them and also that forms part of the performance picture that we get. Some of it's your own interactions that you have and that you see. Some of it you can gauge by complaints that you receive or, though we rarely get, 'thank you's'. Some staff do get [them] on a consistent basis so, ... it generates some level of confidence that they are delivering a good service; that they've got those skills. Then on the other hand if someone's getting a whole lot of complaints you start to think, "well what is it that they are doing that does that?". (WI local 8)

Another Service Centre Manager described how (s)he uses the agency's Code of Conduct to reinforce the need for appropriate behaviour:

We've got a lot of rules in place in terms of making sure that everybody is meeting the Code of Conduct. I mean, that's really important to Government I personally believe that having all these rules in place is making us a better organisation, especially with the public looking in. I guess ... because we are so busy in our jobs it's a reactive thing when someone stuffs up by doing something then it's time to remind everyone that, under the Code of Conduct, you shouldn't be doing this. (WI local 12)

As might be expected, and is shown in Figures 7.2 and 7.3, to *Measure and Manage National Performance* is the most significant purpose of performance measurement and management for national level interviewees. It was also mentioned to a limited extent by interviewees from the other two organisational levels.

At the national office level a manager also emphasised the difficulty of measuring and managing performance at that level and, as a result, the accompanying need for anecdotal evidence. (S)he explained:

You can't compare one region to another really because there are so many different factors that are influencing that region. ... [E]very client has a different circumstance and every client will react in a different way too. I'm a great fan for ... anecdotal evidence because we are bereft of a lot of other 'science' to determine that [i.e. performance]. We know when we've reduced unemployment. We know when we've kept people in work for more than six months. It's defining exactly what parts of our programmes we do better than others. We have a raft of things we are doing; it's trying to isolate what works best, that is the hardest thing to do. [WI national 6]

Also at the national level a manager provided an example of how a success story of one young Maori man, who was a sole parent, and a sickness beneficiary but had been found full time employment, had been used to reinforce quantified performance information. (S)he commented:

[W]e back up a lot of our Cabinet papers and things like that with anecdotes because they are the most powerful way of actually demonstrating that our interventions made a difference. Otherwise, you'd have a real attribution problem in Work and Income, huge. Just because we've looked at you and trained you, would you have got a job anyway? (WI national 11)

Whilst that manager explained the use of performance measures to allocate funding on the basis of the number of people on benefit in each region, (s)he also

reported concerns about the range and impact of performance measurement.

(S)he observed:

[W]hat gets measured gets managed so we have to be careful that there aren't some adverse behaviours that happen because we are measuring it. What we do is have a whole lot of performance measures – reducing unemployment and benefit numbers, getting people into work and getting them to stay there, etc. Now there is a real danger that they actually drive performance. In a sense they need to drive performance, we need to get our reductions, but it's not enough just to get a quantity of people reducing from this to this. It's the quality of the work that they get into; it's the quality of the assistance they get if they're a solo mum; and all that sort of thing. So what people do is human nature; they grab hold of the things that they can count and they use them to drive performance. [WI national 6]

Similarly a regional level manager suggested:

Targets tend to become the things that people aim for, at the cost of anything else. And quite often people will be deceptive and organisations will, by default, allow that to happen if it means their targets are being achieved. The risk is that people will go out there and they will do a range of different things ... to make it look like they are actually achieving it but in actual fact it's just superficial. (WI regional 9)

As is shown in Figures 7.2 and 7.3, the purpose to *Measure and Manage Local Performance* was mentioned by interviewees from all three organisational levels. Its importance at the national level was explained by a national office manager who said:

What we are finding out is that, more than ever before, we are interested in what's happening at a site level. I don't know if it's as our performance has reached a particular level or if it's we are at a stage where we are building strategy that is looking for a quicker impact, but we are finding that you can not even average out to a regional level. (WI national 7)

The issue of local variation was also mentioned by local level interviewees. A Service Centre Manager explained this by saying:

The make up between this site and [another site], which is only twenty minutes down the road, is different; and they are quite different socio-economic areas. [This site] is quite wealthy. [Another site] is quite farm/rural based but certainly in the town there are some quite low socio-economic pockets in there. (WI local 8)

The implications of this variation for local practices were also explained by another Service Centre Manager who said:

Sometimes I might not follow the guidelines as ... one set of guidelines doesn't necessarily fit each service centre within the country. (WI Local 4)

Therefore managing performance at the local level is, to some extent, reliant on making sense, in the local context, of operational guidelines set in a broader regional and national perspective. One key mechanism by which this occurs in Work and Income is the 'Wednesday Brief' in which both national and local issues are discussed by the whole team at each service centre. This was described by a Service Centre Manager as follows:

On a Wednesday morning, the office isn't open till 9.30, it's called Wednesday Brief. We get a Wednesday Brief sent to us from national office and we are to talk about the things that come up there; but sometimes there's not much, so we actually call it a Wednesday Workshop. ... [I]t's interesting and there's an hour and a half that we are allowed to have on a Wednesday morning that is very important, because you don't get any other opportunities unless you want some training up at region. (WI local 1)

Another mechanism for managing performance was suggested by a local Service Centre Manager who explained the importance of his/her relationship with regional and national offices as follows:

[I]t's important, the relationship that I have with our regional office and our national office, because they [provide] feedback – good, bad, or otherwise; because if I don't get it I don't know how we are doing. (WI local 4)

In respect of measuring local performance, interviewees reported that they receive 'myriads of reports'. A regional level interviewee stated:

We've probably got more information than most people on everything we do. ... I've got information systems that report every Monday, that tell us everything about our centres and about our clients across every area that we measure.

Similarly a Service Centre Manager explained:

We have a tool called Briefcase and that basically is like an Excel spreadsheet that will let you download all your clients, who they are assigned to, if they've got plans in place, if they are registered in 'Jobs for You', if they are enrolled in 'Solo'. It gives you a myriad of information in a spreadsheet that you can just filter as you need it.

(WI local 8)

However, the same interviewee also observed that not all the work undertaken locally is captured in these reports. (S)he stated:

We don't capture everything that a Case Manager does which can be highly frustrating. Like, they can have someone that comes on the books today and they can work with them intensively and then they go and get their own job. You cannot capture that stuff. (WI local 8)

Perhaps as a result of this, interviewees at all three organisational levels pointed to the importance of non-numerical, more subjectively framed information in respect of local performance. A local Service Centre Manager described how (s)he requires her staff to put stories of their successes in a specially designated folder on their local network:

I can go in there and know that this month we did [this] and I've got the evidence because they've told me who the person was, what they did, all that sort of stuff. And then I get pretty annoyed if I go in there and there is nothing there because I'm like, 'I know you've done something! You just need to make sure that you put it in there so that I can capture that'. (WI local 4)

That same manager also explained that a chart had been put up in the lunch room:

'Growing Our Communities', it's a tree, and that's to capture social development. That's to celebrate our successes of what we get through social development; whether that's feedback, observation, it doesn't matter. That's something that you

can't pull from anywhere so we are reliant on the staff or clients or external organisations to give us that feedback. We encourage that. (WI local 4)

Another local Service Centre Manager described how (s)he uses Work and Income's intranet to learn of success stories from other centres. She explained:

[T]hat's a good place ... you get some of those good stories that are coming through. Every day they do a story on a staff member, nationally, about what people are up to. It also enlightens you as to what other people are doing in other regions. ... it's always interesting to go and glean some ideas and see what they are up to ... the regions that are quite proactive, and are talked of highly at a national level, and are performing really well. (WI local 8)

'Labour market intelligence' is also important in the process of managing local performance in that it provides insight into the flow of new work or opportunities that are likely to affect each centre. As a regional level interviewee noted:

Our labour market intelligence should be telling us if there's a big closure, shut down, seasonal lay offs, or whatever. We should well and truly know that stuff before it even happens; and if we do, let's get in there and stop them from coming in the door by being proactive and averting people from unemployment into jobs. (WI regional 9)

The broader purpose to *Measure and Manage the Organisation* (associated with the concept of organisational capital discussed in Chapter 3) was, to a limited extent, mentioned by interviewees from all three organisational levels. A national office manager explained some broader issues of monitoring and managing performance by saying:

[I]t's not just looking at results, it's looking across our HR stats and all those kinds of things. Once you understand what is a good performance and one that is not so good [you can] actually start to understand what is an issue of leadership. [That means] getting a profile of what is a good leader and what you are looking for in your recruitment and development of those people. (WI national 7)

Similarly a regional manager stated that, although harder to measure, qualitative information on the organisation's health is important:

The targets being achieved and exceeded is one indicator. Other measures for me are core human resource measures such as sick leave usage, such as attrition. ... Are staff more satisfied with their job? Are we an attractive organisation when we do go out for recruitment? Do we have the best possible candidates lining up to get in the door because they see us as an employer who provides an opportunity ... that we are attractive to the kind of people who we would like to do the work that we have to do? (WI regional 9)

Interviewees at the local and national levels also provided some observations on the purpose to *Measure and Manage Team Performance*. One local Service Centre Manager described how (s)he provides information on how each team⁵² is “tracking in terms of our targets” and reinforces this with “any good news stories” (WI local 12). Another Service Centre Manager explained how a planned move to a new Job Search Service will result in a change in work practices at the local level:

I won't be able to set individual targets on that group. It's going to be very hard to [do so] because you don't have a case load, as such, to manage. It's going to be more around what has been your contribution to the site to achieve what it has. (WI local 4)

At the national level a manager also pointed to the difficulties that will result from this change in terms of assessing individual performance:

What we are getting into now, particularly at a case manager level, is ... looking at what else you might get some measurement around to see how they contribute to the team. As opposed to that more number-type measurement, like how many things did you get right. (WI national 7)

⁵² At a service centre, teams are usually arranged around particular types of social welfare benefits.

Legitimising Purposes of Work and Income

Figures 7.2 and 7.3 show that interviewees from Work and Income mentioned four purposes that are concerned with establishing or maintaining legitimacy rather than supporting their own decision-making processes, namely to:

- (i) Meet National Reporting Requirements;
- (ii) Meet System Requirements;
- (iii) Measure and Manage Public Expectations; and
- (iv) Meet Government Reporting Requirements.

The most significant of these purposes, particularly at the local and regional levels, is to *Meet National Reporting Requirements*. A regional level manager explained how national key performance indicators are “divided out and rolled down to a site level” (WI regional 3). (S)he described the monthly reporting process as follows:

A lot of our performance comes back to the overarching target of sustainable employment and registry reductions. Then there are a whole lot of variables around client service, the way that you actually do that. There’s timeliness around the maintaining of the benefit system and how quickly you actually grant benefits and deal with people who want to make appointments; how long our waiting times are; and of course our client satisfaction survey that’s undertaken every month as well. On top of that we are required to develop a regional strategy, a regional approach to other things that we actually do and other projects that we are involved in, and monitor and report back on those projects as well. (WI regional 3)

At the local level a Case Manager explained:

We have to meet targets ... and then it’s broken down again as to who goes into employment - whether it’s sustainable employment, whether the client has found the position themselves, whether we’ve helped them into employment through our own list of vacancies. (WI local 5)

In relation to monthly targets a Service Centre Manager observed:

We are measured by targets ... All of the ones I don’t meet I’ve got to report on. Even the ones I do meet I have to report on as well because it’s important to see

what we are doing because it might mean that we are doing something really good that we can share with everyone else.

That interviewee also explained the requirement to report on the service centre's interaction with the community and other agencies:

[W]e've got to report on what happened in our community. Did we do any presentations, and expos? And participation [in community matters] is ... mainly around ill health and disabilities ... when you are referring them to other agencies, like support agencies. (WI local 4)

The purpose to *Meet System Requirements* reflects the demands placed on staff to follow procedures, and comply with the data entry requirements, formally encoded within the agency's computer applications. Unlike the interviewees from the other two case study agencies, those from Work and Income described few problems with these requirements. A national office manager explained that the unwieldy nature of a number of the agency's older computer systems, that were due to be replaced with a single, integrated client management system, was resulting in a number of managers creating their own client databases in Microsoft Excel. (S)he commented:

You can go to them and say, who's that guy, can you tell me something about him? ... And it would be seconds as opposed to going through a number of [screens] ... and you can't argue with that. You can't go, 'oh, I can't let you do this'. But longer term you can't continue with that because you can't report on it. You can't get information out of each and everybody's Excel spreadsheet. (WI national 6)

At the local level a Service Centre Manager noted:

We are very much reliant on the information and technology. I think we use about seven [different systems]. (WI local 4).

That interviewee also reflected the comment of a local Case Manager that "the system changes all the time" (WI local 5) when (s)he reported:

When Jobs for You [a new system] was released some staff brought into it and some staff didn't ... we need to make sure that, at the end of the day, staff understand

what Jobs for You is about and the reasons why we need to put in quality information.

(WI local 4).

However, in general, the comments of interviewees from Work and Income reflected the opinion of a local Case Manager who stated:

I don't have any issues with any of our systems actually. In fact they're all really good. (WI local 5)

With reference to the purpose to *Measure and Manage Public Expectations* (which reflects the concept of public capital discussed in Chapter 3), a national office manager conveyed the importance of monitoring and managing the confidence that stakeholders have in Work and Income:

Sometimes organisations become internally focused and thinking that they are doing a good job because it might be in line with their output plan or they actually think because their particular measurements are all achieved they are doing a good job and they have public confidence. But I don't think these two always go hand in hand. So you have to make sure that you are always engaged with stakeholders so you always maintain confidence and that you take any feedback on board as you're moving ahead in whatever direction. (WI national 7)

As well as receiving feedback from stakeholders, the agency seeks to provide information to them and the broader community. A regional manager explained how the Ministry's annual Regional Strategic Plans seek to explain Work and Income's (and the broader Ministry of Social Development's) objectives and activities. (S)he observed:

[T]he strategic plans are really just a communication document to the community and to stakeholders to say these are the areas we are focusing on as an organisation, these are the key outcome areas for us, and these are some of the strategies that we will be implementing to achieve that for our region. (WI regional 9)

However, a national office manager suggested that, despite the agency's success in lowering the unemployment rate, it had been less successful in communicating that success to the public. (S)he said:

We are not very good at telling that story, so I think we have to go out there and talk about the things that we do and where we might like to go. (WI national 7)

Significantly in the Ministry's Regional Plans, and in other approaches discussed by Work and Income interviewees which are designed to *Measure and Manage Public Expectations*, the emphasis is on narrative rather than on numerical information (i.e. "telling that story" and "talking externally about some of the things that we do").

In relation to the purpose to *Meet Government Reporting Requirements*, a local Service Centre Manager explained that measuring and managing performance is:

... also about what government expects of us ... [and] the Statement of Intent that Government and the Ministry have agreed to - they'll give us the money if we do it like this. (WI local 1)

However, the major focus on this purpose was at the national level where an interviewee described the need to prepare information "as a result of a parliamentary question, OIA,⁵³ [or] Minister's request" (WI national 6) as well as for the purpose of the agency's quarterly reporting to the Minister and for the agency's contribution to the Ministry's Annual Report.

Operational Purposes of Work and Income

As shown in Figures 7.2 and 7.3, in relation to managing performance for operational purposes, interviewees from Work and Income identified three purposes, namely to:

- (i) Measure and Manage Social Development;
- (ii) Measure and Manage Processes; and
- (iii) Measure and Manage Clients.

⁵³ A request for information, generally directed at a Minister, under the Official Information Act 1982.

The most significant of these is to *Measure and Manage Social Development*. At the local level, a Service Centre Manager recognised the significance of a broad focus on outcomes. (S)he noted:

It's more about managing outcomes than managing outputs and I think that's where our organisation is going. (WI local 4)

However, the only outcome specifically mentioned by interviewees from Work and Income was *Leading Social Development* (refer Chapter 6) and a national office manager explained the difficulties of monitoring this:

I believe that social development is purely a concept and it's un-reportable. ... [I]t's very nebulous and often quite vague. You can see numbers; you can see reductions in youth unemployment rates, or engagement of youth in certain activities, but you can't necessarily say that that had a lot to do with the local plan or that it had a lot to do with anything necessarily. (WI national 6)

Nevertheless, another national office manager pointed to a number of possible measures, saying:

[T]here's a whole bunch of things that you would ... say [reflect] there is a measure of success here. Maybe youth justice isn't required. Maybe the cops aren't called in. Maybe there's a reducing amount of family violence. All of those kinds of things. ... That's what we are struggling with at the moment. (WI national 7)

A regional level manager pointed to the more formal framework provided by the annual Social Report:

One of the other key indicators for us is the Social Report which is published every year and it gives us an index of key performance areas that the OECD monitors. Those are things such as road deaths, infant mortalities, imprisonment; and they're largely fairly negative indicators really. There's a whole a whole raft of them and every region has a rating around how well it's doing against each one of those factors. (WI regional 9)

The purpose to *Measure and Manage Processes* is an important element of the accuracy reporting process discussed below, and is also a significant focus of the

weekly Wednesday Briefs held at each site. However, as a distinct purpose of performance measurement, it attracted little comment from the interviewees. A national office manager did suggest:

[Performance] can come down ... to certain tools that we have implemented in the front line. Are they working properly? Are our people working with them properly? And, if they're crucial tools that support higher level outcomes, then they're very important to us. (WI national 6)

A local Service Centre Manager also explained his/her approach to managing performance by saying:

It's important that if we haven't got it quite right, what happened in our process and what do we need to do to change it? Was it a particular person, or was it something that we didn't deliver quite right, or what was it? I like to find out what it is and then combat it to make sure that it doesn't happen again, or try and minimise the risk as much as possible. (WI local 4)

Interviewees at both the regional and local levels described an accuracy reporting process whereby a national office team routinely analyses a random sample of client files for accuracy:

[E]very month the national office ... accuracy reporting team ... go through and pick so many actions out and they ask us to go through and send a copy of all the [relevant] paperwork. They check it and then we get the results for that month. Our super team are 100%; now they're a very experienced team and they are so proud of what their achievements are. And they very rarely miss out on that. (WI local 1)

The third operational purpose of measuring and managing performance mentioned by interviewees from Work and Income is to *Measure and Manage Clients*. This is principally concerned with understanding how well the agency's services are delivered from the perspective of its clients. A local Service Centre Manager explained how nationally-managed client surveys are used to provide evidence of *how* clients experience the agency's services and noted that, whereas in the past

clients have been asked: "Did the person introduce themselves?" and "Were they wearing their name badge?, they are now more likely to be asked "Did you feel your case manager was respectful?" or "Did you feel that they care about you?". However, in this interviewee's view:

[S]ervice excellence is about more than client satisfaction. It's about the quality of how you do your work for your client. (WI local 1)

In the opinion of another Service Centre Manager, these client satisfaction surveys are "taken with a grain of salt" (WI local 8). (S)he explained that, although his/her team was not meeting the required standards, the matter is not as straightforward as it might appear:

When I sit here and I listen to the interviews, I don't see it; I can't put my finger on why it is. ... [P]otentially we've got forty people that are registered unemployed; we see them every day; if we don't see them we ring them, they don't always like that ... and they would moan about us because we're harassing them. But that's part of what our role is; not so much the harassment but it's just to stay in touch to try and help them, to keep them up, to refer them for jobs; but at the bottom they don't want to work. (WI local 8)

A regional manager also reported that some sites periodically conduct their own local surveys in order to "get more detail around where you are doing well and not so well" (WI regional 3).

External Purposes of Work and Income

Interviewees from Work and Income described two external purposes, namely to:

- (i) Measure and Manage Providers; and
- (ii) Measure and Manage Joined Up Government and Community.

To *Measure and Manage Providers* is concerned with measuring and managing the training and development programmes that are delivered to Work and Income clients by external organisations. It was the most significant purpose mentioned

by interviewees at the regional level and, to a limited extent, it was also mentioned by national level interviewees.

The majority of the comments relating to this purpose focused on measuring and managing the effectiveness of the programmes delivered by external providers. A regional level manager explained that Work and Income seeks to measure two things:

One is around tangible outcomes in terms of a client getting a job, and staying in a job. The other one's more around participation; [i.e.] if a client utilises or participates in an activity that we have purchased [e.g. producing a CV or getting a driver's licence] ... that might be what we have purchased and that's the 'outcome' that we are signing up for. ... [P]robably in the region of sixty percent of our contracts are outcome based, of people going into work, and the other forty percent are client development related, which is preparing people - giving them a set of tools that will help them. (WI regional 9)

However, a national level manager explained that, in order to manage sustainable employment it is necessary to monitor the effectiveness of programmes beyond the immediate delivery of getting a job:

[Providers] have a certain percentage of people that come out the end and we want to know whether we achieve or over-achieve that. And then we [also] have an in-work support component as well which checks with them about what they are doing, are they happy. (WI national 11)

Managing the efficiency of providers' programmes is more difficult. A national office manager explained:

It's defining exactly what parts of our programmes we do better than others. We have a raft of things we are doing; it's trying to isolate what works best. That is the hardest thing to do. (WI national 6)

However, a regional manager explained how the economy with which these programmes are delivered is managed by reviews of the extent to which the full

capacity of contracts with providers are used. (S)he stated that they would only contract for extra programmes when there was:

... agreement from service centres and Service Centre Managers that they want them and what percentage of clients they will actually provide to the programme. So we might have a programme for a hundred people and ten service centres might all agree to send ten people; we actually set up an agreement with them around what they are going to do to make that happen and the fact that that's actually part of their performance agreement. (WI regional 3)

As is shown in Figures 7.2 and 7.3, the purpose to *Measure and Manage Joined Up Government* was only mentioned by Work and Income interviewees at the national level. A national office manager explained that, at the local level, the effectiveness of these activities is difficult to determine. In his/her words:

I guess it's also easy to define success through the number of times that we meet with other agencies or the fora that we attend; and unquestionably we are talking more than we ever have and working together as parts of the whole. But it still doesn't tell us whether we're actually better off through doing that or whether we are just having a collection of meetings that actually don't get us anywhere. (WI national 6)

However, another national office manager suggested that, at a practical level, the extent to which joined up government is working could be determined "by the types of initiatives that are run" (WI national 7). (S)he also explained that the effectiveness of these initiatives could be determined by the nature of the feedback received from the other agencies involved, because:

... you can get some pretty negative feedback about people trying to take over things and that kind of stuff. ... If people do a really good job you get really good feedback and you see great things happening. (WI national 7)

In turn, (s)he explained that, within the agency, as part of their annual performance review, managers are required to provide commentary on their collaboration with other organisations.

Summary: Purposes of Work and Income

In summary, interviewees from Work and Income suggested that why performance is measured and managed may vary across the three organisational levels, although the principal focus for all three levels taken together is on organisational purposes. However, unlike the interviewees from the other two case study agencies, interviewees from Work and Income also emphasised external purposes. As shown in Figures 7.2 and 7.6, taken together the external purposes to *Measure and Manage Providers* and to *Measure and Manage Joined Up Government and Community* the legitimisation purposes to *Measure/Manage Public Expectations* and to *Meet Government Reporting Requirements*, represent a significant proportion of the comments provided by interviewees at each level (national 26%, regional 32%, and local 2%).

The use of both numerically targets and narrative and direct observation to evaluate their performance reflects the existence of both objective and subjective representation (discussed in Chapter 4 as the way in which performance is framed or symbolically described). Interviewees reported that performance is objectively represented in a significant amount of quantified performance information. However, of equal importance is qualitative information relating to *how* services are delivered. This adopts a more subjective representation that is provided by surveys and feedback (from clients, external organisations, and other elements of Work and Income), stories and direct observation of work practices. Similarly although social development outcomes are quantified in the annual 'Social Report', sense is made of this information via subjective evaluation ("gut feeling") rather than by the application of a formal logic of cause and effect.

It is evident that some performance information is produced for purposes that appear to be more closely related to legitimising the agency's existence and functions than to supporting managerial decision-making processes. As might be expected, in part performance information is managed at the local and regional levels for what are perceived to be national office reporting requirements.

A number of interviewees suggested that the formal reporting requirements do not capture all of the work of local staff. There is a performance 'dark matter', not visible to regional and national level managers, but nonetheless seen at the local level as an important component of their work. Interviewees at that level, therefore, described the use of manual systems and spreadsheets to record work that would otherwise not be taken into account in performance management and resourcing decisions.

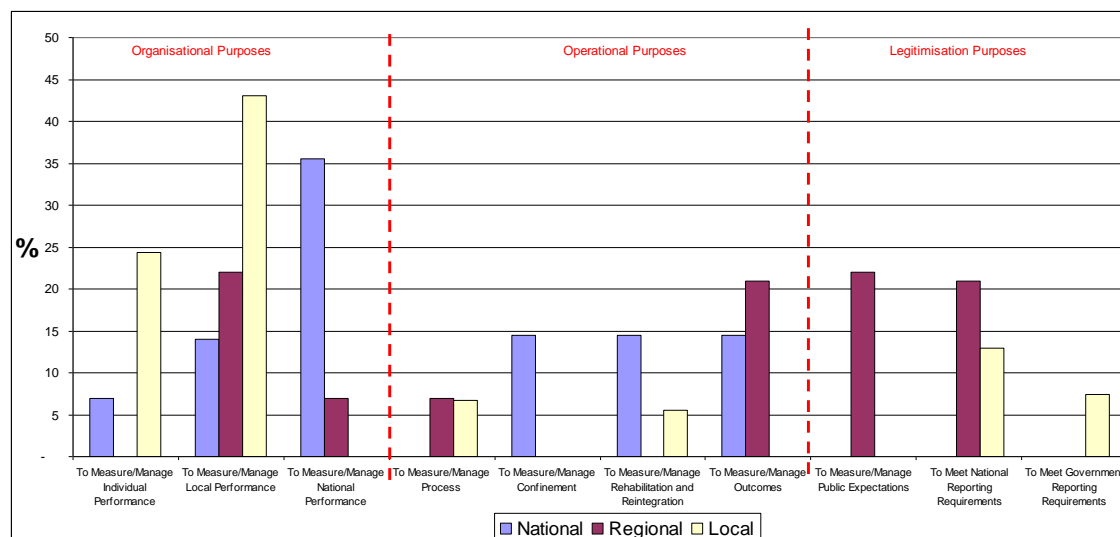
The narration of stories of actual events and experiences also plays a large role in 'sensegiving' processes by which a consistent understanding of the agency's wider purposes and objectives is maintained. Within Work and Income other internal sensegiving mechanisms include the regular Wednesday Team Brief and corporate artefacts such as desk calendars and wall charts. Whereas the former appears to be highly effective in engaging staff, for most interviewees the latter artefacts appear to have become part of the corporate wallpaper rather than a source of a message that they are aware of.

7.4 Public Prisons

As is shown in Figures 7.2 and 7.4, especially at the national and local levels of Public Prisons, the key purposes of measuring and managing performance were seen by the interviewees as a whole to be those related to the organisation. However, the regional level interviewees identified legitimisation purposes to be

the most significant. Unlike the interviewees from Work and Income, those from Public Prisons identified no external purposes.

Figure 7.4: Purposes of Measuring and Managing Performance Identified by Interviewees from Public Prisons Grouped by level in the Organisational Hierarchy



Organisational Purposes of Public Prisons

From Figures 7.2 and 7.4 it may be seen that the interviewees from Public Prisons described three purposes of measuring and managing performance that are concerned with factors relating to the management of the organisation. These are to:

- (i) Measure and Manage Local Performance;
- (ii) Measure and Manage National Performance; and
- (iii) Measure and Manage Individual Performance.

The most significant purpose of measuring and managing performance identified, particularly by local level interviewees, is to *Measure and Manage Local Performance*. A number of interviewees commented on the extent of performance measurement and management at the local level. For example, a Prison Manager observed “we’ve very high compliance reporting” (PP local 11) and a Unit Manager stated “performance is managed in depth in Corrections” (PP local 6).

Commenting on the targets against which local performance is measured, a regional level interviewee explained that these targets “drop out” of the Statement of Intent and strategic business plan. (S)he also explained that the performance measures are:

... more the numeric things around how many programmes did we provide to prisoners, and what were the hours of Court attendance, and how many Parole Board reports did we write? How many escapes did we have? (PP regional 13)

A local level Prison Manager also provided the following examples of his/her quantitative targets:

... unlock hours for prisoners, hours of work for prisoners. We agree to supervise ninety thousand hours of community work for the financial year. Prisoners go on programmes ... attendance of programmes. Drugs, we have drug testing so we put strategies in place to ensure that we get by the sixteen percent random positive drug testing. And things like that. (PP local 4)

Financial targets were mentioned by another Prison Manager who said:

We’ve got the staff costs: salaries, overtime, leave [and] prisoner costs: bedding, food and cell costs. (PP local 11)

However one local Unit Manager suggested that routinely reporting against these targets was an unrealistic expectation. (S)he explained:

Each month, let’s say for example, I put I came on target with my budget this month, I met the ICR [Internal Control Report] checks this monthBut I just don’t have time to be doing that kind of stuff. I strongly believe I shouldn’t be writing my own report so I won’t be doing it. But that’s how it’s supposed to be; you are supposed to be saying: ‘did this this month’, etc. (PP local 6)

Another Unit Manager described how (s)he measures local performance:

I suppose by getting to the end of the day, end of the week and just seeing what’s been achieved within the unit. If your targets for the week have been met; if the assignments and the jobs you set your staff - have they managed to do them? It’s

simple things that the PCO [Principal Corrections Officer] runs like sentence management, sentence plan reviews, classification reviews. (PP local 9)

A local Principal Corrections Officer described how (s)he maintained his/her own weekly reporting system by which his/her staff submitted reports that (s)he summarised and then emailed back to them. (S)he explained:

It's like a narking sort of system. They don't even know they're narking themselves in. They're telling me how well they are doing or they're telling me that their colleague is not performing. They don't know that but that's how I've designed it. So I get the report every Friday and I go through it. And I also send that information out to all the staff on Friday so that they are aware of where they are with their progress. (PP local 7)

Local interviewees additionally described a range of meetings. For example, a Principal Corrections Officer explained how (s)he meets with his/her Unit Manager:

... every morning and talk about issues. Once a week we have a meeting here with the Prison Manager and all the other Unit Managers, PCOs like myself. Fridays the Unit Manager and myself we have a meeting with our staff. It's a good place for them to air whatever problem they have. (PP local 7)

Similarly a Prison Manager explained:

We also have unit managers meeting as well when a lot of useful information gets cascaded down and we discuss issues and that sort of thing. Every fortnight I attend RSMT, which is the senior management team for the region; and then quarterly there's a regional management meeting which is all the unit managers and all the support service managers and we get a 'state of the nation' speech from the Regional Manager about things. (PP local 4)

However, a national office manager voiced concern that, although the formal systems have been designed to capture a great deal of information, at the local level this is not occurring consistently. (S)he noted:

Our staff are not always that good at sharing, in a professional way, insights as they are at maybe doing some of the other parts of their jobs. When you're talking about individual prisoner level, there is an attempt to design the gathering and the sharing of ... all that information [so that it] is then available to everybody that has a responsibility for that prisoner. And, you know, we've got some staff who are very good at it and some that aren't. We train them in the report writing, we ... do refreshers in writing file notes and stuff. It's not a natural inclination for a lot of our staff though, so it is a challenge. (PP national 3)

An external person, who was working at one of the prisons in which the interviews were conducted, observed further that, although the Integrated Offender Management System (IOMS) contains a great deal of information in respect of inmates and offenders, there is a limited ability to extend and summarise this as much of the information is entered in narrative form and, as a consequence, is subject to the constraints of the limited literary skills of many of the corrections officers. (S)he suggested that, as a result, "this place runs on folklore" (PP external 12).

The purpose to *Measure and Manage National Performance* was the most significant purpose mentioned by national level interviewees and was, to a lesser extent, commented on by interviewees from the regional level. A national level manager explained the range of different performance information (s)he receives:

I get piles and piles and piles of paper and it's really hard to absorb everything that's in there. I get a business report every month that shows me the stats and the reasons for the ups and downs. ... [T]he exception report I get is just what's the really good stuff you're doing out there (the new initiatives, the good news stories) and the stuff that's gone really badly wrong. I get written incident reports coming on my screen every day; I probably get a dozen from around the country. I can choose to just read it and say that's OK, or read it and pick up the 'phone and say: "Tell me some more about this" or, if it's really serious, "Lets get an investigation done and an investigation report". (PP national 5)

The same manager explained that a key reason for this volume of information is the management (or “avoidance”) of risk:

[T]hat’s because we’ve been beaten up so badly in the media; I think the confidence is down. So we want to get on top of things as soon as they happen. (PP national 5)

As indicated in Figures 7.2 and 7.4 the purpose to *Measure and Manage Individual Performance* was mentioned by both national and local level interviewees. A local Prison Manager explained that individual performance plans are an outcome of targets being cascaded down from the General Manager of Public Prisons to the Regional Manager and then down to prison managers and unit managers. In addition to these numeric targets, individual performance is measured in relation to a series of competencies. This interviewee observed:

I have a performance plan with targets that I have to meet ... but then there’s management competencies in there as well that you get marked on like leadership and decision-making and analysis and self-management, and all that sort of thing. I have to provide evidence to my manager of competency. For leadership competency, OK I’ll say: “I’ve provided leadership of my team and here’s an example of what I did”. It’s just a matter of remembering what you did; what the problem was and how I fixed it sort of thing. In this role, because you’re doing ten things at once, I don’t actually sit down and note what I’ve done. I should do; it would make things a lot easier for me at review time if I did that, but I just don’t. (PP local 4)

In setting performance objectives for his/her own staff the same local Prison Manager explained that it is necessary to recognise that individuals face different challenges. (S)he explained:

Managers here manage different units and they have different challenges in those units. Someone that’s managing a Maori focus unit, for example, has different challenges and different things happen as opposed to someone that’s managing a high-medium [security] unit that’s full of nasty type people. They certainly have

different challenges to face every day. So I've put in specific targets for different managers who manage different units. (PP local 4)

Nevertheless, a local Unit Manager suggested that, as it is not linked to their pay, his/her staff view their performance plan as a "going nowhere document". (S)he explained:

[I]t's a tool that we can have to keep track of our staff's performance and it's a tool that we can say, "Well done"; or identify areas that aren't quite being achieved. But it's not a great tool because it's not linked to anything. And so it's sort of, "Well you didn't achieve this, oh well!" That's the staff's attitude, not my attitude; but it's very hard to really get their involvement in it and to try and express the importance when they say: "So what if I don't!" (PP local 8)

A local Principal Corrections Officer described how his/her performance was measured by audits:

We have an audit, that is how [my Unit Manager] knows if I'm doing my job or not. Every three months we have the auditors come out here and review our systems, the way we do things here, what the outcomes are. They put a report in and that tells the managers here how well we're performing. That means how well I'm performing; that's what it comes down to. (PP local 7)

Operational Purposes of Public Prisons

As shown in Figures 7.2 and 7.4, interviewees from Public Prisons described four purposes of measuring and managing performance in relation to operational factors. These are to:

- (i) Measure and Manage Outcomes;
- (ii) Measure and Manage Rehabilitation & Reintegration
- (iii) Measure and Manage Confinement; and
- (iv) Measure and Manage Process.

As noted in Chapter 6, Public Prisons contributes to two of the Department of Corrections' outcomes, namely, *Protecting the Public* and *Reducing Re-offending*.

The purpose to *Measure and Manage Outcomes* was mentioned by interviewees from both the national and regional levels. A national level interviewee reported that the extent to which Public Prisons is making a difference, at least in terms of reducing re-offending, is currently measured by a 'recidivism index' and a 'rehabilitation quotient' which measure "the extent to which people are re-convicted and re-imprisoned" (PP national 3). However, (s)he also suggested that these measures need to be extended to enable the agency to understand:

[Whether there is] any evidence that our interventions reduce the severity of the crime ... [and] the extent to which prisoners' behaviour changes when they're with us - that's about drug use incidents, holding down a job, progressing through from high security care to low security, and really self [management]. (PP national 3)

The more specific purpose to *Measure and Manage Rehabilitation and Reintegration* was mentioned by interviewees at the national and local level. A national office manager defined rehabilitation in terms of:

... how many people come back into prison, how many people come back with a fall in the seriousness of what they were originally there for. (PP national 5)

However, linking to considerations of measuring and managing outcomes, (s)he also suggested:

I don't know that those [rehabilitation measures] go far enough. I don't know that we've yet picked up on the fact that we have several generations from the same family in prisons and that I think we need to measure recidivism of families rather than individual prisoners. I don't know that that's just a Corrections issue; I think it's a wider justice issue. (PP national 5)

In relation to the reintegration of offenders back into the community, a national level manager noted that, as yet, there was limited performance information:

We've put some proper resources in place to manage the reintegration processes; reintegration case workers, whanau liaison, but they've only been in place over the last two or three years ... we've started to plan and get consistent practice around the

country, and working with other agencies outside Prisons. So I think it's too early to talk about measures in that area. We've got measures around the numbers of people we're doing stuff with but we don't have measures of the effect. (PP national 5)

At the local level a Unit Manager also observed that for offenders that are not subject to probation orders, or any continuation probation orders from when the sentence was set, it is difficult to provide evidence of support for their reintegration:

I've talked to prisoners here, and they just say: "Well there's nothing out there for me; what is there for me when I go out?" And I can't answer the question. There's no support; we drop them out the front door here and that's it, "bye, bye". (PP local 1)

The purpose to *Measure and Manage Confinement* was principally mentioned by interviewees at a national level. One such manager explained:

There's a series of well accepted measures around that [confinement] in terms of escapes, and incidents in prisons, and deaths in custody, suicides, and unlock hours, which are well accepted measures internationally amongst like jurisdictions [in terms] of doing that core work of prisons well. (PP national 3)

Another national office manager similarly stated:

[T]he safety and security stuff is quite easy to measure and I've got to say that New Zealand stacks up pretty well against most overseas jurisdictions. Suicide levels, escape levels, assault levels are reducing all the time, generally; there's a few bumps along the way, but generally. So we stack up pretty well on those. (PP national 5)

A number of interviewees at the regional and local levels mentioned a regular audit process that serves to provide assurance in respect of the performance measures that relate to the purpose to *Measure and Manage Process*. As a regional interviewee explained:

We measure ourselves on things like internal control requirements, how many faults did we have, what about repeat faults. We do a lot of audits so we measure on all those kinds of things. (PP regional 13)

A Principal Corrections officer additionally explained how those audits are used to confirm that prisoners are being managed in accordance with their pre-defined plan:

[The auditors look for] whether we are ... managing the prisoners according to their plan, ... And how do they get their information? I have to keep a report on it. I keep weekly reports so they'll come in my office and check my files. And sometimes they will go and ask the prisoners just to make sure we are not ... making it up. ... They will sometimes go and check with the staff and with the inmates. (PP local 7)

A local Unit Manager further explained:

[Performance] can be audited from Region and from National Office as well. They don't necessarily come out here; they can do audits at the click of a button. But we do have quarterly audits when they come out here and check that what is on IOMS⁵⁴ is actually on a prisoner's file. (PP local 6)

However, that Manager's opinion on the effectiveness of the audit process was somewhat ambivalent. (S)he stated:

We have audits that tend to come around very frequently. We can have weekly, monthly and quarterly checks in various areas. ... I think we are overdone with the audit type things; but then, depending on what comes back from them, I get my performance measured on the results of those audits. So they are a good benchmark for me to see what we are doing right and what we are doing wrong. (PP local 6)

Legitimation Purposes of Public Prisons

As shown in Figures 7.2 and 7.4, interviewees from the regional and local levels of Public Prisons identified three purposes for measuring and managing performance related to legitimisation, namely to:

- (i) Meet National Reporting Requirements;
- (ii) Measure and Manage Public Expectations; and
- (iii) Meet Government Reporting Requirements.

⁵⁴ IOMS refers to the Integrated Offender Management [computer] System

The purpose to *Meet National Reporting Requirements* was explained by a local Unit Manager as follows:

It's all just about reporting and giving the right information to the right people. (PP local 9)

However, in another Unit Manager's opinion, the need to respond to national reporting requirements is distracting resources from the agency's central role:

We are now becoming a reporting agency as opposed to a prison agency. From where I sit, we seem to be losing focus on what our core functionality is. (PP local 2)

At the regional level, a manager described attempts to develop a national "scorecard" but also expressed concern about the accuracy of the data and the extent to which a "league table" would take account of the local conditions and facilities at each prison. (S)he commented:

There is a bit of concern among a number of us at a senior level lest this be used as a weapon as opposed to a tool. Particularly while there are no guarantees over the accuracy of the collection of data then, as I say, rubbish in rubbish out. [The concern is] we are going to be beaten over the head with the results when there's no way of validating them. (PP regional 13)

Only one interviewee in Public Prisons identified the purpose to *Measure and Manage Public Expectations* as a reason to measure and manage performance. This regional manager noted a concern about the public's negative opinion of the agency⁵⁵ and suggested this was unfair as it was based on a perception rather than reality. (S)he noted:

It's contributing to this whole overall measurement that politicians do of how well we're performing. But that's not based on any fact, not even loosely based on fact

⁵⁵ At the time of the interview Public Prisons had recently featured in the public media on a number of occasions in relation to allegations of mismanagement and corruption within Prisons and an incident in which a young offender was murdered while being transported from a court appearance back to prison.

most of the time. Sadly, the way we are measured on our performance in that public arena is often on a good story and not on the truth. (PP regional 13)

On the one hand the interviewee explained that there is a need for caution and suspicion about how material is reaching the media:

Somebody wanted to put out a very proactive staff notice this morning and I said, "just be very wary; it will probably end up on the front page of the Dom Post⁵⁶ because we've got a leak down here". (PP regional 13)

However, (s)he also suggested:

One of the things we don't do enough is use some of our more colourful people and do a 'day in the life of', or stuff like that. Or let's talk to somebody [i.e. a staff member] and find out what their opinions are because they are interesting to other people. I don't think we are doing that sort of stuff. (PP regional 13)

A local level Unit Manager explained the purpose to *Meet Government Reporting Requirements* by describing the impact of an inquiry by the Ombudsman into the recent death of a young prisoner. (S)he said:

He's [the Ombudsman] asked the Department a huge number of questions about the way that we handle prisoners' movements and all the rest of it. (PP local 2)

That manager also described the workload associated with questions posed in Parliament to the Minister:

[A Member of Parliament] fires a question at our current Minister. So our Minister goes to our CEO who then goes to our General Manager, who then goes to ... it filters down to us at the coal face who have to gather the information to answer the Minister. This all takes time and it's my time; then I feed [the information] back to my boss who then feeds it back along the chain. Well, when you sit down and calculate how much time and how much money it's cost the taxpayer to answer an absolutely ridiculous question that should never have been asked in the first place ... It's all political grandstanding created by one party against another; which is absolutely ridiculous but it costs the taxpayer hundreds of thousands of dollars every year. (PP local 2)

⁵⁶ The Dominion Post is the local daily newspaper.

A similar sentiment was expressed by a local Prison Manager who said:

[A Member of Parliament] is shocking; he has asked hundreds and hundreds of questions and then ... he asks the same question in a different way. And we've got to spend time responding to it. It's just a ... nightmare sometimes. (PP local 4)

Purposes of Public Prisons

In summary, interviewees at all three organisational levels of Public Prisons described the existence and use of a large amount of quantified targets and information by which performance is objectively represented. Although performance information in respect of offenders is also subjectively represented in IOMS in the form of case notes, it was suggested that the variability in the skills and aptitude of front line prison staff result in the quality of this formal information being inconsistent. Subjectively framed representations gained at the national level through written incident reports and telephone conversations with local prison managers are, therefore, also important. More informally, at the local level subjective representations of performance were described as "folklore".

Figure 7.2 shows that, like the other two case study agencies, interviewees from Public Prisons principally mentioned the internal purposes of performance and management, particularly those associated with measuring and managing the agency's local and national performance. No comments were made in respect of specifically external purposes.

In Chapter 6 it was noted that national level interviewees from Public Prisons principally focused on service delivery, rather than the expected organisational, functions. Plausibly reflecting this focus, national level interviewees from that agency did not identify any legitimisation purposes of measuring and managing performance. Those comments in respect of legitimisation purposes that were made by regional and local level interviewees noted the difficulty of effectively

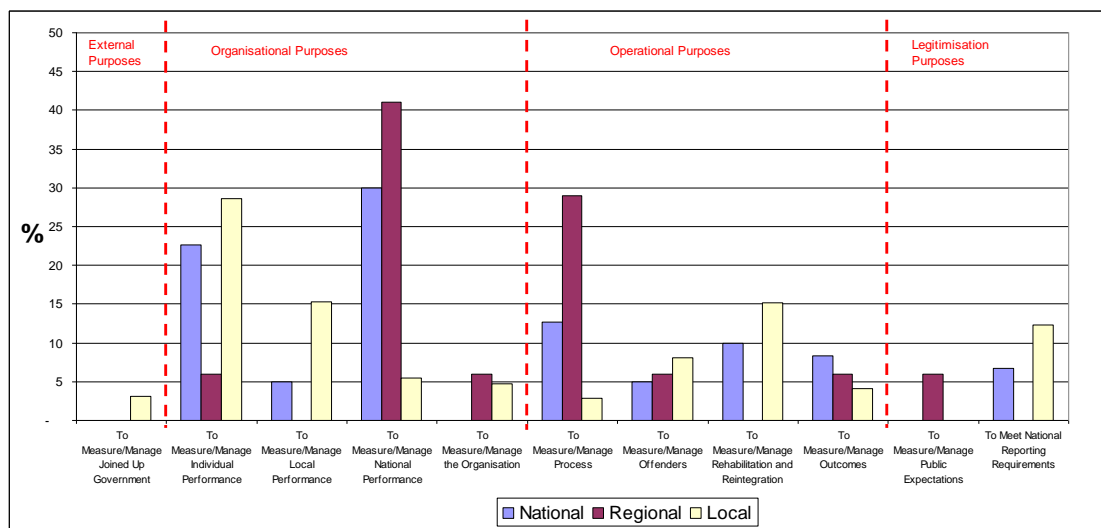
managing public expectations via the media and the burden and potential misuse of performance information reported to national office.

Interviewees from Public Prisons provided little evidence of internal sensegiving activities other than a description of a hierarchy of meetings in which issues and “the state of the nation” are discussed.

7.5 Community Probation Service

As Figures 7.2 and 7.5 reveal, like their counterparts in Work and Income and Public Prisons, the interviewees from all three organisational levels of the Community Probation Service focused principally on organisational purposes. Interviewees from all three organisational levels also commented on operational purposes but external and legitimisation purposes were barely mentioned.

Figure 7.5: Purposes of Measuring and Managing Performance Identified by Interviewees from the Community Probation Service Grouped by Level in the Organisational Hierarchy



Organisational Purposes of the Community Probation Service

As shown in Figures 7.2 and 7.5, interviewees from the Community Probation Service identified four organisational purposes of measuring and managing performance. They are to:

- (i) Measure and Manage National Performance;
- (ii) Measure and Manage Individual Performance;
- (iii) Measure and Manage Local Performance; and
- (iv) Measure and Manage the Organisation.

The purpose to *Measure and Manage National Performance* was most frequently mentioned by national and regional level interviewees. A regional manager explained that, nationally, performance is measured and managed against “a whole bunch of indicators ... and masses of reports” that are derived from the Department of Corrections’ Statement of Intent and added: “We have a manual that describes what people should do and what we are funded to deliver and we watch that performance against that” (CPS regional 1).

The measurement framework within which the Community Probation Service’s performance is measured and managed was further explained by a national level manager who noted that the base units for most of the Community Probation Service’s work, for which actual volumes are tracked against budget, is “new starts or new reports” together with “the rehab type components and the programmes and those things that we purchase”. (S)he explained:

For each of those [factors] we have an expected volume on an annual basis that we use as the base for our budgeting and against that expected volume we track the actual volumes. They’re not items within our control so they don’t really reflect our performance in terms of anything other than our forecasting ability. But they do have an impact and their relationship with quality that is quite crucial. (CPS national 5)

Within the Community Probation Service qualitative aspects of performance are measured and managed by an audit process that reviews the completion and timeliness of standard tasks. However, a local level manager cautioned:

I feel that it's very easy for us to become infatuated with our statistical results and there is a real danger in doing that. (CPS local 4)

By way of an example, (s)he explained how the introduction of quality audits undertaken by staff from another site, rather than from the site being audited, had resulted in a fifty percent decline in the reported results. (S)he suggested:

[B]ecause it is part of their performance pay and whatnot ... managers [i.e. those conducting the audit at another site] were marking harder. It's almost like, "f I can make your light a bit dimmer, mine will seem brighter". So we have this subversive agenda going on and the reality is people at a higher level go: "Don't worry about that, look at the results". And I say, "Well actually our results are completely flawed". (CPS local 4)

The same interviewee intimated that another site had inflated the recorded significance and complexity of their reports to the Court and Parole Board so as to justify the acquisition of more staff.

The imperfect nature of some of the base data was also mentioned by a national office manager who explained how information in terms of the "notional unit of time" allocated to each task is provided by a time recording system that is completed by all frontline staff on a weekly basis. (S)he stated:

We get a lot of resistance and I think that we accept that the information we get from the time recording system is averaged averages based on a reasonable level of compliance. As with any similar system, it's full of people driving their own results to suit what they think is an end. But we believe, on the basis of the averages, we're getting an indication which we think is realistic. (CPS national 5)

The interviewee further explained the difficulty of measuring and managing performance within a standardised framework:

The reality is that they do miss deadlines and they do step on some of the manual standards when the work quota is above their resource. That happens not just because we got the forecast wrong for the year but because we've set a resource level ... based on the funding we've got available. Or there's a seasonal pattern to some of the workload, and there's obviously a seasonal pattern to when people try to take their leave ... and so we do see a fall off in quality across December, January, February as we've got less staff on the ground for a similar amount of work to be done. So there are a number of factors that come into it that aren't necessarily visible from what we're measuring. (CPS national 5)

(S)he concluded that, although the performance information is by its very nature incomplete, it reveals issues that could be further analysed "on an *ad hoc*, almost anecdotal, basis in many cases". (S)he explained:

I think for senior managers or managers in Head Office what the tools do, what the data does, is give you something that you can talk about that's quite tangible. So you have that discussion and you think what you can do about that and then you have a discussion about what's not in there or what you can't see in there. (CPS national 5)

Another national office manager described a less numeric approach to measuring and managing performance in the form of an incident reporting system. (S)he suggested that this:

... is a system I guess we designed as a warning system. Off the back of the incidents that come in we'll decide whether we do nothing, or we do what's called a quick case review, or we do a special investigation. That whole thing is a sort of offender risk management system where we are picking up incidents and working out whether we need to go in and review something. (CPS national 7)

These reports relate to negative incidents such as offenders absconding, threatening staff members, or being of interest to the media. Unlike the local practice described in Work and Income, in the Community Probation Service interviewees did not describe a mechanism for gathering good news stories, although a regional level interviewee observed:

Wouldn't it be great to have a positive incident mechanism ... I think it would be quite counter culture for us but I think it would be enormously valuable. (CPS regional 9).

The purpose to *Measure and Manage Individual Performance* was the purpose of measuring and managing performance most frequently mentioned by interviewees at the local level. However, a local Community Work Supervisor stated that the QUAS (quality assurance) system, by which his/her performance was judged, did not appropriately take account of the complexities of managing offenders. (S)he explained:

My performance gets measured on certain criteria and what happened in certain time frames ... the book says I must assess them within seven days after Court, and I must induct them seven days after assessment, then I must place them within thirty days after that. That doesn't take into consideration things that can go wrong. They [the offenders] could 'phone in with an excuse and I will be outside those limits. But when I'm outside those limits this QUAS system will give me a score of 2 [out of a possible 4] because I didn't comply with all the right theory there. And it looks at certain things like - did I make all the notes in IOMS, which is the computer system. So sometimes they want me to state the obvious and sometimes I don't have time to state the obvious because I've got a huge caseload. (CPS local 11)

A Probation Officer was similarly negative about, but less concerned by, the formal performance management system. (S)he stated:

We have to have our reports in on due times. It's stupid things actually - one of them ... was we had to have our timesheet to the Service Manager by Monday morning. I mean what ...!. I'm not even actually sure what I've agreed to do! It would be interesting to have a look back and see what I did agree to do. But I sort of know I meet my work, my performance, by making sure my reports are to the Court on time, timely, and [provide] good advice. (CPS local 6)

A national level manager also acknowledged that the performance of individual staff members could not be entirely captured within the formal performance management framework. (S)he explained:

If you're looking at individual performance ... then you're into making some assessment of process. [B]ecause we have to, for Departmental external accountability reasons, we do have criteria. But the reality is, of course, you can meet those criteria and still deliver poor performance. (CPS national 2)

(S)he described how, whilst working as a line manager of specialist service providers, (s)he had managed the quality of service provision as a "good faith exercise". (S)he explained:

[T]hey would accept that I knew high quality service and poor service when I saw it and it wasn't necessary, or indeed possible, to very clearly define a check list of items that said this is a very good report because they varied depending on the circumstances. That worked quite well because they would accept that this was a professional judgement. And, of course, that was always discussed with staff and it wasn't problematic. (CPS national 2)

In relation to the purpose to *Measure and Manage Local Performance*, a local Service Manager described the use of three different mechanisms to measure and manage the performance of those who report to him/her. Firstly, the formal system allows him/her to track those activities that can be defined in terms of the number of items or tasks completed or the number of errors made. (S)he explained that this provides:

[a] monthly oversight which ... is accountable further up. It therefore goes [up] and queries come down; it highlights where we have a generic problem across the area with a certain thing. (CPS local 10)

Secondly, obtaining feedback in the form of narrative or anecdotal information from people, such as lawyers, court officers or groups of staff, also enhances his/her understanding of her team's performance. (S)he explained:

I also have good liaison with lawyers and the Crown through meetings and also through knowing them, and I get feedback in response to [issues and problems]. (CPS local 10)

Thirdly, direct observation of the performance of his/her staff in a courtroom setting enables a further assessment of their performance:

I'll go in ... and watch a number of prosecutions to see how the person's going. But I can't afford to sit there all day. Obviously, if they're new staff it's different because you observe performance and it's part of the competency system. (CPS local 10)

A national office interviewee explained how a nationally developed reporting tool has been made available to local managers in an attempt to establish a consistent approach to performance measurement and management. However, (s)he noted:

I don't think the areas are making a huge amount of use of this structured format report, although it's no work at all for them to produce it. They don't understand it [or] see the value in it. So their use of it ... hasn't saved them any time but in reality it's providing them with huge amounts of collated data that they don't have to collect for themselves. But they still run off and produce their own. (CPS national 5)

The purpose to *Measure and Manage the Organisation* was mentioned to a limited extent by interviewees from both the regional and local levels. The interviewees noted that, in addition to the task-related quantitative and qualitative performance measures, are measures relating to human resources management. For example, a local manager explained:

Three times a year I'll go through and I'll pull out a list of names. So for each service manager I'll say: "These three people here show me your supervision records for them for the last three months". That may be, like, a third or a quarter of [the] team. That to me is showing whether or not the service managers are actually doing their job. Whether or not that supervision session was good or bad or what not, there at least is a record that it took place. (CPS local 4)

(S)he also explained how regular meetings with the union provided feedback and a gauge of how well staff were being managed and concluded:

When it comes to performance, it's actually those kinds of things that I hold quite highly but they're quite difficult to quantify, or even to sort of explain what my rationale is for realising that it is so important. (CPS local 4)

Another local level manager described processes by which work volumes and available resources are reviewed and managed by means of a local model that looks at three months of new start data. (S)he explained:

We look at fluctuations by sentence type, we look at fluctuations by team, and we try and move resources to meet that need. We will have teams that, at different points, are under pressure and we try and shift resource around that. (CPS local 9)

Operational Purposes of the Community Probation Service

Interviewees from the Community Probation Service identified four operational purposes of measuring and managing performance. As may be seen from Figures 7.2 and 7.5, they are to:

- (i) Measure and Manage Process;
- (ii) Measure and Manage Rehabilitation and Reintegration;
- (iii) Measure and Manage Offenders; and
- (iv) Measure and Manage Outcomes.

The purpose to *Measure and Manage Process* was mentioned by interviewees from all three organisational levels but was particularly significant for those at the regional level. When discussing how staff interact with offenders, a Regional Manager suggested that, compared to his/her previous experience in what was then the Department of Social Welfare:⁵⁷

We are a lot more prescriptive in what is expected so, in a way, you can measure all those interaction points and whether they are done, [but] probably not to the point of sitting behind a desk and watching someone but we do have some [measures]. (CPS regional 1)

⁵⁷ The Department of Social Welfare was a prior organisational incarnation of Work and Income.

(S)he explained how, in relation to processes, those 'interaction points' and the delivery of reports are measured by means of three mechanisms. Firstly the quality assurance system (QUAS) takes samples of work from each site which are then reviewed and scored against standards. This system was described by a national level interviewee as being concerned with:

... not really performance of staff as such; it's more ... how well staff are complying with the manual standards that we put in place. [Are] processes being followed or, if you wrote a particular report, has it contained all of these things as it's supposed to?
(CPS national 5)

The second mechanism referred to by the Regional Manager was the role of quality improvement advisors who, she explained:

... sample pieces of work on a regular basis and again use some of the quality assurance standards. The standards are all based on what the manual says people have to do. (CPS regional 1)

Thirdly, are the reports of incidents, such as offender suicide, very serious offending, re-offending, or a threat to a staff member, which may also result in a review of procedures. (S)he observed:

Some of those will automatically result in what we call a five day review and for some of them we will go in and do a full investigation. Some of that depends on the profile that the particular incident has. The initial checks against that are: how did we manage against what our procedures were? The results of that become parts of the feedback loop. (CPS regional 1)

A local manager also described "operational reviews" and stated:

Almost always there will be issues that we haven't followed up on completely; so there's always a series of recommendations and so on. A big part of my role is implementing the recommendations and reporting back on how the implementing of those recommendations has gone. (CPS local 4)

The purpose to *Measure and Manage Rehabilitation and Reintegration* was mentioned by interviewees at both the national and local levels. A national level interviewee suggested that, although rehabilitating offenders was a difficult and frequently not successful process, there is enough evidence to suggest that it can work. (S)he explained:

There are about thirty meta-analytic reviews that, in total, encompass about two and a half thousand reasonably well controlled output statements and my take on that literature is that it's no longer in dispute that offenders can be treated and that we get a modest but worthwhile vector as a result of treatment. (CPS national 2)

However, in discussing the measurement of recidivism⁵⁸ (s)he noted that, whilst "it's impossible to design a watertight evaluation", the Community Probation Service had, over recent years, developed "some very good risk measures". A local level manager also explained that the recidivism rate is used:

... as a sort of indicator of the success of some of our programmes. There are two programmes that we cancelled in the last year because the re-conviction or recidivism rates have shown that those programmes haven't worked. (CPS local 9)

However, another local level interviewee observed that measuring the success of programmes is more difficult when offenders have self-referred to a community programme. (S)he explained:

Sometimes we put them on community programmes ... well, we say to them: "Go and do a programme but you will have to do a self referral". Sometimes that's good because they don't have to pay for it; you can either pay a koha⁵⁹ or they'll just flag it and put it under the health budget. But sometimes we can't actually monitor how they [i.e. the offenders] are getting along; we just have to rely on the comments when we ask the offender what they've been doing. (CPS local 8)

⁵⁸ Re-offending

⁵⁹ A koha is the Maori word for a gift or honorarium.

The purpose to *Measure and Manage Offenders* was also mentioned by interviewees from all three organisational levels. The complexity of this purpose was explained by a regional level interviewee in the following terms:

On the surface we deliver services for offenders but we manage quite a range of sentences and within those sentences there are quite a lot of different things that have to be done. They're all component parts of how the offender is managed and what we have to do with that person ... or for the judiciary. So we cut and dice the business in quite a lot of different ways. (CPS regional 1)

A local level interviewee described how this information is provided by the IOMS computer system:

We run the reports every month nationwide, to show whether or not the sentence plan is activated within the timeframe; whether or not it's in draft or hasn't been started yet. Now that's purely statistical; no one's gone in and measured the quality or seen whether or not it's a good plan or a bad plan. (CPS local 4)

However, a local Senior Community Work Supervisor relies on a more informal approach. (S)he explained how, at the end of a day, (s)he talks to the supervisor of each work party to find out if there has been any trouble and how much work has been completed. This information is then used to provide positive reinforcement to the offenders. (S)he explained:

They line up to be released [and] I'll go out and say: "Good work today guys. You've planted nine hundred trees, well done. I'm really proud of you fellows. You can go home now, you've done a good day's work". Then I release them. (CPS local 3)

As can be seen in Figures 7.2 and 7.5, although the purpose to *Measure and Manage Outcomes* was mentioned at all three organisational levels, it generated comparatively few comments. Nevertheless a national office manager explained that the agency was trying to protect the community and reduce re-offending. (S)he observed:

The ultimate measure of our performance, although we're not the only ones that contribute to that measure, is whether or not we've reduced re-offending rates and/or the severity of offending from the offenders that come through our sentences and orders. (CPS national 7)

However, a regional level interviewee suggested that, although the Community Probation Service had a number of empirical measures in respect of re-offending rates, the general public are more concerned to receive assurances in respect of the safety of their local communities.

At the local level, an Area Manager also recognised the two outcomes of protecting the public and reducing re-offending and suggested in respect of the former:

You could take a benchmarking approach and look at how we compare with similar jurisdictions across the world in terms of victimisation from people who we are managing. (CPS local 9)

Regarding reducing re-offending, (s)he questioned the extent to which the agency's processes and outputs connect to that outcome. (S)he noted:

There is a whole range of social indicators that contribute to that outcome measure so we have found it difficult to just use that bald figure of recidivism rate as [a performance] indicator. (CPS local 9)

Legitimation Purposes of the Community Probation Service

Interviewees from the Community Probation Service identified two purposes of measuring and managing performance related to legitimisation, namely to:

- (i) Meet National Reporting Requirements; and
- (ii) Measure and Manage Public Expectations.

The purpose to *Meet National Reporting Requirements* was mentioned by national and local level interviewees. A national level interviewee summarised the national reporting process as follows:

Internally we bring everything together on a monthly basis. We try and bring cost, quality, volume and all the other metrics of the different pieces of work together. So there's an overall summary on the front and we look at that on a region by region basis - where we are year to date against the expected volumes [and] the expected time being spent. On a quarterly basis we do quarterly reporting up through to corporate management on our Statement of Intent targets; and if we've got a variance of plus or minus five percent we have to provide a variance explanation. (CPS national 5)

However the same interviewee acknowledged that, although there is an attempt to "come up with an answer that's consistent, or a way of doing something that's consistent nationally", it is necessary to acknowledge that the reported year to date results are an aggregate over time and across different local sites which generates a great deal of variation. (S)he therefore suggested the reported results are a starting point rather than a definitive interpretation of the agency's performance:

It's misleading to look at it at that level but it's the best we can do in terms of trying to bring it all together to start a discussion. (CPS national 5)

At the local level, an Area Manager explained that much of the formal reporting on performance indicators was generated by others and "presented to us", so:

The reporting that we do report up [to national office] tends to be more around the things that aren't as quantifiable. What are the strategies that we've trying to put in place to address a particular quality issue? What are the strategies we've got in place to address a risk issue? (CPS local 9)

Another Area Manager explained in more detail:

Each month we have our rolling forecast so we need to work out our variances against where we had predicted it was going to be, estimate where we're going to be, and provide explanations against that. Also, in terms of our volumes, if we estimated that we were going to do a hundred and fifty reports to Court this month and, in fact, we've done a hundred and eighty, why have you done thirty more than you thought? (CPS local 4)

The process of locally gathering performance information to be reported upwards within the agency was described by an Area Manager as follows:

We look at that result and then we have a meeting together with our service managers and senior probation officers who are like our clinical leaders, if you like, to discuss ... this result. Why have we got this result for level ones [reports], what's happening? And we'll talk about ... the things that we've noticed. We've noticed that people aren't putting bits in the right place; all the information's there but it's just in the wrong place. Or, people don't know how to do this piece of work. We'll try and identify what is contributing to that result. What are some strategies that we will put in place to try and address it? And I report on those to our regional office. [I] collate all that information once a quarter; these are the things we are going to do, and talk about our progress against the last quarter's work, and whether I need any input from the regional office. (CPS local 9)

A local Service Manager stated that, in terms of reporting: "there's very little I do with regard to budget". However, (s)he explained that (s)he is accountable for his/her staff's weekly time sheets that are input to the national QUAS (quality assurance) system:

Everyone completes a timesheet, I then double check it. I know what people are doing, I know if there's been annual leave, bereavement leave, sick [leave]. I will query and know what work they are doing. I'm aware of what they are doing and I have to account for that. (CPS local 10)

Only one interviewee in the Community Probation Service, a regional level manager, referred to the purpose to *Measure and Manage Public Expectations*.

That interviewee observed:

We don't sample the community in any empirical way. We go and get feedback from ... our stakeholders, I'm not talking about the community, [but] judges and Police and other organisations. So ... we try and gauge that in not a scientific way but, I guess, it's feedback. But in terms of public confidence, public ... understanding, we look

through our own eyes, as members of the public, and see the picture we want to see. It would be interesting to actually go out there and say: "Where does the probation service sit for you at this time?" (CPS regional 1)

External Purposes of the Community Probation Service

As indicated in Figures 7.2 and 7.5, just one external purpose was mentioned by interviewees from the Community Probations Service. The purpose to *Measure and Manage Joined Up Government* attracted comment from only one interviewee, a local Service Manager, who explained that (s)he manages his/her relationship with the local Court staff through regular face to face meetings:

I have quarterly meetings with the court managers; there's also a quarterly family violence [meeting]; and there's a judicial meeting every two months when I'm seeing the liaison judge. I also meet monthly officially, and unofficially more often, with the manager of the criminal section. That's about feedback and problems; they want to know if papers are not coming through [on time] and [if the problem relates to] a certain clerk. It's not trying to apportion blame; it's trying to stop things before issues arise. In the same way I'll be responding to things. I feel I'm approachable and they come to me, say, about someone in court. (CPS local 10)

Summary: Purposes of Community Probation Service

In summary, in a similar manner to the other two case study agencies, interviewees from the Community Probations Service described the use of a mix of both objectively and subjectively framed performance information. The three purposes that elicited most comments, namely to *Measure and Manage National Performance*, to *Measure and Manage Individual Performance*, and to *Measure and Manage Process*, are linked by an objectively represented framework of quantified performance standards and measures. However, the interviewees intimated that, in practice, this framework provides only a partial view and can, to some extent, be based on flawed data as a result of a reliance on incomplete or biased time recording and auditing processes. It was also suggested that the framework does

not take account of an inevitable trade-off between the quantity and quality of the agency's work that periodically arises as volumes increase and resources remain fixed. Interviewees, therefore, also described the use of a more substantive rationality in which performance information generated within the formal framework provides a "tangible" starting point for a discussion. This may then raise the need for further "ad hoc" investigation that gathers and evaluates performance information by drawing on feedback and dialogue both within and outside of the organisation.

In a similar manner to local level interviewees from Work and Income, a number of interviewees at the local level of the Community Probation Service commented that the formal performance measurement and management system does not fully encompass the scope and nature of their work. As a result it was suggested that it is possible to meet the required performance criteria but only partially achieve what is required to deliver a good service.

As was the case with the other two case study agencies, interviewees from the Community Probation Service described purposes of measuring and managing performance that are principally related to internal organisational and operational factors. The only external purpose related to management decision-making that was mentioned by interviewees from the Community Probation Service related to the use, by a local manager, of informal feedback to manage relationships with local court staff and judges.

Unlike Work and Income and Public Prisons, in explaining the purposes of performance measurement and management the interviewees from the Community Probation Service provided no evidence of internal sensegiving activities. Legitimisation purposes associated with *Meeting National Reporting*

Requirements were briefly mentioned by interviewees at the national and local levels, as was *Measuring and Managing Public Expectations* at the regional level.

7.6 Purpose - A Summary

In each of the case study agencies, interviewees at all three organisational levels described how performance is measured and managed in a nationally defined framework of objectively represented numerical standards and measures that are reflected in external accountability documents and internally cascaded down through the organisation. However, the interviewees also acknowledged the difficulty of measuring some of the factors that they seek to control and the inadequacy or inaccuracy of some of their performance information. As a consequence it was explained how the formal performance is frequently interpreted with the aid of a broader set of more subjectively framed information derived from incident reporting systems, feedback from and dialogue with external stakeholders, and, at times, direct observation of front line work practices.

Within Work and Income the use of oral and written narrative or anecdote is not only concerned to capture system failures and errors but also focuses on 'good news stories' that can be used internally to reinforce learning and required behaviours and externally to communicate success. In contrast, Public Prisons and the Community Probation Service formally use narrative largely in the context of a risk management system of incident reports. At the local level within Public Prisons it was suggested that the less formal practices by which performance is subjectively represented amount to management by folklore.

The use of more subjectively framed performance information is also, in part, explained by the view, expressed in the Community Probation Service, that the formal system only partially reflects the required scope and detail of operational work. Interviewees from Work and Income explained how the missing

information, that represents the 'dark matter' of their performance, is recorded in local and individually operated systems. Scepticism in respect of the *official* and *formal* performance management models and their objective representation was, for example, expressed by an interviewee from the Community Probation Service who suggested that it is possible to meet the standard performance criteria and only partially achieve the necessary result.

All three case study agencies principally measure and manage performance for internal decision-making purposes associated with managing the organisation and its operations. As shown in Figure 7.2, only in Work and Income did interviewees place significant emphasis on external purposes that are pertinent to managers' decision-making.

As explained in Chapter 2, performance may be measured and managed for purposes which are not associated with the direct decision-making of managers. Instead, performance information is measured and managed in order to gain a regulative legitimacy by meeting national office and/or government reporting requirements or to manage a normative legitimacy with the public. Interviewees from all three case study agencies described the legitimising function to *Meet National Reporting Requirements*. However, although those from Work and Income did acknowledge that this involves the generation of "the mother of all reports", they did not suggest that the information that it contains is not relevant to local decision making. The purpose to *Measure and Manage Public Expectations*, which encompasses the external sensegiving activities of the agency in respect of its stakeholders (including the general public), was also mentioned by interviewees from all three agencies. In Work and Income interviewees commented on the importance of not becoming internally focused and remaining engaged with stakeholders and explained that this occurs via the use of formal surveys, informal feedback mechanisms, and an active engagement with the

media and communities. Interviewees from Public Prisons were more concerned with the extent to which information provided to the media is misinterpreted and therefore described a more defensive approach to managing public expectations. From the Community Probation Service only one interviewee mentioned the purpose to *Measure and Manage Public Expectations* in explaining how this is only monitored via informal feedback mechanisms.

Interviewees from Work and Income described the use of performance information for internal sensegiving purposes via a number of different mechanisms. These include regular team briefs, intranet news letters, and artefacts such as desk calendars and wall charts. In Public Prisons interviewees described sensegiving as occurring via a hierarchy of regular meetings in which managers provide “state of the nation” speeches. Interviewees from the Community Probation Service provided no evidence of measuring and managing performance for the purpose of sensegiving.

Having reviewed interviewees’ comments through the lenses of Function and Purpose, the next chapter will discuss performance measurement and management in the case study agencies through the lens of perspective.

Chapter 8

PERSPECTIVE AS AN ELEMENT OF PERFORMANCE MEASUREMENT AND MANAGEMENT IN THE THREE CASE STUDY AGENCIES

8.1 Introduction

This chapter outlines the construct of perspective as a lens through which performance measurement and management practices may be understood, and examines the perspectives described by interviewees in each of the three case study agencies.

8.2 The Construct of Perspective

As noted in Chapter 1, the construct of perspective seeks to identify those constituents for whom performance is measured and managed and/or whose influence is reflected in those practices. The constituencies mentioned by interviewees when they described performance measurement and management practices within their organisation are summarised in Figure 8.1.

As explained in Chapter 5, figures in this chapter represent summaries of the constituencies *mentioned*. They do not indicate the relative importance of each constituency to the agency's performance measurement and management practices since the comments made by the interviewees concerned may be positive and/or negative in character. It should also be noted that individual interviewees may recognise, and attempt to respond to, multiple constituencies. Thus they face, and seek to meet, multiple and potentially competing objectives (Trebilcock, 1995; Boston *et al.*, 1996).

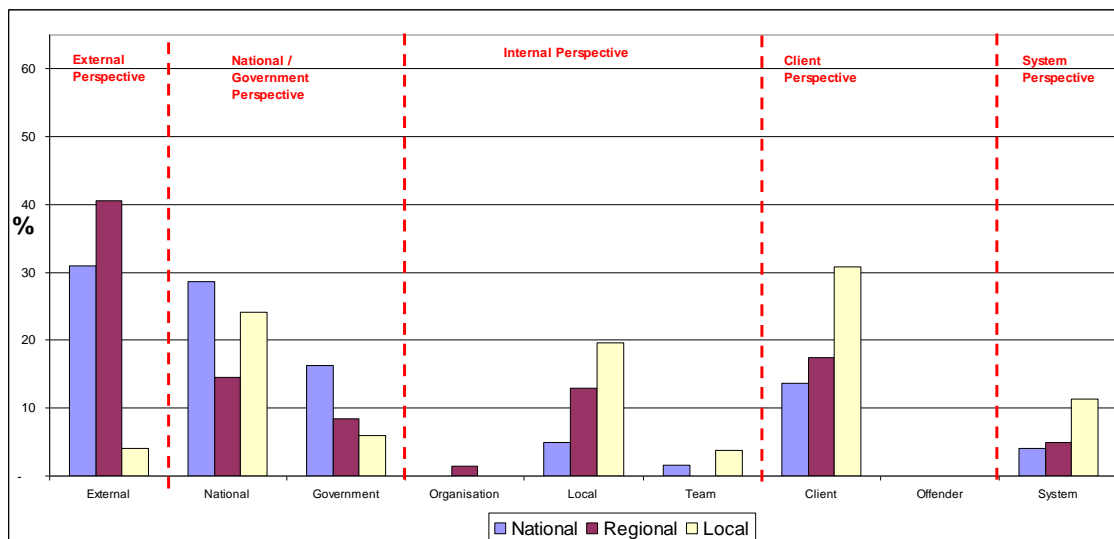
Figure 8.1: Summary of Interviewees' Statements Concerning Perspective for Each Case Study Agency

PERSPECTIVE	PERCENTAGE OF ISSUES MENTIONED											
	Work and Income				Public Prisons Service				Community Probation Service			
	National	Regional	Local	Average	National	Regional	Local	Average	National	Regional	Local	Average
External Perspective												
External	31	41	4		34	52	9		14	36	12	
Total % of issues mentioned	31%	41%	4%	25%	34%	52%	9%	32%	14%	36%	12%	21%
National/Government Perspective												
National	29	15	24		39	26	29		41	30	22	
Government	16	9	6		2	-	4		5	6	1	
Total % of issues mentioned	45%	23%	30%	33%	40%	26%	33%	33%	46%	36%	23%	35%
Internal Perspective												
Organisation	-	2	-		15	4	14		10	18	5	
Local	5	13	20		2	4	19		15	-	26	
Team	2	-	4		-	-	0		-	-	1	
Total % of issues mentioned	7%	15%	24%	15%	16%	8%	34%	19%	25%	18%	33%	25%
Client/Offender Perspective												
Client	14	18	31		-	-	-		-	-	-	
Offender	-	-	-		9	11	15		9	10	23	
Total % of issues mentioned	14%	18%	31%	21%	9%	11%	15%	11%	9%	10%	23%	14%
System Perspective												
System	4	5	11		2	4	10		6	-	10	
Total % of issues mentioned	4%	5%	11%	7%	2%	4%	10%	5%	6%	0%	10%	5%
Total	100%	101%	100%	100%	100%	101%	100%	100%	100%	100%	100%	100%

8.3 Work and Income

As shown in Figures 8.1 and 8.2, the perspectives on performance measurement and management most frequently mentioned by all interviewees from Work and Income were *National/Government* and, to a lesser extent, *External*. However, at the different organisational levels, the national and regional level interviewees commented primarily on external perspectives, while those at the local level principally focused on the *Client* perspective.

Figure 8.2: Perspectives of Work and Income Identified by Interviewees Grouped by Level in the Organisational Hierarchy



The External Perspective of Work and Income

Interviewees from Work and Income identified four groups that constitute the agency's *External* perspective; namely:

- (i) other agencies, local organisations and community groups with whom the agency works cooperatively and collaboratively;
- (ii) actual and potential employers of the agency's clients and its corporate partners;
- (iii) the community; and
- (iv) the general public and media.

The first of these groups recognises the role of other agencies, organisations or groups in contributing towards the agency's desired performance. It was given particular emphasis by the national and regional level interviewees. An interviewee at the regional level explained:

We are required to identify projects that we are currently working on collectively, jointly, and organise regional manager meetings to move those programmes and initiatives forward. (WI regional 3)

Interviewees at all three organisational levels of Work and Income described a range of these joint projects. They include:

- working with other agencies, including those in Education and Health, to address a range of issues that exist in a small number of 'problem families' in South Auckland;
- together with the Ministry of Justice, the Ministry of Health and Child, Youth and Family Services, working with young offenders at an early stage of their offending;
- working to create cadetships with local city councils;
- establishing a multi-agency contract with a local Maori group for it to provide a range of services to its local Maori community; and
- working with schools to provide support for young unmarried mothers to continue their education.

Although of significance, these initiatives are not always successful. A regional level interviewee provided an example of case managers working in prisons to assist with the reintegration of offenders back into society. (S)he explained how they often experienced difficulties in gaining access to the prisoners and stated that, in his/her view:

The difficulty, if I'm being quite frank, is that in a lot of places Corrections don't give a damn about what happens after a prisoner gets out. (WI regional 11)

In respect of employers, a national level interviewee explained how the agency works with employers to identify their staffing requirements and to design related training programmes. (S)he stated:

We represent ourselves as having this machine that can make what they need and so we need to be able to deliver and we are constantly monitoring all of that. (WI national 11)

The interviewee also explained that, in addition to developing training programmes applicable to a particular industry sector such as roading, Work and

Income has developed a number of "corporate partnerships". (S)he provided the following example:

We have a partnership with Air New Zealand because they have a huge number of jobs that are reasonably low skilled, high in number and nationally spread. (WI national 11)

In broader terms, the same interviewee explained that the *External* perspective of Work and Income has "branched out from dealing with the individual [client], to dealing with the family, to dealing with the community" (WI national 11). This focus on the community and social development reflects a desire for the public to see the agency as somewhere that, rather than "just getting a benefit and getting into the system", access can be gained to a range of services that, in many cases, could be provided prior to social security benefits being necessary. It was also suggested that, in the event of local crises such as floods, the agency is now seen as a "first point of call" with an emergency line linking its many sites.

Although the media were not widely mentioned by the interviewees from Work and Income, a comment was made concerning the need for the agency to manage the risk of adverse media coverage resulting from defalcations by staff members. The national level interviewee concerned stated:

Because Work and Income has been burned before about having bad press and media [attention] we are very, very focused and risk averse on those kinds of things. (WI national 11)

National/Government Perspectives of Work and Income

A local level manager likened the *National* perspective to "going to a different planet" quite different from front line operations. (S)he explained:

They are thinking way up at that strategic level, and what will work, and what looks good, and what going to be greater than and I'm sitting there thinking now hang

on a minute, that's what you're thinking at that level, but that's not going to work at a site. (WI local 1)

Measuring and managing performance from the *National* perspective was described in terms of quantified targets that "come back to the [Minister's] Purchase Agreement, ultimately" (WI regional 9), and also in terms of the use of "success stories" and judgement. A national level manager further explained"

This stuff is a culture thing. We have targets around every single benefit type. Where a new strategy might come in that we need to focus on, like Maori and youth, we have a separate KPI that develops around them so we can monitor that. (WI national 11)

Other elements of the *National* perspective mentioned by interviewees from Work and Income included a move from a focus on timeliness, accuracy and client satisfaction to "this enormous sort of social development outlook as well" (WI national 11). The same national level interviewee also described a concern with managing and appropriately allocating the limited financial resources available to the agency. (S)he stated:

Remember that people are getting more expensive yet we have the same resource so how will that work? Are there better things we could do with our employment programme money? Where do we get the best bang for our buck, basically? (WI national 11)

The *Government* perspective on performance measurement and management in Work and Income recognises performance as being "in line with what Government expects" (WI local 1) or, as another local manager suggested:

We are measured in respect of what the Government of the day basically is asking around the Statement of Intent. (WI Local 8)

Another national manager further explained that, as well as "achieving targets that are set through Government" (WI local 2), the manner in which services are delivered is also important. (S)he stated:

There are a range of measures that we achieve for Government and some are more technical; which is more about the way that we administer the Social Security Act; which is paying out benefits, if you like, in a timely and accurate manner and to the right people. So performing in relation to those ... [so that] the Government and the taxpayer has a level of confidence in the integrity of the system and how we are maintaining it. (WI national 7)

Interviewees from Work and Income recognised that, seen from the *Government* perspective, performance expectations are subject to change. For example, a national level interviewee observed: "our focus shifts depending on how well we are doing and for political reasons as well" (WI national 6). The point was also illustrated by a regional level interviewee who provided an example of how a target in respect of the number of unemployed Maori youth was superseded when:

the Minister had a rush of blood to the head and decided no, it wasn't good enough, that we needed to increase that [target] because politically it wasn't acceptable to have this many Maori over represented in the unemployed. So we increased the target, doubled the target. (WI regional 9)

Along related lines, a local level manager explained how pressures to provide performance information can come from Members of Parliament other than Ministers. (S)he stated:

I could be sitting here filling my day, and it all goes to [pot] because, if Government's in the House, you know damn well that someone's going to ask a question and they come running back to national office; the 'phone goes red hot, we've got to drop everything and get every bit of information we can because one of the MPs wants to know what happened with blah, blah, blah. (WI local 1)

Another aspect of the *Government* perspective on managing and measuring performance mentioned by interviewees from Work and Income relates to the role of central agencies.⁶⁰ For example, a national level manager explained that:

We have some constrictions, obviously, that we need to work within. Treasury have told us that we need to be financially sustainable [i.e. self-funding new initiatives] to 2010 (WI national 11).

Likewise, the role of the State Services Commission in managing the broader performance of the Ministry of Social Development (of which Work and Income is a component agency) was explained by another national office manager who stated:

State Services ask a range of questions of other agencies and other people about the organisation and, I guess, the Chief Executive's performance in relation to that, and seeks feedback about how we go about doing that kind of work. (WI national 7)

It is interesting to note that much of the performance information gathered by the State Services Commission is non-numeric in character.

Client Perspectives of Work and Income

As shown in Figures 8.1 and 8.2, within Work and Income the *Client* perspective on performance measurement and management was most significant for interviewees at the local level although it was also mentioned by interviewees from the regional and national levels. As a national office manager observed:

Performance is very, very much targeted around what we're doing for the client. And from a national office perspective it's very targeted around how we can assist our front line to do that. So we try and think about that each day and in every decision that we make. (WI national 6)

At the local level this perspective was described in terms of a concern "to deliver professional and timely service to all our clients" (WI local 1); or, as another local interviewee explained:

⁶⁰ Those central government agencies that are charged with management of the public sector as a whole; namely, The Treasury, State Services Commission and the Department of the Prime Minister and Cabinet.

I think it's about helping people, in plain English. ... For me it's about doing the best we can for the people that we serve in our community. (WI local 4)

The nature of the relationship that is established with clients was mentioned by a number of interviewees. For example, a local manager stated:

... that's a thing I want to plug with my teams, all of the teams, that they talk to the people not at them. Judgement and sermons - that is just not on. (WI local 1)

Similarly, a regional manager explained how an emphasis on outcomes has led to a broader interest in clients beyond simply paying a benefit or placing someone into employment. At the local level this focus was also explained as being "more about understanding what that person is, and attaching things to support them" (WI local 4). Or, as was summarised by another local interviewee:

Performance is also about wellbeing; ensuring that clients are able to make decisions for themselves; empowering them to make some good life choices for them and their families. Whether it be work - whether it be paid employment or voluntary - but also participating in the communities in different areas and just looking after the next generation, looking after their families and bringing them up in our society. That's what performance means to us. (WI local 2)

Internal Perspectives of Work and Income

Interviewees from Work and Income mentioned three internal perspectives on measuring and managing performance, namely:

- (i) Local;
- (ii) Team; and
- (iii) Organisation.

Whilst the *Team* and *Organisation* perspectives received little mention, the *Local* perspective was of more significance particularly, as might be expected, at the local level of the organisation. It was described as requiring the management of

nationally defined targets which are subject to change. A local manager commented:

They keep shifting the goal posts in terms of our targets. ... And so half the time the staff don't know where they are at because they keep introducing different things during the fiscal year. They keep adding other things we need to do on top of the original targets they set us. (WI local 2)

It was also suggested that these targets do not fully encompass the reality of the local workload. As one local manager explained:

Case managers would have a feeling that there's a lot of stuff that they do that's important that we don't capture. (WI local 8)

A number of local managers commented on the difficulty of implementing nationally defined policies and legislation; as one interviewee observed:

It's like one size doesn't fit all; so policies and legislation are written but ... because we are dealing with people there are all sorts of different circumstances ... and we do come across some circumstances where the legislation and policy can not help this person as much as we want. (WI local 2)

A local manager additionally acknowledged that his/her response to nationally derived targets varied because:

... depending on what they look like, depends on how I interpret them and how I am going to achieve them ... sometimes I might not follow the guidelines as such because ... one set of guidelines doesn't necessarily fit each service centre within the country. (WI local 4)

It was suggested at the local level that managing performance requires a focus on something other than just the formal targets. As a local manager explained:

[T]here's also part of it that is about their individual contribution to the soft skills like the team work, dealing with people, communication skills, the overall running of a site, making it all work, working together. (WI local 8)

Managers at the local level also described the use of “observational checks”, by themselves or by other staff members, as a performance management mechanism that is uniquely available at the local level.

Gaining a perspective on and understanding performance at the local level is also seen as important by managers at the national office level. This is reflected in the observations of one of these managers who explained:

We want to know what’s happening at a site level ... which are the centres that are affecting regional performance and either making it better or worse, so that we can sort out what is best practice and start to look at what we can replicate in other places. Or, if we are making assumptions that this region is good when actually you could have your worse service centre within that region but you have never noticed it because it’s just averaged out and just gone under the radar. (WI national 7)

System Perspectives of Work and Income

The perspective of *System* received a limited number of comments by interviewees from all three organisational levels. A manager at the local level, explaining the range of different systems that are used to support operational processes, observed “we are very reliant on technology” (WI local 4). The extent to which Work and Income’s computer systems drive work practices was also remarked on by a national level interviewee who suggested that they are:

... the spine or the life blood of how our case managers work out there in the front line. They enter data into Swift or Solo and that not only advises them how they should proceed next in terms of what their interview should be, but it provides them with how much benefit this person should get or what opportunities there are for employment in certain areas. (WI national 6)

However, at the time of the interviews, these computer systems were being further developed as decision-support tools, interviewees from Work and Income acknowledged that, in the future, this process would place some constraints around how staff are able to operate. A national office interviewee explained:

The side effect of that, of course, is that our very good case managers know exactly what to do with the client and shortcut everything. And this is, very much, going to ... slow them down. It puts you through the process, which for us is fantastic, from a central perspective. (WI national 11)

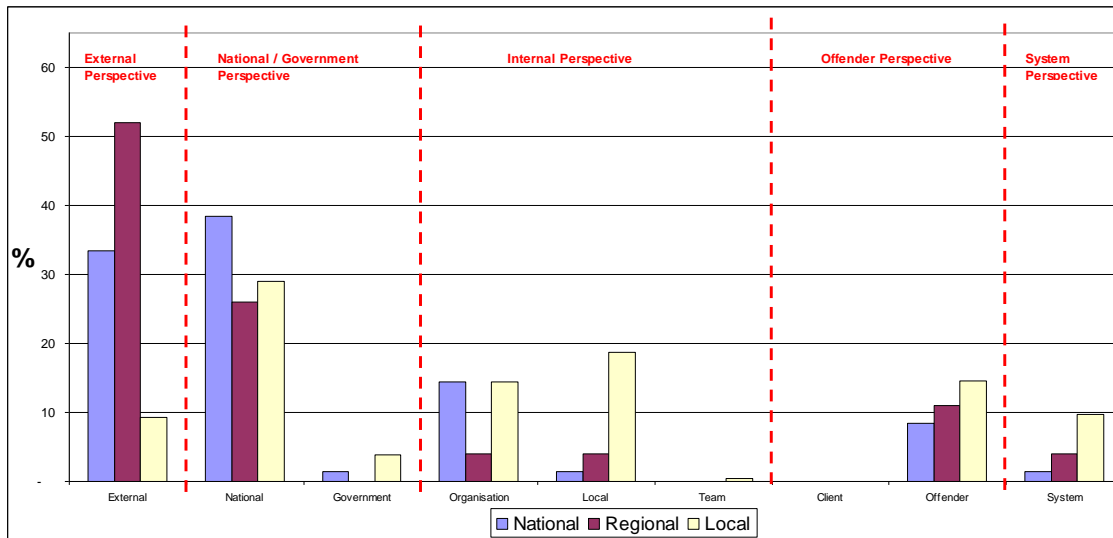
Perspectives on Performance Measurement and Management for Work and Income

In summary, interviewees from Work and Income identified a number of different constituencies from inside the agency (such as local and national managers) and more especially from outside (for example, clients, employers, the Government and the general public) whose perspectives affect the measurement and management of performance. The expectations and informational requirements of these different constituencies often overlap and, at times, conflict with one another. However, the interviewees from Work and Income described a common theme of social development and the wellbeing of their clients by which, in large part, those conflicts are reconciled.

8.4 Public Prisons

As in Work and Income, interviewees from Public Prisons as a whole most frequently mentioned the *National/Government* perspectives on performance measurement and management, followed by the *External* perspective. At the different organisational levels, the *National* perspective was the primary focus of interviewees at the national and local levels and the *External* perspective was the most significant for regional level interviewees. Although limited mention was made of particular internal perspectives, together they constituted the most significant group of perspectives mentioned by interviewees at the local level (see Figures 8.1 and 8.3).

Figure 8.3: Perspectives of Public Prisons Identified by Interviewees Grouped by Level in the Organisational Hierarchy



The National/Government Perspectives of Public Prisons

As may be seen from Figures 8.1 and 8.3, the *National* perspective on performance measurement and management was the most significant for interviewees at the national and local levels and was also important for interviewees at the regional level. Interviewees from all three levels described a performance measurement and management framework based on the Department’s key accountability documents, in particular its Statement of Intent [SOI] and its strategic business plan. A national office manager explained:

The theory is that we have the kind of accountability framework which gives us a broad set of volumes and a broad set of initiatives flowing out of the SOI, into the GM’s [General Manager’s] performance agreement, into my performance agreement or the regional managers’, and cascaded down. (PP national 3)

These targets were described by local managers who commented: “I’m really measured on timeframes and adherence to business rules” (PP local 8); “performance is meeting the objectives of the Department” (PP local 4); and “generally a good ninety percent of it is already set for us” (PP local 11).

A number of interviewees also expressed concern about the burden associated with reporting against these national targets. One local interviewee stated "Compliance has become more and more ... it's almost taken over a huge part of the job" (PP local 11); and another warned: "You can become more focused on compliance than performance" (PP local 1). The latter interviewee provided an example of the risks of being focused on "ticking the right boxes" when describing how the finding of illegal cell `phones is reported. (S)he stated:

You are given a target of, say, two a month to find and you find four and get a red in the box because you've exceeded the target. However, looking beyond that ... I've actually done the job properly by finding these additional ones [and] perhaps not putting them under the table or saying, "oh well, I'm not going to report them". And there is a danger that you could under report or you could not do the job properly just to maintain your targets. (PP local 1)

The national performance framework of Public Prisons is also defined in detail in a manual which a local interviewee explained as follows:

You're bound by our PPM [Public Prisons Manual], which is our bible basically; and you are supposed to follow PPM. ... Corrections is very much driven by policy and if you step outside of that policy you just get slapped, basically. (PP local 6)

However, another local interviewee suggested that this framework was subject to frequent change and stated:

The issue that we have is, because the PPM may be updated from time to time or superseded by circulars, the outpouring of information can sometimes - well more often than not - become overbearing on all staff from managers right the way down the line. So there tends to be a lot of confusion as to what we are actually supposed to be doing because there's this big outpouring of information from national office. (PP local 2)

(S)he also suggested that, whilst "we are driven by policy, we are driven by the Government, and we are driven by National Office", there is little understanding of the practical implications of the framework that this creates. (S)he observed:

The unfortunate fact of life is that these people that drive our policy and drive everything else have no experience, have never set foot in a prison, and do not understand our business. They are the majority of people making decisions. They do not have to implement any changes, they do not have to bear the brunt of any of the changes that they may make. Yet operationally we are the ones that have to implement the changes and have to make it work. (PP local 2)

The External Perspective of Public Prisons

As shown in Figures 8.1 and 8.3, the *External* perspective on performance measurement and management in Public Prisons was most frequently mentioned by interviewees at the regional level but was also significant for interviewees at the national level. For Public Prisons, the *External* perspective is principally concerned with the public's understanding, or perceived lack thereof, of its role and functions. At the regional level concern about the public's expectations was explained as follows:

Society seems to think that they should have a kid for seventeen years ruin every aspect of its life and, with a magic wand or something, we'll fix it in six months. It's never going to happen. It's never going to happen with all of the adult prisoners we've got here. And so there are some quite unrealistic expectations out there about the role that we can play and just how quickly we can turn people around. (PP regional 13)

The public's understanding of the prison environment was also a concern for a local Unit Manager who suggested that:

It's quite ironic talking to members of the public; they still seem to think we have the ability to lock them up and feed them bread and water. They have got absolutely no concept, no idea, whatsoever of what prisons actually do. (PP local 2)

Another local interviewee similarly stated that the community: "try to sweep it under the carpet"; (s)he explained:

The social focus here in New Zealand is that people want people locked up, keep them off the street. They seem to forget that one day they are going to come back into the community and things need to be done. (PP local 1)

Another local interviewee also observed:

What the public forget is they are put in here because they can't deal with them out there; and what tools have we got to deal with them as well? (PP local 9a)

A national office manager suggested that the issue of Public Prisons is "not something that the New Zealand public think deeply about" but rather is one of public confidence. (S)he stated:

I don't know that it's a deserved situation but it's one we've got, so we need to manage it. So that's something that we put a lot of time into in terms of trying to be responsive to the Minister, trying to be responsive to the press, trying to get the real story out there; you know, these are isolated incidents but behind it there is a huge prisons machine that's actually doing a pretty good job. (PP national 5)

The problem of maintaining public confidence in the agency was further explained by a regional level interviewee who observed:

We're being totally scrutinized by the media, politicians, and everyone else and having our performance judged on the basis of, frequently, a bunch of lies that appear in the media - the very, very biased opinions of union agitators who've got agenda, some disgruntled ex-employees, some probably disaffected employees as well, and some ex-prisoners who've got a bone to pick with us. (PP Regional 13)

The same interviewee suggested that Public Prisons is not good at providing positive information to the media and therefore the public's understanding is, in no small part, provided by popular television dramas. (S)he explained:

... it depends on television programmes like 'Bad Girls' and things like that. It's where people get their view from. They put these crappy American television programmes on, people watch them, there's huge corruption in them, and they then think that everything they hear about our system is the same. And so that's very difficult to deal with. (PP regional 13)

The Offender Perspective of Public Prisons

The *Offender* perspective on managing performance in Public Prisons was reflected in the comments of interviewees at all three organisational levels. A manager at the local level explained that (s)he had to deal with a full range of offenders:

... from those with very high IQs to those with low IQs, people with mental disorders; and we have to look after them all and find out the best way to deal with them on a day to day basis. (PP local 10)

A regional level manager went further and identified three different types of offenders. The first are:

... people who at some point in their life did something stupid and got on a slippery slope which is normally hard for them to get off because if you offend, and it's serious enough to bring you to jail, you then lose your job and your accommodation and everything else. (PP regional 13)

The interviewee asserted, with the right work, it is possible to rehabilitate these offenders. The same applies to the second group of offenders – a group which is increasing in size and represents:

... those that are going through Child, Youth and Family and the whole process. Probably from the minute they drew their first breath they were destined to come through our doors because there are no role models, there are no values, there are no standards. Their education lacks, and sometimes their nutrition lacks, and a whole raft of things are not done for them. (PP regional 13)

The third group identified by this interviewee is very small, possibly of “no more than 20 offenders”, who:

... you will never rehabilitate and actually you shouldn't waste any time and resource on them; we should just shut them up and throw away the key. (PP regional 13)

At the local level, offenders' prospects for rehabilitation were seen less positively than conveyed by the interviewee cited above. For example, a local level interviewee stated that a lot of prisoners don't want to change as: “that's their life, that's their lifestyle” (PP local 9b). As noted in Chapter 6, at the local level it was

further suggested that offenders, particularly those serving longer term or repeat sentences, know how to manipulate the system. As a local manager explained:

They don't really care unless, for example, they might have a Parole Board hearing coming up and they think: "I had better do something to impress the Parole Board". They're not really buying into it they're just doing what they think is required by the Parole Board. (PP local 9a)

Along similar lines, another local manager expressed the view that:

There are some incredibly bad people here ... who don't want to change really, that will keep coming back and escalate the type of offences that they come back for. We can do everything we possibly can but there's no way you can change a drug addict unless that drug addict wants to change. (PP local 10)

It was also suggested that many offenders become institutionalised because they "become somebody while they are in prison but ... once they go out they become a nobody" (PP local 1). Another local level interviewee similarly stated that offenders will return to be with their friends and because:

... they're safe inside. They eat better in here, rent free, the food is free, and it's a place where they can feel special, feel like someone. (PP local 7)

While acknowledging that it provides no excuse for offending, a regional level interviewee stressed the need to understand that prisoners have themselves been victims. (S)he explained:

They have been living in the criminal community since they were this big and they don't know any different. They have really different sets of life standards than you and I would have. They've lived through the violence, they've lived through the theft, and they lived through the deprivation. (PP regional 13)

Local level interviewees also suggested that young offenders showed "no empathy whatsoever because they have never been shown empathy" (PP local 10); family life has, in effect, failed these offenders. That interviewee observed:

Everyone talks about whanau and the extended family; my reality is in the job I haven't seen a great deal of that. They might be there but they are not positive role

models. The family is not trying to focus on a particular journey in life and go towards that with a positive aspect. (PP local 10)

Interviewees explained that, cognisant of this situation, local prison managers have sought to stress the importance of “active management” by which prison officers try to exert influence on individual offenders and provide them with “the bigger picture” (PP local 9b). As a national manager noted:

If corrections officers are not being fair and consistent, if they’re not treating people with dignity, and if they’re not making some attempt to positively influence, then that’s a huge opportunity that’s gone missing. It’s an opportunity to demonstrate the behaviour, the language, the pro-social stuff; really you’re just talking about dealing with people in a polite, humane way and trying for that to positively influence them in some way. (PP national 3)

Internal Perspectives of Public Prisons

Interviewees from Public Prisons identified two internal perspectives that impact on performance measurement and management in that agency, namely:

- (i) Organisation; and
- (ii) Local

The *Organisation* perspective was principally mentioned by interviewees from the national and local levels who provided comments relating to the capability of the agency’s staff and its culture. For managers at the local level, the competencies and experience of staff are a significant concern. One local manager explained:

I think staff is probably your big issue. It’s like being a parent because you cannot expect a child to behave in a particular fashion if they have never been shown how to; so we have to role model on a regular basis. ... (PP local 10)

Another local level interviewee asserted that Public Prisons has lost many longer term and more experienced staff members who had “forgotten more than the new officers have learnt” (PP local 11) and who had, in the past, acted as mentors to new staff. A local level manager described how previously:

One person coming into that culture learnt from very experienced officers and you were just the new boy and you did all the donkey work, almost like an apprentice. But you learnt your trade, you learnt your job. (PP local 8)

Another local manager complained about the removal of a more formal ranking structure which (s)he suggested had resulted in:

... the staff on the floor [having] their recognition taken off them. Because a Corrections Officer, or a Prison Officer back in those days, could earn respect of the prisoners and respect of the new staff and respect of the older staff, just by sheer time spent on the floor. (PP local 2)

A number of local level interviewees observed that another result of the change in staff profiles is that for many staff, "it's not a career any more; it's just a job" (PP local 6).

At the regional level an interview observed that, although Public Prisons has a broad numerical measurement framework for its internal controls, it has no way of measuring the "wellness of its environment" (PP regional 13).

At the national level a manager explained efforts to change the collective focus of prison staff away from a traditional turnkey culture to one that is more concerned to make a constructive impact on prisoners' lives. (S)he stated:

It basically comes down to the prison manager and the group of unit managers they put around them and the role model they play. If we get a prison manager and a group of managers that say: "We need to provide a service to these prisoners and to the families", then we're going to make some headway. If we've got a prison manager who says: "No, our job is just to lock these guys up", we'll get nowhere. (PP national 5)

However, a local level manager was not supportive of prisoner officers having to assume a broader set of responsibilities; (s)he explained:

We've gone from being prison officers, or expecting our staff to be prison officers, turnkeys keeping it safe and humane containment, to being social workers and we don't have the skills for that. Then we obviously fall short of that. (PP local 9b)

As might be expected, whilst the *Local* perspective on performance measurement and management was significant for interviewees at the local level, it received little mention at the national and regional levels. A local level interviewee described how managing performance within the prison requires the creation of a structured environment. (S)he explained:

Because a lot of them don't have that; all they do on the outside is sleep all day and at night they're out raging, getting into trouble. So they get unlocked at six thirty in the morning and they can get into a routine. (PP local7)

Also reflecting the day-to-day environment, another local level interviewee observed:

You can't have a structured day; you can't come in and say today we're going to achieve this, this and this because by the time you finished your first coffee in the morning the whole thing's gone down the toilet because something else has happened, or someone above the food chain wants this or wants that, or you've been summoned to a meeting, or this is happening, or we're doing this, or you're going there. The structure just goes out the door. (PP local 9a)

As it is for the *Organisation* perspective reported above, the management and retention of staff is also a significant issue for the *Local* perspective. Managers at the local level described the difficulties, when staff sickness, maternity leave or secondments occur, of juggling staff rosters to ensure adequate coverage. The implications of this were further explained by a local level manager as follows:

As soon as that [staff shortages] starts kicking in you have to cut things back; so one of the areas that you tend to cut back on is that one-to-one with your staff - when you pull them out for half an hour or forty minutes and have a chat about their

performance, what they want, where they see themselves going; that kind of stuff.
(PP local 6)

Another local level manager explained his/her rather different approach:

I try to show them the big picture because troops on the ground, coalface workers, are often just told you go here, you go there; and I am now trying to offer rationale for why we are doing that because these are the targets that we have been set. (PP local 1)

As noted in Chapter 6, an added complication for managing local staff members is that, within the prison environment, much of their performance occurs literally 'behind closed doors' and, therefore, cannot be observed.

As noted above in relation to the *National* perspective, local level managers are provided with a range of quantified performance targets. A local prison manager described how (s)he interprets these at the local level to provide different targets for local unit managers depending on the nature of the prisoners in that unit (i.e. their security classification). Similarly, at the regional level a manager stated that there are environmental factors that need to be taken into account when establishing performance targets for different prisons. (S)he provided an example of one prison that:

... shouldn't have any problem with random drug tests, quite seriously. They've got a single entry point, they've got maximum conditions, they've got a high level of staffing compared to a place ... that doesn't have a perimeter fence and can have stuff chucked over the wall in a tennis ball. (PP regional 13)

The Systems Perspective of Public Prisons

The *Systems* perspective on measuring and managing performance, reflecting the information requirements of computer applications, was mentioned by interviewees at all three organisational levels within Public Prisons but only to a limited extent. The comments made centred on the Integrated Offender Management System (IOMS) which a local interviewee explained by saying:

Everything that you do for a prisoner, from their initial receiving to their discharge, and searching them, rubbing them down in between, putting their property on, 'phone numbers, everything will go through that system. (PP local 6)

However, a local level manager considered the system to be "not user friendly ... extremely complicated sometimes, and tediously time consuming" (PP local 8). Another manager suggested that the system represents "an onerous task for the staff" and commented that: "personally I only probably use a quarter of its capability because I'm too frightened to go elsewhere in case I start deleting this, that or the other" (PP local 1). IOMS was also described as a "big brother watching sort of situation" that is:

... taking front line staff away from the people that they are there for ... [because] none of that information is required by those working on the floor⁶¹ or working close to that floor; what [the system is] for is giving the ability for information to be collated and reports run from national office. (PP local 10)

Similarly a local level interviewee suggested that IOMS "is designed by IT [the Information Technology group] to meet national office requirements, not to meet the end-user needs" (PP local 8). Additionally:

It's a tool now that is, in many respects, ineffective for us because it hasn't got the speed at which we require the system to operate. Therefore it's a redundant system. If we can't get the information that we need within a reasonable timeframe then what's the point in having it? (PP local 2)

At both the local and the regional level it was acknowledged that IOMS is only as good as the information put in to it and that the input of data is compromised by the limited competency of staff and by the time available for them to do so. A regional level interviewee provided an example of a recent report on the number of cell searches that had been undertaken which showed numbers that (s)he could not believe. (S)he explained that (s)he discovered this had occurred:

⁶¹ The term "floor" is used to describe the area in and around the cells where prison officers interact directly with prisoners.

... because the people who are doing the cell searching during the day time haven't actually got time to put it into the computer so they leave the night shift people to do it; and if you don't put two names in you can't save it in the system, so you lose it.
(PP regional 13)

Perspectives of Public Prisons

From the interviewees' comments reported above, it is evident that the major perspectives affecting performance measurement and management within Public Prisons are those associated with the *official* model, and its reporting requirements against nationally defined targets, and external constituencies, such as the general public and media.

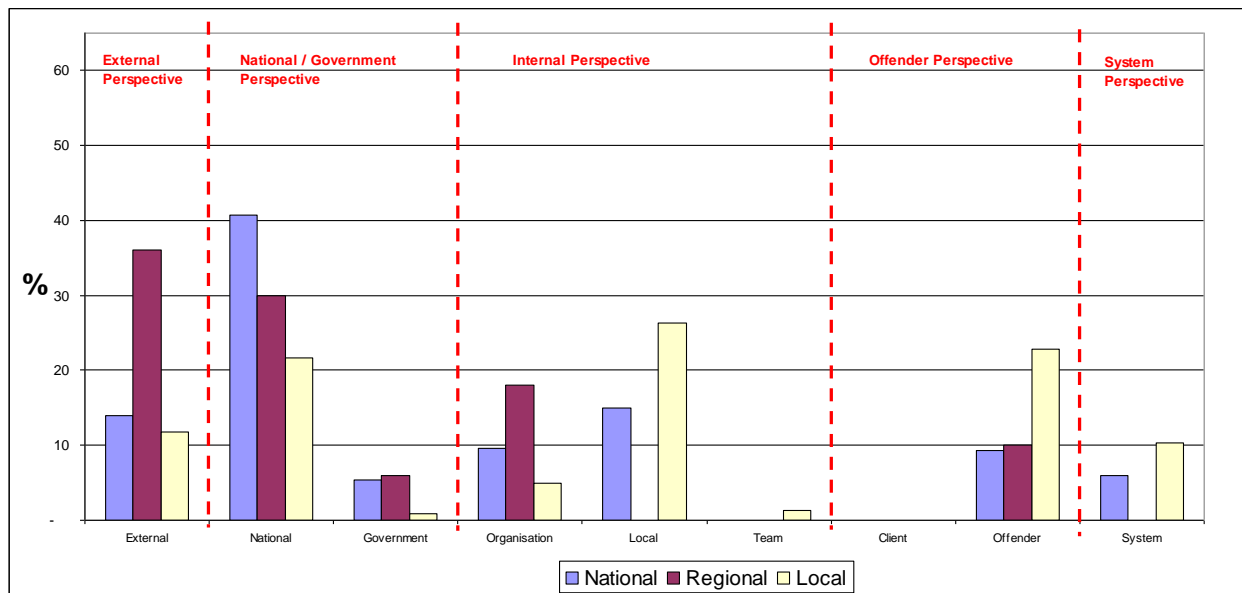
As was the case with Work and Income, interviewees from Public Prisons identified a range of differing and, at times, conflicting perspectives. Although both the *External* and the *National* perspectives were mentioned with some frequency, unlike Work and Income, they were mostly not described in a positive light. The *External* perspective is perceived to be misinformed and unsympathetic, if not antagonistic, towards the agency. Similarly, interviewees from the local level suggested that the *National* perspective on performance measurement and management is based on a framework that is driven by those who have no understanding or experience of the prison environment.

8.5: The Community Probation Service

Figures 8.1 and 8.4 show that, as for Work and Income and Public Prisons, the National and Government perspectives on performance measurement and management were those most frequently mentioned by interviewees from the Community Probation Service overall. Interviewees from the national level focused mostly on the *National* perspective, those from the regional level

mentioned the *External* perspective most frequently, and those from the local level placed principal emphasis on the *Local* perspective.

Figure 8.4: Perspectives of the Community Probation Service Identified by Interviewees Grouped by Level in the Organisational Hierarchy



The National/Government Perspectives of the Community Probation Service

As in Public Prisons, the *National* perspective was the perspective on performance measurement and management most frequently mentioned by interviewees in the Community Probation Service. This perspective is embodied in a formal set of guidelines and standards. The interviewees explained that, in the Community Probation Service, those national standards also provide notional units of time for each piece of work and thereby a basis for resource allocation and performance evaluation. The importance of this procedural focus was emphasised by a national office manager who stated:

If following our procedures doesn't matter then what we do doesn't matter; and why do we do it? Why does the Government bother having us here? ... How does anybody know what our success is if we don't have procedures to follow? (CP national 7)

Another national office manager suggested that, whilst in following procedures it is necessary for staff to consider the impact of what they are doing:

You don't want them thinking too much because they haven't got much discretion and sometimes when they use the discretion they have got it's a bit of a disaster. (CP national 5)

A regional level interviewee further explained that the definition and monitoring of detailed national standards and procedures is the agency's response to "a certain amount of unknown-ness about what goes on". (S)he stated: "We have a manual that describes what people should do and what we are funded to deliver and we watch performance against that" (CPS regional 1a).

However, a regional interviewee acknowledged the danger that an emphasis on procedures could have the result that "you can start feeding the internal machine" (CP regional 1b). Conveying a similar notion a local level interviewee commented: "I still see our system as very much ticking boxes" (CP local 6).

A more sympathetic response to the *National* perspective was provided by a local interviewee who explained the impact of a recent high profile murder committed by an offender on parole and stated:

Head office is influenced by the community really and the media as well. So now there are tighter reins on our offenders so there's the bigger expectation – they want us to keep an eye on everything. (CP local 8)

Another local interviewee similarly observed:

Certainly you feel at this level the pressure that our head office must be under politically. And you can feel them responding to that pressure with the change of policy that might come out or the change in practice that might come out. You can understand that that's a reflection of the pressure that they are under, the political pressure. (CP local 9)

Interviewees from the Community Probation Service also acknowledged that the *National* perspective on measuring and managing performance is subject to imperfect information. Its resourcing model is based on forecasts of demand for its services that, due to the volatility of a range of external factors, tend to be inaccurate. Management of demand pressure at the national and regional levels is therefore very dependent upon information from local managers who are told:

You have to let us know when things aren't going right when you are fielding those demands. (CP regional 1b)

However, a national manager also explained that the consequences of this demand pressure are not entirely clear and stated:

We should see the correlation between under-resourcing and a fall off in quality. We don't; there are other factors out there that we don't understand relating to the experience of the staff who are doing it, particularly right now we are in a position of massive growth. ... The other difficulty is that there is a lot of variation between areas and regions so we can look at something and think we know the answer as to why quality has gone down but the answer might not fit another area, or another group of staff, or another region. (CP national 5)

Another national office manager described how (s)he had commissioned an independent consultant to interview staff and observe what they're doing as (s)he was concerned that (s)he did not have a full understanding of the work being undertaken by local staff. (S)he stated:

I think they are really working quite hard. But certainly in terms of the activities that we're recording, we're not picking up what they're doing ... it is not reflecting the reality of working within the Corrections setting. (CP national 2)

Along related lines another national office manager observed that, whilst there is a great deal of performance information, it exists at an aggregated rather than an individual case level. (S)he explained:

What we don't have is a finer cut of information. ... An offender might have anywhere between six and twelve special conditions; we have no way of monitoring whether

those special conditions are being actioned or not at a national level except to go into the case notes offender by offender. (CP national 7)

However, it was suggested by a national level interviewee that despite the information's imperfection it does at least provide senior and national office managers with: "something that you can talk about that's quite tangible" (CP national 5).

The *Government* perspective on performance measurement and management received little mention by interviewees from the Community Probation Service other than to acknowledge the significance of the targets set out in the Department's Statement of Intent. A local interviewee claimed "our practice is shaped by what happened in Parliament" and stated:

... that's reflected in the fact that our practice is determined by the questions asked in the House, the pressure that the Minister is under at a particular time. (CP local 9)

However, a national level interviewee observed that the agency's responses to the Government's requirements are not always as Ministers might wish. (S)he explained:

We haven't gone anywhere near as far as what the Minister wanted us to after Burton,⁶² and the reasons for that are we don't have the resources to do what he wants us to do. (CP national 7)

The Internal Perspectives of the Community Probation Service

Interviewees from the Community Probation Service mentioned three internal perspectives on measuring and managing performance, namely:

- (i) Local,
- (ii) Organisation, and
- (iii) Team.

⁶² As noted above in Footnote 45, Graham Burton was an offender who, whilst released on parole from prison, committed murder.

As shown in Figures 8.1 and 8.4, although it was also mentioned at the national level, the *Local* perspective was, not surprisingly, the perspective most commonly mentioned by interviewees from the local level. A local interviewee described his/her role at that level as:

... a very difficult job because you're actually at the coalface of a lot of the noise; dealing with the offenders, dealing with the pressure of the reports from Courts, and so on. (CP local 4)

A number of local interviewees also explained the significant pressure they face in managing an increasing workload. One local manager stated that "our numbers are going through the roof" (CP local 10) and explained how the opening of a new police station next to the local Court had resulted in a twenty-five percent increase in cases referred to Community Probations. Another local manager suggested that "we are a reactive service" in which his/her major problem is deciding where to switch resources to meet unpredictable need. (S)he explained:

We are reactive in that we respond to the Court; so the Court says we want this report - we deliver it; the Court says we want you to manage this person - we manage them. The Parole Board say we are going to release this person - we manage them. (CP local 9)

Similarly, in explaining how (s)he manages her/his own caseload, a Probation Officer observed:

It's juggling it all so we can still maintain the weekly and fortnightly visits as well as getting them onto their sentence conditions if they have to do programmes. So I feel my managing time has to be pretty important otherwise something lacks. (CP local 8)

However, a local manager further described the impact of volume pressures on the quality of the agency's work by suggesting that it was inevitable that less time would be spent with individual offenders when increases in the number of cases were not matched by more resources.

At the local level, the burden of data entry was described by a Community Work Supervisor who, whilst explaining the difficulties of managing his/her caseload and entering data into the IOMS system, asked: "Do you try and get them on track or do you keep your case notes nice and tidy?" (CP local 11). A national level interpretation of this local perspective was provided by a national office manager who suggested that problems with accurate data capture within the IOMS computer system are explained by the fact that:

... a lot of probation officers like the paper system and they feel much more comfortable with that. And a lot of our other staff, who are not probation officers but deal with offenders, a lot of them don't have a lot of real computer knowledge anyway. (CP national 5)

That interviewee further explained how a standard reporting template has been made available to local managers in an attempt to get a common focus and consistent set of explanations around local performance. However, (s)he suggested that it wasn't widely used because local managers:

.. don't understand it, see the value in it. ... [A] lot of managers at that level might not know how to interpret and how to then use it. It's data for them but how they actually look at it and work out what that means for them in terms of their management of their staff going forward, some of them will be able to do it but others won't. That's not saying anything about those managers; it's where they've come from and what they're used to. (CP national 5)

At the local level, a manager described a range of mechanisms by which (s)he measures and manages performance. These include asking his/her managers to provide him/her with a sample of their staff supervision records to confirm that her managers "are actually doing their job", as well as holding regular meetings with union representatives which also provide:

... a gauge as to whether or not we are doing our job well. Because if we are being an inclusive employer we are actually getting staff on board in terms of where we're

going and how we're going to get there and clear messaging, I suppose, to staff. Then we find we have a very low instance of complaints from the PSA⁶³ and a really high level of staff buy in. So that's actually quite an important gauge for me in terms of what's the temperature of the PSA at the moment. (CP local 4)

However, that interviewee placed little faith in the QUAS (quality assurance) system which, (s)he explained, is based on assessments of client files by managers from other sites that affect performance pay but are not conducted objectively. (S)he suggested that those managers doing the assessments will tend to mark low so as to make the site look worse and their own site look better in comparison. (S)he commented:

You're getting this really distorted view. When you look at the QUAS results there is a nice kind of line to it but in actual fact what's happening underneath is almost like a war going on and people aren't actually seeing that. (CP local 4)

The *Organisation* perspective on performance measurement and management in the Community Probation Service is concerned with measuring and managing the culture, capability and capacity of the organisation. It was mentioned by interviewees at all three organisational levels of the Community Probation Service. Particularly at the regional level, interviewees' comments reflected recognition of the importance of managing the culture of the organisation. At the regional level a manager described a:

... battle to actually change the culture of our regions, become more forward focused, actually look to the successes rather than a lot of what we get caught up in which, as I say, is the kind of failure end of the business. (CP regional 1a)

That interviewee explained that (s)he wanted to establish "a culture of inclusiveness" where people want to come to work and "feel passionate and proud of what they do". However, (s)he suggested that, although in such a culture people should believe in and deliver on the organisation's policies and procedures,

⁶³ The union involved is the Public Service Association, or PSA.

“there’s a massive [change to a] culture of ownership which we’ve yet to achieve”.

Similar sentiments were conveyed by a local manager who explained:

I want to build a workplace ... where people are feeling satisfied in their work. People are very clear about their purpose of coming to work and what they’re trying to achieve here. ... There is some sense of process and there is some sense of they have a voice. (CP local 4)

In relation to the organisation’s capability, a national level manager described the use of measures to monitor both the skill and ages of the agency’s staff. (S)he also explained strategies to change the focus of probation officers away from being offender centred and social worker dominated to one that is more focused on managing sentence compliance and the related risks to the community. (S)he recognised that, in order to achieve this, it is necessary to improve the capability of managers to ensure:

... there’s more discussion with staff about why am I getting you to do this, why is this important, what’s the point of it; instead of just instructions to do things. (CP national 7)

At the time the interviewees were conducted, the imminent implementation of legislative changes⁶⁴, that would introduce new community-based sentences and a significant increase in workload, represented a major challenge for the Community Probation Service. A number of interviewees mentioned work that was being undertaken to prepare the agency for the changes. For example, a local interviewee described efforts that were:

... two pronged. One is from head office; they have presentations and are sending out information and asking responses from staff. And secondly, locally we’ve also tried to, certainly driven by the area manager, look to what may be happening and different ways of working things. (CP local 10)

⁶⁴ Refer footnote 49, on page 227.

The *Team* perspective received only brief mention at the local level by that same manager who described a broader focus on performance by saying:

There used to be a situation when you could just look after your little service centre and have great figures and the person three miles away could be drowning; but yours is OK. I sense there's much more of an area focus, even a regional focus. (CP local 10)

The External Perspective of the Community Probation Service

Within the Community Probation Service the *External* perspective on measuring and managing performance was most frequently mentioned by interviewees from the regional level, although it was also mentioned by those from the national and local levels. The focus of these comments related to three groups of constituents, namely:

- (i) other agencies, local organisations and community groups;
- (ii) the media and the general public; and
- (iii) local communities.

As noted in Chapter 6, a significant function of the Community Probation Service concerns building and managing relationships with other agencies. A number of local level interviewees explained these relationships by describing the regular meetings that are held (both officially and unofficially) with judges, court managers, lawyers, Police and prison staff, as a means of gaining feedback on the agency's performance and any problems that may be occurring. A local manager further described these relationships by saying:

Obviously the courts and the Parole Board we have really close working relationships with. They are really customers of ours. We consider ourselves to be servants of the Court, if you like; and so we have our provider–customer relationship with them. (CP local 9)

Another local interviewee described a relationship with the local Maori community that includes a member of that community acting as a guardian of the agency's

interest. (S)he explained “we have a good strong relationship with our kaitiaki, our manu whenua”⁶⁵ (CP local 4).

Interviewees from the Community Probation Service suggested that the media’s and the general public’s perspective on the agency’s performance is influential but, as was the case with interviewees from Public Prisons, they believe that the public is not well informed. A regional level interviewee observed that the agency’s performance is:

... being judged, certainly over the last six months, more by media and by the public about what they think we should and shouldn’t be doing, which is again reflected in political opinion which drives our performance. (CP regional 1b)

A national level interviewee similarly acknowledged that: “public opinion shapes what we do” (CP national 7), and a local level interviewee observed:

The community is certainly informed by what they hear from politicians [and] through the media, and so that does shape community opinion. (CP local 9)

Commenting on the public’s understanding and expectations of what the Community Probation Service is able to do, that interviewee also explained:

[W]e are a public agency and we are dealing with an issue that is close to the heart of many people and so I expect us to be in the spotlight and I expect us to be criticised and held to account. What frustrates me is the lack of context around that; the lack of understanding of what we are actually dealing with on a day to day basis. (CP local 9)

A regional level interviewee suggested that the agency’s approach to the media and the general public is not about, “managing performance; I guess we’re into managing public expectations” and as a result:

People’s performance is also reflected in how well they handle those situations. ... Now just about, to a certain layer, everyone will have media training and be expected to be responsive. (CP regional 1a)

⁶⁵ kaitiaki = maori for guardian; manu whenua = maori for people of the land, or indigenous people.

Interviewees from the regional level also explained the importance of local communities' perspectives on the performance of the Community Probations Service. A regional manager observed: "at the end of the day our communities measure us too" but, (s)he also noted, they do not use formal performance measures, because:

... people's eyes glaze over once you go into a forum and start putting this stuff up. What they want to know is, is their street safe for them and their children; and that's quite a big ask. Or, are we managing that offender so they won't offend? And I'm not sure that we can ever give that assurance. (CP regional 1a)

However, another regional interviewee suggested that local concerns about the placement of offenders on community-based sentences can be managed constructively. (S)he explained:

... If you put out to the media such and such an offender is living next door to you well! But if we have the opportunity to go and speak to the neighbours and the communities and explain how to keep themselves safe and what to look for, etc the response is quite different. We've found that time and time again. (CP regional 1b)

The Offender Perspective of the Community Probation Service

The Offender perspective was mentioned by interviewees at all three organisational levels within the Community Probation Service. As noted in relation to the *Organisational* perspective, a key strategy of the agency is to change the focus of many staff who "believed they were all offender advocates" (CP regional 1b) to one more concerned with managing offenders' sentences and risks to the community. To this end a national office manager explained how (s)he had "got rid of" the word 'client' from the Community Probation Service, because those concerned do not come to the agency by choice but as a consequence of having committed an offence. (S)he explained:

It wasn't a shift about "you must treat them with any less respect or treat them differently"; but "you must clearly see that these are people that the public must be protected from. And your mind set in dealing with them has to be about making

sure that they comply with everything associated with their sentence; and you help them do that. If they don't do that you've got to take action against them". (CP national 7)

At the local level an interviewee explained that helping offenders comply with their sentence initially requires an assessment when "we find out all their background [and] if they have any needs like unemployment [or] housing" (CP local 3) as well as any gang affiliations. That interviewee described how different gangs need to be separated between work parties and managed by a male community work supervisor. That interviewee described his/her own approach to managing offenders by explaining:

I make sure that when they walk through that door I know them. I call them by their first name; not like, what's your name again. ... we treat them like people. ... I think, in community work especially, we like to treat them as human beings even though they've committed an offence. (CP local 3)

Another local interviewee described a more flexible approach to the management of offenders that takes account of:

... whether you had to battle to get him through, whether he skipped three or four weeks in between, does that make the sentence unsuccessful? He completed the sentence within the time ... even if it takes a full year I would actually QAS [score against the quality system standards] that person at four [out of four] because he's gone through more than he should have to get him through the sentence. [But] in failing to send him a warning letter after the second time that he did not comply with his sentence, I failed everything if you look at an audit. But I got him through the sentence. That should jump my QAS on him to four despite all the failures. (CP local 11)

That interviewee also described a more sympathetic view of offenders in which probation officers might provide support and assistance to an offender "to help

that person out of a bad situation, as a Samaritan". (S)he provided an example of an offender who had a small baby:

... so she can do only two hours or so between feeding, so she must be close to her house because she's got somebody who can look after the baby. So I went to [her] street and I went to the first church there, cold canvassing basically, and he said yes, we'll have her. (CP local 11)

A more formal view of offenders was described by a national level interviewee who explained that, in the provision of rehabilitative services, the agency adopts the 'responsivity principle' by which:

... you should deliver your programmes in a way that's compatible with the expectations and learning styles of the offender. So you don't give lots of written work to people that are illiterate. You match the delivery of the programme to their learning styles. (CP national 2)

A regional interviewee also explained that it is necessary to match the intensity of programmes to the offenders so that while young and low risk offenders should be given limited exposure to programmes:

... with our really high risk people we have to give them a really intensive programme. We can't just give them a little bit. Unless we can give them a really intensive programme, ... we're best not to touch them because if you give high risk people a little bit of something basically you immunise them against the impact of a more intensive programme. (CP regional 1a)

The System Perspective of the Community Probation Service

The System perspective on performance measurement and management in the Community Probations Service received only limited mention by interviewees from the national and local levels of the organisation. As noted earlier, within the Community Probation Service the principal computer system is the Integrated Offender Management System (IOMS). Although the system was described by an interviewee at the national level as "an operational, day to day tool" (CP national

5), comments received at the local level did not generally convey a positive view of the system. One local interviewee, for example, explained that (s)he initially created reports in Word before pasting them into IOMS:

... because IOMS is a bit flaky, I find. People say it's not done it for ages but I've been known to lose work in it. (CP local 6)

The creation of duplicate systems was further described by another local interviewee who similarly believed that IOMS "is not reliable". (S)he stated that, in an ideal world, it should be possible:

... to just open a computer file, type in what you do while you're doing it, and you don't have to open the manual file again. But we must run the two systems hand in hand. Most of the time it's quicker and easier to open the manual file and see the telephone number right there than to go into IOMS, page through three or four screens before you get to the offender's details to get to the telephone number in order to 'phone him. Once you've 'phoned him you must close three or four screens before you can get to notes where you can make a note. (CP local 11)

However, whilst acknowledging that "IOMS is going not 100% at the moment", one local interviewee did comment

I rely on IOMS because it tells me everything. If someone else has dealt with this person previously it will tell me what that person felt. ... If I say I want you to come back on Saturday, it will automatically generate to Saturday. So when I go into Saturday it will have all these people and then I can take it from there. (CP local 3)

It was suggested that the system is of principal benefit at a national level, as a local interviewee observed: "If you look at our system you can sit in Wellington and judge more or less what's going on on Johnny's case in Christchurch" (CP local 11). A national office manager also noted: "Data can inform us an awful lot. The more I can get good data from our system the better management information I've got" (CP national 2). However, another national level interviewee explained:

We do use IOMS for a lot of our data capture but we are always aware that it might not be one hundred percent up to date or accurate. (CP national 5)

Perspectives of the Community Probation Service

As was the case with Public Prisons, the perspectives principally described by the interviewees from the Community Probation Service, taken as a whole, were those associated with the *External* and *National/Government* perspectives that represent the *official* model of performance measurement and management. However, for interviewees from the local level of the Community Probation Service the *Local* perspective, associated with issues of local operational management, is most significant.

In a manner similar to Public Prisons, interviewees from the Community Probation Service described a distinct difference between the *National* and *Local* perspectives. They explained the former in terms of the establishment, measurement and management of detailed standards and procedures. The latter is more focused on managing the pressures of increasing workloads.

8.6 Perspective – A Summary

By means of the construct of perspective it is possible to identify the constituents for whom performance is measured and managed and/or by whom those practices are influenced. As explained, particularly by the interviewees from Public Prisons and the Community Probation Service, those differing constituencies at times represent conflicting interests, values and objectives.

In all three case study agencies the most frequently mentioned perspectives were those associated with the *official* model of performance measurement and management, i.e. the *National* and *Government* perspectives. In each agency this reflected a focus on the requirements of the key external accountability documents that are cascaded down to the accountabilities of managers at each level of the

organisation. However, particularly in Public Prisons and the Community Probation Service, the *National* and *Government* perspectives were not described sympathetically by interviewees at the local level. Compliance with their reporting requirements was generally perceived as a burden.

The *External* perspective of performance measurement and management is also important for the interviewees from all three case study agencies. Those from Work and Income mentioned other agencies, community groups and employers, with whom they work towards common objectives, and clients, families and communities that they seek to assist. On the other hand, the interviewees from Public Prisons described an *External* perspective that includes a lack of understanding and unsympathetic attitude by the media and general public. Interviewees from the Community Probation Service similarly suggested that, although influential, the general public was not well informed. However, like Work and Income, they described a much more positive view of the other agencies, organisations and communities with whom they work.

It is evident that, to varying degrees, the interviewees from all three agencies viewed their operational autonomy as being shaped by the sensegiving practices of the general public whose "opinion shapes what we do" (CP national 7) and the Government in line with the expectations of which performance is defined. Thus as public opinion influences the Government's perspective on agency performance, so that in turn shapes the national perspective within each agency. However, particularly in Public Prisons and the Community Probations Service, the perspectives emphasised by interviewees at the local level had an alternative focus.

At the local level of Work and Income interviewees placed significant emphasis on the *Client* perspective of performance measurement and management. What that

means, in terms of a broad approach to client wellbeing, is consistently understood at all levels of the organisation. In contrast, the *Offender* perspective of performance is not commonly understood at the different organisational levels of either Public Prisons or the Community Probation Service.

The next chapter will draw together the key elements that are embedded in the *official, formal* and *in use* performance management models of the three case study agencies. It then suggests a framework that helps explain their diverse characteristics.

Chapter 9

AN EXPLANATORY FRAMEWORK

9.1 Introduction

For each of the three case study agencies the previous three chapters have described the *official* performance management models as defined in relevant legislation, the Government's Estimates documentation and the agencies' external accountability documents (primarily their Statements of Intent and Annual Reports). Those chapters have also provided an analysis of the *in use* performance management models, as revealed by the comments of the interviewees, and the *formal* performance management models encoded within the computer systems and other artefacts of each agency.

In this chapter the key features of those models are identified and discussed. Those features are seen to form two continua that may be characterised as comprising:

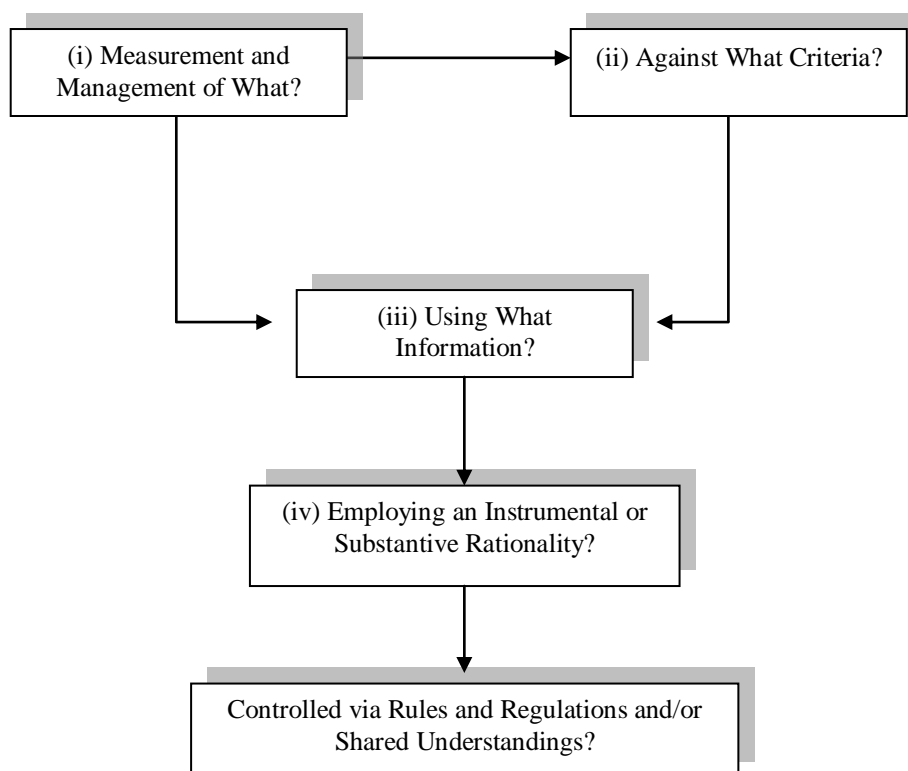
- (i) The *rationality of control* – which is to say, the nature of the logic used to define and direct organisational performance. That logic may be more or less instrumental or substantive in nature and employ management mechanisms that are based more or less on the use of rules and regulations or shared cognitive frameworks.
- (ii) The *locus of control* – which represents the extent to which that rationality is employed internally or externally to the given organisational setting. The sensegiving practices and influence of internal managers and/or external stakeholders will shape how performance is defined and the level and nature of resources that are allocated to the management of its various facets.

The nature of these two continua is explored in more detail below. They are then drawn together in a framework of competing values which provides an explanatory model against which the performance measurement and management practices of the case study agencies may be interpreted.

9.2 Rationality and Control Mechanisms

As shown in Figure 9.1, the rationality of control may be understood from the answers to a series of related questions. For each of the case study agencies those answers are provided below.

Figure 9.1: The Rationality of Control



(i) Measurement and Management of What?

It is an often repeated cliché that 'one size (or performance measurement and management model) does not fit all' (agencies). In this context, the framework suggested by Wilson (1989) which categorises organisations as 'production', 'procedural', 'craft' or 'coping' (depending on the extent to which an organisation's

work and the results of that work are to be observed and measured) has been widely quoted. Indeed, one of the major criticisms of the New Zealand's public sector reforms of the late 1980s is that they treated all public sector agencies as if they are production organisations in which work can be both specified in advance and its results subsequently clearly identified and measured (Gregory 1995b). However, this typology has been somewhat simplistically used to interpret public sector management practices, despite Wilson's own warning that it is: "a crude effort to sort out some important differences. It is hardly theory and many agencies do not fit its categories" (Wilson, 1989, p.159). The current research has indeed found that (at least the case study) agencies do not simply display the characteristics of one of the four archetypes but may, for example, display the characteristics of both production and craft or coping and procedural organisations.

The activities involved in Work and Income's core functions of paying benefits and placing people into employment can be relatively easily pre-defined and subsequently monitored. Similarly the results of those activities (such as the number of benefits paid or the number of people remaining on the unemployment register) can be easily monitored. As a result, the agency has been viewed as a typical 'production' organisation. However, the emphasis on client wellbeing and social development, which was described by interviewees at all levels of that organisation, involves activities which are much harder to pre-define and monitor and for which the causal links to results are much harder to determine. Nonetheless, those results and longer term societal outcomes can be pre-specified and ultimately measured through client surveys and the broader indicators published in the annual 'Social Report' published by the Ministry of Social Development. In this respect Work and Income displays the characteristics of a 'craft' organisation.

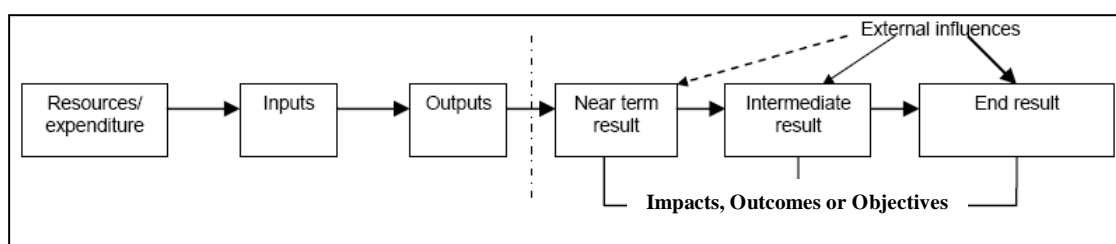
Similarly, the core activities of Public Prisons and the Community Probation Service, associated with the management and rehabilitation of offenders are, in both cases, characteristic of a 'coping' organisation in which neither the direct activities of prison officers and probation officers nor the results of those activities are easily observed and measured. The activities of the staff in these agencies cannot be directly monitored in the same way as those of Work and Income's front line staff who sit in open plan offices. Interviewees from Public Prisons, for example, remarked that prison officers work in a closed environment, with a ratio of three staff to sixty prisoners, and this makes observation of their work very difficult. Further, the extent to which the amount of crime is lowered, the degree of re-offending is reduced, and beneficial changes in the behaviour of individual offenders occur, are all significantly affected by a range of societal and economic factors beyond the control of Public Prisons and the Community Probation Service. Notwithstanding these measurement difficulties, interviewees from these agencies explained that performance is largely measured and managed by means of a set of predefined and subsequently monitored procedures. Thus these agencies also display the characteristics of 'procedural' organisations.

The research therefore suggests that, rather than being generically treated as production type organisations, the internal performance measurement and management practices of the case study agencies should more appropriately be interpreted as procedural or activity based. However, just as Wilson warned against over simplification, we should be aware that although internal performance measurement and management practices may principally focus on controlling the activities or procedures being undertaken they may also, to a greater or lesser extent, do so with a view to the broader impacts of that work.

In all three case study agencies the focus on monitoring and management of procedural compliance therefore contrasts with, but accompanies, an emphasis

placed on outcomes in the *official* performance model of external accountability. As required by the Public Finance Act 1989 (ss. 40 and 45) and the guidance material issued by the Treasury and State Services Commission (see, for example, Figure 9.2 below), the external accountability documents of each agency provide descriptions of the specific impacts, outcomes or objectives that they seek to achieve or contribute to.

Figure 9.2: Appropriate Measures



(State Services Commission, 2007, p.5)

As noted in Chapter 2, how well those descriptions are provided has been the subject of criticism (Controller and Auditor-General, 2008, 2009c) and the reasons for perceived shortcomings have been the subject of some speculation in respect of what it is that managers actually manage (Dormer, 2001) and the potential unattainability of attributable outcome measures (Gill, 2008).

However, at the same time as the agencies' external accountability documents describe their performance in terms of outputs and outcomes and explain their concern to 'manage for outcomes', this focus is not reflected within the agencies. The interviewees from each of the case study agencies largely defined their performance in terms of procedures and explained the importance of procedural compliance in the models, in practice, used to internally measure and manage performance. They also noted how compliance with these procedures is audited by regular checks of both computer records and manually maintained documents.

It might also be expected that, within each agency, managers' focus on inputs, processes, outputs and/or outcomes would be reflected in a hierarchical division of functions. For example, senior, or national office, managers (at what Mintzberg (1996) has referred to as the "strategic apex") might be expected to be concerned with longer term issues, managing the political interface with external stakeholders, and being able to provide "evidence that the organisation is meeting standards or engaging in activities that confer legitimacy on it" (Kanter & Summers, 1994, p.230). Similarly, managers at the local level (in Mintzberg's "operating core") would be more concerned with technical issues associated with the management of inputs and processes. However, the current research found that managers at the national level may also be more concerned with shorter term issues associated with the management of operational procedures and inputs and managers at the local level may also adopt a longer term and more strategic focus. Dangers therefore also exist in too simply categorising the performance management focus of managers at different hierarchical levels of the organisation.

As was noted in Chapter 6, in its external accountability documents, the Ministry of Social Development has indicated its intent to shift Work and Income from a transaction-based approach of managing benefit payments and employment placements to one of achieving the outcomes associated with the Government's social vision. The research shows that, to some degree, this has been achieved. This is illustrated, for example, by a local manager's description of the need, with the aid of the Social Report, to "paint the big picture" for his/her staff because (s)he believes performance is "more about managing outcomes than outputs" (WI local 4). Other interviewees at the local level of Work and Income similarly described a strategic approach to the management of their clients in the broader community which included seeking opportunities to work collaboratively with elements of the community to identify and resolve issues in order to prevent unemployment as well as dealing with it once it occurs. However, at the same

time, the agency's internal management reports and formal external accountability documents continue to place a significant focus on process-based indicators such as the accuracy with which standard documentation is completed or the timeliness within which key processes are concluded.

National and regional level interviewees from Public Prisons placed an emphasis on the two outcomes *Protecting the Public* (through managing the safe secure and humane confinement of offenders) and *Reducing Re-offending* (through managing prisoners' rehabilitation and reintegration) (see Figure 6.2). As reported in Chapter 6, local level interviewees from Public Prisons appear to place less emphasis on these outcomes and, in particular on *Reducing Re-offending*, and seem more concerned with managing standard procedures. A concern to manage operational risk results in Public Prisons' national level managers also placing emphasis on the agency's compliance with standard procedures. This was exemplified in the suggestion of a national office manager that, in effect, a failure to follow procedures is the reason why staff end up getting fired. A similar concern with managing procedures is evident in the Community Probation Service where, as reported in Chapter 8, a national office manager stressed their importance in providing evidence of the organisation's success.

As noted in Chapter 7, interviewees at the national, regional and local levels of the Community Probation Service also accord a significant importance to managing the culture, capability and capacity of the organisation. As part of that culture change, managers described efforts to focus front line staff on the management of offenders' compliance with their sentences and to remove the idea that they are dealing with 'clients'. More broadly, at the regional and local levels interviewees described a desire to build a "culture of inclusiveness" in which front line staff are able to take responsibility for the agency's objectives, and interviewees at all three organisational levels commented on the problems of balancing resources and

workloads. As noted in Chapter 6, this broad focus on managing the organisation and its resources might be explained by the fact that, at the time of the research, the Community Probation Service had recently undertaken an extensive internal consultation and change process in order to prepare for the legislative changes, introduced in October 2007, that resulted in a significant increase in the number and complexity of community-based sentences that the agency has to manage.

The research findings therefore indicate that, although the management of longer term outcomes is discussed in the external accountability documents associated with the *official* model, interviewees from within each of the case study agencies placed limited emphasis on outcomes. However, particularly within Work and Income, a focus on the medium term impacts of the agency's work does accompany the *in use* model's primary concern with the management of processes. At the local level of each of the agencies managers also explained that they had limited or no discretion in respect of their major inputs such as staffing levels. This suggests that input-based controls remain an important feature of the models in use at the national level. Indeed, the continued focus on the management of inputs and processes may be seen as more reflective of an earlier model of administrative control than the emphasis on outputs and outcomes contained within the new public management. In this respect the "rather paradoxical situation where inconsistent logics of control operate simultaneously" (Modell et al, 2007, p.457) points to the locally embedded "historical, political and institutional factors" that continues to shape the understanding and decision making of actors irrespective of, or together with, externally defined institutional frameworks.

(ii) Measurement and Management Against What Criteria?

It was noted in Chapter 3 that 'performance' may be broadly defined as how some pre-defined task or action is undertaken and with what results. However, in the

context of New Zealand's public service, both the 'how' and the 'results' are evaluated against a number of different criteria. More specifically, the research revealed six criteria by which the performance of the case study agencies is evaluated by internal and/or external actors, namely: economy, efficiency, effectiveness, equity, organisational capital and public capital. It is also evident that the emphasis placed on each of these criteria varies significantly between the official model of external accountability, concerned with the management of the public sector, and the models in use *within* individual agencies.

Economy, Efficiency and Effectiveness

The focus on inputs and processes noted in respect of the performance management models in use within the case study agencies reflects a broader concern, also present in the official model, with the *economy* with which inputs are procured and the *efficiency* with which those inputs are used to produce outputs. With varying emphasis at different times, New Zealand's *official* model of public service performance management has also emphasised the *effectiveness* of those outputs in achieving desired impacts or outcomes. While interviewees from all levels of the three case study agencies discussed the effectiveness of their activities, they did so with differing emphasis. The comments provided by interviewees from Public Prisons and the Community Probation Service were generally reflective of a belief that it is very difficult to make a difference in the lives of offenders or to measure any attributable difference. In contrast the comments of interviewees from Work and Income were richly populated with success stories in respect of the agency's clients.

In both the official and the in use models it is evident that this tension, between agency performance defined and managed in terms of the economy and efficiency of output delivery and the broader, longer-term concepts of the effectiveness of performance defined in terms of impacts and outcomes, remains an unresolved

issue in the ongoing evolution of the New Zealand model of public sector management.

Equity

Little explicit consideration is given in the *official* model to the equity with which outputs are provided in terms of the equal availability of services (as in the case of New Zealand Superannuation) or the targeted provision of services to those most in need (as is the case with social security benefits paid to invalids).⁶⁶ However, particularly at the local levels of Work and Income and the Community Probation Service, the comments of interviewees suggested that the *in use* models within those agencies, with their more subjectively framed performance information, are more concerned with the equity of service provision as a dimension of their performance.

Organisational Capital

In a similar manner to the criteria of effectiveness, over the last two decades New Zealand's *official* model of public service performance management has placed varying degrees of emphasis on the measurement and management of *organisational capital*. Although performance information in respect of "organisational health and capability" is now required by the Public Finance Act 1989 (S.40 (d) (iii)) a review of the case study agencies' external accountability documents for the 2006/2007 and 2007/2008 financial years provided limited information in this respect. As noted in Chapter 2, a further reduction in the focus on this dimension may follow the decision of the State Services Commission to abandon its annual report against the 'Development Goals for the State Sector'.

⁶⁶ The previous Labour Government in New Zealand had required a number of public service agencies to report annually on their efforts in 'Closing the Gaps' to target those elements of New Zealand society at the lower end of the economic scale.

However, interviewees at the national, regional and local levels of the case study agencies placed a significant importance on managing the culture, capability and capacity of the organisation. At the regional and local levels of the Community Probation Service interviewees described a desire to build a “culture of inclusiveness” in which front line staff are able to take responsibility for the agency’s objectives and a common theme in all the agencies studied was the problem of balancing organisational resources and workloads.

Public Capital

As explained in Chapter 4, the dimension of performance associated with *public capital* (i.e. the trust and confidence in the agency held by Ministers, major stakeholders and the general public) receives limited explicit recognition in the *official* model of performance management. However, interviewees at all levels of the three case study agencies explained the importance of the public’s understanding of, and support for, their activities. In particular, it is evident that the externally focused sensegiving of Work and Income’s managers, together with the extent of their relationships with other agencies and community groups, has successfully developed that organisation’s public capital. At the local level of the Community Probation Service interviewees also provided evidence of their efforts to build that agency’s public capital with their local communities. However, Public Prisons would seem to have been less successful in this respect.

From the research it is therefore evident that organisational performance is evaluated against a number of different, and at times conflicting, criteria. Thus, for example, it is possible for performance to be managed efficiently (in terms of the relationship between inputs and outputs) but not effectively (in terms of the relationship between outputs and impacts or outcomes). Similarly, the economy of service provision in the current period may occur at the cost of organisational capital and the ability to provide services in the future. For the case study

agencies, the difficulties of managing organisational performance reflect the complications of taking account of each of these criteria and their, at times, conflicting requirements.

(iii) Measurement and Management Using What Information?

It was noted in Chapter 4 that the construct of representation is concerned with how (i.e. in what form) performance is depicted or symbolised. In the legislation (such as the Public Finance Act 1989) and guidance material published by the Treasury and State Services Commission, the *official* model of performance measurement and management is largely based on the notion that performance information can be objectively represented in (primarily) numeric terms. However the current research found that in each organisational setting (be that a whole case study agency or a part thereof) a mixture of representational methodologies exists on a continuum from objective to subjective.

Interviewees from all three case study agencies described the use of formal reports containing quantified financial and non-financial information in respect of their planned performance, actual performance and future performance expectations. In Work and Income, this information includes the number of people registered for each form of benefit, the results of audits that measure the extent to which case records comply with documentation standards, ratings of service quality revealed in client surveys, as well as employee numbers and actual expenditure against budget. In Public Prisons, quantified performance information includes the number of cell searches conducted, the timeliness of sentence plan reviews, the number of hours prisoners spend outside of their cells, and the hours they spend in some form of employment. In the Community Probation Service, interviewees described "a whole bunch of indicators" that include the number of new sentences managed, reports written, and the timeliness with which standard tasks, such as offender assessments and work placements, are completed.

However, the interviewees also described subjective representations of performance that include the use of formal and informal feedback, anecdote and direct observation of work practices. In the State Services Commissioner's annual evaluation of the performance of the chief executives of all public service departments⁶⁷, feedback from other agencies and stakeholders plays a central role. Within the agencies studied, feedback can also be a significant element of managers' own performance information. This was emphasised by a national level interviewee from Work and Income who explained the importance of engaging with stakeholders to gain feedback on the agency's performance as a counter to any expectation by managers that the public will have confidence in the agency doing a good job simply because it has achieved the largely internally focused measures defined in the output plan and public accountability documents. Another interviewee at the local level of Work and Income explained how, as well as actively encouraging local community groups to provide feedback, (s)he relies on feedback from regional and national office managers as an indicator of his/her site's performance, "good, bad or otherwise" (WI local 4). Similarly, a number of local level managers within the Community Probation Service described how they regularly seek feedback on that agency's performance from judges, court managers, Police and prison staff. One local manager from that agency also suggested that his/her regular meetings with Union representatives provide a gauge of how well staff are being managed.

The use of anecdote to help explain, or make sense of, more objectively represented performance information was also mentioned by interviewees. Within Work and Income, interviewees at the national, regional and local levels narrated anecdotes to explain how the agency has helped its clients. A local level manager described how (s)he requires his/her staff to record "good news stories" in a local

⁶⁷ The New Zealand State Services Commissioner is the employer of all public service chief executives.

computer file that (s)he then uses to provide positive examples of the site's work to national office and to reinforce his/her efforts to manage staff locally. At the national level an interviewee explained how such anecdotes are used to supplement performance information provided to the Minister. However, within the Community Probation Service, a national level manager was less supportive of the use of anecdote. (S)he stated: "Anecdotal evidence ... there's a tautology for you; there's no such thing as 'anecdotal' beside the word 'evidence'. You've got to have something that backs it up" (CP national 7).

The direct observation of how staff interact with and manage clients is relatively straightforward in the open plan environment of Work and Income's local offices. Local managers described how they might observe staff or how that might occur, both formally and informally, by other staff who then report back to the manager. One local manager from the Community Probation Service also explained how (s)he periodically sits at the back of the Court and observes the performance of individual staff members. As noted in Chapter 8, the prison environment makes the direct observation of prison officers much more difficult.

It is indeed evident that some tension exists between the use of subjectively framed local knowledge for local decision making and the standardisation and objectification of that knowledge for purposes of upward accountability and control at the national level. However, the research showed that at the local level managers rely heavily on objectively quantified information and (as noted below) managers at the national level are not averse to picking up the 'phone to find out what is really going on.

(iv) Measurement and Management Using an Instrumental, Calculation-Based, Rationality and/or a Substantive, Judgement-Based, Rationality

The idea that performance can be measured and managed through calculation-based, empirically sourced knowledge underpins many of the changes in public sector management practices in the late 1980s and early 1990s. However, the research found that, in practice, performance management is equally dependent on a judgement-based rationality that draws on prior experience, tacit knowledge, values and flexible targets. In this respect, performance management may be seen as involving either the recognition of an independent reality or an emergent and socially constructed process by means of which sense is retrospectively made of a diverse, and at times conflicting, set of information.

An instrumental rationality is evident in the management of the operational processes of all three case study agencies. Interviewees at all three hierarchical levels of Work and Income commented on the broad range of formal targets they are required to manage and report on. At the national level an interviewee from that agency explained how funding is allocated on the basis of the expected number and characteristics of the clients at each site. (S)he also described how the value for money of the programmes the agency purchases is evaluated in terms of their costs and specific deliverables, such as the number of people gaining employment from the programme. Interviewees from the Community Probation Service similarly described a framework of standard tasks to which notional units of time are allocated and which is used as a basis for resource allocation and operational performance assessment.

It might be expected that managers at the national level, removed from the complexities of public/client/offender contact, would base their performance measurement and management practices on a formal logic directed at high level targets or objectives. The higher up the organisational hierarchy that managers

operate the broader will be the range of performance issues and information to which they are, potentially, exposed. As one national level interviewee from Public Prisons observed, "I get piles and piles and piles of paper; and it's really hard to absorb everything that's in there" (PP national 5). Such managers must, therefore, make decisions on what is important and what they must respond to. National level interviewees from all three case study agencies explained how, in so doing, they use both formal reporting processes and a more substantive logic that utilises more subjectively framed performance information. For example, the Public Prisons manager quoted above explained how (s)he may either choose to just read a report or to pick up the telephone and ask the manager concerned for a verbal briefing. Adopting a more formal approach, a national level manager in Work and Income explained that (s)he pays specific attention to the nature of the information (s)he receives and works with the reporting team to craft performance information that focuses on his/her particular concerns. However, (s)he observed that this information is increasingly at the less tangible end of the measurement spectrum which focuses on those aspects of their clients' lives that could be taken as indicative of a broader movement toward desired social development outcomes.

A further example of the use of a more substantive, and less formal, logic was provided by another national level interviewee from Work and Income who, in describing his/her role in managing strategy, observed that this is concerned with "where we *feel* we want to be"⁶⁸ (WI national 6). Similarly (s)he suggested that measuring and managing social development involves managers sitting down in the light of available information and asking, "gut feeling guys, what do we think?". Nevertheless, some interviewees conveyed a concern about performance may not always being formally evaluated in objective terms. For example, within the Community Probation Service, a local manager explained his/her concerns with the subjective nature of the quality audits of case files and suggested that

⁶⁸ Emphasis added.

they reflect the good and/or bad prejudices of the managers from other sites conducting the evaluation.

Interviewees at the local level in all three case study agencies are concerned to manage the delivery of services that directly affect individual members of the public, be they referred to as clients, as for Work and Income, or offenders, as is the case in Public Prisons and the Community Probation Service. A characteristic of the relationship between these local staff and their clients/offenders is the need to understand and appropriately respond to the complex reality of the client's/offender's previous experience and cognitive framework. This can never be known with objective certainty but can be subjectively understood. The research found that such an approach is encouraged within Work and Income where it was explained that being able to address broader issues of client wellbeing, such as family violence, requires a very different kind of staff member who is "able to have a conversation with the person" (WI local 4) rather than simply fill in forms. Along similar lines, national office managers from Public Prisons expressed a view that prison officers should adopt a less rule-based and more prisoner-focused approach. However, a local staff member from that agency expressed a contrary view, stating that (s)he did not believe it was possible to understand an offender's life and view of reality as: "we can't stand and say to these guys what you're doing is wrong, because we haven't walked in their footsteps" (PP local 9b). In contrast to their colleagues in Public Prisons, national office managers from the Community Probation Service expressed the view that front line staff should establish a less empathetic, and more rule-driven, relationship with offenders on community-based sentences.

Thus while the *official* model of performance measurement and management employs a calculation-based logic, explicit cause and effect relationships, and specific targets or objectives, it is evident that managers at all levels also employ

a more substantive, judgement-based rationality. In this respect the research supports the contention that "measurement in the public sector is less about precision and more about increasing understanding and knowledge" (Mayne, 1999, p.5)

(v) Control via Rules and Regulations and/or Shared Understandings

As explained in Chapter 2, the ongoing reforms of New Zealand's model of public service management are predicated on the notion of an integrated framework of performance objectives and information that cascades down from Government's identified priorities, to Ministers' 'purchase' of goods and services, to the specification of managerial objectives at each layer of the organisation.

While this integration is desirable, the research found that, at least in the case study agencies, this is not always achieved. In practice, the extent to which the *official* model of performance measurement and management is reflected (in detail) through the different levels within an agency will be determined by the institutional context of that agency. As noted in Chapter 4, that context is reflected in, and may be understood from, a series of institutional 'carriers', namely:

- (a) formal rules and procedures;
- (b) routines;
- (c) artefacts;
- (d) social networks of roles and positions; and
- (e) shared understandings and logics of action.

Dillard *et al.* (2004) have suggested that these carriers exist on a continuum from being more regulative in nature to being more culturally and cognitively based. While the *official* model of external accountability impacts on internal performance measurement and management practices, that model will become increasingly de-

coupled from the models in use internally as the institutional carriers within each organisation move from being more culturally and cognitively based to being more regulative in nature. The role of each of the institutional carriers in the case study agencies is summarised below.

(a) Formal rules and procedures

As noted in (ii) above, formal rules and procedures are important in all of the case study agencies and act as regulative mechanisms by which performance measurement and management models are communicated and reinforced. In Work and Income, the rules and procedures are an essential safeguard against the risk of inappropriate payments to beneficiaries. They are supported by an accuracy reporting process whereby a random sample of client files is routinely analysed for correctness by a national office team. However, while formal rules and procedures are an important performance management mechanism within that agency, they are not seen as separate from the requirements of operational management and appear to be part of a common framework of values and objectives understood by front line staff. For example, a local level manager described the pride his/her staff take in regularly meeting the required standards for the accuracy of their client documentation. The local level acknowledgement of the importance of formal rules and procedures was also reflected in a Wednesday Brief that was observed at one site office. During the meeting the staff staged their version of an Oprah Winfrey chat show to 'interviewee' a number of their colleagues who explained the requirements and significance of various key processes and related computer fields. It was also illustrated by the observation of a local Service Centre Manager, reported in Chapter 7, that it is important, when things don't go quite right, to understand "what happened in our process and what do we need to do to change it" (WI local 4).

Interviewees from Public Prisons described how formal rules and procedures, contained in the Public Prisons Manual, are central to performance measurement and management practices in that agency. Compliance with these rules and procedures is audited by means of periodic reviews of computer files as well as the manual files kept within the prisons. Further, as reported in Chapter 7, prisoners may be interviewed to confirm the veracity of the recorded information. However, unlike their counterparts in Work and Income, local level interviewees in Public Prisons were less supportive of this audit process. While they acknowledged that audits provide a benchmark against which performance may be managed, they also suggested that their frequency reinforces a culture of “compliance rather than prison performance” (PP local 1).

Within the Community Probation Service, formal rules and procedures were mentioned by interviewees at all three organisational levels but appeared to be particularly significant for those at the national level. As in Public Prisons, those rules and procedures are contained in “manual standards” against which samples of work are checked and practices surrounding critical incidents are reviewed. National level interviewees explained that requiring and managing compliance with the rules and procedures is a mechanism by which the “unknown-ness” of what front line staff do is able to be measured and managed. They noted that it also provides a defence against media and public accusations in the event of incidents such as re-offending by offenders serving a community-based sentence. However, similar to their Public Prisons counterparts, interviewees at the local level in the Community Probation Service commented on “unnecessary” problems associated with an undue emphasis on rules and procedures that result in staff “ticking the boxes” and “feeding the internal machine”. In contrast to Work and Income, therefore, local level operational interviewees from Public Prisons and the Community Probation Service tended to see their agencies’ rules and procedures

as something with which they have to comply rather than something which relates to their operational objectives.

In summary, rules and procedures are used to both frame and control organisational performance, particularly where the activities of staff members are more difficult to predefine and subsequently monitor. However, the danger exists that staff see an organisation's rules and procedures as something that they have to comply with rather than something which relates to their operational objectives.

(b) Routines

The most significant routine mentioned by interviewees from all three case study agencies was the monthly reporting cycle. However, it seems that the production of performance information is often more concerned with legitimising (to superiors) the existence and activities of a given unit rather than informing and supporting the decision-making of that unit's management. As a local level interviewee from Work and Income explained, the monthly production of "the mother of all reports ... gives them [national office] some assurance that we are managing it ... and it alerts them to issues" (WI local 8). Nevertheless, although some local level Work and Income interviewees commented on the demands of the monthly reporting process and the size of the reporting package, it was not seen as irrelevant to operational decision-making.

In contrast, for local level interviewees within Public Prisons the monthly reporting cycle was a concern; as one interviewee observed: "We are now becoming a reporting agency as opposed to a prison agency. From where I sit, we seem to be losing focus on what our core functionality is" (PP local 2). Concern about formal reporting within Public Prisons was also conveyed by a regional level interviewee who commented: "There is a bit of concern among a number of us at a senior level, least this be used as a weapon as opposed to a tool" (PP regional 13).

Interviewees from the Community Probation Service described the process by which quantitative reports are prepared at the national level, received and discussed at the local and regional levels, and then returned, together with commentary, to the national office. However, as was the case in Public Prisons, the interviewees did not view the process positively and suggested that the demands of the reporting cycle divert resources from the agency's core functions.

Particularly at the local level of all three case study agencies, routines are closely associated with the processes by which performance is defined and managed. They provide the rhythm to the daily life of staff and in Public Prisons establishing and managing an environment governed by routines is a critical element in the management of offenders.

(c) *Artefacts*

As noted in Chapter 4, artefacts are physical and technical objects which are given shape by human action but which also, through a process of reification, assume a role that both enables and constrains human action (Giddens, 1976). An organisation's national computer systems are artefacts that embody a codification of a particular view of what performance is and how it should be managed. In most organisations the creation and maintenance of these systems requires a significant investment of money, effort and intellect and as a consequence they become entrenched within the organisation and are protected from significant change or replacement. Although national level interviewees from the case study agencies used the rhetoric of 'supporting operational decision-making' to justify the existence of such systems, the reality seems to be more concerned with making those operational decisions visible at the national level.

Within Work and Income, staff use a range of legacy computer systems that are not integrated and allow staff a degree of freedom in how they are used. However, interviewees from that agency reported that this situation is likely to change with the planned development of a single integrated new system. In contrast, both Public Prisons and the Community Probation Service rely heavily on the relatively new Integrated Offender Management System (IOMS) that requires more strict adherence to due processes and provides less freedom to operational staff. IOMS was described by a local level interviewee within Public Prisons as “not user friendly ... extremely complicated sometimes and tediously time consuming” (PP local 8). Another local interviewee described IOMS as “a big brother watching sort of situation” and suggested that it is “... taking front line staff away from the people that they are there for” (PP local 10). Similarly, local level interviewees from the Community Probation Service suggested that IOMS provides benefits principally at the national level. They also suggested that IOMS is unreliable and provided examples of alternative systems that, locally, are run in parallel to the national system.

From visits to agency sites, it was apparent that other performance related artefacts do not always provide the intended results. For example, Work and Income has invested in a range of wall posters, desk calendars and computer screen savers to carry corporate messages relating to the agency’s performance objectives. However, Work and Income interviewees suggested that these are not an effective form of communication; they explained, for example, that they look at the calendars to see if they can recognise any of their colleagues rather than to remember the messages about performance objectives they contain. Similarly, in general, interviewees from all three case study agencies could not remember the content of the wall posters they sat beneath every day.

(d) Social networks

In relation to social networks, interviewees from both Work and Income and the Community Probation Service reported a broad interaction with other government agencies and the community. Interviewees at all three organisational levels of Work and Income described a strong focus on the need to work with other government agencies and community organisations to achieve the outcome of social development. A local level interviewee, for example, commented: "we can't do that by ourselves" (WI local 4). A number of local level managers also explained that they are expected to routinely report on initiatives they have undertaken with other agencies and community groups.

Interviewees from the Community Probation Service similarly described efforts to build and manage relationships with other agencies and the community. A number of local level interviewees, for example, explained these relationships by describing regular meetings that are held (officially and unofficially) with judges, court managers, lawyers, police and prisons staff to gain feedback on the agency's performance and any problems that may be occurring. Attempts to build social networks are also reflected in a local level interviewees reference to the courts and the Parole Board as "customers of ours" (CP local 9) and a regional level interviewee's explanation of the importance of working with local government in the communities within which offenders are managed in order to gain their support.

Unlike the other two case study agencies, interviewees from Public Prisons made little reference to their interaction with other organisations and the community. One Prison Manager explained how (s)he sought opportunities to employ prisoners on community work, such as repairing desks for a local kindergarten. However, most of the interviewees represented themselves as a recipient of, rather than a participant in, the work of the Justice system.

While the internal social networks of the other two case study agencies appeared to be much less formal, a number of local level interviewees from Public Prisons suggested that, for prison officers, social networks are delineated by rank and one interviewee, external to the organisation, described Public Prisons as having a “quasi-military, command and control culture” (PP external 12). The potentially dangerous nature of prison inmates also reinforces a culture between prison staff who take pride in the extent to which they will ‘watch each others’ backs’ in the event of violent incidents. However, because there are also concerns over the potential for prison officers to collaborate in corrupt practices, it was suggested that staff are regularly moved around to prevent small scale networks from forming.

Relationships with the media also differed between the agencies studied. Reflecting a generally positive relationship, interviewees from Work and Income made little mention of the media other than to note it is important to manage the risk of adverse media coverage resulting from defalcations by staff members. However, interviewees from all three organisational levels of Public Prisons and the Community Probation Service revealed a more defensive attitude to the media. Their comments suggested that they are keenly aware of the media and the role it plays in, what is seen to be, a lack of public understanding of the role and functions of these agencies. A regional level interviewee from the Community Probation Service commented that the agency’s performance is judged and driven by the media and its impact on public and political opinion. Along similar lines a regional level interviewee from Public Prisons explained the difficulty of managing the agency’s relationship with the media and stated that, despite his/her attempts to provide the media with the correct information, “they don’t publish what you say they just make up their own story” (PP regional 13).

(e) *Shared understandings and logics of action*

As explained in Chapter 4, shared understandings of performance management models and their related logics of action are created and maintained by 'sensegiving' mechanisms. These are defined by Gioia and Chittipeddi (1991) as attempts to influence others' understanding of an issue. As might be expected, senior level interviewees from all three agencies described routine processes by which they visit operational sites and brief the staff. All three case study agencies also use artefacts such as desk calendars and wall posters in attempts to reinforce key messages about the organisation's goals. However, the most effective sensegiving mechanism in Work and Income appeared to be the regular Wednesday Brief that is held each week at every operational site. As noted in Chapter 7 these meetings involve all local staff and are centred on, but not limited to, a set of topics, instructions or issues specified by the national office. Local level interviewees from Public Prisons also described a hierarchy of meetings in which "a lot of useful information gets cascaded down and we discuss issues and that sort of thing" (PP local 4). Interviewees from the Community Probation Service explained how an extensive internal consultation process had recently preceded a range of operational and organisational changes resulting from amendments to legislation governing community-based sentences.

As noted above in the discussion of the way performance is represented in each agency, interviewees from all three case study agencies described national performance measurement and management models, based on quantified performance indicators, which are established in the agencies' external accountability documents and rolled down through the organisation. However, the extent to which these indicators are commonly understood and accepted varies between, and within, the agencies studied. While regional and local level interviewees from Work and Income commented on the scope of formal, quantified reporting models, they did not question their relevance. Particularly at

the local level, interviewees from Public Prisons and the Community Probation Service were not so supportive of the national model and its emphasis on procedural compliance. As a local level interviewee from Public Prisons observed:

I think we have been experimenting ...really, because the targets haven't been set they have just been plucked out of the air ... So I think the targets need to be revisited here in particular. There are some pretty unrealistic targets. (PP local 1)

The existence of differing cognitive frameworks within the three case study agencies was also illustrated by attempts to change staff attitudes to offenders in Public Prisons and the Community Probation Service. A national level interviewee from Public Prisons described attempts to change the focus of prison staff to one that supports prisoners "so that when they walk out the door they are a better person" but acknowledged that this had not, as yet, been broadly achieved. Similarly, but with a contrary emphasis, a national level interviewee from the Community Probation Service described attempts to shift the culture of that agency away from helping 'clients' to holding 'offenders' to account for the proper completion of their sentences. In both Public Prisons and the Community Probation Service the research found that different conceptual frameworks are being employed in different parts of the organisation. This was reflected, for example, in the suggestion by a local prison officer that those who develop policy at the national level "do not understand our business". Similarly, a local level interviewee from the Community Probation Service acknowledged:

We see the managers as outsiders, as the enemy instead of someone who's with you who's pulling this car together. Because we're not a team; it's us lot of workers against management and it shouldn't be like that. It's always, "they don't see this, they don't know, they don't" (CPS local 11)

The problem of differing conceptual frameworks was summarised by a national manager within Public Prisons who observed:

It's one thing to have ... quite clear and specific performance agreements that people are reporting against and saying ... it's either achieved or it's not achieved. It's quite

a different thing for people to be seeing that that's a tool that's helping them do their job well. And that's the bit that I think that we fall down on. (PP national 3)

The existence of shared understandings and logics of action in respect of performance objectives may, therefore, be facilitated by a common vision such as that facilitated by the provision of assistance or support to individuals. However, it may also be frustrated to the extent that functional or professional groupings within an organisation are not aligned with its central management or, in more complex organisations, with each other⁶⁹.

Summary

From the discussion above on institutional carriers in the three case study agencies, it appears that the performance measurement and management models of Public Prisons and the Community Probation Service, as contained in their accountability documents (the *official* model) and encoded in their computer systems (the *formal* model), can be principally characterised as regulative and rule-based. However, the comments from the interviewees of those agencies also indicate that the *official* and *formal* models are not internalised or owned by local staff and are, at best, loosely-coupled with the performance measurement and management models in use, particularly at the local level. There is a resultant growth in local, alternative performance frameworks and systems.

In contrast, interviewees from Work and Income described performance measurement and management practices that have been more successfully embedded in a common cultural and cognitive framework. For example, the importance of the agency's formal rules and procedures was broadly recognised by the interviewees and appeared to be embedded in the performance objectives of staff at all levels of the agency.

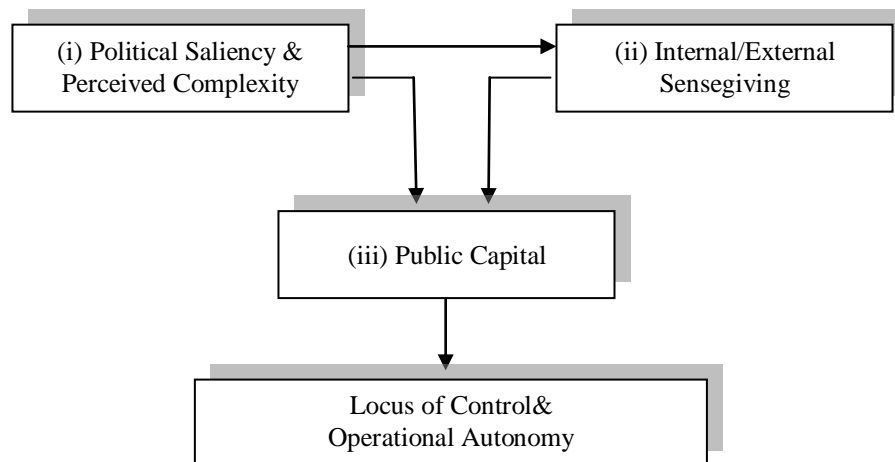
⁶⁹ Ackroyd et al (2007), amongst others, have pointed to the competing objectives of professional groupings (in sectors such as health and education), that have traditionally emphasised public service and the effectiveness of service provision, and those of central managers, concerned with the economy and efficiency of service provision.

9.3 The Locus of Control and Operational Autonomy

As explained in Chapter 4 and shown in Figure 9.3, performance management practices within individual public service agencies are influenced by:

- (i) the degree of political saliency and perceived complexity of each agency's core functions;
- (ii) the nature and extent of the sensegiving activities undertaken by external stakeholders and/or internal management; and
- (iii) the extent to which managers maintain and develop the agency's public capital.

Figure 9.3: The Locus of Control and Operational Autonomy



While each of these factors is linked they ultimately all impact on the internal versus external *locus of control* and the degree to which managers experience autonomy in terms of how performance is defined and directed. The role of these factors within each of the case study agencies is summarised below.

(i) Political Saliency and Perceived Complexity

It was noted in Chapter 4 that political salience or sensitivity is significant for agencies that are managing functions associated with issues, such as crime and

public safety, that are of high public concern. The activities of an agency's staff members may also increase public and political interest if they contravene the law or are otherwise seen as inappropriate. Public Prisons has experienced a series of instances when prison officers have been accused of corruption, the Community Probation Service has had to respond to allegations of negligence when the failure of staff members to follow procedures resulted in harm to members of the public, and a previous Chief Executive of Work and Income was perceived as flamboyant and extravagant when trying to change that organisation's culture and focus.

In the time of economic growth and declining unemployment during which the research took place, the functions of Work and Income were not politically salient. Also, as Work and Income has moved to place more emphasis on broader issues of social development, its activities and their results have become more technically complex and harder to directly monitor. In contrast, public concerns associated with crime, and the perceived risk of crime, work to ensure that the functions of both Public Prisons and the Community Probation Service are politically salient. Further, although the offenders for whom those agencies are responsible embody a number of complex social and psychological issues and are subject to a range of extraneous forces, their management is generally represented in simple terms by both the media and politicians. As an interviewee from Public Prisons observed, "it's not something that the public thinks deeply about" (PP national 5).

(ii) Sensegiving

As a consequence of strong internal leader sensegiving, through regular communications such as the Wednesday Team Brief, and external stakeholder sensegiving resulting from regular interactions with other agencies and community groups, Work and Income exhibits guided sensemaking practices in respect of its performance that are both consistent and rich in their scope. These involve a consistent and composite perspective of the agency's performance that not only

encompasses recognition of the significance of procedures but also the primacy of the outcomes it seeks for its clients and the broader community.

The political saliency of the functions of Public Prisons and the Community Probation Service should result in their being subject to strong external stakeholder sensegiving. However, in this respect the two agencies display different characteristics. Interviewees from Public Prisons provided little evidence of responding to sensegiving by external stakeholders. Comments by interviewees from Public Prisons in respect of external stakeholders largely reflect a concern with the public's understanding, or lack thereof, of the agency's role and functions. The political saliency of those functions and their critical coverage by the media has led to somewhat defensive sensegiving strategies and an internal focus. Indeed, an external service provider described Public Prisons as being difficult to work with and suggested that it has a "culture of control" in which "there is a belief that no one can do corrections as well as Corrections" (COR external 5). Public Prisons therefore displays a pattern of restricted sensemaking in which internal leaders provide a unitary but narrow perspective on organisational performance.

Unlike those from Public Prisons, interviewees from the Community Probation Service described processes by which sensegiving by external stakeholders plays a more important role. For example, as noted in Chapter 7, local level interviewees explained how they actively seek feedback on their performance from the Police, judges and employee union representatives. This suggests that, like Work and Income, the Community Probation Service is subject to guided sensemaking in which both internal leader and external stakeholder sensegiving plays a role in shaping a unitary but rich perspective on performance. However, the apparent disparity between the need to focus on managing offenders' compliance with the terms of their sentence and supporting them through the term of their sentence,

suggests that sensemaking practices in the Community Probation Service are, to some degree, fragmented. Chapter 6 reported a national manager's comments on the need to change the culture of front line probations officers from being social workers with 'clients' to probation officers dealing with 'offenders'. From the comments of the front line staff who were interviewed, it is evident that that culture change had not, as yet, occurred. As a result many front line Probation staff have a distinct culture and value system that supports their own sensemaking practices.

(iii) Public Capital

At the national level of Work and Income a manager explained the importance, in seeking to achieve the agency's targeted outcomes, of monitoring and managing the confidence that stakeholders have in the agency. As reported in Chapter 8, one way that is achieved is through the development of corporate partnerships with major organisations to whom Work and Income is able to supply staff. It was also explained that as a result of being seen as a 'can do' organisation the agency is a first point of call in the event of local crises such as floods.

Interviewees from all three levels of Prisons Services commented on the problem of maintaining public confidence. It was suggested that despite "trying to be responsive to the Minister, trying to be responsive to the press, trying to get the real story out there" (PP national 5) the public generally have a negative opinion of the agency. The resultant lack of public capital was also reflected in the comment of an ex-Minister of Corrections who was interviewed and stated:

... in a portfolio like Corrections there are always problems. People escape ... there are just a myriad [of problems]. It's just a difficult portfolio because you're never on top of it. (COR external 6)

Like those from Prisons Services, interviewees from the Community Probation Service expressed concern over the lack of public understanding “of what we are actually dealing with on a day to day basis” (CPS local 9). They described attempts to address this by working more closely with local authorities and communities where potentially high risk offenders are being housed in order to provide assurance, build confidence and prevent “a potential public backlash” (CPS national 2). Interviewees also described processes by which the agency attempts to be responsive to, and gain the confidence of, the Police, courts and Parole Board. It was suggested that gaining a more positive public image is about managing public expectations and that to this end, to a certain organisational level, the performance of individual staff members includes how well they handle the media.

As noted above, a significant element of the State Service Commissioner’s annual review of the performance of the Chief Executives of the Ministry of Social Development (parent organisation of Work and Income) and the Department of Corrections (parent organisation of Public Prisons and the Community Probation Service) is, in effect, based on an assessment of the trust and confidence that other agencies and external stakeholders have in those agencies.

Operational Autonomy

Low political saliency, a perception that social development is technically complex, and high levels of public capital, all lead to managers in Work and Income experiencing a degree of operational autonomy. Interviewees at all levels of the agency explained how they were concerned to go beyond their core business, of paying benefits and placing people into work, to attempt to more holistically tackle the factors that impact on, or impede, the accomplishment of their targeted outcomes. This was evidenced in the statement of a manager at the national level of Work and Income who commented: “... it doesn’t really matter whether you’ve

got a formal mandate. It's just how you work with others to support them" (WI national 7). The operational autonomy within the agency is also reflected in the ability of, and requirement for, operational managers to respond to local conditions and to develop appropriate initiatives with other agencies and community groups. It may also be noted in the comment by a local manager, reported in Chapter 7, that (s)he does not necessarily follow the guidelines as: "one set of guidelines doesn't necessarily fit each service centre within the country" (WI Local 4).

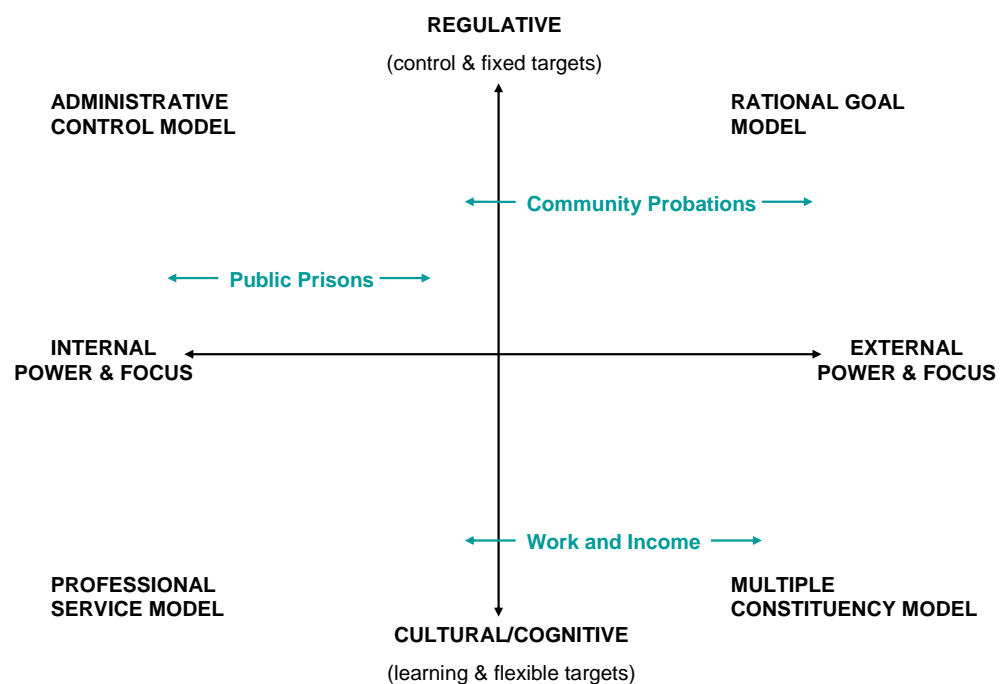
With high political saliency and low perceived technical complexity, both Public prisons and the Community Probation Service are subject to significant external sensegiving. Both agencies also have limited public capital, although interviewees from the Community Probation Service did describe efforts to address this at the level of local communities. As a consequence interviewees from Public Prisons and the Community Probation Service indicated that they have limited operational autonomy and, particularly at the local level, described an environment in which they simply respond, as best they can, to the demand pressures created by the Courts and Parole Board.

9.4 Four Models of Performance Measurement and Management

In Chapter 4 the themes discussed above were combined in a framework of competing values based on (i) the nature of the rationality and control mechanisms used to measure and manage performance and (ii) the *locus of control* over the definition and direction of that performance between internal management and external stakeholders. These two sets of competing values can be represented as the intersecting axes of two continua that form four archetypical performance measurement and management models.

As noted by Talbot (2008), agencies are not limited to one of the quadrants of a competing values framework, and may demonstrate characteristics of all four. However, they will have characteristics that more distinctly typify one or more models. For each of the case study agencies the spread of these is shown in Figure 9.4 and discussed below.

Figure 9.4: Performance Measurement and Management Models



Work and Income

In terms of the *rationality of control*, the measurement and management of Work and Income’s core functions, and their related processes, that are associated with the outputs of paying benefits and placing people into employment, is relatively straightforward. Compliance with standard procedures and the delivery of outputs are measured and managed using objectively framed timeliness counts, quality scores and volume counts. However, procedural compliance is also measured in more subjective terms through the direct observation of how staff interact with their clients.

The broader and underlying functions described by the interviewees that relate to the outcome of social development are more complex and more difficult to measure. In this respect interviewees from Work and Income described the use of the detailed indicators contained in the annual Social Report but also explained the use of more subjectively framed information gained through conversations and feedback internally with other managers and staff and externally with stakeholders.

The interviewees also described the use of both a formal and a substantive rationality. A formal rationality is employed, for example, in measuring and managing the planned reductions of numbers of beneficiaries and to allocate funding and resources to sites on the basis of the numbers of beneficiaries registered at each site. A substantive rationality, using more subjective forms of evidence and values-based judgements, is employed in respect of the wellbeing of clients and the progress being made toward targeted outcomes.

Although the performance management model within Work and Income appears to emphasis both processes and outcomes, objective numerical indicators and value-based judgements, the overall *rationality of control*, as evidenced in the institutional carriers discussed in section 9.2 (v) above, appears to be culturally and cognitively-based. There is little evidence of any uncoupling between the national performance management model and that used by operational managers and their staff at the local level. Work and Income may, therefore, be positioned at the cultural/cognitive end of the *rationality of control* continuum.

In terms of the factors influencing the *locus of control*, Work and Income's functions have not been politically salient and, at least in respect of the agency's role in managing social development, they have been perceived as technically

complex. As a consequence external sensegiving practices have not been coordinated but are diverse as a result of Work and Income's interaction with a broad range of external stakeholders. Strong management leadership has, however, provided significant internal sensegiving. The resulting guided but rich sensemaking practices are reflected in the flexibility with which local managers interact with other agencies and community groups. For Work and Income, the *locus of control* therefore lies between the two extremes of the continuum with a slight emphasis towards the external end.

Plotted on the two continua of the competing values framework, these characteristics place Work and Income in the quadrant of the Multiple Constituency Model.

Public Prisons

While, in its *official* model of performance management, Public Prisons' outcomes, or impacts on the community, are ultimately difficult to determine, its core functions in relation to the safe secure and humane containment of prisoners are relatively easily defined and measured in terms of quantified outputs. These count performance indicators such as the number of prisoners, the number of escapes, and the number of cell searches revealing contraband items (i.e. drugs and cell 'phones). Similarly the agency's other functions associated with the rehabilitation and reintegration of offenders are defined and measured in terms that include counts of the number of prisoners attending drug treatment programmes or on release-to-work schemes.

However, at the local level, interviewees described an *in use* performance management model that is principally focused on the management of processes which are, again, measured and managed in terms of an objectively framed and numerically stated set of performance measures. Interviewees largely described a

formal rationality which focuses on the management of standard procedures, as set out in the Public Prisons Manual, and the requirements of sentence plans established for individual inmates. While, at the national level, some mention was made of a more substantive, prisoner-focused logic, the research provided little evidence of this at the local level.

For Public Prisons the overall *rationality of control* appears to be regulative in nature focusing on fixed targets and management control. At the local level interviewees provided evidence of a degree of de-coupling between the nationally *official* model and the models *in use* within individual prison environments. Little confidence was expressed in the requirements of the *formal* model encoded in the main IOMS computer system and a number of interviewees described independent systems that they have developed and run locally.

In respect of the factors influencing the *locus of control* for Public Prisons, as noted above, the functions of the agency are politically salient and, in general, not perceived as technically complex by the media and general public. It is therefore subject to significant sensegiving through the media and the pronouncements of politicians and lobby groups such as the Sensible Sentencing Trust. However, the degree to which Public Prisons directly responds to these influences is unclear. Interviewees from both within and outside the agency described a largely internally focused set of sensemaking practices that produce a unitary but somewhat narrow account of its performance. For Public Prisons the *locus of control* therefore lies toward the internal end of the continuum.

In the context of the competing values framework, as shown in Figure 9.4, these characteristics principally represent Public Prisons as adopting the Administrative Control Model.

Community Probation Service

Like Public Prisons, the Community Probation Service's *official* model of performance management places emphasis on the numerical representation of outputs such as, for example, the number of community-based sentences managed and the number of reports provided to the Courts and Parole Board. At all levels of the agency interviewees also explained how the *in use* models focus on the measurement of fixed targets in respect of standard procedures. However, at the local level this objectively framed measurement is complemented by a more substantive rationality by which probation officers employ more subjective, value-based forms of performance information to support their interactions with offenders. In the case of one local interviewee this substantive rationality included acting as "a good Samaritan" (CP local11).

Although the *Rationality of Control* employed with the Community Probation Service is principally regulative in nature, with a strong emphasis on rules and procedures, this does not appear to have integrated the nationally defined performance management model with those in use at the local level. This was evidenced by the critical comments of local interviewees in respect of the *formal* model encoded within the IOMS computer system. As is the case within Public Prisons, the view that this system is not supportive of the work of local staff has led to them locally developing alternative systems.

As noted above, also like Public Prisons, the functions of the Community Probation Service are politically salient and not perceived as technically complex by the media and general public. Unlike Public Prisons, the interviewees from the Community Probation Service described active relationships with their external stakeholders, particularly at the local level. As a result, the agency is subject to a range of external sensegiving as well as that provided by the internal leadership in its attempts to change the organisational culture and manage its response to

changes to the legislation relating to community-based sentences. The Community Probation Service therefore displays a degree of fragmentation in its sensemaking practices that leads to inconsistency in the agency's performance management practices. For the Community Probation Service the *locus of control* therefore lies more toward the external end of the continuum.

Within the competing values framework shown in Figure 9.4, these factors characterise the Community Probation Service as adopting the Rational Goal Model.

9.5 Summary

A number of themes emerged from the semi-structured interviews described in Chapters 6, 7 and 8. As explained in Chapter 4, these themes represent the characteristics of two continua, the *rationality of control* and the *locus of control*, which together create a competing values framework of four possible models. That framework represents an interpretative mechanism that captures the paradoxes inherent within performance measurement and management practices within a public service context. Understanding those practices requires a flexible approach that recognises the diversity of functions, the socially constructed nature of organisational performance, and the extent to which political saliency and external sensegiving shape internal management practices.

Chapter 10

Missing Links – Conclusions

10.1 Introduction

In the context of the worst economic shock that the world has experienced for eighty years, the New Zealand Government has announced a campaign to establish “a more focused, efficient and productive public service” (Whitehead, 2009). As the resulting emphasis of managing the performance of the public service swings away from effectiveness and outcomes back towards efficiency and outputs, the practical and underlying tensions of managing within individual agencies remain and may have been heightened. This research has explored these tensions in relation to the performance measurement and management practices in three of New Zealand’s public service agencies, namely Work and Income, Public Prisons and the Community Probation Service.

10.2 Project Overview

The research was conducted against a background of public sector reforms that, as outlined in Chapter 2 and noted above, have continued to evolve following the major changes that were introduced in the mid to late 1980s. As noted in Chapter 2 despite, or perhaps because of, these ongoing changes a number of perennial tensions (Pallot, 2001) remain.

Perhaps the most obvious of these is the tension that exists between the autonomy that is given to public service agencies to acquire inputs and decide how to provide outputs, and the desire by Ministers and the central agencies to exercise control and gain assurance that those agencies are providing ‘value for money’. The need for agencies to provide that assurance, and meet the external accountability requirements of the *official* model for managing the performance of

the public service, has not always reflected the exigencies of operational management *within* individual agencies.

As explained in Chapter 4, the logic underpinning that *official* model was drawn from institutional economics and ideas based on private sector management practices. Over the last two decades this logic has tended to emphasise the economy and efficiency of output provision while, at different times during that period, the effectiveness of those outputs has been the subject of varying degrees of attention. Similarly, the recognition of the responsibility of public service managers to maintain and develop the capacity and capability of their agencies to continue to effectively function in the future has also fluctuated. As a consequence, particularly in times of economic pressure, short term efficiency has been achieved at the cost of long term capacity. Over the same period successive Governments have been averse to acknowledging, at least explicitly, the importance of measuring and managing the public's understanding of, and confidence in, the activities of public service agencies. Nonetheless, although periodically the subject of political criticism, the number of communications specialists employed by public service agencies has grown significantly over the last two decades. Other than media liaison staff these specialists include: "web and publications staff responsible for brochures, corporate documents, staff communications and management of events" (Sunday Star Times, 2008). The concept of public capital (i.e. trust and confidence) remains a significant element of the 'dark matter', i.e. the unseen or not measured elements, of performance. However, perhaps the most significant tension is that relating to the difficulties of measuring many elements of the performance of public service agencies. As noted in Chapter 2, many of the functions remaining in the public service are there simply because of measurement problems that do not facilitate provision by the private sector, or even public sector corporations. The applicability of these

tensions to the three case study agencies is explored further in section 10.4 below.

The research was designed to ascertain the extent to which the performance measurement and management models in use in the three case study agencies are de-coupled from

- (i) the *official* performance management model primarily contained in relevant legislation, the Government's Estimates documentation and the agencies' external accountability documents (in particular their statements of intent, annual reports and output plans); and
- (ii) their *formal* performance management models encoded within the agencies' artefacts and, in particular, their computer systems.

The research also sought to identify reasons which could explain any de-coupling of the performance management models found within the case study agencies and any differences in the extent of de-coupling between the three agencies.

As explained in Chapter 5, in order to achieve the research objectives relevant legislation and accountability documents were reviewed for each of the case study agencies. Between 12 and 14 semi-structured interviews were conducted with managers and staff at different levels of the organisation and observations were made at meetings and during site visits. Note was also made of the role played by the formal models of performance measurement and management encoded within each agency's artefacts, particularly, in its computer systems.

10.3 Theoretical Approach Adopted

It was argued in Chapter 4 that while theories drawn from institutional economics have provided a normative logic for the *official* model for managing the performance of the public service, they do not help explain practices in use *within* individual agencies. To that end the research has drawn on new institutional

sociology as a means to explore the procedures and practices of organisational actors together with the meanings in respect of organisational performance that those practices reinforce or recreate. The meanings and thereby the actors' understanding of 'performance', are further explained by the ideas of sensegiving and sensemaking which are embedded in actors' past experience and current expectations.

Performance in a public service context is a complex construct that goes beyond the achievement of pre-defined objectives, however they may be conceived. Indeed, given the wide range of stakeholders in public service agencies, there is likely to exist a range of different conceptions of what represents good, or bad, performance. From the research it is evident that the identification and use of performance measures are not value neutral or merely technical processes. Rather, they are the result of a prior and ongoing process of social preconditioning as to what is important and what is not. The end result is inevitably value laden.

How performance is defined will affect how performance is measured and this, in turn, will determine the aspects of performance to which attention is paid and what performance information is generated. Thus, by means of a 'double hermeneutic' the processes of definition and measurement reinforce one another. As Weick (1996), amongst others, has observed, actors' responses to the environment are selective and governed by past experience. Such selective noticing of environmental events and conditions affects sensemaking in that, "if events are noticed, they are available for sensemaking; and if events are not noticed, they are not available for sensemaking" (Starbuck and Milliken, 1988, p.60). Actors may help shape these events and conditions that do not exist independently of the observer since, "the world is not fixed and pre-given but continually shaped by the types of actions in which we engage" (Varella et al,

1991; quoted by Weick, 1995, p.38). It is these actions that the research sought to understand.

10.4 Findings

The complexity and contrasting roles in the *official*, *formal* and *in use* performance management models highlight that, within individual agencies, performance management models are not based on absolute distinctions. Rather, they can be seen to contain a series of paradoxes by which agencies may:

- display the characteristics of both production and craft, or coping and procedural, organisations;
- focus on managing both inputs and processes and outputs and outcomes;
- represent performance in both objectively and subjectively framed terms;
- utilise an instrumental and a substantive rationality;
- contain regulative and cultural and cognitively-based institutions; and
- be subject to both internal leader and external stakeholder sensegiving.

In seeking to better understand these paradoxes, the research has shown that, even in the *official* model of performance management, performance objectives are not always clearly stated or, indeed, defined in advance. Interviewees explained how *ex ante* accountability documents, such as the statement of intent and output plan, can quickly become irrelevant in the context of changing ministerial priorities and the exigencies of operational management.

Although the *official* performance management model places significant emphasis on the use of an instrumental logic to link objectively quantified outputs with their clearly identified impacts, this is not entirely practical for functions such as Public Prisons' Reintegration Services or Work and Income's Leading Social Development. However, if outputs and outcomes are difficult to measure, this is generally not

the case with processes.⁷⁰ In all three case study agencies process measures both render operational work visible and provide a form of accountability. Nonetheless, although the *in use* models in each agency are primarily concerned with process measures, the emphasis on clients described by interviewees at all levels of Work and Income demonstrated that this does not preclude a concern for how those processes enable the agency to contribute to its outputs and outcomes.

Another consequence of the difficulty of objectively, and in quantified terms, measuring some aspects of the performance of public service agencies is the use, by managers at all levels of the case study agencies, of more subjectively framed information in the form of stories and the direct observation of activities being performed. Thus, together with instrumentally rational models that employ standardised performance measures, managers also make use of a more substantive rationality based on values, norms and prior experience. This was particularly evident at the local levels of Work and Income and the Community Probation Service where the complexities of interaction with clients and offenders are more directly pertinent. However, in the structured and more formal environment of Public Prisons managers at the local level appeared to principally employ an instrumental rationality that employs standard rules and procedures.

In Chapters 4 and 9 it was argued that the differences identified between the *official*, *formal* and *in use* performance management models within each agency may be lessened where performance and performance management are based on a consistent cultural and cognitively-based institutional framework. As was evident in Public Prisons and the Community Probation Service, the use of more regulative institutional arrangements increases the likelihood that the *official* and *formal* models of performance management will be loosely-coupled with the

⁷⁰Processes represent the functions over which managers have direct control (unlike most outputs which frequently involve a number of processes for which other managers are responsible) and have a direct link to resource consumption (Dormer, 2001).

models in use in different parts of the agencies. It was also argued that an important element of those institutional arrangements is the sensegiving practices of internal leaders and external stakeholders. As Work and Income, and to lesser extent the Community Probations Service, evidenced, it is possible for the sensegiving activities of an agency's managers to shape the cognitive frameworks of internal staff and external stakeholders. Work and Income appears to have been particularly successful in this respect by creating fora in which sensegiving is a two way process. Interviewees explained how this occurs internally in regular Wednesday briefs and 'town hall' meetings between senior managers and staff. They also described external mechanisms such as industry partnerships and cross-agency initiatives.

The complexities and paradoxes of performance management in a public service context are captured in the competing values framework shown in Figure 4.3. This suggests that understanding performance measurement and management practices in a public service context requires an approach that recognises the diversity of functions, the socially constructed nature of organisational performance, and the extent to which political saliency and sensegiving practices shape performance management practices within individual agencies. It also points to how, in a multiple constituency model, it is possible to take a broader view of organisational performance that combines the formal logic of standardised and quantified performance indicators with an interpretative understanding of complex, and at times difficult to measure, issues. This model also encompasses practices that seek to gain public confidence and support and recognises the need to work with other agencies and community groups to identify and achieve common objectives. Within an agency, the multiple constituency model is based on an institutional framework that emphasises cultural and cognitively-based controls that support a consistently applied understanding of what performance is and how it should be achieved.

10.5 Contributions, Limitations and Opportunities for Further Research

Much of the existing research and commentary on New Zealand's public sector has adopted a public policy perspective. As a result, it has focused on management of the public sector's performance as a whole, or what individual organisations do, rather than management of performance *within* the public sector, and how individual organisations do it. Nevertheless, an efficient and effective public service relies, to a significant extent, on the performance of individual managers and their teams

The research described in this thesis has been exploratory in character in that, in respect of the three case study agencies, it sought to identify and explain:

- the *official* model of performance management contained in relevant legislation, central agency instructions and guidance material, and the external accountability documents of the agencies concerned;
- the *formal* performance management models encoded within artefacts, particularly the computer systems, of each case study agency; and
- the *in use* performance management models representing the differing performance measurement and management practices of managers and staff in different organisational settings.

Together these models provide a holistic view of performance rather than the varying and incomplete schemas that are individually contained in any one of them.

In particular, the research involved a comprehensive examination of performance measurement and management practices in the selected agencies. It examined the different performance management models that apply to, and are used within, these agencies and thereby it contributes to an understanding of the complexities

of managing performance in a public sector context. It also provides an empirical basis for the development of more comprehensive and cohesive performance management frameworks than currently exist. This should assist in improving performance within individual public service agencies and, thereby, the performance of the sector as a whole. However, any such development needs to be cognisant of the fact that, despite the extent of the privatisation, corporatisation and outsourcing that has occurred in the context of New Zealand's public sector reforms, a diverse range of functions remains in the core public service.

The findings of the research have highlighted this diversity and provided an analytical framework by which the performance measurement and management practices within different organisational settings may be better understood. While the four archetypical models contained within the proposed competing values framework are descriptive rather than specifically applicable, they do provide a mechanism by which the complexities and paradoxes of the practices in use may be interpreted and understood.

However, it should be noted that the research was limited to just three agencies within New Zealand's core public service. As each agency is unique, its findings may not be applicable to other public sector agencies in New Zealand or to similar agencies in other countries with similar systems of government (such as Australia and the United Kingdom). A further limitation of the research is that, although some effort was made to explain historical factors that have affected the existing performance management models, it represents a snapshot of the three agencies at a particular point in time. Since the research was completed further changes to the *official*, *formal* and *in use* models have undoubtedly occurred. Similarly, although a number of research methods have been employed, the documents studied, the meetings attended and the individuals interviewed represent a limited

sample of these data sources within the case study agencies. As a consequence, there is a risk that the samples studied are not representative of the population from which they are drawn.

A further limitation of the research, common in other qualitative research, is that the research (and in particular the interpretation of the empirical data) is likely to have been influenced, at least to a degree, by the researcher's prior experience and preconceptions. This particularly applies to this research as the researcher has a broad practitioner experience of performance measurement in both the public and the private sectors. In order to reduce the likelihood of research bias, the research methods adopted facilitate cross-referencing of the observational data with that gathered from the semi-structured interviews, documentary evidence, and the feedback provided on the research findings by relevant groups within the agencies concerned. This has enabled the researcher to "remain sensitive to the data and input from the field" (Goulding, 2002, p.19).

Further research might, therefore, explore in more detail to what extent and why the *official*, *formal* and *in use* performance management models, and the criteria applied within them, have changed over time. An opportunity also exists to test the validity of the findings within the contexts of other public service agencies and the broader public sector. Such further research could encompass the extent to which the six performance criteria are applied by different organisations in different organisational settings and in different performance management models. The competing values framework of performance management models also warrants further testing against different organisational settings in both central and local government.

10.6 Conclusion

Managing performance in a public service environment provides some unique and important challenges. Those challenges are neither explained nor resolved by the broad application of institutional economic theories or managerial models borrowed from the private sector. Rather this research has shown that it is necessary to identify the distinct characteristics of each public service agency and the underlying social institutions that both support and re-form them.

How performance is measured and managed by public service agencies is determined by how performance is defined by the actors involved (i.e. agency staff, managers and key stakeholders). How performance is defined is determined by the prior experience and expectations of the actors involved and the sensegiving activities of internal management and external stakeholders. Those actors use both objectively and subjectively framed information and apply that information through an instrumental and a substantive rationality. However, the *official* model by which the performance of public service agencies is managed is more narrowly focused, principally on the economy and efficiency of output delivery. It takes little account of the use of subjectively framed information and substantive rationality. The regulative application of the *official* and *formal* performance management models therefore supports the loose-coupling (if not the decoupling) of the performance management frameworks used for internal decision making from that used for purposes of external accountability.

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APPENDIX I

State sector agencies, as at 1 December 2008

(Listed by legal title)

PUBLIC SERVICE DEPARTMENTS (35)

- Ministry of Agriculture and Forestry
- Archives New Zealand (Te Rua Mahara o te Kawanatanga)
- Department of Building and Housing
- Department of Conservation
- Department of Corrections
- Crown Law Office
- Ministry for Culture and Heritage
- Ministry of Defence
- Ministry of Economic Development
- Ministry of Education
- Education Review Office
- Ministry for the Environment
- Ministry of Fisheries
- Ministry of Foreign Affairs and Trade
- Government Communications Security Bureau
- Ministry of Health
- Inland Revenue Department
- Department of Internal Affairs
- Ministry of Justice
- Department of Labour
- Land Information New Zealand
- Ministry of Māori Development
- National Library of New Zealand Te Puna Mātauranga o Aotearoa
- New Zealand Customs Service
- New Zealand Food Safety Authority
- Ministry of Pacific Island Affairs
- Department of the Prime Minister and Cabinet
- Ministry of Research, Science, and Technology
- Serious Fraud Office
- Ministry of Social Development
- State Services Commission
- Statistics New Zealand
- Ministry of Transport
- The Treasury
- Ministry of Women's Affairs

NON-PUBLIC SERVICE DEPARTMENTS (6)

- Office of the Clerk of the House of Representatives
- New Zealand Defence Force
- New Zealand Police
- New Zealand Security Intelligence Service
- Parliamentary Counsel Office
- Parliamentary Service

CROWN ENTITIES

Statutory Entities

Crown Agents (27)

- Accident Compensation Corporation
- Career Services
- Civil Aviation Authority of New Zealand
- Crown Health Financing Agency
- District Health Boards (21)
- Earthquake Commission
- Electricity Commission
- Energy Efficiency and Conservation Authority
- Foundation for Research, Science, and Technology
- Health Research Council of New Zealand
- Health Sponsorship Council
- Housing New Zealand Corporation
- Legal Services Agency
- Maritime New Zealand
- New Zealand Antarctic Institute
- New Zealand Blood Service
- New Zealand Fire Service Commission
- New Zealand Qualifications Authority
- New Zealand Tourism Board
- New Zealand Trade and Enterprise
- New Zealand Transport Agency
- New Zealand Walking Access Commission
- Pharmaceutical Management Agency
- Real Estate Agents Authority
- Social Workers Registration Board
- Sport and Recreation New Zealand
- Tertiary Education Commission

Autonomous Crown Entities (ACEs) (22)

- Alcohol Advisory Council of New Zealand
- Arts Council of New Zealand Toi Aotearoa
- Broadcasting Commission
- Charities Commission
- Environmental Risk Management Authority
- Families Commission
- Government Superannuation Fund Authority
- Guardians of New Zealand Superannuation
- Mental Health Commission
- Museum of New Zealand Te Papa Tongarewa Board
- New Zealand Artificial Limb Board
- New Zealand Film Commission
- New Zealand Historic Places Trust (Pouhere Taonga)
- New Zealand Lotteries Commission
- New Zealand Symphony Orchestra

- New Zealand Teachers Council
- Public Trust
- Retirement Commissioner
- Standards Council
- Te Reo Whakapuaki Iirangi (Māori Broadcasting Funding Agency)
- Te Taura Whiri i Te Reo Māori (Māori Language Commission)
- Testing Laboratory Registration Council

Independent Crown Entities (ICEs) (15)

- Accounting Standards Review Board
- Broadcasting Standards Authority
- Children's Commissioner
- Commerce Commission
- Drug Free Sport New Zealand
- Electoral Commission
- Health and Disability Commissioner
- Human Rights Commission
- Independent Police Conduct Authority
- Law Commission
- Office of Film and Literature Classification
- Privacy Commissioner
- Securities Commission
- Takeovers Panel
- Transport Accident Investigation Commission

Crown entity companies (12)

Crown Research Institutes (CRIs)

- AgResearch Limited
- Industrial Research Limited
- Institute of Environmental Science and Research Limited
- Institute of Geological and Nuclear Sciences Limited
- Landcare Research New Zealand Limited
- National Institute of Water and Atmospheric Research Limited
- New Zealand Forest Research Institute Limited
- New Zealand Institute for Plant and Food Research Limited, The

Other companies

- New Zealand Fast Forward Fund Limited
- New Zealand Venture Investment Fund Limited
- Radio New Zealand Limited
- Television New Zealand Limited

Crown entity subsidiaries

School Boards of Trustees

Tertiary Education Institutions

- Polytechnics/Institutes of Technology
- Universities
- Wananga

PUBLIC FINANCE ACT SCHEDULE 4 ORGANISATIONS

- Agricultural and Marketing Research and Development Trust
- Asia New Zealand Foundation
- Fish and Game Councils (12)
- Leadership Development Centre Trust
- National Pacific Radio Trust
- New Zealand Fast Forward Limited
- New Zealand Fish and Game Council
- New Zealand Game Bird Habitat Trust Board
- New Zealand Government Property Corporation
- New Zealand Lottery Grants Board
- Ngai Tahu Ancillary Claims Trust
- Pacific Co-operation Foundation
- Pacific Island Business Development Trust
- Research and Education Advanced Network New Zealand Limited
- Reserve Boards (24)
- Road Safety Trust
- Sentencing Council

RESERVE BANK OF NEW ZEALAND

OFFICES OF PARLIAMENT

- Office of the Controller and Auditor-General
- Office of the Ombudsmen
- Office of the Parliamentary Commissioner for the Environment

STATE-OWNED ENTERPRISES (17)

- Airways Corporation of New Zealand Limited
- Animal Control Products Limited
- AsureQuality Limited
- Electricity Corporation of New Zealand Limited
- Genesis Power Limited
- Kordia Group Limited
- Landcorp Farming Limited
- Learning Media Limited
- Meridian Energy Limited
- Meteorological Service of New Zealand Limited
- Mighty River Power Limited
- New Zealand Post Limited
- New Zealand Railways Corporation
- Quotable Value Limited
- Solid Energy New Zealand Limited
- Timberlands West Coast Limited
- Transpower New Zealand Limited

■ Non-State Services, but wider State sector



MISSING LINKS

A RESEARCH PROJECT INTO PERFORMANCE MEASUREMENT AND MANAGEMENT IN PUBLIC SERVICE AGENCIES

Researcher:

Rodney Dormer, School of Accounting and Commercial Law, Victoria University of Wellington.

“Missing Links” is a research project, culminating in a doctoral thesis, which will provide empirically based information on how information is used to shape and direct organisational performance in the context of New Zealand’s public service, both at the level of the total organisation and at the level of the various functional and operational units within each organisation.

It is something of a cliché to suggest that “what gets measured gets managed”. This research will explore the question: “is what gets managed, what gets measured?” An efficient and effective public service is in no small part reliant on the actions of individual managers and their teams. The research will provide an empirical analysis of the focus of those actions in two agencies studied. It will also suggest how that focus might be integrated and better aligned with broader organisational and stakeholder objectives. Understanding and aligning the factors that affect the formation of the frameworks within which organisational performance is understood and measured, will support better coordination (efficient) and focused (effective) use of the limited resources available to public sector organisations.

The research is being undertaken in Work and Income and the Department of Corrections and in each organisation it will involve document studies, observation of meetings, and taped interviews with a number of staff. The thesis will eventually be deposited in the University Library. It is also intended that one or more articles will be submitted for publication in scholarly journals.

Material provided during the interviews and collected during the observation of meetings will not be attributed to individuals in the outputs of the research. However, comments may be attributed to the role of an interviewee along with those of other interviewees in similar roles.

All material gathered during this research will be kept confidential. No other person other than the researcher and the supervisors, Professors Brenda Porter of Victoria University of Wellington and Trevor Hopper of Manchester University, will see the transcripts of the interviews.

If you have any questions or would like to receive further information about the project please feel free to contact the researcher, Rodney Dormer, at rodney.dormer@xtra.co.nz, phone 021 450 482; or you may contact his supervisor, Professor Brenda Porter, at brenda.porter@vuw.ac.nz, or at Victoria University of Wellington, P O Box 600, Wellington.

Appendix III – Consent Form



CONSENT TO PARTICIPATE IN RESEARCH

MISSING LINKS

**A RESEARCH PROJECT INTO PERFORMANCE MEASUREMENT AND
MANAGEMENT IN PUBLIC SERVICE AGENCIES**

I have been given and have understood an explanation of this research project. I have had an opportunity to ask questions and have them answered to my satisfaction.

I understand that my interview will be recorded and that I will be given the opportunity to review the transcripts of the interview. I also understand that I may withdraw any information that I have provided from this project within one month of the date below.

I understand that the information that I provide will be kept confidential the researcher, the academic supervisor, and the person who transcribes the recording of my interview.

I also understand that any outputs from this research will not use my name but may be attributed to the role that I fulfil along with those of other interviewees in similar roles.

I wish to receive a summary of the research when completed

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

I agree to take part in this research.

Signed:	Date:
Name: Please print clearly	

MISSING LINKS – INTERVIEW QUESTIONS?

The following questions are a broad outline of the topics I discussed rather than a specific list of questions.

Organisational Context

1. Can you briefly describe what "*the agency*" does?
2. What do you and your team do?

Performance

3. When we talk about the performance of "*the agency*" what aspects first come to mind?
4. In terms of the performance of your team, what are the aspects that first come to mind?
 - a. what are your objectives?
 - b. what are the key factors affecting their objectives?
 - c. how do you plan for them?
 - d. how do you monitor them?
5. Have there been any significant changes to the way that performance is thought of in "*the agency*"?
6. To do your job, what formal systems and/or computer applications do you use?
7. What do you use them for? / How do you use them?

Performance Measures

8. What performance measures or indicators are you required to report on?
9. (How) does that information help you plan and manage the performance of your team?
10. Do you use other performance measures or indicators?
11. Is performance information discussed much within "*the agency*"?
12. Who makes use of the performance information within "*the agency*"?
13. Can you give me an example of their use?
14. Who makes use of performance information outside of "*the agency*"?
15. Can you give me an example of their use?

Appendix V - Interviewees

A schedule of the interviews conducted with each agency is as follows:

WORK AND INCOME

Service Centre Manager
Service Centre Manager
Service Centre Manager
Service Centre Manager
Regional Commissioner
Regional Commissioner
Chief Financial Officer
Manager Planning & Performance
Deputy Chief Executive Work & Income
Case Manager
Work Broker

CORRECTIONS - PUBLIC PRISONS

Unit Manager
Unit Manager
Unit Manager
Unit Manager
Unit Manager
Prison Manager
Prison Manager
Regional Manager
Principal Corrections Officer
Principal Corrections Officer
Principal Corrections Officer
Planner HO
General Manager

CORRECTIONS - PROBATIONS

General Manager
Manger Finance & Analysis
Manger Planning & Development
Regional Manager
Regional Manager
Area Manager
Area Manager
Service Manager
Senior Probation Officer
Probation Officer
Senior Community Work Supervisor
Senior Community Work Supervisor
Manager Psychological Services

Note: In order to ensure confidentiality of the interviewees the codes for each person are not shown.