INTRODUCTION

Performance measurement is only one way of managing performance

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Abstract

Purpose – Aims to introduce to a symposium, a set of linked papers, which illustrate the reality that, when it comes to boosting productivity, performance management is a broader and more meaningful concept than simple performance measurement.

Design/methodology/approach – The paper provides a brief review of the issues involved in using performance measurement in general and balanced scorecard (BS) in particular.

Findings – Performance management can take many forms from dealing with issues internal to the organization to catering to stakeholders or handling issues in its environment. Performance management involves the use of both quantitative and qualitative techniques and paying due attention to the human (behavioral) side of the enterprise.

Originality/value – The article identifies performance measurement as a possible sub-system of performance management. The article suggests that resorting to performance management is in fact a return to the basic concept of management, which assumes that there is a need to do something in order to assure that the use of resources results in the attainment of desired goals.

Keywords Performance measures, Performance management, Balanced scorecard

Paper type General review

Jones and Kettle (2003) observe that over the past three decades, criticisms about government performance have surfaced across the world from all points of the political spectrum. They note that critics proclaim governments to be inefficient, ineffective, too large, too costly, overly bureaucratic, overburdened by unnecessary rules, unresponsive to public wants and needs, secretive, undemocratic, invasive into the private rights of citizens, self-serving, and failing in the provision of either the quantity or quality of services deserved by the taxpaying public. In short, as a rule government performance fails to meet expectations. This "failure" has a price. The nature of the cost we all pay for government failures is not necessarily of the same kind or of the same magnitude. Given who the involved parties are in each case, e.g. elected and appointed officials, career civil servants, professionals within and outside government, service recipients and other beneficiaries of government service, those providing government with service and all tax payers, the costs may involve tangibles like money or intangibles like public trust, civic support or political opposition at the group level and frustration and stress at the individual level. The better-educated polity these days respond to perceived failures or questionable government operations by demands for greater accountability and transparency. In most cases these demands are being operationalized as popular requests for performance measurement and reporting. A

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case in point is the various citizens' charter initiatives that swept western Europe toward the end of the twentieth century (Bouckaert, 1995).

Fiscal stress that plagued many governments contributed to the growing call for better public performance, i.e. for less costly or less expansive government, for improved efficiency, and for increased responsiveness. As noted by Jones and Kettle (2003) high profile members of the business community, financial institutions, the media, management consultants, academic scholars and the general public all have pressured politicians and public managers to reform. So too have many supranational organizations, including OECD, the World Bank, and the European Commission. Accompanying the demand and many of the recommendations for change has been support for the application of market-based logic and private sector management methods to government. According to the Gartner Group, in 2003 private companies spent over $1.5 billion on performance tracking tools (Edwards and Thomas, 2005). The alleged success of market-driven solutions and business techniques such as customer satisfaction surveys, balance scorecards (BS), focus groups or certification of compliance with standards issued by organizations like the International Standards Organization (ISO) added momentum to the traditional pressure on the public sector to be more like business. This pressure was augmented within government by the growing ranks of public sector managers and analysts educated in business schools and public management programs (Jones and Kettle, 2003).

However, can measuring output, short-term-outcomes or any other indicators bring about, all by themselves, an improvement in performance? In my earlier writings (Halachmi, 2002a) I had the inclination to assume so, but now I am not so sure. Elaborating on the logic of the arguments that have been advanced by Osborne and Gaebler (1992) I offered (Halachmi, 2002a) an expanded list of reasons in support of introducing performance measurement as a promising way to improve performance:

- if you cannot measure it you do not understand it;
- if you cannot understand it you cannot control it;
- if you cannot control it you cannot improve it;
- if they know you intend to measure it, they will get it done;
- if you do not measure results, you cannot tell success from failure;
- if you cannot see success, you cannot reward it;
- if you cannot reward success, you are probably rewarding failure;
- if you will not recognize success you may not be able to sustain it;
- if you cannot see success/failure, you cannot learn from it;
- if you cannot recognize failure, you will repeat old mistakes and keep wasting resources;
- if you cannot relate results to consumed resources you do not know what is the real cost;
- if you do not know the actual cost you cannot tell whether or not you should do it or outsource it;
- if you cannot tell the full/real cost you cannot get the best value for money when contracting out;

- if you cannot demonstrate results, you may undermine your ability to communicate with important stakeholders to mobilized necessary support because you provide value for money;
- if you cannot document that the business process, material or people you use are the most suitable for achieving the sought after results your performance will be questioned;
- if you cannot show that in comparison to the past or to another provider you are at par or doing even better there may be questions about your accountability; and
- if you do not have the data about who is happy/unhappy with your performance and why, you may change when you should not or, even worse, stay a course that on its face seems to be right but in fact is wrong.

Examining this possible list of arguments in support of performance measurement suggests that doing performance measurement right may be an impossible task. Commenting on that prospect McNamara (n.d.) asserts that:

> Typical concerns expressed about performance management are that it seems extraordinarily difficult and often unreliable to measure phenomena as complex as performance. People point out that today's organizations are rapidly changing, thus results and measures quickly become obsolete. They add that translating human desires and interactions to measurements is impersonal and even heavy handed.

King *et al.* (2002) assert that trying to measure how well a state's government is managed is maddeningly difficult. They go on to add that:

> There is growing concern among scholars that states may be adapting their behaviors to pass sometimes-arbitrary performance measures rather than improving public management *per se* (King *et al.*, 2002).

In a related fashion I have attempted to point out in earlier writings (Halachmi, 2002b, c) that the promise of performance measurement must be considered along with its possible dysfunctions. In particular I have tried to highlight the possibility that the sure cost of introducing and using performance measurement may exceed the potential benefits that may not even materialize. Unfortunately my critical review of GPRA (Halachmi, 1996) proved to be true suggesting that mandating performance measurement is not a sure way to improve performance.

After so many years of experimenting with various schemes of performance measurements in the UK (Carter *et al.*, 1995; Bovaird and Löffler, 2001) and in the US (Bennett and Hill, 2002) show convincing evidence that there is one preferred approach or a promising new paradigm for improving performance through measurement seems to be eluding us. A case in point is the American effort under the Government Performance and Results Act (GPRA) of 1993. This effort went through a number of transformations because, costly as it is, the expected improvements in performance never materialized. As pointed out by Bennett and Hill (2002):

> Despite seven years on the books, the 1993 Government Performance and Results Act (GPRA) is not used widely among Capitol Hill decision-makers.

In a related observation McNab and Melese (2001, p. 1) suggest that GPRA:

> Is the latest in a series of attempts to introduce performance budgeting at the federal level in the United States; attempts that largely failed due to administrative complexities, lack of investment in managerial, accounting, and information systems, and the absence of institutional incentives to promote gains in economic efficiency.

At the present a modified GPRA known as program assessment rating tool (PART) (Fredrickson, 2005; Olsen and Levy, 2004) along with corresponding changes in the budgeting process, i.e. the shift to performance budgeting, is being marketed as the *panacea-de-jour* for addressing issues of government accountability and productivity (Fredrickson, 2005).

According to several writers the mere notion of performance measurement is not without a problem. For example, according to King *et al.* (2002) many states are developing performance management systems. However, these new systems are oddly decoupled from policy shops specializing in program evaluation techniques. This is consistent with earlier observation by Blalock (1999) who pointed out that:

> The burgeoning performance management movement, with its emphasis on social program "results" measured typically by a limited set of quantitative indicators, has developed a life of its own largely apart from the evaluation research movement.

In doing so Blalock reminded us of all the arguments and rationale that have been advanced since the late 1960s in the US about the merits program and policy evaluation. What she does not offer is an explanation why performance measurement may have a better chance to influence performance than the earlier efforts to evaluate. Reflecting on the differences in the professional history, interests and training underlying the two movements, Blalock (1999) suggest that:

> The relationship between these disparate approaches to establishing public accountability has lacked coordination and defied integration.

Another example of concerns about the implied virtues of performance measurement is offered by Cullen (1999). Reflecting on the issue of performance measurement in the case of libraries Cullen (1999, p. 9) offers the following observations:

> After some decades of endeavor in this field we have reached the point where every library manager is now confronted with the need to select and implement performance measures that will make their organization more accountable and effective, and responsive to client's needs. But the knowledge built up over these decades has not necessarily made the task any easier, because over that period of time the number of different frameworks for evaluation has proliferated. The selection of appropriate measures has become a confusing task; it is not driven by any conviction that the application of measures will have any impact on actual performance. It seems that none of us can answer the question "does performance measurement improve organizational effectiveness?" positively and confidently ... Responses have ranged from the semantic to the practical, the theoretical and the dogmatic. But in recent years they have focused mainly on the practical. Recent articles describe and explore new ways of evaluating services, new services to be evaluated and new issues to be considered. Terms like TQM, ISO9000, Servqual and gap reduction are thrown around. What do they all mean? How do they relate to each other? Few writers have questioned the fundamental value and relevance of the process of measurement itself, or attempted to reconcile the various approaches.

The purpose of this article and of this symposium is to challenge the notion that simple performance tracking by itself is capable of improving performance. The claim of this paper is that in order to advance performance there is a need to manage performance rather than simply measure any given aspect of it across the board. Management of performance can mean in some cases measurement of effectiveness and efficiency, in others it may mean management of important stakeholders or the organizational relations with them. In other cases, management of organizational culture and motivation may be the key to improve performance.

As pointed out by Hatry (1999) performance measurement is a recurring activity. For performance measurement to be meaningful you have to benchmark and make comparisons to it over time. However, performance management means that attention should be shifting from one dimension of a program to another as circumstances are changing within or outside the organization. Such shifts cannot be allowed when it comes to measurements. This issue of shifting attention would not have been a problem if all organizations could have measured just everything. However, due to cost considerations, time, and legal constraints organizations can measure only so many things. It is easy to see how and why organizations may experience the dysfunctions of performance measurement (Halachmi, 2002b, c) instead of reaping its benefits. It is for this reason that this paper attempts to make the case for a shift from performance measurement to performance management. Performance measurement, this paper suggests, can be seen as a sub-system of the performance management effort and it is not always the most critical sub-system.

The paper offers some possible reflections on the current thinking and writings about balanced scorecard as an effort to overcome some common weaknesses of performance measurement. It goes on to explore some of the meaning and implications of performance management for managers and organizations. The paper concludes with brief remarks about the articles that make up the scope of this symposium.

Can the use of a measurement approach like balanced scorecard bring a relief?

Performance management in the private sector has been a common practice for a long time. Because it was generated mainly for purposes of financial control and reporting within and outside a company it used to have an excessive financial focus, with only tenuous links to strategic plans and to operations. Indeed, since the early 1970s the focus in the US has been on short-term profitability and financially oriented performance management. However, in the globalized and turbulent environment since the late 1980s the lack of long-term strategic initiatives has rendered a large number of US companies less competitive. An aggravating factor has been that financially oriented performance management is not designed to provide comprehensive, multi-faceted information on changes in areas of strategic importance. Nilsson and Kalid (2002) suggest that in reaction to this "relevance debate," a number of more or less new models of performance management were presented. Some of these models attracted considerable attention from scholars and practitioners with the leading one being the balanced scorecard (Kaplan and Norton, 1992).

Responding to the need for an integrated management system capable of incorporating both traditional quantitative and more abstract qualitative performance measures, Kaplan and Norton (1992) developed the concept of the balanced scorecard. To be exact, we are reminded by Bontis *et al.* (1999) that Kaplan and Norton may have unknowingly recycled or re-invented a similar suggestion which emerged in France in the 1950s and 1960s, and coalesced into a tool called *Tableau de Bord*. Since the literature on the *Tableau* was never translated to English it had little echo across the ocean. The balanced scorecard is a composite measure of four dimensions or aspects of a company's performance: financial, customer, internal business process, and learning and growth performance. At any point in time these dimensions or aspects characterize the current status and future potential of any given organization. With proper modification balanced scorecard can be applied to not-for-profit and government agencies as well (Halachmi and Bovaird, 1998; Kaplan, 2001).

Through the years, the balanced scorecard has evolved from the original performance measurement tool (Kaplan and Norton, 1992), to become a possible instrument for implementing strategies (Kaplan and Norton, 1996) and a framework for determining the alignment of an organization's human, information and organization capital with its strategy (Kaplan and Norton, 2004). This shift has prompted companies to view the balanced scorecard as a strategic communication and management system, thus placing significant weight on several implementation issues that have not previously been documented in the literature. In terms of its alleged strength Papalexandris *et al.* (2005) remind us that the composite measure that uses the perspectives that are suggested by Kaplan and Norton (1992) is expected to foster a desired balance in the following respects:

- short- and long-term objectives;
- between preferred (lag performance measures) and the performance drivers of these outcomes (lead performance measures); and
- between quantitative-objective measures and qualitative-subjective measures.

However, the concept of balanced scorecard has its share of critiques. Norreklit (2000) raises questions about the chain of causes and results among elements of the scorecard. According to Papalexandris *et al.* (2005) Kaplan and Norton provide significant insight into the application potential of the balanced scorecard for private and public sector companies and give numerous design and implementation examples from a range of industries. However, Papalexandris *et al.* (2005) point out that in the balanced scorecard little attention is paid to different critical supporting factors such as change management, project management, IT infrastructure development, quality assurance and risk management that, from our experience, are critical for the successful implementation of a balanced scorecard. This observation is consistent with two critical comments of Bontis *et al.* (1999, p. 397), namely:

> The balanced scorecard is relatively rigid. This rigidity appears in many aspects of the balanced scorecard. First, the perspectives drive the identification of key success factors (KSF). This is limiting, because some KSFs (indeed, probably most of them) will be cross-perspective, impacting simultaneously more than one dimension of the intangible resources of the company. Of course, this is not a big problem, if managers can identify all KSFs regardless. The danger, however is that their attention will be concentrated only on the perspectives, and they will miss some important KSFs just because they do not fall neatly into any of the categories. Also, the perspectives themselves can be fairly limiting. Kaplan and Norton mention that the four perspectives should not be a straitjacket, and companies should expand the number as they see fit, but then treat them like a comprehensive classification of all possible measures, which contradicts their earlier statement. Also, considerations on the external environment are limited to customers. Companies interact and

leverage the relationship with other actors, like suppliers, alliance partners, local community unions and final consumers.

> The balanced scorecard has its consideration of employees almost as an afterthought. Personnel is lumped together with IT systems into the learning and growth perspective. Not only that, innovation (the result of human learning and action) is actually part of the internal business process focus. It feels almost as if innovation is considered a routine, something the organization can do without the people, or at least independently of them. As a consequence, the specific challenge of managing people and their knowledge is underestimated by the balanced scorecard. More than that, knowledge is reified, i.e. it is treated like a physical thing: this misconception might reinforce the mistake many companies make, to believe that the creation of an IT system is enough to automatically manage knowledge.

Papalexandris *et al.* (2005) note still another weakness with balanced scorecard, namely that the methodological approaches in the numerous case studies of balanced scorecard implementation projects vary significantly in the sequence, content and number of implementation steps and phases, and are applicable to particular companies and market segments rather than attempting to provide generalized knowledge. In other words, balanced scorecard is a concept but not an algorithm for overcoming the weakness of the various performance measurement schemes. If understanding balanced scorecard involves a study of successful case studies and developing some tacit feeling as to what would work in each case there may be a need for an alternative approach. If the success of balanced scorecard is *ad hoc* can there be a meta principle that can guide us better?

Performance management as a meta principle

To illustrate what it means to migrate from performance measurement to performance management let me share a personal experience. One day I was under the weather and stayed in bed. My son who was about two years old at the time showed up unexpectedly by my side with the discarded stethoscope he got from his godfather doctor. He asked to listen to my heartbeat and informed me that because he did it, in a few minutes I was going to feel better. At his young age my son was allowed to confuse the listening to the heartbeat with a cure. Though the literature is full of examples where medical rituals (and the use of placebo) did result in a real cure, mine was not one of those cases. I got a kick out of this experience. The next time I saw the doctor I thanked him for not leaving my son with any of the other tools used in his practice for diagnosing patients.

The basic premise of the concept of performance management is simple: great performance, whether on the stage or by an agency, whether by an individual or by a team is very unlikely to happen on its own. In fact many definitions of the term management include references to the attempts to bring the use of resources to result in the achievement of goals (Donnelly *et al.*, 1995). A typical definition in many textbooks may read like the following:

> Management is the process of making an organization perform well through defining organizational goals and making decisions about the efficient and effective use of organizational resources (Anderson, 1988, p. 8).

Thus, it is not surprising that Anderson (1988, p. 8) goes on to conclude "management is the process aimed at achieving high performance" implying that when performance is lackluster it is the management's responsibility. Anderson, like authors of many other textbooks on management allude in their proposed definitions to deliberate efforts of planning, organizing, staffing, coordinating and budgeting to assure the attainment of desired results. Performance management is thus a simple return to the basic notion of management with some significant elaborations on and amplifications of the need to address the human side of the enterprise while being cognizant of what is going on. In other words, performance management is about assuring a greater likelihood for reaching desired outcomes by addressing issues that have to do with the business process that is expected to generate the sought after results, the organizational and environmental contexts in which these process and outcomes take place and, the involved behaviors of various stakeholders.

To understand the need to provide managers and organizations with the capacity to manage is to admit two basic realities: first, that in the current approaches to the management of state affairs the overemphasis on control seriously reduces the capacity for action. Second, it is an acknowledgement of the pathology that results when "control", expressed sometimes by the use of terminology that has to do with accountability and transparency, has a life of its own. What used to be a possible mean to an important end is now an end by itself. The unchallenged presumption is that having more controls in place is likely to bring about better performance. Those believing in this are also likely to endorse the notion that to be respectable and trustworthy as a senior manager or as an organization, you must collect data. And, the more and better that data at your disposal would make you accountable, respectable or trustworthy. This state of mind or set of assumptions was labeled by McGregor (1960) as "Theory-X". As noted by Koen and Verhoest (2004):

> According to NPM, public managers cannot be trusted to perform in an optimal way unless they are forced to . . .

This, of course, is in line with earlier accusations of Niskanen (1971) about "the budget maximizing bureaucrat." The same basic distrust of government is also expressed by some questions that result from the attempt to study government by using a principal-agent approach (i.e. when government employees and their agencies are seen as the agents whose interest, by definition, is different from that of the principal, namely the public) (Boorsma and Halachmi, 1998). As noted by Williams (2003) and in the Holzer-Kolby article in this symposium the pressures for performance measurement in the "progressive" area were meant to stop corruption by introducing new controls on the discretion of managers making them more accountable. However, the opportunity cost of these controls was never calculated and the resulting lost capacity to perform was never estimated. Further, one must question some of the logic behind these Theory-X like assumptions and ask why what is generally accepted as the wrong way to manage the individual employee is likely to work in the case of the collective – work teams or even whole organizations? What, must one ask, is the reason why such bodies would behave differently than individuals as they respond to imposed controls?

While it is true that without data it can be hard to improve performance (Edwards and Thomas, 2005) but the collection of data or their mere availability do not guarantee improvement. According to Smith (2002) the Labour government's latest reform of the British National Health Service (NHS) put performance management as front and center, as a way to retain some elements of the private market while placing more emphasis on the outcome and accountability of the system by consciously managing it. Smith (2002) notes that:

> Although the definition of the term performance management can be vague, the British have adopted a multi-prong strategy for improving the performance of the NHS based on empirical evidence, concrete goals, and quantifiable results.

Yet, he observes that:

> To date, the efforts have been somewhat hampered by the lack of coordination among various directives, professional organizations, and others with a stake in the process (Smith, 2002).

This suggests that performance management is not free from the problems that face managers who want to use evaluation or performance measurement as tools for improving performance. Reports from the US are similar in nature. Thus, for example, Bennett and Hill (2002) observe that the "evidence of the interest in performance management practices is ample". Yet, they note "despite their popularity, however, performance management systems have not been as successful as initially projected". They go on to offer the following insight:

> Regardless of this relatively lackluster showing, governments wishing to be perceived as operating in a "business-like" manner seem to believe that they must have at least the basic organizational infrastructure of a performance management system in place. This can take the form of data collection and reporting requirements, training, and supporting documentation for strategic plans, performance measures, program evaluations, and/or performance budgeting processes. The positive perception this can create often has less to do with actual performance results than with the mere presence of performance data and basic performance management structures and processes. This type of "ceremonial activity," as Meyer and Rowan describe it, "has ritual significance: it maintains appearances and validates an organization" (Meyer and Rowan, 1991, p. 55).

Yet, on its face performance management has much to offer in particular when it comes to the human side of the enterprise. As this writer sees it performance management, which resembles more a Theory-Y like approach (McGregor, 1960) and where outside control is replaced by greater managerial flexibility may hold the key to success. Such an approach, for example, can be found by the following set of assertions as offered by Carter McNamara (n.d.), performance management:

- Helps you think about what results you really want. You're forced to be accountable, to "put a stake in the ground".
- Depersonalizes issues. Supervisor's focus is on behaviors and results, rather than personalities.
- Validates expectations. In today's age of high expectations when organizations are striving to transform themselves and society, having measurable results can verify whether grand visions are realistic or not.
- Helps ensure equitable treatment of employees because appraisals are based on results.
- Optimizes operations in the organization because goals and results are more closely aligned.
- Cultivates a change in perspective from activities to results.

- Performance reviews are focused on contributions to the organizational goals, e.g. forms include the question "what organizational goals were contributed to and how?"
- Supports ongoing communication, feedback and dialogue about organizational goals. Also supports communication between employee and supervisor.
- Performance is seen as an ongoing process, rather than a one-time, snapshot event.
- Provokes focus on the needs of customers, whether internal or external.
- Cultivates a systems perspective, that is, focuses on the relationships and exchanges between subsystems, e.g. departments, processes, teams and employees. Accordingly, personnel focus on patterns and themes in the organization, rather than specific events.
- Continuing focus and analysis on results helps to correct several myths, e.g. "learning means results", "job satisfaction produces productivity", etc.
- Produces specificity in commitments and resources.
- Provides specificity for comparisons, direction and planning.
- Redirects attention from bottom-up approaches (e.g. doing job descriptions, performance reviews, etc. first and then "rolling up" results to the top of the organization) to top-down approaches (e.g. ensuring all subsystem goals and results are aligned first with the organization's overall goals and results).

McNamara appears to approach the subject of performance management from a behavioral point of view. His claims seem to be consistent with Lawler's (2003, p. 396) assertion that:

> Virtually every organization has a performance management system that is expected to accomplish a number of important objectives with respect to human capital management.

Thus, one must ask whether an important reason performance tracking, as we know it so far, is so susceptible to various pathologies is the result of an inadequate attention to what was called by McGregor (1960) "the human side of the enterprise"? Should behavioral issues be a primary consideration in the design, implementation and use of performance measurements if we want it to work? Lawler (2003) asserts that the objectives of performance management often include motivating performance, helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies. Thus, Lawler (2003, p. 396) concludes that:

> There is little doubt that a performance management system which can accomplish these objectives can make a very positive contribution to organizational effectiveness, but there is less clarity about what practices make a performance management system effective.

As would be discussed below, the last two articles in this symposium seem to suggest that an effective performance management system must involve an effort to manage organizational culture. Such an effort calls for constant monitoring of that "culture" for any changes or shifts as well as the pattern of interactions not only among members of the organization but between them and elements outside the organization.

In the first article that opens this symposium Holzer and Kloby attempt to do several things. First they offer a brief review of the history and thinking about performance measurement in the US. Their paper makes it clear that performance measurement was always part of the movement to reform the public sector. This movement existed outside the "administration" and performance measurement was one of the main tools for inducing not only better productivity but also openness and accountability. However, Holzer and Kloby make it clear that organizational performance requires prudent management of the interface between the organization and important elements from its environment in general and citizens as taxpayers, "owners" and "customers" in particular. When done in the right way citizens' involvement can become a promising strategy for managing performance by mobilizing support, new ideas and critical feedback that facilitate the timely fine-tuning of operations. Reviewing the actual experiences from several successful cases Holzer and Kloby demonstrate how citizen involvement in performance measurement is not only feasible but highly beneficial to the involved parties.

In the second article Mol and Beeres illustrate how performance can be managed in a better way by measuring internal business processes in order to optimize them. Mol and Beers are cognizant of the intra-departmental dynamics within the Dutch Department of Defense (DDOD) and its possible influence on the efforts to calculate the transfer cost of services. Indeed, DDOD is not the place where simple rationality can assure smooth transition even though one might expect it because of its top-down-military-like hierarchy. The authors start by providing a short history of performance management ideas in the DDOD. They discuss the intended service level agreement/transfer pricing system in The Netherlands Defence organization. They argue that transfer pricing reinforces the need to improve performance management in the operational units of defense. The authors argue that responsibility for results should be based upon opportunity costs implied in decision-making with respect to the use of resources, whenever these costs themselves can be revealed. They go on to describe a possible framework for such a decision revelation as a base for management contracting between central management and lower level organization units. Finally, the paper concludes with an illustration of the framework using recent developments in The Netherlands Defense organization units for officer education and training.

Greiling, the author of the third paper in this symposium starts by reminding us that as one of the central planks of the "reinventing government" movement, managing and measuring performance has been one of the key drivers in the reform of the public sector in recent years. As she examines the state-of-the-art of performance measurement in the German public sector she suggests that maybe the full potential of performance measurement is not realized. The front runners of performance measurement in Germany are local governments. Voluntary inter-administrative comparison circles are the most frequently used instruments, followed, to a much lesser extent, by quality-management initiatives and performance-indicator-based contracting. The experience with and the acceptance of comparison circles so far have been mixed. Greiling asserts that further research is needed into the transaction and opportunity costs of performance measurement and into the conditions under which the performance measurement can support an organizational learning process. With respect to the use of performance measurement as a strategic management system, Greiling says that the high hopes for the balanced scorecard may not be realized due to the complexity of public administrations and their multiple, equally relevant central stakeholders. She concludes by pointing out that taking into account the fact that Germany has been a slow starter regarding performance measurement, the difficult question that must be addressed is "what lessons can the frontrunners learn from the German experience?"

The fourth article by Hoogenboezem and Hoogenboezem begins by posing the following questions: why are Dutch police forces using performance contracts involving targets negotiated between the department of home affairs, the mayor and the police chief; why were they introduced from 2002 on, and will they be a lasting practice in the Dutch police? The article explores changes in Dutch politics, and especially the rise and agenda of Pim Fortuyn, a flamboyant politician who disrupted the traditional political relations in the Dutch polity, and who put government performance on top of the political agenda. The authors use the analysis of secondary sources to track the response of police management, and field-work is used to investigate the reactions of street level police officers. The article concludes that the police in The Netherlands are using performance contracts, because politicians want them to but not because they deem such an approach to be the best from the police point-of-view. The authors suggest that the idea that public organizations and individuals within those organizations should be held accountable was derived in The Netherlands from a somewhat simplistic idea of how businesses operate, and an even more simplistic idea about the nature of public performance and its problems in advanced western societies. In other words, managing performance in the case of the Dutch police became a matter of meeting expectations about what the police should do rather than from efforts to optimize its operations from the police point-of-view. The authors conclude that "targets" will probably be around for some time, but will become a harmless administrative procedure, a "hassle", a form to be filled in, but hardly the instrument of control that some wanted it to be.

In the fifth article Karkatsoulis, Michalopoulos and Moustakatou offer a study of the possible reasons Greece was able to pull together and be ready for the 2004 Olympic Games on time. This article, like the one that follows, illustrate why at the end of the day managing performance is much more meaningful than collection of data for the purpose of measuring performance. The basic premise of the authors is that the study of human behavior as reactions to any organizational regulation or change is necessary if the aspired efficiency is to be obtained. From here the authors go on to suggest that national identity, understood as patriotism that constitutes a source of happiness and self-fulfillment through altruism and voluntary contribution, could be a factor of greater performance and productivity. Examining various aspects of the efforts to get ready for the 2004 Olympics in general and the use of volunteers in particular the authors find again and again that the management of intangibles like national pride and the spirit of volunteerism is as important, or even more important, than managing tangibles such as construction. The authors demonstrate why under the special circumstances in Greece a simple collection of data and measuring of performance would not have been enough to mobilize the extra effort that was needed if the preparations for the game were to meet the technical specifications, financial constrains and time table. They conclude from their study that the Athens 2004 Olympic Games provides evidence of the value of using the Hellenic identity as a motivator that got the volunteers to be more productive. This, in turn, seems to have contributed more to the success of the 2004 Olympics than any of the sophisticated planning that generated the blue prints for the facilities and the events of the Olympics.

In the last article of this symposium Judy Johnston provide another example of the importance of managing performance and the use of a qualitative approach over the measurement of performance and reliance on quantitative analysis to boost performance. The article presents an overview of how the conflicts related to economic and social agency within particular public sector performance measurement arrangements can work for and against the application of balanced scorecard style systems. It highlights some of the dilemmas that are caused when performance measurement and productivity enhancement are required within broad areas of public service, especially where market behavior is relevant. Using a case study approach based on literature review and field research the article focuses on the gondoliers (*gondolieri*) of Venice, Italy. Johnston has found that performance is not necessarily determined by formal standards and technical measurements. Though in theory it can be, performance in this case study seems to be also, if not mostly, situational and opportunistic. Performance in this case study seems to be mediated by subjective and concerns that go beyond simple economic rationality. The findings confirm that performance management systems are largely socially rather than technically constructed and operated. As such, they will continue to pose dilemmas for public sector managers that will be difficult to resolve.

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