**Report**

*Performance Management as Governance Tool: Evidence from Europe*

This daylong seminar brought together new research on governmental performance to the University of Wisconsin-Madison campus on June 20. The program featured the work of younger European scholars, while the audience contained a mixture of US and European scholars, and US-based practitioners.

The program featured a wide-ranging discussion on the use of performance measures in Europe. The first panel considered the use of such measures by the EU itself, and by new member states, using Estonia as an example. The second session reported on shifts in the United Kingdom away from performance targets, and evidence of problems with pay for performance systems. The third session examined the competing ways in which performance can be defined and measured, and what factors are associated with the use of performance data. The final session looked at how field experiments in the United Kingdom, Denmark and Italy offer new insights into how to improve governmental performance.

In addition to scholars, a number of high-level practitioners from US government at the federal, state, and local level participated. At the local level, Mark Nicolini and David Schmedicke, the budget directors for the City of Milwaukee and City of Madison, participated along with their staff. From the federal government, Christopher Mihm, the most senior official at the Government Accountability Office who oversees government performance issues, moderated a session. The audience also included representatives from private think-tanks, including Shelly Metzenbaum, who led performance initiatives for President Obama’s Office of Management and Budget and is now the President of the Volcker Alliance, Jonathan Bruel of the Government Performance Coalition. Maarten Jong represented the Netherlands Ministry of Finance.

The sessions were moderated to allow a good deal of discussion, and the audience raised a series of insightful questions. From the beginning to the end of the day the room was quite full. We received quite positive feedback from participants, a few of whom have begun
to look for ways to connect their research agenda, and who have talked about a follow-up seminar in Europe.

Our sincere thanks for the funding to make this possible, and logistical help with the event. Below we provide link to pictures of participants at the event, and a detailed listing of the program.

Don Moynihan, Seminar Organizer
Pictures

Robert Behn, Harvard University
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_0070.jpg

Maarten Joong, Netherlands Ministry of Finance, Don Moynihan, University of Wisconsin-Madison, Shelley Metzenbaum, Volcker Alliance
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_0807.jpg

Oliver James, University of Exeter, Morten Jacoksen, Aarhus University
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_8791.jpg

Carolyn Heinrich, University of Texas, Don Moynihan, University of Wisconsin-Madison, Robert Behn, Harvard University, Steven Kelman, Harvard University
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_0538.jpg

Wouter Van Dooren, University of Antwerp, Lotte Bogh Andersen, Aarhus University
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_8809.jpg

Christopher Mihm, Government Accountability Office, Don Kettl, University of Maryland
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Don Moynihan, University of Wisconsin-Madison
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Alasdair Roberts, Suffolk Law University, Editor of Governance
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https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_0113.jpg

Albert Meijer, Utrecht University
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Paul Posner, George Mason University, and Jonathan Breul, Government Performance Coalition
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_9203.jpg

Stephane Lavertu, Ohio State University, Don Moynihan, University of Wisconsin-Madison
https://www.dropbox.com/sh/2c8w4j75byj0xj9/oc8b4uqbLx#f:IMG_9384.jpg

Ringa Rauda, Tallin University of Technology, James Douglas, University of North Carolina-Charlotte
Program

Performance Management as Governance Tool: Evidence from Europe

Over the past two decades countries in the OECD have changed the nature of their governance structures, relying increasingly on quantitative indicators of performance. Performance measures are expected to serve multiple purposes: providing transparent information to the public, motivating employees, and providing for political control over public services. But a reliance on performance indicators has also led to problems. This workshop will bring together experts on performance management and motivation from across the European Union to consider how performance management has permeated and altered the practice of government at differing levels of government across member states. Along with the scholars, practitioners will be invited to relate the discussion to lessons that can be drawn from research. The format of the workshop will be informal. Researchers will have a chance to briefly talk about their research, with the bulk of the time given to discussion.

Sponsors: UW–Madison European Union Center of Excellence, La Follette School of Public Affairs, Public Management Research Association

9:30 AM – 10:45 AM Session 1: Performance Management and the European Union
Moderator: Alasdair Roberts, Suffolk Law University
Wouter Van Dooren, University of Antwerp: The Use of Performance Targets to Govern the EU

The EU now has 20 years of experience with a performance based governance model. In 1992, a set of 5 indicators on economic governance were defined as a prerequisite for accession to the Eurozone. Policies of many member states did indeed converge, and this alleged success – now we know better – was attributed to the performance based governance. The successor of the Maastricht criteria was the stability and convergence pact. In 2000, the same target-based approach was adopted for competitiveness and social policies. The so called Lisbon strategy however is assessed by many to be a failure, with many indicator curves remaining flat. In the current crisis, the EU is again using targets and performance indicators to align economic
policies of the member states. This time, a scoreboard of 11 indicators is supposed to do the job. But will it work this time? Or is it history just repeating itself?

Ringa Raudla, Tallinn University of Technology: The Experience of Performance Governance in a New Member State The presentation will discuss the evolution of performance management in the Estonian central government over the past 15 years. In particular, it will focus on the following questions: What have been the main drivers of performance management reform attempts in Estonia? To what extent have the reform goals been achieved? What have been the main obstacles in preparing and implementing performance management reforms? What are the shortcomings in the current performance management system and how are they being addressed?

Coffee break 10.45 AM – 11.00 AM

11:00 AM – 12:00 PM Session 2: Targets, Trust and Crowding

OutModerator: Christopher Mihm, US Government Accountability Office Nicolai Petrovsky, Assistant Professor, University of Kentucky: The Use of Targets in the United Kingdom

Performance targets are widely used in the British public sector to focus and steer organizations. Major examples include English local governments and central government executive agencies. Two aspects of this type of performance management deserve closer scrutiny and lead to interesting implications for theory. First, targets are often negotiated between elected and appointed officials, or, more generally, between principal and agent. Second, the performance information used to assess target achievement varies in quality, and in some areas, indicators are audited more thoroughly than in others. The talk will consider how targets vary
in type and difficulty between settings, and note differences between auditing systems.

**Lotte Bogh Andersen**, Aarhus University: Pay and Motivation How can managers make sure that their employees are motivated to perform well? Two answers to this question will be discussed: First, they can implement incentive and control systems in a way which is perceived as supportive rather than controlling. Second, they can design compensation packages which attracts employees with high public service motivation, given that this type of motivation is positively related to performance. Based on theory on motivation crowding, public service motivation and compensation packages combined with a number of new empirical studies, the focus will be on the lessons for public managers that can be drawn from these strands of research.

Lunch 12:00 PM – 12:45 PM

12:45 PM – 2:00 PM Session 3: Different Dimensions of Performance
Moderator: Bob Behn, Harvard University **René Torenvlied**, University of Leiden: Multiple Dimensions of Performance This presentation considers the multiple dimensions of performance in performance studies, and potentially contradicting effects of different management strategies on separate indicators of performance.

**Hans de Groot**, University of Twente: The Efficiency/Equity Tradeoff

A central potential tradeoff in public programs is between efficiency (or cost–effectiveness) on one hand and equity (distribution of benefits of public intervention over different groups) on the other hand. This presentation considers this question, and points to empirical evidence on the tradeoff.
**Alex Kroll**, University of Potsdam: Multiple-dimensionality and Performance Information Use The presentation will be on the motivation behind the use of performance information and tackle the following questions: Which factors foster which type of use? What do we know about the use of different performance information types? How does the use of performance data influence principal–agent relationships?

2:00 PM–2:15 PM Coffee break

2:15 PM – 3:30 PM Session 4: Experimental Approaches to Studying Performance Management

Moderator: Donald Moynihan, University of Wisconsin–Madison

**Nicola Belle**, Bocconi University: Using Experiments to Learn about Motivation, Leadership & Performance

This presentation discusses some of the methodological issues that are common to experimental designs (e.g. the risk of disrupting the existing research setting, threats to external validity, the challenge of isolating and manipulating the conditions under study in a dynamic environment, and the risk of false-negatives) as well as with the ethical problems that inevitably arise while conducting research on human subjects. The goal is to stimulate discussion about whether and how experimental designs can help us triangulate findings from observational research into such topics as the performance effects of public service motivation.

**Simon Calmar Andersen**, Aarhus University: Experiments and Performance Information Use

To study what affects public managers’ use of performance information poses some severe methodological challenges. We would expect that both the kind of information that is available to managers and the decisions they are going to make affect their use. On the other hand, we would also expect that their use of performance information subsequently may affect the kind of information they gather.
and the decisions they are facing. Separating cause and effect is therefore very difficult. However, experimental variation in performance information and decision-making situations will solve this problem. Results from a randomized controlled field trial confirm the expectations.

Oliver James, University of Exeter: Field Experiments with Citizens

Most research on performance measures concentrates on their use within public organizations. However, observational and field experimental evidence about measures for local public services shows that information presented as simple cues to citizens changes their perceptions of performance, making them closer to the measured levels. The measures influence citizens’ evaluative attitudes, especially satisfaction with services, and their expectations about future performance. Experimental methods help overcome problems with observational techniques, especially the tendency of those who are already satisfied to be more informed about public services.

3:30 PM – 3:45 PM Wrap-up