Performance Management and Evaluation: Exploring Complementarities

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Abstract

For some time now, evaluators have been trying to locate their work in relation to the emergence of performance management. Although some have rejected performance management outright as conceptually weak and simplistic, others have looked for complementarities between the two approaches to generating knowledge. The authors address these concerns and identify the emergence of complementarity below the broad constructs of evaluation and performance management writ large, instead seeing it as inhering in the approaches to measurement and monitoring employed by practitioners of these disciplines, respectively. This chapter elucidates performance management and the six key elements it requires: leaders, managers, accountability systems, performance budgeting, measuring and monitoring, and evaluation. It also indicates some of the major concerns evaluators have raised regarding the validity of knowledge produced within performance-management approaches that do not rely on evaluations.

In January 2011 the U.S. Congress passed the Government Performance and Results Modernization Act 2010 (GPRMA), a revision of the 1993 Government Performance Results Act (GPRA; United States Government, 1993). This restated an almost 20-year commitment to holding America’s government accountable for its performance by establishing a performance-monitoring system for all government agencies. Although the
GPRMA legislation renews GPRAs reliance on the importance of measuring and evaluation, it extends its interest to include the requirement that agencies must articulate operational frameworks and monitorable plans for performance management (United States Government, 2011; see also Hatry, 2013).

This is a very notable step beyond GPRA, which does not once mention performance management as such, and discusses only performance measurement. In this iteration, the notion of performance management is referenced only in the most general of terms—to wit, the Act’s intent to “improve internal management of the Federal Government” (United States Government, 1993, p. 1).

Not long after the original GPRA legislation was enacted, an issue of New Directions for Evaluation (Newcomer, 1997) followed that legislation’s lead and addressed the interrelationship between performance measurement and evaluation, but was more or less silent on the matter of performance management. Indeed, in both government and academia, it is only recently that the requirements and challenges of performance management have become of central concern (Curristine, 2005).

Related to this development, governments now recognize the need for both strategic and tactical knowledge production within a context of clear governance priorities. Indeed, monitoring and evaluation are seen as essential knowledge creation and management practices for any high-performing organization (Morino, 2011). These are challenges that cannot be ignored by the evaluation community (Mayne & Rist, 2006)—and yet to date they have received scant attention. Therefore, this issue will explore what some have come to call the complementarities between performance management and evaluation from a variety of perspectives.

As will become apparent, we do not see a compelling case for complementarity between evaluation and performance management writ large—indeed, we think of the former as a key element of the latter, which is a part–whole rather than a complementary relationship. Instead, we locate the complementarity between evaluation and performance management below these constructs at the level of measurement and monitoring. In our summary chapter we discuss the measurement and monitoring practices of evaluation as well as those of performance management, and offer a typology that will clarify our view of the nature of the complementarities that characterize them (Nielsen & Hunter, 2013).

Some observers (including the authors) have argued that evaluators should and indeed must engage in both evaluation and performance measurement practices as part of a wider performance management approach to public governance and organizational value production (Blalock, 1999; Davies, 1999; de Lancer Julnes, 2006; Hunter, 2006a; Kusek & Rist, 2004; Mayne, 2007; McDavid & Hawthorn, 2006; Newcomer & Scheirer, 2001; Nielsen & Ejler, 2008; Nilsen, 1997; Rist, 2006; Stame, 2006; Young, 2006; Zapico-Goñi & Mayne, 1997). Yet it must be said that the evaluation
The community has not shown uniform enthusiasm for such accommodation, and indeed not a few leading practitioners have expressed considerable skepticism toward performance measurement and management altogether (Davies, 1999; Greene, 1999; Perrin, 1998; van Thiel & Leeuw, 2002) and have noted how it can foster various kinds of performance paradoxes (Bouckaert & Peters, 2002; Feller, 2002; Meyer & Gupta, 1994; van Thiel & Leeuw, 2002).

Addressing Two Critiques of Performance Management as a Means of Knowledge Production

Evaluators have raised strong technical challenges to the validity of organizational learning that derives from the exclusive use of performance measurement, monitoring, and management (Bruijn, 2007; Moynihan, 2005). Two of the most frequently noted are concerns about measurement and attribution.

Measurement

Evaluators take exception when performance measures and indicators are ad hoc or have not been validated through research. If the purpose is research—that is, to generate scientifically robust knowledge—this concern obviously is pertinent. And we agree that, where practicable, it is essential to link performance measurement to measures and indicators validated by evaluation studies. However, for management purposes, organizations must take a pragmatic approach to measurement by developing appropriate measures where those used by researchers either are not applicable or are far too complex or expensive to utilize practically (Kusek & Rist, 2004). In short, they must avoid “drowning the organization in a sea of data” (Snibbe, 2006), especially data of little relevance to operational decision making (Hunter, 2006b).

Attribution

Performance measurement assumes attribution when linking outcomes and actions—face validity is the practical, operational norm (McDavid & Hawthorn, 2006). Thus performance management works on the twin assumptions that the operational theory of change is correct and will lead to intended outcomes, and that internally measured data are valid. However, formal attribution of impacts back to activities requires external evaluation, although of course even rigorous scientific evaluations may not establish credible attribution, and indeed for many government programs a much more appropriate goal is to establish contribution (Mayne, 2001). In any event, evaluators are correct in criticizing the exclusive use of performance-measurement data for evaluative knowledge production and performance-management purposes, and to insist on the need to engage in evaluations for the linked
purposes of creating sound public policies and ensuring that intended beneficiaries benefit as intended.

It is fair to say that many practitioners of performance management fail to appreciate the need for evaluation studies to inform their work at appropriate times. However, those who manage the implementation and delivery of societally significant services and programs also are correct to point out that evaluators could do a lot more to make evaluations relevant and useful to their work. For example, so-called black-box experimental designs do little to elucidate what program elements contribute to the achievement of impacts, or to distinguish between bad or insufficient program designs versus poor implementation when impacts are not achieved. Also, evaluators could place more emphasis on formative evaluations and on their importance to performance management. Such evaluations can be designed in collaboration with program managers, and include specific learning objectives to build organizational performance management capacities—even to the point of helping to improve service quality or effectiveness while a study still is active. Further, external evaluators might well consider that part of the value they can bring to programs is helping them build internal data collection and evaluative learning capacities—rather than engaging in white glove research or what has been described as drive-by evaluations where final reports are lobbed onto managers’ desks (and then predictably are consigned undigested to dark drawers). Finally, evaluators could advocate on behalf of programs in cases where policy makers want summative evaluations before there has been sufficient time to implement, learn from experience, and improve program performance (Hunter, 2006b).

For the purposes of this issue we will assume that readers enjoy an understanding of the theories and practices that constitute the domain of evaluation. However, it seems prudent for us to discuss some basic aspects of performance management in order to promote the use of terms and concepts in more or less uniform ways, both to frame the discussions in this issue and to contribute to clearer discussions among practitioners in both these fields as well.

**What Is Performance Management?**

We define *performance* as an organization’s ability to achieve its goals and objectives measurably, reliably, and sustainably through intentional actions. *Performance management*, then, is the set of self-correcting processes, grounded in real-time data measuring, monitoring, and analysis, that an organization uses to learn from its work and to make tactical (front line, quotidian) and strategic adjustments to achieve its goals and objectives (Behn, 2002, 2008; Curristine, 2005; Hood, 1991; Hunter, 2006b; Ingraham, Joyce, & Donahue, 2003; Mayne, 2007; Moynihan, 2006; van Dooren, Bouckaert, & Halligan, 2010; Wholey, 1999).
In the literature on performance management several scholars have sought to define its constitutive elements, yet dissent is still ripe (van Dooren et al., 2010, p. 31). However, when all is said and done there seems to be agreement on some key elements that are foundational to any performance-management approach (Behn, 2004, 2007, 2008; Buytendijk, 2009; Liner et al., 2001; Mayne, 2007). These include the following, which are summarized in Table 1.1.

**Performance Leadership**

In one of the few studies focusing on performance leadership, it is described as

> A strategic outcome-focused approach to management and leadership using a data-driven, reflective and dialogue-based culture to achieve high performance. The approach seeks to align management structures and processes, culture and leadership within the organisation to increase its effectiveness, goal realisation and organisational performance. (Ramboll Management Consulting, 2010, p. 4)

Performance leadership requires two complementary drivers to ensure that work is of high quality, effective, and sustainably reliable—operational leaders and operational managers:

**Operational leaders.** These are key personnel responsible for driving organizational value production who personify two essential functions. The first is cohering in nature and involves inspiring broad and deep organizational commitment to achieving the mission and objectives. The second is disruptive and entails a relentless focus on how organizational performance is failing to meet expectations, and driving processes to ensure the constant improvement of quality and effectiveness (Morino, 2011, p. 31).

One way or another, performance leaders must demand: “Catch the vision or catch the bus!” (Morino, 2011, p. 30). Without this demand, organizational performance will not rise above mediocrity. And we agree with those who have noted that the leadership dimension of performance management is often neglected at the expense of performance measurement and management structures (Behn, 2004, 2008).

**Operational managers.** These are individuals (or teams) entrusted with implementing and running organizational processes needed to drive operations and ensure that performance expectations (of volume, quantity, quality, and effectiveness) are met. They make sure that front-line staff have the competencies and resources they need, and monitor their work to ensure that it is done well. Performance leaders and managers both are essential and of necessity complement each other. As we see it, an organization unbalanced toward leadership will spin into chaos or at best be unreliable; an
Table 1.1. Key Elements of Performance Management

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<th>Performance Leadership</th>
<th>Management Structure</th>
<th>Information and Knowledge Production</th>
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<tr>
<td>Operational leaders—individuals who inspire commitment to organizational goals and objectives, and dissatisfaction with failure to achieve them</td>
<td>Accountability systems, where front-line workers are assessed on their ability to achieve targeted results, and managers on the success of front-line staff</td>
<td>Measuring and monitoring systems to learn from the work, support real-time adjustments and the capacity to adapt strategically to emergent conditions</td>
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<td>Operational managers—individuals who organize work with a relentless focus on maintaining high quality and the achievement of targeted results</td>
<td>Results-focused budgeting, where resources are deployed to build and sustain the organization’s capacity to work and manage in ways that are suitable to maintaining quality and achieving targeted results</td>
<td>Evaluation (external) to support strategic decision making</td>
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<td>Formative evaluations to ascertain what actually is being done, how, and how well, and summative evaluations to determine what is being done and accomplished, how, and to what end(s)—as expressed in measurable outcomes or impacts</td>
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organization unbalanced toward managers will tend to be complacent and likely to drift into mediocrity.

Management Structure

Performance leadership is not enough; it requires the existence of an operational framework within which to plan, implement, resource, and deliver services that can be assessed against performance standards that include indicators for managing cost, quality, and effectiveness. Such a management structure must include an accountability system and results-focused budgeting.

**Accountability systems.** Accountability requires that an organization and its personnel at all levels accept responsibility for meeting operational standards: to work within cost parameters at specified levels of volume and quality, to achieve targeted outcomes, and to institute self-correction processes, thus ensuring that results are delivered as promised. Internally, accountability should drive, and its processes permeate, the entire organization. In this sense, a performance accountability system is the glue that holds an organization together (Popovich et al., 1998, p. 89). Externally, it requires key stakeholders be satisfied. Performance contracting is one of a number of tools used to achieve accountability for results. Although it is common to discuss performance contracting as a way of managing the effectiveness of external vendors, it is equally applicable internally—one simply has to clarify the supply- and-demand, vendor–payer relationships among units within the organization.

**Performance budgeting.** Also known as outcome-based budgeting, this refers to the linking of financial appropriations and allocations to the need to build and sustain operational capacities, and to maintaining the production chain that leads to measurable outcomes (Brizius, 1994). Key to performance budgeting is the use of process information (identifying costs at each step of the production chain) that focuses on functions such as activities and projects rather than on line-item budgeting.

Information and Knowledge Production

Few beyond the occasional Luddite would dispute the assertion that if an organization does not collect performance data, it cannot manage its performance effectively, reliably, and accountably. The issue for performance management is not whether to collect data, it is what data to collect . . . and then, how to convert performance data into actionable information to support both tactical and strategic decision making.

Rarely is measuring itself the critical challenge. Much more fundamentally, an organization needs a comprehensive theory of change (specifying the domain[s] of its focus, intended outcomes, and codified activities to
produce them—along with the capacities and competencies needed to work accordingly). Such a theory of change must, in effect, be the blueprint adopted by the organization to manage toward success (Hunter, 2006a, 2006b)—and as such it will specify what indicators the organization must track to manage program costs, quality, and effectiveness. Of course, being ever mindful of the costs of measurement, the selection of such indicators should be kept to the absolute minimum needed to drive performance at high levels (Kusek & Rist, 2004).

**Measuring and monitoring systems.** Such systems are the means for keeping track of performance against a few key indicators that show whether (and how well) an organization is doing what it should, at the levels it should, with the quality it should, at the cost levels it should—and in doing so achieves the results that it should. It is important to note that results-based monitoring systems can be distinguished not only by what they collect but also how they collect data, namely, through what are commonly called monitoring and evaluation techniques. Let us consider these in turn.

Monitoring activities are best thought of as a continuous process of collecting and analyzing data in real time to understand how well an intervention, program or organization is executing against expected results (Kusek & Rist, 2004, p. 227) in order to make both tactical and strategic adjustments (Hunter, 2006b). Such monitoring thus requires performance measurement, that is, data collected against a system of indicators about such things as costs, inputs, activities, quality, outputs, and outcomes (de Lancer Julnes, 2006; Hatry, 2006). Performance monitoring by its very nature is an internal activity that investigates present operations with a forward-looking view toward bettering quality, enhancing efficiency, and improving sustainability and results using small feedback loops (Behn, 2007; Hatry & Davies, 2011; Moynihan, 2008). This contrasts with what typically is the backward-facing perspective of evaluation (once its use has contributed to original program and intervention design)—one that is concerned with understanding the worth of what has been accomplished—and per force provides data for much larger, longer-term, strategic feedback processes.

**Evaluation.** Definitions of evaluation are many and emphasize various dimensions. Here we rely on the generally accepted (broad) view that evaluation entails the systematic assessment of a planned, ongoing, or completed intervention’s design, implementation, and results. The objectives of evaluations are to determine the fulfillment of goals and objectives, efficiency, effectiveness, impact, and sustainability. Often, professionally pertinent criteria external to the concerns of implementers and practitioners within an organization are used, against which the evaluator assesses the merit, quality, and worth of an intervention (McDavid & Hawthorn, 2006;
Nielsen & Ejler, 2008). As noted above, evaluation data must be used periodically to validate internal performance monitoring data and, at strategically appropriate moments, to establish whether and to what degree an organization or program has created the social value it promised.

An important note: Several studies have emphasized the importance of building institutional and human capacity to design and use performance information appropriately and to work within a performance-oriented organization (Kusek & Rist, 2004; Liner et al., 2001; Mayne, 2007, 2010). This often is overlooked in discussions of both evaluation and performance management, and is important at the individual, program, organizational, and even societal level.

Although of necessity the discussion of these six elements of performance management has been brief and thus has erred in the direction of simplifying complex issues, the intent is that this framework will be of use in relating to the following chapters to each other; and perhaps more importantly to clarifying critical issues in the fields of evaluation and performance management.

References


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