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Excerpt
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1 Performance Measurement and the Production of Trust

The use of performance measurement as a tool of governance is now ubiquitous across economically developed countries. Governments, public service agencies and international organisations have employed an array of such tools to monitor and evaluate performance. Indicators, targets and balanced scorecards have been used to guide and measure performance in organisations; rankings and league tables have been deployed to compare outcomes among groups of organisations or countries, while benchmarking and quality standards have been used to evaluate performance against specified standards. What these techniques have in common is a reliance on quantitative measures to monitor and assess the 'outcomes' or 'delivery' of organisations or services. Originally developed in the private sector, these techniques for monitoring and evaluating performance have been steadily rolled out across different public sector organisations since the early 1980s.

Advocates of performance measurement see such tools as bringing clarity and precision to public service goals. They enable citizens and consumers to monitor performance, thereby increasing transparency and informing choice. By monitoring the conduct and performance of public services, such tools create new mechanisms for holding governments and public sector organisations to account. And they provide incentives for those making and implementing policy to improve their performance, thus producing better governance (Boyne and Chen 2007).

Yet after more than three decades of performance measurement in public policy, most commentators agree that they have yielded few benefits, and many adverse effects. The use of such techniques is criticised from a range of perspectives. Tools of performance measurement are seen as focusing on a limited range of quantitative targets or indicators, thereby narrowing down the focus of policy-making and political debate to a small and often unrepresentative aspect of policy (Bevan and Hood 2006; Boyne and Law 2005; Diefenbach 2009; Pidd

2005). The information they produce is not effectively used or applied in decision-making (Talbot 2010; Taylor 2009; Walshe, Harvey and Jas 2010). They can create perverse incentives and encourage 'gaming' on the part of those setting and implementing them (Hood 2006; Hood and Peters 2004; James 2004; Smith 1995). The imposition of top-down and often simplistic quantitative targets and indicators can sap morale in organisations and erode trust (Diefenbach 2009; Hoggett 1996; Micheli and Neely 2010). Not least, such tools frequently fail as a means of demonstrating improvements in public services (Hood and Dixon 2010; James and John 2007; Pollitt 2006a). So they are not even trusted by the publics they are designed to persuade.

Not surprisingly, these acknowledged problems have produced some scepticism about performance measurement in policy circles. In the UK, for example, the Labour administration of 1997–2010 had been enamoured of performance measurement in its first few years of government, developing an elaborate system of targets across departments and at different levels of governance. But No. 10 appeared to cool off the use of targets towards the late 2000s, influenced by a growing perception that they were too clunky and centralised, and a realisation that the information they provided was not widely trusted as authoritative. The Conservative–Liberal Democrat administration that came to power in 2010 vowed to eschew targets as a technique for steering public administration. But analysis of departments in British government suggests that targets are far from dead or moribund. They may have been rebranded as 'strategic objectives', but as a recent study concluded, 'an informal culture of targets across Whitehall is thriving' (Richards, Talbot and Munro 2015). A similar tendency has been apparent in Australian government, where a commitment to simplifying performance measurement has produced little change in practice (Woelert 2015). The use of quantified, output-oriented tools for measuring performance appears to be as widespread as ever. Indeed, in some organisations, such as the Home Office, the Department of Education or the Department of Health, they have taken root to an unprecedented degree.

So what explains the appeal and tenacity of performance measurement? Existing accounts tend to see such tools as a technique of control. They are valued by 'principals' – whether elected politicians or senior managers of organisations – as a means of steering the performance of agents. This form of control, it is argued, is particularly important given the 'hollowing out' of the state (Rhodes 1994). Since the 1980s, many government functions have been outsourced to private and third sector organisations, or to quasi-autonomous agencies, or 'quangos'. The outsourcing of many areas of government activity has deprived the state of direct hierarchical oversight and control over the elaboration and implementation of policy. Governments have therefore turned to techniques of performance measurement to replace more traditional modes of command and control (Hood 1991; Pollitt 1990). As we shall see later in the chapter, this account is plausible as far as it goes. But it fails to explain why such techniques prove so tenacious, given their persistent and acknowledged shortcomings.

The first aim of this book is to provide an alternative account of the appeal of performance measurement. I want to understand the conditions that lead political actors to deploy such tools, both as a mode of political communication and as a means by which to steer the performance of public administration. I explore how political and organisational dynamics create a recurrent demand for tools that can vouchsafe performance and reduce uncertainty. My account builds on the work of Michael Power and others, who have understood such techniques as playing a symbolic role: they are valued as a means of signalling order and control. In his work on audits, Power argues that audits operate as 'rituals of verification', providing assurances where there are low levels of trust (Power 1997, 2003).

This book further develops this account in two ways. First, it elaborates the concept of *trust* as a basis for theorising the role of performance measurement. Performance measurement can be understood as a response to a wider problem of political trust: a reluctance to invest authority or resources in others to act on our behalf. The problem of trust manifests itself in two sets of relationships. The first concerns the relationship between politicians and their publics. Traditional resources for establishing relations of trust between politicians and voters – in the form of familiarity or symbolic sources of authority – have been eroded. Instead, political leaders need to fall back on alternative modes of producing trust. One important device is to create new mechanisms of accountability, by establishing forms of performance measurement. Targets – which will be the focus of this book – have emerged as a particularly appealing tool for producing trust. Politicians frequently deploy targets to signal their commitment to values and goals, and to establish credibility with sceptical and disillusioned voters.

The problem of trust is also evident in a second relationship: that between political leaders and their civil servants and public services providers. The relationship between political leaders and the organisations implementing policy has become increasingly fragmented and indirect, as policy-making and implementation have become more specialised and the arrangements for delivering services more complex (Rhodes 1997). These developments have heightened the problem of trust between politics and public administration. Performance measurement becomes a means of reassuring political leaders that they can monitor and steer the behaviour of organisations delivering on targets. Such tools create an aura of clarity and control, establishing precise goals, producing detailed information about organisational practices, and ostensibly providing senior managers and politicians with levers for influencing behaviour. Performance measurement offers a form of comfort for those grappling with complexity and uncertainty, a ritual that assuages anxiety where there are deficits of trust. Such techniques of monitoring can also send a signal to observers and critics that political leaders are effectively in control, that they are applying credible and robust tools of public management.

Indeed, tools of performance measurement possess a singular appeal and authority as a mode of producing trust. Their focus on outputs or outcomes promises an especially robust mode of verifying performance, one that claims to measure how policies impact people's lives. Thus they appear to offer an unrivalled tool of accountability. At the same time, their use of quantitative techniques invokes deep-seated notions of rationality, objectivity and precision. Once performance or goals have been translated into these standardised measurements, it becomes difficult to revert to the vaguer formulations that preceded them. Moreover, once adopted, performance measures can be appropriated to mop up a range of other political and organisational problems (Orlikowski 1992). Different actors in politics, the administration and the media can become invested in them for varying reasons. Targets, performance indicators, rankings and league tables can be taken up by those critiquing or scrutinising government in order to expose their transgressions. And they can be deployed within organisations to justify particular courses of action or to solve a range of internal problems.

This book focuses on one particularly favoured tool of performance measurement: the use of targets. Targets are especially adept at addressing the dual problems of trust described earlier in this chapter. They appear to offer a robust tool for steering public administration, through codifying clear and specific goals, and providing a tool for monitoring performance towards these goals. At the same time, they can be deployed as a tool of political communication, signalling a firm commitment to goals and establishing a mechanism for publics to hold their governments to account. The use of targets therefore offers an excellent case for exploring the appeal of performance measurement, both as a technique of control and as a signalling device.

But do targets and other tools of performance measurement succeed in this task of producing trust? The second aim of this book is to explore some of the tensions and paradoxes created by performance measurement, and targets in particular. One of these is what I term the chain of dependence. The adoption of ambitious, public-facing targets can be highly risky for politicians, placing them under heightened political scrutiny and pressure. Since targets tend to codify outputs or outcomes, this pressure is passed on to the public administration involved in delivering the promised outcomes. This can trigger intrusive forms of political intervention or engender persistent decoupling of formal compliance and informal practice in organisations. So targets can disrupt the already fragile settlement between political leaders and their civil servants. This in turn exacerbates problems of trust, creating a need for *more* tools for monitoring performance.

A further tension concerns the way in which targets are interpreted and applied in public administration. Despite their acknowledged defects, a variety of actors appropriate targets for different ends, and such tools become normalised, an expected part of bureaucratic management. But their deployment coexists with cynicism about their utility and with constant attempts to evade, reinterpret or subvert them. Targets are communicated and deployed by different actors, even as they hold them in disdain. This irony will be familiar to anyone working in a large organisation (universities are a prime example). The governance of organisations is heavily influenced by key performance indicators, rankings and league tables; employees with different roles become committed to targets and indicators, often perceiving themselves as ‘playing the game’. And yet these indicators and rankings become highly influential, establishing a new plane of reality (Rose 1991), which influences reputation and resource allocation.

We can identify a similar anomaly in the way publics and other audiences perceive targets. While these quantitative tools carry authority in certain settings, they are also frequently treated with scepticism or seen as irrelevant. Publics and the media may expect and demand clear signals of intent, but they are also profoundly wary of such promises. Some targets are ignored; others attract huge attention, but much of it negative. And yet political aspirants feel the need to lock themselves in to such pledges, and their opponents have strong incentives to invoke them in order to expose government failings. Thus targets can create a dysfunctional dynamic. They are marshalled to address a problem of trust. Yet they engender forms of scepticism that create the need to mobilise yet more resources to shore up trust (Shapiro 1987). So despite scepticism about the premises behind targets or the methods involved in calculating them, targets frequently become normalised as a way of describing policy problems and assessing outcomes. Indeed, we can characterise this as a form of irony: the widespread acceptance and use of modes of appraisal that are known to be deeply flawed.

This book will explore these tensions and paradoxes in the use of performance measurement. It will examine how targets emerge as an attempt to produce trust; what sorts of responses and adjustments they evoke from politicians, civil servants, the media and voters; and the range of effects they have on policy-making and political debate. The analysis shows clearly that targets have not succeeded in producing political trust, either on the part of voters or between political leaders and their bureaucracies. But the real interest of the analysis lies in investigating why targets should retain their appeal, despite these evident failings, and in exploring the range of often inadvertent effects that targets have on politics, administration and political trust.

In the pages that follow, I will set the scene for this analysis. I start by exploring the use of performance measurement in public policy, and review theories seeking to explain the trend. I sketch the contours of a different approach, building on theories of trust, as well as borrowing insights from organisational studies. I then introduce the focus of the study, the use of targets in UK government since 1998.

Performance Measurement in Public Administration

The past three decades has seen a huge expansion in performance monitoring across the globe (Talbot 1999: 15; Torres 2004). To be sure, the application of such tools has varied across countries, with Anglo-Saxon and Scandinavian countries, as well as the Netherlands, among the most enthusiastic (Torres 2004). But many other countries, including in continental Europe, Africa, Asia and Latin America, have introduced some form of performance measurement, whether at central or local government levels (Heinrich 2012; Pollitt and Bouckaert 2011; Van Dooren, Bouckaert and Halligan 2015). Government departments and public service providers are expected to gather data on multiple aspects of their activities, and to make this information publicly available for scrutiny. International organisations and NGOs have been keen to get in on the act. The OECD, European Commission, UN agencies and various third sector organisations have been avidly promoting targets, performance indicators, rankings and league tables for comparing and evaluating the performance of governments.

Much of this attention has been focused on monitoring *processes*. Since the 1980s, many governments have rolled out systems for monitoring efficiency and value for money in public sector management (Talbot 1999). Indeed, scholars such as Power (1997, 2000, 2003) and Strathern (2000) have explored how public management is subject to increasingly wide-ranging and complex systems of verification, revolving around the scrutiny of organisational processes and procedures. Many of these practices involve monitoring financial and administrative conduct and procedures through forms of audit.

Arguably even more striking, however, is the rise in tools for measuring outputs and especially *outcomes*, or ‘delivery’. Outputs are typically understood as the ‘immediate results’ produced by governments and their agencies (Treasury 2000); while outcomes are understood as their ‘ultimate results’ (Treasury 2000): the ‘consequences, results, effects of impact of service provision’ (Boyne and Law 2005: 254). In practice, they are often difficult to distinguish. Indeed, the demarcation between outputs and outcomes is largely contingent on how one defines policy goals. For this reason, in this book I refer to both types of performance measure as ‘outcome’ measures. Governments have made increasing use of instruments measuring outcomes, whether through quality standards, league tables, benchmarking, targets or performance indicators (Heinrich 2002).

This focus is valued as a way of correcting some of the biases of procedural monitoring, notably the potential for treating processes as an end in themselves, decoupled from their results. The measurement of outcomes homes in on how far particular approaches or actions contribute to achieving the desired policy or organisational goals. The focus on outcomes also has an important political dimension: the monitoring of outcomes is more likely to form the basis for how voters appraise a government's record or achievements. The relationship between policy outcomes and desired goals such as equality, fairness, prosperity or security is more direct. In this sense, the measurement of 'delivery' can be a tool for mobilising public support for government.

There has been extensive literature in the field of public administration seeking to explain the growth of such tools of monitoring. Performance measurement is typically understood as being part of the 'New Public Management' (NPM) (Hood 1991) or 'managerialism' (Pollitt 1990) that emerged in the 1980s. Christopher Hood suggests that NPM is characterised by seven doctrines, two of which are directly relevant to performance measurement. The first is NPM's penchant for 'explicit standards and measures of performance', in the form of quantified goals, targets and indicators. The second is its emphasis on performance 'outcomes', a preference for measuring 'results' rather than procedures (Hood 1991: 4–5). The use of performance measurement is thus seen as a central feature of NPM.

So what explains the emergence of NPM? One dominant account sees NPM as a means of asserting control over otherwise difficult-to-steer actors or processes. As we saw, in the 1980s many traditional state functions were outsourced to the private and third sectors, as well as to government agencies (Moran 2001; Rhodes 1994). The creation of a large number of quangos created new challenges for central government steering of many areas of public service delivery. Faced with a loss of control over these entities, governments developed new tools to retain indirect control (Christensen and Lægreid 2006; Hoggett 1996). Techniques such as performance review, staff appraisal systems, performance-related pay, quality audits, customer feedback mechanisms, league tables, chartermarks, quality standards and targets were developed to enable control at a distance (Hoggett 1996). Hoggett sees such tools as part of a new 'evaluative state', which was concerned to extend central government control over decentralised operations (23). Rose and Miller (1992: 187) similarly understand such techniques as a means of 'governing at a distance': governments 'enrol' the compliance of difficult-to-control organisations through inscribing certain technologies of data collection and evaluation.

These accounts share the thesis that performance measurement is a technique for retaining government control. Yet as I suggested earlier, there is extensive research suggesting that such techniques are failing to produce the desired effects. Targets have engendered various forms of distortions and gaming (Hood 2006; Hood and Peters 2004; James 2004; Smith 1995); led to a narrowing down of priorities and resources to the exclusion of other (less measurable) areas of policy (Bevan and Hood 2006; Boyne and Law 2005; Diefenbach 2009; Pidd 2005); produced confusion and inconsistency within and between organisations (Micheli and Neely 2010). These problems have also been widely acknowledged among policy-makers. Indeed, in the UK they generated increasing disillusionment with formal monitoring tools from the mid-2000s onwards. Given these obvious problems, what explains their persistent appeal?

One way of understanding the tenacity of targets is to explore their symbolic functions. Targets can have at least two types of symbolic use. The first relates to their potential to provide a form of psychosocial certainty for those setting them. Governments and core executives are clearly anxious about their capacity to control the individuals and organisations involved in public service delivery. They face serious impediments in their attempts to steer these processes, as has been long identified in literature on principal–agent relations (Shapiro 2005). 'Principals', understood in this case as political leaders, and their 'agents', the civil servants they are trying to steer, often have divergent preferences. And civil servants tend to have access to privileged information about the intricacies of organisational practices and policy implementation. Information asymmetries and divergent preferences mean that those elaborating and implementing policy often have substantial scope to reinterpret or even subvert political goals. This anxiety can be usefully respecified as a problem of trust: a reluctance on the part of political leaders or the core executive to endow civil servants with responsibility for acting on their behalf. Bestowing trust would imply making a leap of faith, under conditions of uncertainty.

Niklas Luhmann suggests that politicians attempt to address this asymmetry through creating 'symbols of trustworthiness': indicators or thresholds, the transgression of which may result in the withdrawal of trust (Luhmann 1979). While political leaders cannot directly control public administration, they can control the extent to which they are prepared to trust these bodies. Establishing such conditions or thresholds helps reassure the truster that 'he is not trusting unconditionally, but rather within the limits and in proportion to specific, rational expectations. It is himself he must curb and control when he puts his trust in someone or something' (Luhmann 1979: 129). Understood in this sense, targets are a symbolic tool, established to provide psychological reassurance to those taking the risky step of endowing others with responsibility to act on their behalf.

Targets and performance indicators give the 'principal' a sense of control, even if this control relates more to her decision about when and why to bestow trust than to her actual control over the 'agent'. Of course, this is a very pessimistic account of steering, suggesting that the capacity of political leaders to steer public administration is highly circumscribed. But whether or not we accept Luhmann's scepticism about the possibility of steering (Luhmann 1997), it is a useful perspective for understanding the symbolic appeal of performance measurement. It suggests that targets retain their lure, even in cases where such tools prove inadequate or ineffective.

A second symbolic function of targets concerns their capacity to bestow credibility on political leaders and organisations. New, hyper-rationalist techniques imported from the private sector are seen as more legitimate governance techniques, especially in the face of uncertainty and risk (Power 1997, 2000). As with techniques of audit, such tools provide 'signals of order' (Power 2000: 118) or 'rituals of verification' (Power 1997), designed to restore faith in public administration. This implies that tools of new public management are not valued and appraised based on any objective or rational analysis of their effects. Rather, their appeal lies in their symbolic value, their usefulness as a means of signalling rationality and order (Power 1996: 92). They perform a cultural function, meeting expectations about appropriate and credible modes of steering.

This idea of ritual finds support in neo-institutionalist theories of organisations (DiMaggio and Powell 1983; March and Olsen 1976, 1983; Meyer and Rowan 1991). Rationalist techniques of control are adopted not so much as a means of controlling organisations, but to signal the soundness of procedures and practices (Feldman and March 1981). Organisations are under pressure to conform to expectations about legitimate structures, and they adopt what they