

Performance managenemt

External challenges and internal decouplings

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Performance management: external challenges and internal decouplings

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Abstract

This paper attempts to identify barriers that prevent performance management from being genuinely result-based. By observing what happened when a Danish workfare reform was implemented by applying performance management, it becomes apparent that there exists internal decouplings on and between two levels; a decoupling between the monitoring/evaluation of established performance indicators and the revising of these for policy-making on future interventions, and a decoupling between the strategic political/administrative level and operational street-level, inhibiting its adaption to local circumstances. It is argued that the existence and severity of these internal decouplings can best be explained by relating it to the overall governance blend and the character of the public policy problem, which are here described as external challenges.

Keywords: Performance management, external challenges, internal decouplings, Danish employment policy, sickness benefits.

Introduction

As a consequence of the critique which new public management has encountered in regards to being too focused on monitoring processes and output, resulting in an 'audit society' (Power, 1997), a renewed form of performance management has appeared which is intended to be more 'result-based'. This renewed form of performance management is focused on a continuous monitoring and regular evaluations of results and how interventions are affecting these results. Thereby, a change theory on their relationship can be established, and performance indicators on both output and outcome can be modified as knowledge increases, circumstances change or targets are altered (Kusek & Rist, 2004; Ejler et. al., 2008). However, the road towards being genuinely result-based is filled with pitfalls and perils, and even the most dedicated and talented 'performance manager' cannot evade them all. This paper seeks to shed light on the road ahead by asking: *what barriers prevent performance management from being genuinely result-based?* By analysing the implementation of a Danish workfare-oriented policy towards citizens who are absent from work due to sickness, it becomes evident that some fundamental barriers, which goes beyond unintended consequences or perverse effects, exist. More precisely, external challenges to and internal decouplings of performance management prevent it from being genuinely result-based.

External challenges stem from the fact that performance management does not operate in neither a governance nor a policy vacuum. Performance management is only one ingredient in a governance blend and the character of the specific public policy that is being implemented is essential to take into account when considering what constitutes good performance and thereby making performance management *genuinely* result-based. This of course hints at the possibility of performance management being focused on results, which does not fully take the character of the policy problem into account. In this paper, the governance blend will be identified by using Kooiman's (2003) distinction between hierarchical, self- and co-governance, and the character of the policy problem will be identified by applying a revised version of Matland's typology (1994). When the external challenges are identified, it is possible to assess to what extent the internal decouplings prevent performance management from being genuinely result-based. Moreover, it will be easier to explain their existence because they partly owe it to the external challenges - especially the governance blend. *Internal decouplings* can be observed on and between two levels. First, a decoupling occurs on the strategic political and administrative level, where evaluations fail to work as effective feed-back tools for policy-making as intended. Second, a decoupling occurs between the strategic political and administrative level and the operational level of the street-level bureaucrats (Lipsky, 1980), which means that performance indicators are not operationalized to fit the local circumstances.

The paper will be divided into six sections. In the first section, I will present my method and empirical data. In the second, it will be argued that we need to go beyond the concept of unintended consequences if we want to identify barriers preventing performance management from being genuinely result-based. In the third section, the Danish version of workfare and the workfare-oriented policy towards citizens absent from work due to sickness will be presented. In the fourth section, this will be related to the Danish governance blend and how it's dependent on evidence-based policy-making and performance management. This will give us an idea of what external challenges exist. In the fifth section, the governance blend will be related to the character of the public policy

being investigated, which will enable us to identify the relative importance of the external challenges. In the final section, internal decouplings and their significance for result-based performance management will consequently be identified.

Method and empirical data

I have used the *case-study design* because it is useful for the investigation of complex social phenomenon's (Yin, 2003:1-18). Moreover, I have chosen two cases (municipals) that showed variation in the conditions under which the policy was implemented – both relating to governance strategies and local political attention directed at the policy. This was done to enable me to grasp the variation of the phenomenon more fully (Gerring, 2007:86-150).

Fieldwork has been done from the spring of 2010 to the autumn of 2011. First, I have used *participant observation* by being present at the municipal jobcentres, where the municipal social workers are engaging in delivering most of the public services related to the Danish employment policy area. I have done this to the extent that seemed appropriate, engaging in conversations and lunches with employees (Tonkin, 1984). However, mostly I simply acted as an observer of consultations between the municipal social worker and the recipient of sickness benefits, meetings among the social works about individual cases, meetings between the social workers and middle managers about their work activities and meetings between local politicians, managers and stakeholders, where local employment policy was planned and organised. Second, *qualitative interviews* were conducted with recipients of sickness benefits and their social worker, employer and medical practitioner, as to map out their relations and the parts they each played in the planning and carrying out of the rehabilitation plan (Zøllner et. al., 2007). Furthermore, the social workers were asked how different managerial practices and organisational structures influenced their work. Interviews were also conducted with middle-managers, job centre executives, municipal politicians and representatives of local stakeholders on their use of performance management in combination with other governance strategies (48 interviews in total). Finally, *document studies* were applied on a variety of material. Most important were minutes of and appendices to meetings between local politicians, managers and representatives of stakeholders, where the local employment plan was discussed, monitored and evaluated.

Beyond unintended consequences

“So many things, just now, seem to contain their own contradictions, so many good intentions to have unintended consequences, and so many formulas for success to carry a sting in their tail (Handy, 1994:X)”

The traditional way of denoting problems that arise when using performance indicators and measurement are ‘unintended consequences’ or ‘perverse effects’, which are sometimes compared with side-effects of drugs (Grizzle, 2002:363). There are many ways of explaining and describing situations where the application of performance indicators and targets does not change people's behaviour in the desired manner. One widely used expression is ‘gaming’ as the reactive subversion of targets. This rests on a synecdoche assumption, where performance indicators can be used as evidence for how well service providers are performing overall. According to Bevan and Hood (2006) this is not always

true, because good performance on the indicators can be at the expense of unacceptable bad performance outside their domain – called ‘hitting target and missing the point’. Moreover, direct manipulation of data, so that it seems as though targets were met, could also be a potential unintended consequence. Another way of illustrating this point is by Gresham’s law of ‘bad money driving out good’, where the high service values of service providers is undermined by the common low standards of performance indicators. Other problems include ‘Cream skimming’ and ‘Ratchet effects’ (only just reaching your target, so as to get a manageable one for the next year). These problems of strategic manipulation are very important also in the cases I investigated, but they might only represent the tip of the iceberg when it comes to failings in the inner working of performance management.

According to Hood and Peters (2006) several more fundamental problems of new public management can be identified in existing literature. One of these are the ‘production paradox’, where new public management is seen as applying control measures originating from accounting on production agencies to public services, where activities and results are not as readily observable. A similar paradox is the neo-Tocquevillian, where it is believed that new public management is not replacing the bureaucratic command and control with result-orientation, but has simply reinvented process-regulation - a well-known example of this is Michael Powers; ‘The Audit Society’ (1997).

These paradoxes are extremely relevant to this paper, but should not be treated as universal laws, which is too often the case. On the contrary it is my belief that it is possible to apply performance management to solve complex social problems, no matter what governance strategies was replaced. In other words, performance management can be result-based even when it comes to solving complex policy problem, although this is not the place for elaborating on how. However, if we want to understand what barriers performance management are faced with, we need to be aware of the character of the policy problem and the context that performance management is introduced into. This will therefore be done in the following, but firstly the spread of workfare will be introduced, so as to better understand the Danish employment policy area.

The spread of Danish workfare

Like in many other OECD countries, a shift from *welfare* to *workfare* has occurred in Denmark since the late 1980’s. However, each country, as does Denmark, has its own version of workfare that can partly be attributed to its specificities as a welfare state (Peck, 2001:73-77). Denmark’s ‘status’ as a social democratic welfare regime can therefore serve as part of the explanation for a development of an employment policy which is best described as a workfare-oriented mix between human-capital and work-first strategies. More specifically, Danish workfare can be characterized by a commitment to keeping social benefits at a relatively high level compared to minimum wages, and at the same time using an extensive active approach that aims at both motivating citizens and enhancing their qualifications (Torfing, 2004; Jørgensen, 2008; Bredgaard & Larsen, 2009a). The shift from welfare to workfare means that employment policy is no longer a simple matter of handing out welfare benefits. Rights to benefits are now coupled with the obligation to participate in both the planning of activities and of course its effectuation. These obligations are, on the other hand, intended to be balanced by the social workers’

obligation to include citizens individual 'wishes and preconditions' (Ministry of employment, 2011).

Within the last decade or so, this wave of workfare reforms has reached the coast of otherwise foreign shores, such as those populated by citizens absent from work due to sickness and therefore receiving sickness benefits. This reached its culmination in 2008, where a broad coalition of interest organisations and political parties decided on a reform package to reduce absence due to sickness. The reform package included 39 initiatives, which were to counteract the rising expenditure on sickness benefits, and some of the initiatives were passed as law in 2009 (Ministry of Employment, 2008 & 2009). This latest reform package (some minor have followed) is an expression of a changing perception of how absence from work due to sickness should be perceived and handled. Absence from work due to sickness should not be perceived a private matter, but as a problem that is shared by public authorities, medical professionals and employers alike. It is believed that public and private stakeholders should work together on the grounds of common interests – when the citizen suffers, so do public expenditures and workplace efficiency. Just as importantly, the reform package equipped municipal social workers with the tools necessary to back up a significant shift that had already occurred in 2003 with the introduction of a standard method for 'describing, developing and accessing ability to work' (Ministry of Employment, 2002; Johansen et. al. 2018 & 2011). Until then, social workers had had the competences to assess work ability independently, although by relying to a large extent on the medical diagnosis. With the reform package, they were given access to activities used for other groups of unemployed, and thereby they could also contribute in *developing* work ability by using employment rehabilitation independently of treatment offered within the health system. Put in other words, social workers were given more legal competences and at the same time were expected to work more closely together with medical professionals and other stakeholders. The workfare approach used towards recipients of sickness benefits was in many ways like that used for others receiving welfare benefits. However, it was peculiar by the extent to which social workers were expected to collaborate with local stakeholders. Classic implementation literature shows that when the number of stakeholders involved increases, so does the risk for 'implementation deficit' or even failure, because of the 'complexity of joint action' (Pressman & Wildavsky: 1973). Later studies of 'implementation networks' soften this iron law up a bit by pointing to circumstances where collaboration actually works (Hjern & Porter, 1981; O'Toole & Montjoy, 1984; Provan & Milvard, 1991). However, the fact remains that collaboration in implementation will be challenging for implementers and policymakers alike. Even more than other workfare reforms, this one needed to be supported by governance reforms. Below we will look closer at whether this was achieved.

External challenges and the Danish governance blend

"During and especially after the (intentional) transformation from passive to active labour market policies in a number of OECD-countries, wide ranging reforms of operational policies have been introduced in the same countries... Despite country variations, the stated objectives of these operational policy reforms are often similar: To create a more cost-efficient, effective, consumer-oriented and un-bureaucratic service delivery and implementation structure" (Bredgaard & Larsen, 2009a:46-47)

As stated above, substantial workfare reforms have been followed by operational governance reforms in many OECD countries, including Denmark. This is partly because the change from 'people-sustaining' activities (welfare) to 'people-changing' activation activities (workfare) have demanded another service logic where; *'providers of activation services need opportunities for making services tailor-made, in order to take individual and local circumstances into account'* (Berkel & Borghi, 2008:334). To this end, new public management must have appeared to be the perfect choice, but it would be too much of a simplification to define the shift as one from 'old public administration to new public management' (Ibid). Instead, it would be more appropriate to perceive it as a gradual transition where hierarchical governance has shifted from command to regulation involving more indirect forms of steering; from producing to enabling introducing market mechanisms; and from benevolence to activation where stakeholders are mobilized in solving societal problems. As a result of this shift; *"Societal governance in modern societies is a mix of different governance modes. Therefore a governance mode by itself is only a partial one, completed with other types. This applies to self-governance as well as to co- and hierarchical modes of governance"* (Kooiman, 2003:90). The question is, then, what characterizes the Danish governance blend?

In Denmark, new public management has been appropriated in a significantly different way compared to how it has been done in, what Pollitt and Bouckaert (2004) calls, the 'Marketizers' (UK, USA, Australia and New Zealand). Even though not included in their investigation, it seems plausible that Denmark would instead fit into the category of 'Modernizers', obeying to a distinctive reform model that could be termed as the Neo-Weberian State, whose followers:

"...continue to place greater emphasis on the state as the irreplaceable integrative force in society, with a legal personality and operative value system that cannot be reduced to the private sector discourse of efficiency, competitiveness, and consumer satisfaction."
(Pollitt and Bouckaert, 2004:98)

The state is therefore not 'rolled back' but reaffirmed as the primary agent in solving societal problems by administrative law and public services, and this is done by decentralisation and with a greater focus among civil servants on achieving results and being citizen-oriented. More specifically, Denmark would belong together with the 'northerners' (Finland, Sweden and the Netherlands) who lean even more heavily towards the citizen-orientation than the central Europeans. Therefore, we should expect to find a Danish version of new public management where self-governance plays a major role, both when it comes to different administrative and political levels, street-level distraction and involvement of the citizen. Moreover, the Danish employment policy area has some particular traits that relate to co-governance. The employment policy area has for many decades had a strong neo-corporatist tradition, and as active employment policies have been implemented, the Danish labour market has often been described as 'Flexicurity', where workfare is combined with a flexible labour market and social security. Labour market organizations and other stakeholders have also been included in the formulating of the active employment policies – although mostly in a consultative capacity through the employment councils (Torfing, 2004; Mailand, 2008:87-132; Bredgaard & Larsen, 2009b).

The element from new public management that has been most fully embraced by policymakers is performance management, and much attention has been given to directing attention towards results, outcomes and effects. The Danish approach to performance management could be called '*result-based governance*', which is heavily influenced by Kusek and Rist (2004) and their '*result-based monitoring and evaluation*' (Krogstrup, 2011). Result-based governance promises to build a bridge between the citizen and the street-level bureaucrat and between local managers and central authorities by committing to common goals and best-practices. This should be done by developing performance indicators on both output and results as to monitor them continuously and evaluate them regularly so that they can be revised if necessary (Kusek & Rist, 2004; Ejler, 2008). To achieve this end, a performance management model has been implemented within the employment policy area. This model is centered on the local employment plan where performance indicators for the jobcentre are decided on by municipal politicians and civil servants in consultation with the local employment council, where local stakeholders are represented. The local employment plan is renegotiated every year on the basis of national targets and a yearly evaluation – the so called '*revision of results*'. During the year, performance indicators are closely monitored by municipal politicians, the local employment council and the regional employment office. Data on these and other performance indicators are moreover publicly available through a national IT benchmarking system (Ministry of Employment, 2010).

With the introduction of performance management, the availability and demand for information on input, output, outcome and results has exploded and policymakers are becoming increasingly interested in getting this information condensed in the form of evaluations. Policy evaluations therefore seems even more important in; '*... the continuation of politics with other means*' (Bovens, 2006:321) now that it has become such an integral part of the governance blend through result-based governance. However, not every kind of evaluation is equally valued. The evaluation of effects is preferred by policy makers – often referred to as evidence-based policy-making – where the randomized controlled experiment is perceived as the gold standard (Heinrich, 2007; Krogstrup, 2011). It might be argued that the actual evaluations, even in reviews done by the Campbell cooperation, do not always live up to the gold standard (Hansen et. al., 2009). However, this does not change the fact that it's in stark demand within the employment policy area in Denmark (Vohnsen, 2010), and that evaluators are stumbling over each other to deliver evaluations grounded on this or the most approximate method to this. Therefore, it seems that the belief in evaluations as being able to; "*... help society shape its own future in a qualified way through systematic, data-based feed-back... about interventions to solve problems*' (Dahler-Larsen:143) is returning to its former strength and form witnessed in the '*experimenting society*' of '*social engineering*' in the 1960's within the Danish employment policy area. The permanent secretary for the Ministry of Employment has expressed it like this:

"It is my opinion that the more we can build our policy on examinations of whether the things we want to do actually work – what some people call evidence – that the more we can counsel the politicians based on data, preferably from controlled trials – the better it is." (Quote in Vohnsen, 2011:83)

Looking at some concrete initiatives, the Ministry of employment has since 2005 finished or launched seven large-scale randomized controlled trials covering most groups receiving welfare benefits, there among two with recipients of sickness benefits.

Judging from the above, one should think that there is ample room for self- and co-governance. However, if we look beyond general models, reality looks a little different at street-level. Self-governance does not seem to be as pronounced in practice as on paper. Research shows that the operational reforms within the Danish employment policy area can best be described as decentralised centralisation, where bureaucratic hierarchical governance still flourishes, leading to more standardised services being delivered by the local jobcentres. This has benefitted the implementation of work-first strategies and use of motivational strategies (“the deterrence effects”) such as promoting the use of economic sanctions, the regularity and extent to which consultations between the municipal caseworker and the citizen occurs and the numbers of hours spent in employment rehabilitation for each recipient of sickness benefits (Bredgaard & Larsen, 2009a). On the other hand, this has probably happened at the expense of human-capital strategies and the involvement of the citizens. Moreover, that the labour market organisations and other stakeholders were included in the negotiations about the reform package on absence due to sickness does not necessarily mean that they are included in the implementation networks which are intended to solve the actual problem of absence from work due to sickness. The limited existing research actually shows an inability to involve local stakeholders in creating implementation networks around recipients of sickness benefits (Damgaard & Boll, 2007; Jacobi, 2011). Co- and self-governance therefore seem to exist to a lesser degree than what would be expected, and as we will see below, the application of performance management does little to help correct this. On the contrary, result-based governance is influenced to support the prevailing governance blend.

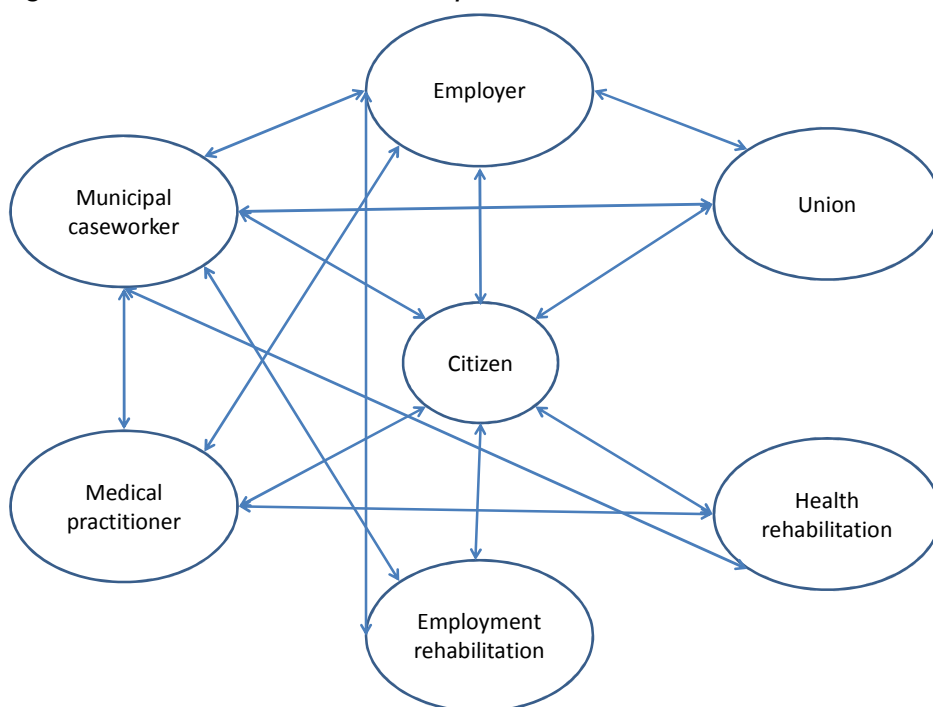
External challenges and the character of the policy problem

Before proceeding to identifying internal decouplings, let’s take a look at how appropriate this governance blend is when applied to the specific policy problem of handling absence from work due to sickness. We have already sketched out above that intentions are not only to reduce public expenditures but also to involve the citizen and local stakeholders in handling absence from work due to sickness. However, to fully grasp the character of the policy problem it will also be necessary to include the circumstances under which the policy problem is being implemented. Matland’s typology of degrees of conflict and ambiguity can be useful here. However, I find his distinction between conflict (related to the actors’ interest) and ambiguity (related to the policy problem itself) somewhat artificial. Instead, I find the two terms to be interconnected, which leaves us with two very different kinds of policy problems; those of low conflict and ambiguity and those where both are high. For the latter, the following can be said:

“Policy conflict will exist when more than one organization see a policy as directly relevant to its interests and when the organization have incongruous views. Such differences can arise regarding either the professed goals of a policy or the programmatic activities that are planned to carry out a policy... an engineer, an economist, and a lawyer may prefer very different means to carry out a policy” (Matland, 1995:156-157)

The above wicked policy problem of high ambiguity and conflict is very much like the present policy problem because the potential for conflict and ambiguity, relating both to goals (targets) and means (performance indicators), is great here. The rehabilitation of the citizen who is absent from work due to sickness can be perceived as unfolding in a citizen-centred implementation network (Jacobi, 2011). This is a kind of implementation network that can be distinguished from other kinds of implementation networks or structures ((Hjern & Porter, 1981; O'Toole & Montjoy, 1984; Provan & Milvard, 1991) by its micro-level focus on a single rehabilitation process. The goal or target for the rehabilitation process can't be generalized even though social workers have the overall target of getting as many people as possible into jobs. In the single case, there are many targets to strive for and there are many ways to get there. In the single case, both the target and means to achieve this should be based on the wishes and preconditions of the citizen and carried out in collaboration with several stakeholders. The intention is that this workfare-oriented public service should be delivered in the context of a *citizen-centred implementation network*. The illustration below indicates the complexity of the policy problem.

Figure 1: 'The citizen-centred implementation network'



The municipal caseworker, as a representative of the municipal jobcentre and the public administration, has the most competences in deciding such things as when the citizen is to be declared healthy and thereby either return to his job or apply for unemployment benefits. Moreover, the caseworker often has a great deal of influence as to whether the citizen is declared to have a permanently reduced work ability which would make the person eligible to a range of permanent social benefits. Not because they decide this independently but because they help citizens with the applications and make recommendations as to what should be decided on. Finally, the municipal caseworker can decide what kind of employment rehabilitation should be used, ranging from job training to workshops in Mindfulness meditation. As the arrows indicate, this involves a two way

communication with all the stakeholders. For example, *the employer* is obliged by law to have a consultation with the employee even before he begins to receive sickness benefits. Here, they decide if the medical practitioner should be involved in making a rehabilitation plan, and if they do so, this plan should be used by the municipal caseworkers. *The medical practitioner* is equally important in his capacity as a gatekeeper to and coordinator of health rehabilitation. This makes the medical practitioner important to both the rehabilitation process and in documenting whether the patient is eligible to sickness benefits or has a permanently reduced work ability. In the cases I investigated, interviewing recipients of sickness benefits, their caseworker, employer and medical practitioner, it was not uncommon that conflicts over fundamental issues such as what perspective to apply on health and sickness occurred. For example, conflicts often arise over whether eligibility to sickness benefits should be grounded mostly on a medical diagnosis, building on a pathogenic paradigm (focus on the sick), or on work ability, building on a salutogenic paradigm (focus on the healthy) (Johansen et. al., 2011). This is complicated further by the fact that the citizens' own judgements about their health is seen as an important component in both perspectives. Moreover, how to weigh health and employment rehabilitation against each other is often a potential area for conflict.

This should be sufficient to get a glimpse of the complexity of the task and the potential for ambiguity and conflicts regarding ends, means and interests. We might therefore identify the area of absence from work due to sickness as a policy problem that would benefit from being implemented by using result-based governance because of the demands it puts on its ability to promote co- and self-governance. However, the prospects are not promising if we compare it with the actual governance blend that was identified above. On the contrary, there is a discrepancy between the wicked character of the policy problem and a governance blend that seems more geared for 'administrative implementation' where both the potential for conflict and ambiguity is low (Matland, 1995). However, it remains to be seen whether these external challenges actually prevent performance management from being genuinely result-based.

Internal decouplings

To speak of decouplings is of course only relevant if couplings are intended to be present. In result-based governance, local evaluations are expected to supply local policy-makers with a steady input of information about how to plan future interventions and the street-level bureaucrats are expected to help convert this information into operational performance indicators. However, it seems that the couplings are not working as intended.

At first glance on formal procedures regulated by law, it is striking how rigid and inflexible these couplings are. Several requirements seems to narrow the space for local autonomy and self-governance. This includes the fact that national targets should be applied to the local context, but much more importantly, the yearly result-revision which evaluates last year's local employment plan is generated automatically and is therefore based on fixed performance indicators. These performance indicators are a mix between output and outcome measures. The primary outcome measures are the national targets (where, for two years, one target has been to reduce the number of citizens receiving sickness benefits for more than 26 weeks). Moreover, there are some secondary outcome measures on the number of citizens on different public welfare benefits (e.g. social benefits, early retirement and sickness benefits). Output measures are on the degree of

activity and on how many are activated on time, as legislation states – recipients of sickness benefits should, for example, have a consultation either every fourth or eighth week. An important thing about these performance indicators is the way they are presented. Even though absolute numbers are presented, the focus is mainly on the relative development which is then benchmarked with other jobcentres belonging to the same group - arranged by statistical evidence on who has similar conditions in their population and on the labour market. Jobcentres are also ranked on a 'scorecard' through aggregated measures, and their spendings are benchmarked according to 'potential savings -' based on whether the specific jobcentre performed as well as the average jobcentre did. To make sure that these performance indicators are monitored continuously during the year and serve as a basis for planning future activities, a regional employment office has been established to follow up on the performance of the individual jobcentre. The regional office has regular meetings with the jobcentres, and the comments from the regional office on both the result-revision and the local employment plan are included in the final documents approved by the city council. Moreover, if the regional employment office observes any 'significant variation' on a performance indicator between a jobcentre and the average in the groups, they have different possibilities for intervention. Firstly, they make a plan in collaboration with the jobcentre with the goal of improving performance. If this plan does not provide the necessary results, the regional office has its own team of consultants that can be sent to the jobcentre to monitor and correct daily operations. If the problem is not corrected by these measures, a last resort is to take responsibility away from the municipal and hand it over to private contractors selected by the regional employment office (Ministry of Employment, 2010).

If we look more closely at the decoupling between the evaluation and revision of performance indicators on the strategic political and administrative level, one simple practical problem seems especially problematic; the creation of the employment plan is a highly regulated political and managerial process that takes one year. The process begins when the result-revision is automatically generated at the start of the year. Thereafter, the evaluation is commented on by local politicians, stakeholders, managers and the regional office in order to identify where focus needs to be directed during the next year. The 'result-revision' is finally approved by city hall by spring time. Simultaneously, civil servants in the municipals are writing out a first draft of the employment plan, which is presented and negotiated among all the actors during the year and is finally published the 10th of January the following year (where it is to be applied). In practice, this means that a plan which is to be implemented in 2012 will be based on results from 2010 where national targets were used that are no longer relevant. However, the biggest problem is not that results are obsolete or even on the wrong targets. It will be possible to overcome this by underemphasising the mandatory result-revision and 'fill in the blanks' by using newer information on results, which is readily available through the municipals own IT-system. The biggest problem concerns what kind of knowledge is expected to be extracted from evaluations. Because the whole monitoring and evaluation practice is centred around identifying variations from the average in the group on standard performance indicators, it seems like the jobcentres have settled for focusing on this. They do not go one step further and analyse what kinds of interventions actually worked and revise performance indicators according to this. Therefore, it might be argued that the jobcentres obey to Gresham's law. There can be at least three explanations for this. First, too many resources are used for the more formalistic process. In the two cases I investigated, this was definitely the case.

Limited resources were allocated to the evaluation, and managers were sceptical of its practical value, and therefore resources were cut to an absolute minimum. Second, in an atmosphere where evidence-based research is favoured, it does not make sense to prioritize the development of a local change theory. It was much easier to borrow legitimacy from the state by doing what the regional employment office recommended, and therefore standard methods were applied in the strategically section of the employment plan. As I observed, this turned out to be a sensible decision because it helped managers to defend their actions in front of local politicians if results did not materialize. Third, the governance blend meant that many of the interventions in the jobcentre were closely monitored according to degree, frequency and kind of activity because a large amount of the municipal's expenses was refunded according to the quantity and kind of activity. This was based on 'evidence' that showed how the average citizen would enhance their possibility of getting off welfare benefits if activity was high and related to a workplace. It meant that local politicians demanded performance indicators to be used on these activities because it was so important for the overall economy of the municipal.

The other decoupling, between the strategic political and administrative level and the operational level of the street-level bureaucrats, is also heavily influenced by the dominance of evidence-based evaluation and performance management's relation to the overall governance blend. As indicated above, national targets and targets on the performance indicators, where variations from the average are greatest, are prioritized in the local employment plan together with evidence-based best-practice. Therefore, performance indicators in the local employment plan are essentially decoupled from the specific local circumstances and experiences of managers and street-level bureaucrats. Moreover, the knowledge produced by evidence-based evaluations is based on a very limited number of interventions (independent variables) and their effects (dependent variables), and many methodological objections can be raised against the experimental research design in proving the effects of complex social interventions. Therefore, it has also been suggested that a typology should be used instead of a hierarchy, where the randomized controlled experiments is placed on top. A typology would instead relate the appropriateness of a research methods to which kind of research question is being posed (Hansen, 2009:157-159). The hierarchy of research methods has never the less been dominant in the case at hand. Therefore, performance indicators on interventions are mostly quantifiable and simply measures degree, frequency and kind (on a workplace or not) of activity, because it has only been possible to prove these effects. It might therefore have an effect on the average citizen when it comes to reducing time spent on welfare benefits, but it leaves the social worker with very little guidance as to how to qualify the interventions towards the single citizen. This in turn reduces the capacity of performance management in helping social workers to achieve good results in the individual case. Both the jobcentres I investigated did actually acknowledge this to a certain extent by establishing a process where social workers were included in qualifying interventions by developing more detailed operational performance indicators. However, this attempt failed miserably. First of all, the failure can be attributed to the practical difficulty in converting a ranking based on a relative development to a workable tool for monitoring every day work routines of the social worker. A more fundamental problem was related to the legitimacy of different kinds of knowledge. When I observed the meetings where operational performance indicators were to be developed, it became apparent that the social workers' suggestions were simply not perceived as legitimate by the managers. There was a

conflict between contextual, professional knowledge and evidence-based knowledge on effects. The end result was that no operational performance indicators were created and no influence was given to the social workers, which left many of them with a feeling of disempowerment.

If we should relate the above to the character of the specific public policy problem, we can conclude that the above mentioned internal decouplings present considerable barriers in preventing performance management from becoming genuinely result-based. If good performance and results was only to reduce public expenditures by getting citizens off welfare benefits, this would not be the case. On the contrary, the existing governance blend supporting work-first policies seem to work rather well in 'motivating' citizens from applying for and staying on welfare benefits. In this specific case where good performance is related to being citizen-oriented and collaborative, this is, however, not the case.

Conclusion

At the yearly conference about the future direction for employment policy in Denmark, organized by the federation of Danish Municipalities, one of the keynote speakers was an executive of a jobcentre. She had just arrived home from New York from a study trip where she and top-ranking civil servants from the Ministry of Employment had been introduced to cutting edge knowledge within performance management. She started her presentation by stating that no social worker in the American jobcentre that she visited had any doubts about the fact that they had to supply 6 unemployed with an ordinary job every week and keep them there for half a year. She continued by comparing this to Danish jobcentres where such a focus on results was unthinkable, and she explained that result-based governance was the right way to change this. So what did she mean by result-based governance then? Should Danish social workers also be measured and even rewarded by how many people they moved from welfare benefits to jobs? Not at all! In her jobcentre, they had devised their own assessment tool for employability, based on a questionnaire where answers were rated from 1-5. By using this tool at every consultation, the progress of each citizen could be monitored closely and more focus on 'results' could be achieved. This is symptomatic of the Danish employment policy area where focus seems to drift away from continuously qualifying local operational performance indicators to creating ever more detailed procedures for monitoring performance indicators. This is not necessarily a problem if the aim is to solve an administrative policy problem and best-practices are self-evident. It is however problematic if we are dealing with a wicked problem, where evidence on best-practices are very limited – which will often be the case. In such circumstances these internal decouplings act as barriers, preventing performance management from becoming genuinely result-based.

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