

MOVING BEYOND INNOVATION DIFFUSION IN SMALLER LOCAL GOVERNMENTS: DOES PERFORMANCE MANAGEMENT EXIST?

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ABSTRACT

The performance paradigm of today, which is commonly referred to as performance management, includes the two distinct stages of developing performance measures and actually using them for service improvement. The good news is that the literature contains evidence that performance management does exist to some extent among local governments in the United States and in other countries; however, this same literature focuses primarily on larger local governments. We respond by presenting a comparative case study analysis between two municipalities from the United States and one municipality from Italy within the population range of 1,000 to 4,999. The findings of our research suggest that performance management can be found in smaller local governments when the necessary leadership and the higher-order measures of efficiency and effectiveness are in place. We conclude by discussing the implications of our findings for smaller local governments and by presenting possibilities for next steps regarding future performance management research.

Keywords: Local government, innovation diffusion, performance management, performance measurement, leadership, outcome measures, data use

INTRODUCTION

There has been a shift in the literature since the early 2000s regarding the performance paradigm in local government. The normative and descriptive research is no longer confined to

the adoption of performance measurement for the benefits of accountability and transparency, where studies have relied on an inventory approach to document the prevalence of the management tool among local governments inside and outside of the United States (Poister and Streib, 1999 and Kuhlmann, 2010). The performance paradigm of today, which is commonly referred to as performance management, includes the two distinct stages of adoption (development of measures) and implementation (actual use of them) as described by de Lancer Julnes and Holzer (2001). Therefore, the literature now contains studies on the adoption rates of performance measures and on the organizational dimensions of performance management that promote the actual use of performance data for decision-making. Sanger (2008) also made the critical distinction between performance measurement and performance management when concluding that more scholarship is needed on the determinants that promote data use given that research on performance management remains in its infancy.

The good news is that the literature contains evidence that performance management does exist to some extent among local governments in the United States (Ammons and Rivenbark, 2008) and in other countries (Jansen, 2008). This same literature also has identified certain organizational factors that increase the likelihood of local managers actually using performance data and has provided concrete examples on how performance data have been used for service improvement. The issue is that most studies focus predominantly on larger organizations, which aligns with research on other management tools in local government (Poister and Streib, 2005). The traditional inventory approach of assessing the practice of adopting performance measures, however, has provided some evidence of innovation diffusion in smaller local governments (Rivenbark and Kelly, 2003), resulting in a void in the literature regarding performance management.

This exploratory research represents a first step toward responding to this void by presenting a case study on performance management in municipalities within the population range of 1,000 to 4,999 in order to determine whether or not smaller local governments have the organizational capacity to

move from measurement to management and to identify the possible organizational factors necessary for making this transition. We begin this article with a literature review on performance measurement and performance management in local government before describing how the three municipalities were selected for our case study. Based on a comparative analysis between two municipalities from the United States and one municipality from Italy, we then present the findings of our research that suggest performance management can be found in smaller local governments when the necessary leadership is in place and when they embrace the higher-order measures of efficiency and effectiveness. While we acknowledge the limitations of being able to generalize results from the case study approach, we conclude this article by discussing the implications of our findings for smaller local governments and by presenting possibilities for next steps regarding future performance management research.

FROM MEASUREMENT TO MANAGEMENT

What we know about management innovation in local government is based primarily on research from jurisdictions with populations of 25,000 and above, which is consistent across national and international studies (Rivenbark and Kelly, 2003; Nisio, De Carolis, and Losurdo, 2013). The advantage of this approach is that larger organizations are more likely to adopt performance measurement systems, and researchers are more likely to obtain the performance information that they need from larger organizations through case study approaches and survey research designs. The disadvantage of this approach is that the theory and practice of the performance paradigm is based almost exclusively on the small percentage of national and international municipal governments with populations of 25,000 and above. Therefore, our literature review is grounded almost exclusively within the context of larger local governments.

The good news, however, is that we do not have the classical “chicken or egg” problem when exploring the performance paradigm’s two distinct stages of adoption and implementation in local governments regardless of

organizational size. The literature is clear that performance measurement comes first, where the precursor to using performance data for making management decisions is an underlying infrastructure for producing accurate, reliable, and meaningful performance information (Hatry, 1999). We begin, as a result, with the performance measurement literature in local government, including how public managers should track and report measures in alignment with how the indicators are going to be used for organizational advancement (Behn, 2003). We then present the literature on performance management, identifying the organizational dimensions that need to be present in local governments to move from measurement to management. These studies are particularly important for setting the stage for our case study on performance management in smaller local governments.

Performance Measurement

The literature on the adoption of performance measurement systems in local government is too vast to capture in one manuscript. For example, Williams (2003, 2004) traced the history of performance measurement in the United States to the work of the New York Bureau of Municipal Research, where selected local governments were tracking performance measures with many of the same features as today's practices. Ridley and Simon (1937) also identified and advocated for performance measures across local government services as part of their work with the ICMA. The modern push for performance measurement systems in local government, which has set the stage for performance management, is clearly identifiable in the literature of the 1980s and 1990s (Hatry, 1980; Cope, 1987; Grizzle, 1987; Carter, 1991; Wholey and Hatry, 1992; and Brown and Pyers, 1998).

Scholars have promoted the utility of performance measurement for reasons of planning, budgeting, service improvement, accountability, and transparency and have identified possible strategies to overcome the organizational barriers of the management tool like cost of adoption, validity and reliability of measures, and reporting fears from managers (Wholey and Hatry, 1992). Reinventing government and New

Public Management (NPM) also had a major influence on the adoption of performance measurement systems in local government (Osborne and Gaebler, 1992 and Hood, 1991). NPM was particularly important to the advancement of performance measurement in countries like Germany, France, and Italy, where the concepts of measurement began “to gain a foothold” in Continental Europe during the 1990s (Kuhlmann, 2010).¹ In addition to promoting the management tool, information began to emerge from the literature on how to adopt an effective performance measurement system in local government during this same period of time (Hatry, 1999 and Ammons, 2012). From an overarching perspective, there are two fundamental steps in the adoption process.

The first step is that the local government must have interest in the management tool and must identify the types of measures to track and report. Interest can come from voluntary innovation diffusion or from involuntary innovation diffusion of legal mandates from a central government (Walker, 2006). It also can be a top-down initiative from the board or chief executive or a bottom-up initiative, where department heads embrace the management tool on a case-by-case basis. Managers must then identify the collection of indicators, including input, output, and outcome measures (efficiency and effectiveness). One approach is to begin with the goals and objectives of each program, requiring specific measures for tracking progress toward accomplishing them (Kelly and Rivenbark, 2011). Another approach is external, where local officials look to other local governments to identify the types of measures to adopt. One possible advantage of identifying measures from outside of the organization is benchmarking, where local managers can analyze service performance within the context of trend analysis and within the context of service performance from other local governments (Ammons, 1999).

The second step is to collect and report the measures. Fortunately, the literature contains evidence that local governments have made substantial progress on this step inside and outside of the United States. Poister and McGowan (1984) reported that 42 percent of municipalities in the United States with populations of 25,000 and above used performance

measures in selected areas to some degree. Poister and Streib (1999), approximately 15 years later, reported that this percentage had increased to almost 80 percent for municipalities with populations of 25,000 and above. Moving beyond the United States, Basle (2003) reported that 60 percent of municipalities in France with populations of 50,000 and above had introduced program procedures for measuring performance. Magnier (2003) found that roughly half of the municipalities in Italy with populations of 20,000 and above had not yet introduced performance measurement reform, suggesting that the management tool had found its way into the other half of municipalities to some degree. One of the stronger cases for the adoption of performance measurement reform outside of the United States was reported by Kuhlmann (2010), who found that 66 percent of municipalities in Germany with populations of 10,000 and above had embraced selected elements of a performance-oriented model for the benefits of ongoing program assessment.

Rivenbark and Kelly (2003) found modest evidence that innovation diffusion of performance measurement had found its way into smaller municipalities, where approximately 17 percent of municipalities in the United States within the population range of 2,500 to 24,999 required performance measures for selected or all programs. However, this percentage dropped to 5 percent for a requirement across all programs. The authors also found that these municipalities were more inclined to track and report output measures rather than efficiency and effectiveness measures. Pollanen (2005), on the other hand, reported that over 50 percent of municipalities in Canada with populations of 5,000 and above had embrace performance measures in selected areas, concluding that this adoption rate is comparable to studies from the United States, the United Kingdom, and Australia. The strength of this study is that it focused on the higher-order measures of efficiency and effectiveness; however, only one service within each municipality had to collect and report performance indicators to be part of the 50 percent.

An important observation that can be made from reviewing the research on the adoption rates of performance measures in local government is that studies have demonstrated

that performance measurement has found its way into smaller municipalities to some extent. While this innovation diffusion can only be described as modest, a plausible explanation for this finding is that the management tool has the capacity for helping organizations of all sizes to demonstrate levels of accountability and transparency that are now fundamental values of democratic governance (Cucciniello and Nasi, 2014). Another observation is that this research stream (adoption rates) continues to be important as the paradigm shift is expanded to include both measurement and management. More specifically, it provides relevance for performance management research as the sheer number of local governments that embrace performance measures of input, output, and outcome in the United States and in other countries continues to increase over time as well as the resources being invested in adopting and reporting them.

Performance Management

Moynihan (2013) maintained that the study of performance management has increased over the last decade, concluding that our ability to identify underlying variables of reform will help us influence the future. A fundamental issue within this observation is defining what the profession means by performance management reform, which has become more rigorous since the early 2000s. For example, de Lancer Julnes and Holzer (2001) described the paradigm shift as the move from adoption to implementation, maintaining that implementation is the “the actual use of performance measures for strategic planning, resource allocation, program management, monitoring, evaluation, and reporting to internal management, elected officials, and citizens or the media” (695). Moynihan (2008), however, proposed a tighter definition of “not whether performance information exists, but whether it is used in various decision-making venues in government, from day-to-day management of programs to high-level resource allocation decisions” (48). Today’s research on the theory of underlying variables of performance management reform, as a result, must seek out evidence of how performance data have been actually used to make decisions before identifying the organizational attributes of a data-driven, decision-making environment, which

can be summarized as extracting value from data for improved performance (Jarrar and Schiuma, 2007).

Based on 15 municipalities with populations of 25,000 and above, Ammons and Rivenbark (2008) documented a series of instances where local managers actually had used performance data for service improvement and identified three overarching factors that influence the likelihood of data use. The first is the reliance on the higher-order measures of efficiency and effectiveness rather than on input and output measures. In each instance where data had been used for service improvement, efficiency measures (cost per output) and effectiveness measures (service quality) were critical in analyzing the data, identifying strategic changes, and tracking the results. The authors also noted that efficiency measures in particular played an important role with data use, citing its historical relevance as a core value of public administration. The second is the willingness to engage in benchmarking, where local managers move beyond these comparisons for preparing management report cards to actually seeking better practices from other organizations for service improvement. This finding also is consistent with the research conducted by Melkers and Willoughby (2005). The third is the ability to incorporate performance measurement systems into other key management systems like the annual budget process, where performance measures are used to justify budget requests rather than just adding them to the budget document for presentation purposes.

Sanger (2008) also moved beyond measurement and explored the factors that drove performance management in Baltimore's citywide effort and a number of city agency efforts located in the cities of New York and Philadelphia. A critical finding was that innovation diffusion mandates can require and create processes (performance measurement), but their impact on data use (performance management) is less certain. The scholar noted that committed leadership from the top-down and bottom-up is more influential to data use when compared to an internal or external mandate. Another factor is that performance measures should be embedded in management's strategic goals, where a measure is used to track the outcome of a quantifiable objective. A factor that can be traced to the research of Wholey

and Hatry (1992) is that measures must be clear, accurate and credible before they can be used for decision-making, which absolutely involves a certain level of management capacity as described by Ongaro and Valotti (2008) in explaining the implementation gap of performance management in three regional governments of Italy. The list of factors also included the potential for evaluation through feedback and learning and the need for public reporting, which as described by Sanger (2008), increases the pressure from outside of the organization for service improvement when the information is transparent to all internal and external stakeholders.

Jansen (2008) conducted a study in The Netherlands to expand the theoretical framework on the use of performance information based on three case studies from municipalities with populations of 100,000 and above. Two factors emerged from the municipality of Groningen, which was identified as the leader of performance management because of data use among managers and elected officials. The reason why the local government managers of Groningen tended to use performance data more readily was because the performance measurement system was integrated with other management systems, which corresponds to the research of Ammons and Rivenbark (2008). The elected officials, on the other hand, became more interested in data use when measures moved from tracking internal processes to measures associated with citizen outcomes. In fact, Jansen (2008) suggested that elected officials need an incentive to become interested in internal performance measures. This can occur when the media brings negative attention to internal operations for example, building on the reality that politicians are more attuned to the political risks of the organization.

Fryer, Antony, and Ogden (2009) maintained that performance management has not achieved its predicted success in the public sector within the context of their research on identifying the technical, system, and involvement challenges of the management tool. While this observation may be true, the literature reveals that some progress is being made in larger local governments on the implementation of performance management. The logical next step is to expand this research stream to include local governments of all sizes given that

performance measurement adoption does exist to some extent among smaller municipalities.

CASE STUDY

We specifically used a case study approach to overcome the limitations of surveys when conducting implementation research, as described by Frank and D'Souza (2004), in order to determine whether or not smaller local governments have the organizational capacity to move from measurement to management and to identify the possible factors necessary for making this transition. Moynihan (2013) referred to this methodology as the traditional approach, where researchers conduct observations and interviews to generate insights about the implementation of reform. We are defining performance reform for this research as local managers actually using performance data to make decisions, following the definition proposed by Moynihan (2008). The challenge was finding organizations for conducting the case study analysis because our focus is on municipalities within the population range of 1,000 to 4,999.²

We started with the 36 municipal governments located in the 20 coastal counties of North Carolina (United States) within this population range, which are part of the coastal area management act (CAMA), and the 78 municipal governments located in the 6 coastal provinces of Puglia, Italy within this population range for identifying potential organizations for our comparative analysis.³ We reviewed the websites of the respective municipal governments and used the following criteria to select four municipal governments from North Carolina and two municipal governments from Puglia for further review: similar service provision (administration, planning, public safety, environmental services, and utilities), documentation on performance measurement in terms of goal, objectives, and measures, and evidence of citizen involvement. We included citizen involvement based on the research of Holzer and Kloby (2005) and Sanger (2008), where a higher commitment to transparency can translate into a higher commitment to performance management.

We then used a two-step process to collect data from each municipality beyond our website review during July and August 2014 (Yin, 2014). The first step of the process involved asking the chief executive of each municipality to complete a four-part questionnaire, which is located in the appendix. Two municipal governments from North Carolina and one municipal government from Puglia were then eliminated from further review based on analyzing the responses from the completed surveys. The two municipalities from North Carolina were eliminated because one focused on community indicators of economic development rather than on service indicators of efficiency and effectiveness, while the other was eliminated because it had experienced turnover in the chief executive position (city manager) during 2012. The person who held the position was the champion of performance measurement, and the information on the website became outdated after the turnover occurred. The municipality from Puglia was eliminated, on the other hand, because the organization defined performance as employee performance rather than service performance, making changes primarily to personnel evaluations.

Table 1 contains the two municipal governments of Belhaven and Edenton from North Carolina and the one municipal government of Melpignano from Puglia that were selected for our case study analysis. The table shows that two municipal governments function under the council-manager form of government, while the other functions under the mayor-council form of government. The three municipal governments meet the criteria of similar service provision, documentation on performance measurement, and evidence of citizen involvement. The documentation on performance management for each municipal government, however, is for selected programs rather than for all programs, which is consistent with the research of Rivenbark and Kelly (2003) and Pollanen (2005). A major difference between the three municipal governments is citizen involvement, ranging from an indirect approach of using community surveys to a formal approach of community cooperatives.

Table 1: Municipalities included in Case Study

	Belhaven	Edenton	Melpignano
State or Region	North Carolina	North Carolina	Puglia
Population	1,688	4,966	2,241
Chief Executive	Manager	Manager	Mayor
Similar service provision	Yes	Yes	Yes
Documentation on performance measurement	Selected programs	Selected programs	Selected programs
Evidence of citizen involvement	Community survey	Citizen advisory committee	Community cooperative

We then conducted onsite and telephone interviews for the second step of the process for collecting more detailed information on the implementation of performance measures involving data use. This second step was critical for two reasons. First, it helped us overcome the difficulties of comparing organizations in terms of performance measurement practices (Sun and Van Ryzin, 2012), responding to the differences in how individuals contextualize terms like goals and objectives. Second, there are inherent challenges in collecting information on performance management through survey research, including the tendency to overstate responses given the ambiguity of defining data use (Frank and D'Souza, 2004). Again, we followed the definition of performance management proposed by Moynihan (2008) where public officials must actually use performance data as the basis for making decisions. The following summaries provide examples of how the municipal governments have used performance information within the context of our performance management definition.

Belhaven

The municipality of Belhaven is located on the Pungo River near the Atlantic Ocean, with a population of approximately 1,688 residents. It functions under the council-manager form of government and engages its citizens primarily through a community survey, which is administered by the police department for a push toward becoming an accredited law enforcement agency. The police department and the parks & recreation department have embraced certain aspects of performance measurement over the past five years, relying more on output measures rather than outcome measures. The chief finance officer described the municipality's performance measurement system as ad hoc, where bottom-up leadership within those two departments has embraced performance measurement to some degree primarily for the reasons of accountability and transparency. The chief finance officer also was adamant that the limited organizational capacity for performance measurement comes from the respective departments rather than from central administration. However, the municipality was able to provide an example of performance management.

The parks & recreation department had always tracked the output measure of number of annual participants. The municipality realized that many of the annual participants regarding recreational services were individuals living outside of the municipality when the outcome measure of percentage of nonresidents was added as a proxy for quality. The elected board responded to this measure by engaging in a debate to adopt a graduated fee structure—one for residents and another for nonresidents. Rather than adopting the proposed graduated fee structure, the measure was ultimately used to justify a successful budget request to the county for additional funds to cover the cost of nonresidents.

Edenton

The municipality of Edenton is located on the Chowan River, which also is near the Atlantic Ocean. It has a population of approximately 4,966 residents and functions under the council-manager form of government. The municipality has a

very progressive mayor, who provided the leadership for a strategic planning process for the municipality in the late 1990s and who promoted the creation of a citizen advisory committee in the early 2000s. The chief executive officer (city manager) described how citizen participation has helped promote an environment for broader accountability and transparency and for using performance data. While the municipality's performance measurement system is still evolving, the mayor and council promote the concepts of performance measurement and the manager seeks to hire department heads with prior performance measurement experience when turnover occurs. The departments that are engaged in the management tool tend to track input, output, and outcome measures given that department heads often use professional organizations and other local governments to identify them.

The municipality provided two examples of how performance data have been used for cost reduction and for more citizen involvement. Output measures on miles-driven and fuel consumption showed a continued increase over the past several years through trend analysis. A vehicle tracking system was implemented to monitor how vehicles were being used and to encourage changes in driver behavior. These same output measures were then used to track the reduction in miles-driven and the reduction in fuel consumption, which had a direct impact on the municipality's annual fuel budget. The second example involved environmental services. The participation rate for recycling continued to reveal that citizens needed to change their behavior regarding waste disposal and recycle more. The municipality responded with an intensive recycling education initiative based on this outcome measure. This initiative created such a demand for recycling that a budget amendment was needed to purchase additional recycling bins. The next step is to look for ways to improve the overall recycling process given its expanded presence within the community.

Melpignano

The municipality of Melpignano is located south of Lecce, Italy, with a population of approximately 2,241. It functions under the mayor-council form of government;

however, the municipality has a secretary to the board who functions more like an administrator than a clerk, participating actively in the administrative and service activities of the local government. The municipality, like Edenton, has a very progressive mayor who understands the values of accountability and transparency and who is very engaged in economic development activities for increasing tourism within the small community. Citizen engagement comes in the form of a community-based cooperative, which is a nonprofit organization comprised of citizens to identify, implement, and fund community projects through its broad legal authority (Adamo, Giaccari, and Fasiello, 2014). The municipality implemented an ad hoc performance measurement system primarily in the functional areas of administration and environmental services approximately two years. However, the secretary took the lead on identifying the performance measures for the two functional areas by reviewing information from other municipalities of similar size.

The municipality provided two examples of data use, one that would qualify as performance management and another that would not qualify based on our definition of actually using performance data for decision-making. The example that qualifies comes from the area of environmental services, where an efficiency measure is used to track the energy consumption rate across municipal-owned facilities by the building maintenance function. These data were used to justify the triennial budgets for public works and ecological purchases, which then funded specific strategies to reduce energy consumption. These data were then used to track the successful results. While the second example does not qualify as performance management, it is important to the municipality nevertheless. A performance measurement report was attached to the annual financial statements to increase accountability and transparency. The positive effect of this outcome is that public reporting can enhance the probability of performance management (Sanger, 2008). The next step as described by the municipal secretary is moving toward quantifiable organizational objectives, which will allow the municipality to advance its performance measurement system within the context of input,

output, and outcome measures. The municipal secretary also noted that more improvements could be obtained with dedicated resources to developing internal performance management capacity.

RESULTS

An overarching challenge from our research was the difficulty in identifying and selecting the three municipal governments for our case study analysis within the population range of 1,000 to 4,999, suggesting that innovation diffusion regarding basic performance measurement among smaller local governments continues to lag behind their larger counterparts. There are two possibilities for this outcome. One is that smaller local governments lack the organizational capacity for adopting and implementing performance indicators, which was noted by two of the three municipal governments in our case study analysis. Second, departments may be collecting performance indicators for internal reasons but are not publishing them for accountability and transparency in any systematic way. However, our case study analysis did reveal that municipal governments with populations of 1,000 to 4,999 do have capacity to move from measurement to management after the adoption of selected performance measures. We also found two primary factors for increasing the probability of local officials actually using performance data for decision-making, identifying them from the three municipalities that were able to identify at least one example of performance management.

The first factor for promoting data use is the need for both top-down and bottom-up leadership. This finding builds on the research of Sanger (2008), who made a critical distinction between the two approaches to leadership and who emphasized the critical need of top-down leadership for the promotion of performance measurement. This form of leadership was found in the municipalities of Edenton and Melpignano, where the mayors are pushing initiatives like strategic planning and economic development in addition to the organizational capacity for performance measurement. The executive leaders of these respective municipalities also are involved with performance

measurement, where the city manager of Edenton prefers to hire department heads with prior performance measurement experience and the secretary of Melpignano provides technical assistance to selected departments heads on tracking and reporting of measures by seeking examples from other local governments. Bottom-up leadership, however, is fundamental to performance management. This was evident in each municipality, where department heads embraced the initiative to actually use the performance data for decision-making.

The ramification of this finding is that bottom-up leadership plays an even more important role in smaller local governments regarding performance management given that larger local governments often have organizational capacity within budget and finance functions to take the lead on analyzing data and identifying strategic change. This is simply not the case in municipalities with populations of 1,000 to 4,999. One possible solution is for university-based and professional organizations to provide leadership training specifically targeted toward local officials from smaller local governments, where performance management would be placed within the broader context of the specific challenges faced by communities with limited resources.

The second factor for promoting data use builds on the research of Ammons and Rivenbark (2008), where local governments that move beyond basic input and output measures and rely more on the higher-order measures of efficiency and effectiveness are more likely to engage in performance management. The authors maintained that local governments often rely on basic input and output measures because they satisfy a certain level of accountability and they are often the easiest measures to collect and report; however, they have minimal managerial value when compared to efficiency and effectiveness measures for inspiring actual change to service delivery. Belhaven embraced performance management when the parks & recreation department moved beyond the basic output measure of tracking number of participants to tracking the outcome measure of percentage of nonresident participants. This slight adjustment resulted in a successful budget request to county government. Edenton used the recycling participation

rate—a fundamental outcome measure for this service area—to implement an educational initiative in order to change citizen behavior regarding waste disposal. The municipality then used the same measure to document the success. Melpignano used cost per building maintained to lower the overall municipal energy consumption rate, responding to the notion that efficiency measures can even have a greater influence on the probability of using performance data (Ammons and Rivenbark, 2008).

The challenge is that studies on the adoption rates of performance measures among smaller local governments in particular reveal an overreliance on basic input and output measures, creating an opportunity for change agents to help local officials from smaller organizations transition to the higher-order measures of efficiency and effectiveness. One approach is to build on the work of scholars like Ammons (2012) who have cataloged the most relevant performance measures by service area. Therefore, local officials from smaller organizations need to be made aware that these measures exist and they do not have to reinvent the wheel, responding to their openness to identify measures from external sources as found in the municipalities of Edenton and Melpignano.

An additional observation—which was outside the scope of our research and which has the potential to add value regarding future research—is that performance information use is more likely to be driven by altruism rather than self-interest (Moynihan and Pandey, 2010). While we did not address this dimension specifically in our two-step process of data collection, the examples of actually using performance data from the three municipalities were described within the context of department heads seeking to make positive change in their respective communities. The recycling example from Edenton also has the potential to increase overall quality of life, responding to Im and Lee's (2012) research where they found a positive relationship between the performance of solid waste and citizen satisfaction. Moynihan and Pandey (2010) suggested that more research, as a result, is needed on performance information use that accounts for predictors of organizational theory. This observation also opens the door for more international comparative studies to

control for differences across local government with very different organizational cultures.

CONCLUSION

The literature on performance management in local government has been expanded since the early 2000s to include studies on the adoption rates of performance measures and on the organizational dimensions of performance management that promote the actual use of performance data for decision-making. The issue is that most studies focus predominantly on larger local governments, resulting in a void in the literature regarding performance management in smaller local governments. This study responds by presenting the results of a case study analysis on performance management in three municipal governments within the population range of 1,000 and 4,999, finding that smaller local governments do have some capacity to move from measurement to management when certain variables are present. They include the presence of both top-down and bottom-up leadership and the use of higher-order performance measures (efficiency and effectiveness).

We do recognize the limitations of generalizing results from case studies; however, our research produced several implications for smaller local governments located in the United States and in other countries when pursuing the transition from measurement to management. First, the foundation to performance management is a robust performance measurement system that produces a meaningful collection of input, output, and outcome measures in the context in how they are going to be used to advance the organization (Behn, 2003). Even though our research purposely identified municipalities with some commitment toward performance measurement, progress is still needed within these organizations regarding an overreliance on input and outputs measures. Second, an even higher-level of organizational capacity is needed for performance management, where multiple factors must be present in order to extract value from data (Jarrar and Schiuma, 2007). In other words, using measures for decision-making is more difficult than collecting and reporting them. Third, and most importantly, the adoption of

measures and the implementation of actually using them take time. Moynihan and Pandey (2010) described this phenomenon in the context of organizational theory, where changes must occur within the context of organizational culture, flexibility, and professionalism.

Another implication is the need for additional research on performance measurement and performance management in smaller local governments, responding to the lack of studies in the national and international literature on local governments with populations of less than 25,000. From the perspective of performance measurement, more research is needed on the adoptions rates of performance measures in smaller local governments and the functional areas that track them, how they are identified, and the reporting processes used for accountability and transparency. From the perspective of performance management, more research is needed on the factors that promote the transition from measurement to management. They include, for example, leadership (top-down and bottom-up), information availability, higher-order measures, organizational culture, public service motivation, and citizen involvement. International comparative studies also have the potential to add value to the expanded performance paradigm in local government. While the overarching goal is to expand the understanding of performance management, we must be careful in limiting our research only to larger organizations given that innovation diffusion has pushed the concept of measuring performance into smaller local governments.

FOOTNOTES

1. It should be noted that the push for performance measurement actually preceded some of the more recent accounting reforms in local government that have occurred in selected countries to advance the decision-making from a financial management perspective (Caperchione and Mussari, 2000; Caperchione, 2006).
2. Our interest in an international comparative analysis also impacted the selection of the geographical regions to begin our research, which were identified based on a convenience sample (proximity and author access).

3. Decree 150/2009 requires Italian local governments to measure and evaluate performance. However, there is an ongoing debate in the Italian literature over the ability of a legal mandate to produce meaningful organizational reform. See for example, Borgonovi (2007) and Anselmi et al. (2013).

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APPENDIX: QUESTIONNAIRE

<p>Part I: Organizational Structure</p> <ol style="list-style-type: none"> 1. What is your form of government and describe your organizational structure? 2. When did you adopt your performance measurement system? 3. Was adoption mandatory or voluntary?
<p>Part II: Performance Measurement</p> <ol style="list-style-type: none"> 1. What programs track and report performance measures? 2. What stakeholders were involved in the selection of the measures? 3. What types of measures (workload, efficiency, or effectiveness) do programs track?
<p>Part III: Data Use</p> <ol style="list-style-type: none"> 1. How has the organization actually used the measures for decision-making? 2. How have programs actually used the measures for decision-making?
<p>Part IV: Organizational Capacity</p> <ol style="list-style-type: none"> 1. Who is responsible for the organization's performance measurement system? 2. Does the organization provide periodic training on performance measurement? 3. Do you have plans to expand or improve your system over time?

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