Use of performance information by local politicians: a field study in the Portuguese context

Patrícia Gomes
Instituto Politécnico do Cávado e do Ave / Escola Superior de Gestão
Barcelos / Portugal

Maria José Fernandes
Instituto Politécnico do Cávado e do Ave / Escola Superior de Gestão
Barcelos / Portugal

João B. Carvalho
Instituto Politécnico do Cávado e do Ave
Barcelos / Portugal

This paper presents a qualitative study that aims to investigate whether and how local politicians use performance information to evaluate top managers’ performance. The main goal is to contribute to knowledge on performance management in the political sphere. Based on semi-structured interviews, findings show that the organizational climate determines the willingness to use information. There is an internal culture embedded in public agencies, like municipalities, that lead politicians to be more or less concerned about the use of performance information. In this paper we find that politicians have a greater orientation towards the ‘implicit’ and the ‘operations-conscious’ styles rather than to the ‘output-constrained’ and the ‘outcome-conscious’ styles. In general, politicians failed to implement a culture focused on the use of performance information. The institutional approach helps us to identify political responses to institutional pressures and understand the reasons for a reduced use in the Portuguese context.

Keywords: performance information; politicians; institutional theory; organizational responses; Portuguese context.

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O uso da informação de desempenho pelos políticos locais: um estudo de caso no contexto português

Este artigo apresenta um estudo qualitativo que pretende investigar até que ponto e como os políticos locais portugueses usam a informação de desempenho para avaliar a performance dos gestores de topo. O objetivo principal é contribuir para o conhecimento na área da performance management na esfera política. Tendo por base as entrevistas semi-estruturadas realizadas com os políticos locais, os resultados mostram que o clima organizacional determina a predisposição para usar a informação. Existe uma cultura enraizada nas organizações públicas, nomeadamente os municípios, que conduz os políticos a estarem mais ou menos predispostos a usar a informação de desempenho. Neste artigo concluímos que os políticos têm uma maior orientação para o uso de estilos ‘implícito’ ou ‘operations-conscious’ em vez dos estilos ‘output-constrained’ e ‘outcome-conscious’. Em geral, os políticos falharam ao implementar uma cultura orientada para o uso da informação de desempenho. A teoria institucional ajuda a identificar as respostas políticas às pressões institucionais e a compreender as razões para o uso reduzido da informação no contexto português.

Palavras-chave: informação de desempenho; políticos; teoria institucional; respostas organizacionais; contexto português.

El uso de la información de desempeño por los políticos locales: un estudio de caso en el contexto portugués

Este trabajo presenta un estudio cualitativo que tiene como objetivo investigar si y cómo los políticos utilizan la información de ubicación para evaluar el desempeño de los top managers. El principal objetivo es contribuir al conocimiento de la PM en la esfera política. Tiendo por base las entrevistas realizadas a los políticos locales, los resultados muestran que el clima organizacional determina la voluntad de utilizar la información. Hay una cultura interna inculcada en las entidades públicas, como los ayuntamientos, que hace que los políticos son más o menos dispuestos a usar la información. En el presente trabajo muestra que los políticos tienen una mayor orientación hacia el los estilos ‘implícito’ y ‘operations-conscious’ en vez de los estilos de ‘output-constrained’ y ‘outcome-conscious’. En general, los políticos no pusieron en práctica una cultura centrada en el uso de la información de desempeño. El enfoque institucional nos ayuda a identificar las respuestas políticas a las presiones institucionales y a comprender las razones del reducido uso de la información en el contexto portugués.

Palabras clave: información de desempeño; políticos; teoría institucional; respuestas organizacionales; contexto portugués.
1. INTRODUCTION

Performance management (PM) represents one of the most important reforms in government accounting systems, which traditionally focused on input and process measurements (Ter Bogt, 2004, 2008; Boyne and Law, 2005; Chia and Koh, 2007; Walker et al., 2010, 2011; Almquist et al., 2013). The New Public Management (NPM) agenda represents a crucial starting point for these reforms that focus the public sector accountability dimension (Hood, 1995; Lapsley, 1999, 2008; Almquist et al., 2013). Central to these reforms are the need to monitor and evaluate performance based on results-oriented performance information (Cavalluzzo and Ittner, 2004; Boyne and Law, 2005), and the desire to make managers more accountable for the use of an organisation resources (Budding, 2004; Johnsen, 2005; Chia and Koh, 2007; Moynihan, 2008; Moynihan and Pandey, 2010; Walker et al., 2011).

In the Portuguese local government (PLG) we assist, in the last 25 years, to a greater and more corporatized delegation of resource decisions from central to local government in several policy areas (Cruz and Marques, 2011). On the other hand, since 2004 several initiatives concerning PM become compulsory by law from central to local government (Siadap) to evaluate performance. So, politicians and managers in local governments are stimulated to use performance information for to make better decisions and promote accountability among citizens.

Politicians are seen as one of the ‘end users’ of performance information and this fact justify the need of ‘practices of evaluation and performance management as components of a democratic polity’ (Pollitt, 2006b:38). However, our knowledge regarding whether and how politicians use performance information is limited by a lack of theoretical, practical, and empirical evidence (Jackson, 1993; Heinrich, 1999; Ter Bogt, 2001; Pollitt, 2006a, 2006b; Askim, 2007; Moynihan and Pandey, 2010). Several prior studies cover the managers’ experiences working with performance management practices (see for example Modell, 2001; Cavalluzzo and Ittner, 2004; Hammerschmid et al., 2013; Kroll, 2013) but do not evidence the use on the political sphere where the actions and the needs of performance information are likely to differ.

As argued by Pollitt (2006b), politicians and citizens are ‘missing links’ in most academic research. The papers of Ter Bogt (2003, 2004) and Askim (2007) are the only known to have directly studied politicians’ use of performance information. So, this paper is a qualitative study that attempts to surpass the lack of research into the use of performance information by politicians and contributes to knowledge about PM in the political sphere. Based on semi-structured interviews, our findings show that the organizational climate determines the willingness to use information like policy fields and the managerial feeling. There is an internal culture embedded in public entities, like municipalities, leading politicians to be more or less concerned about the use of performance information. In this paper we find that politicians have a greater orientation towards the ‘implicit’ and the ‘operations-conscious’ styles rather than to the ‘output-constrained’ and the ‘outcome-conscious’ styles. The institutional bureaucracies that feature the Portuguese administrative system, the

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2 In Portugal, local elections are held every four years. The elected representatives compose the municipal council (local politicians). The municipal council elects, from among itself, the Executive Committee. Each politician is responsible for a specific policy field (such as education, housing, culture, and environment).
'transition period' in introducing NPM reforms (Araújo, 2002; Araújo and Branco, 2009; Carvalho et al., 2006, 2011, 2012; Gomes and Mendes, 2013) and the context of high fiscal crisis faced in the last four years (Gomes et al., 2015) can help to understand the use of performance information by Portuguese local elected politicians.

We begin the paper by presenting a literature review on the use of performance information by local politicians and the role of the institutional theory to understand the effectiveness of PM implementation. The third section presents the research method used in the paper. The following section presents our empirical results regarding the use of performance information by politicians and the role of external pressures to execute the legal PM framework. The paper ends with the discussion of results and the presentation of the main conclusions, limitations and suggestions for further research.

2. LITERATURE REVIEW

2.1 USE OF PERFORMANCE INFORMATION

The use of performance information is a topic that is receiving increasing academic attention. Prior research has focusing on questions like 'who' is using performance information, 'when' and 'how' it is being used, and 'which' (institutional, organizational and individual) factors are influencing that use (Pollitt, 2006b; Hammerschmid et al., 2013). Differences on the use of performance information can be associated with the country specific culture and administrative context and its orientation to NPM agenda (Bouckaert and Halligan, 2008), with the attitude and social norms toward the use of performance information (Julnes and Holzer, 2001; Kroll, 2013), as well as with the organizational and individual factors (Cavalluzzo and Ittner, 2004; Askim, 2007; Walker et al., 2011; Hammerschmid et al., 2013).

Besides the exponentially growth on the production of performance information by governments, several doubts exist regarding its effective use (for different purposes and under different institutional contexts). As Moynihan and Pandey (2010:850) state, 'although governments have devoted a great deal of energy and resources into creating performance information systems, they have largely neglected the question of how to foster information use'. To increase the levels of usage, a strong association is needed between the production of performance information and the users' different needs and interests in this kind of information (Behn, 2003).

Literature review identifies several users divided on different groups like public managers and senior officials (managerial purposes), elected politicians and citizens ('end users') and other stakeholders. Many of prior studies emphasize the use for managerial purposes (see for example Julnes and Holzer, 2001; Modell, 2001; Cavalluzzo and Ittner, 2004; Moynihan and Pandey, 2010; Hammerschmid et al., 2013; Kroll, 2013) neglecting the use by 'end users' and the importance of performance information in the political sphere (Pollitt, 2006a, 2006b). Focusing the analysis on the performance evaluation process, the literature indicates that politicians rarely use this information to evaluate their professional managers (Ter Bogt, 2001, 2003, 2004; Budding, 2004; Pollitt, 2006b; Jansen, 2008). As was concluded by Ter Bogt (2004:241) 'it seems reasonable to conclude that many aldermen see little
value in the output-oriented performance information that is available in the planning and control documents of their organizations and that they use it infrequently. Also, Pollitt (2006b:48) concludes that ‘grand statements about the importance of performance information for democracy sit alongside extensive if patchy evidence that ministers, legislators and citizens rarely make use of the volumes of performance information now thrust upon them.’

In the United States, where greater efforts have been done to adopt performance information systems in state governments (Streib and Poister, 1999; Wang and Berman, 2001; Cavalluzzo and Ittner, 2004), empirical studies have found limited use of performance information for decision making, and particularly by elected officers (Moynihan, 2005). In Dutch local government, Ter Bogt (2001, 2003, 2004) concludes that little importance is given by councillors to performance information where predominate the use of qualitative information on processes and activities.

In a study comparing performance management across European countries, Pollitt (2006a: 41) concludes that politicians pay little attention to performance information and that performance management remains an activity conducted by and for managers. In another work, Pollitt (2006b) find a rare direct and instrumental use of performance information on the reformulation of policy or on the better management of programmes. The relevance and usefulness of performance information for decision makers, the credibility of data and the users involvement are appointed as determinant factors. Also in the opinion of Askim (2007:455) ‘there is extensive evidence that politicians rarely make direct, instrumental use of performance information.’ However, in the context of the Norwegian municipalities, the author concludes that ‘councillors need and use accurate information about organizational performance throughout the decision-making process’ (Askim, 2007:468).

Literature appoints different circumstances for this apparent reduced use. Ter Bogt (2001, 2004) identifies the lack of objectivity and rationality in the process of evaluating professional managers as an important barrier. About the policy sectors in which the councillors operate, Askim (2007:468) concludes that use ‘appeared to be higher among councillors working with elderly care, administrative affairs, and educational affairs than among councillors working with other sectors.’ Similar findings were supported for Ter Bogt (2004) from Dutch local government in relation to administrative affairs. For the elderly care and educational affairs policy sectors, Askim (2007:466) associates the greater use to ‘significant efforts to produce and communicate valid and reliable performance information.’

Bemels-Videc (1989) finds that a fiscal crisis motivates the government to use performance information. Under fiscal constraints the evaluators were ‘desperate to find ways of making savings, and the ‘rules for the game’ for this type of evaluation included tight time schedules and the removal of any veto power from participating stakeholders’ (Bemels-Videc, 1989:37, cited by Pollitt, 2006b:45). The time and timeliness of information, the production of attractive data for politicians that are linked with the political system and the existence of laws and regulations conductive of changes on performance management are appointed by Pollitt (2006b) as important clues for greater use.

The main constraints and clues for greater use of performance information by politicians are presented on chart 1 based on the main findings and conclusions of Pollitt (2006b).
CHART 1

<table>
<thead>
<tr>
<th>Constraints</th>
<th>Clues for greater use</th>
</tr>
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<tbody>
<tr>
<td>• The political decision-making is determined by a complex interplay of ideology, interests and information</td>
<td>• Timing of performance information – before serious political fighting starts</td>
</tr>
<tr>
<td>• Performance information is not the most important piece of the jigsaw</td>
<td>• Timeliness – less methodological rigor and procedural complexity and more speed</td>
</tr>
<tr>
<td>• Doubtful relevance and usefulness for decision-makers</td>
<td>• Performance reports – they need to be very short and attractive for politicians</td>
</tr>
<tr>
<td>• Difficult communication and lack of trust between producers of information and potential users</td>
<td>• More credibility – the production of information by independent organizations helps to increase credibility</td>
</tr>
<tr>
<td>• Great amount of information do not encourage decision-makers to use them</td>
<td>• The performance management model – it needs to be linked with the particular political system</td>
</tr>
<tr>
<td>• Preference for informal conversations with senior officials rather than quantitative information</td>
<td>• Performance information needs advocates – the advocate should preferably be an ‘insider’, with intimate knowledge of the intended audience</td>
</tr>
<tr>
<td>• Lack of involvement and advocacy by users on this kind of information</td>
<td>• Laws and regulations – they can help to lever a change in climate</td>
</tr>
</tbody>
</table>

Source: Adapted from Pollitt (2006b).

2.2 PERFORMANCE MANAGEMENT AND THE INSTITUTIONAL THEORY

The research on PM has being developed under a multi theoretical approach in the last 30 years but one of the more dominant streams has been that informed by institutional theories, especially new (or neo-)institutional sociology (NIS) (Modell, 2009). As referred by Modell (2009:277) the NIS perspective ‘broadens the view of PMM as little more than a technical or instrumental issue of devising systems for measuring and influencing achievement of organizational objectives to emphasize the social and political aspects associated with such practices’. Being PM associated with NPM, which is a politicized issue (Pollitt 2006a, 2006b; Askim, 2007), research on PM is increasingly embedded on the institutional theory. One of the basic assumptions of the institutional theory is the existence of a spread between formal organizational structures and actual organizational practices (Meyer and Rowan, 1991).

This spread is called in the literature as decoupling (or loose coupling) of PM practices that generally is defined on research as the separation of symbolic displays for external, legitimacy-seeking purposes from operating-level practices and action in organizations (see for example, Modell, 2001; Cavalluzzo and Ittner, 2004; Laegreid et al., 2006; Johansson and Siverbo, 2009). Another stream on this field relaxes this conception to emphasize decoupling as ‘potentially occurring between various instrumental functions of PMM’ (Modell, 2009:282). The study of Hammerschmid and partners (2013) reinforces this stream because they find a positive and significant association between the implementation of PM practices (like strategic planning, management by objectives, performance

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1 Performance measurement and management.
contracts and performance related pay) and the use of performance information, independently of the organizational and the institutional context.

The paper of Oliver (1991:145) presents a typology of strategic responses to institutional pressures that ‘vary in active organizational resistance from passive conformity to proactive manipulation’. Oliver has identified five possible strategic responses moving from more compliance to less compliance (acquiesce, compromise, avoid, defy and manipulate) and explores the factors that can determine the degree of resistance versus conformity in institutional environments. The main conclusion is that organizations have different responses (more or less conform; more or less passive; more or less resistant) for handling external constraints and institutional pressures and the degree of resistance to changes will depend on the objectives of the demands and expectations being exerted.

In the public sector context, several institutionalists highlight the role of PM on the production of performance information to different constituencies to maintain legitimacy and obtain external support, whilst organizations very dependent from regulatory and other institutional pressures (Carruthers, 1995; Laegreid et al., 2006; Modell, 2005, 2009; Argento and Van Helden, 2010). The role of institutional pressures in the adoption and conformity to a particularly mandated system can be particularly powerful in government organizations (Carruthers, 1995; Brignall and Modell, 2000; Lapsley and Pallot, 2000), taking into account that the survival of these organizations is primarily dependent on the support of external stakeholders and not the actual performance (Gupta et al., 1994; Geiger and Ittner, 1996).

More precisely about the use of PM practices, Laegreid and partners (2006:390) conclude that this choice is a ‘response to political demands for greater accountability of public services providers… and as a sign of political determination to meet fiscal constraints’. On the other hand, Cavalluzzo and Ittner (2004) find that organizational responses to engage on the Government Performance Results Act (GPRA) initiatives in the US depend on a broad range of organizational and managerial factors as well as on the existence of legislative mandates or requirements. In their study they support the institutional theories ‘that claim systems implemented to satisfy external requirements are less likely to influence internal behavior than are those implemented to satisfy the organization’s own needs (Cavaluzzo and Ittner, 2004:244). Thus, the likelihood to use performance information for internal purposes will decrease in a high-institutionalized environment.

Studying PM in practice in the Norwegian context, Laegreid and partners (2006) find a significantly correlation between performance indicators and performance reports and a weak relation with the formulation of goals or to the issuing of rewards and imposition of sanctions. Notwithstanding the efforts to formulate performance indicators, the reality is that objectives and pay-for-performance systems are not linked with them. The authors conclude that ‘the great challenge is to use the information obtained to make decisions and formulate policy’ which is coherent with the unusual use of performance indicators for steering purposes on the Norwegian context (Pollitt, 2006a; Askim, 2007).

To further capitalize on this knowledge this paper explores responses of local elected politicians to central government change initiatives (mainly coercive pressures) concerning PM. The practice of PM is analyzed in the perspective of the use of performance information on the top managers’ performance evaluation in contrast with legal and formal practices approved by the Portuguese law.
3. RESEARCH METHOD

3.1 DATA

We investigate the use of performance information by politicians by reporting the results of semi-structured interviews conducted to Portuguese local elected politicians (aldermen) and confronting them with the formal PM framework approved by law. The option for a field study is justified by the fact that theory addressing performance evaluation in the public sector and the use of performance information by politicians is not well developed. ‘Case studies are particularly appropriate in areas where theory is not well developed’ (Ryan et al., 2002:144).

Researchers followed a guideline that takes into account the Otley’s control framework (Otley, 1999). So, our questions involve the process of goals setting and specification, the use of performance indicators and what criteria are used by aldermen in the process of top managers’ performance evaluation (based on Bogt, 2003). In synthesis, we address three mainly questions: (1) whether and how local politicians use performance information; (2) what criteria do you use in top managers’ performance evaluations? (3) how do you see recent changes introduced by Siadap and what are the main limitations of its implementation?

Based on 14 semi-structured interviews with 10 aldermen (evaluators of top managers) from three larger Portuguese municipalities (Porto, Braga, and Matosinhos), we analyse whether politicians’ use of performance information in the top managers’ evaluations and the main criteria followed in this process. Our interviewees are aldermen that operate in different managerial climates and represent different policy sector (like education affairs, culture affairs, planning and development, social affairs, etc.) helping us to explain the differences on the use of performance information by politicians (see table 1). We select more productive areas of the public service where the measurement of outputs is facilitated and observability is high which increase expectations on the use of performance information (based on the methodological options of Ter Bogt, 2001; Pollitt, 2006a; Askim, 2007).

<table>
<thead>
<tr>
<th>TABLE 1 INTERVIEWS BY POLICY FIELD</th>
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<tr>
<td></td>
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<tr>
<td>Porto</td>
</tr>
<tr>
<td>Braga</td>
</tr>
<tr>
<td>Matosinhos</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors.

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*The 14 interviews were given by ten aldermen of the three municipalities. Four aldermen are accountable for two different policy fields; in this case, two interviews were made in the same aldermen (4*2+6=14).
The selection of three larger municipalities is based on three main criteria: a) the researchers’ direct participation on the implementation of several managerial initiatives (like accrual accounting, cost accounting and other management accounting innovations)\(^5\) b) the municipalities’ size,\(^6\) and c) the implementation level of cost accounting methods. Our knowledge on the internal structures and organizational interrelationships of these municipalities help us to understand the context to which innovations have been introduced and their impact on PM. Semi-structured interviews were conducted between May and June 2010 and were tape-recorded with the interviewees’ permission. After transcription we sent back to interviewees to analyse and validate the ideas and perceptions obtained during the interview. This process increases the validity of the data. After concluding this validation process, interviews were content analysed using a combination of excel and access tools.

### 3.2 SAMPLE

The municipalities of Porto, Braga and Matosinhos are located in the northern of Portugal, have a population of over 120,000 inhabitants; they are characterized as larger municipalities in the Portuguese context. Porto is the largest municipality in the sample size, with 227,000 inhabitants, 2896 full time employees and a total budget of 201 million euros (executed in 2008). Based on the 2008 financial report the self-income represents about 79% of the total incomes and debts account about 150 million euros. In political terms, the municipality has been governed by a system of right coalition, since the local elections of 2001. Since 2005 the government rules with an absolute majority (see table 2).

The municipality of Braga has a population of 176,000 inhabitants and currently has 1437 full time employees. In financial terms, the budget executed in 2008 was of 104 million euros, debts account about 90 million euros and self-generated incomes in 2008 represent 57% of the total incomes. In political terms, the government has followed a left regime since 1976, ruling with absolute majority, which represents a high political stability (see table 2).

Matosinhos is the smaller municipality in the sample (although the number of full time employees is greater than Braga). The number of inhabitants of its area of activity is currently at 169 000 residents and employs about 1870 full time employees. About the financial situation, the executed budget in 2008 was of 86 million euros, debts account about 57 million euros and self-generated incomes represent 62% of the total incomes. For the remaining municipalities, Matosinhos has the lowest value of debts and an intermediate financial independence (superior to the Braga). At the political level, the situation is very similar to the municipality of Braga, both in terms of political color, and in the level of political stability (see table 2).

In these contexts we can affirm that political colour is variable in our sample. Aldermen in municipalities from Braga and Matosinhos are from left parties, contrary to aldermen in Porto that are more oriented to right parties.

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\(^5\) Researchers participate as external consultants helping organizations to adopt several accounting innovations like the accrual accounting, the production of financial statements accordingly the legal framework and the implementation of cost accounting. This participation started in 2002 in the municipality of Porto and finish in 2009 in the municipality of Braga.

\(^6\) The choice for larger municipalities is because performance measurement and management literature informs that larger organisations are more able to implement more sophisticated performance measurement systems (Laegreid et al., 2006). Moreover, the distance between politicians and top managers increases in larger organisations (Ter Bogt, 2001), which stimulates the use of ever more sophisticated systems and reduce the level of politicisation of the evaluation process.
TABLE 2  SAMPLE CHARACTERIZATION

<table>
<thead>
<tr>
<th></th>
<th>Porto</th>
<th>Braga</th>
<th>Matosinhos</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIZE</td>
<td>227 790</td>
<td>176 154</td>
<td>169 104</td>
</tr>
<tr>
<td></td>
<td>2.896</td>
<td>1.437</td>
<td>1.870</td>
</tr>
<tr>
<td>STRUCTURE</td>
<td>8</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Horizontal</td>
<td>Vertical</td>
<td>Horizontal</td>
</tr>
<tr>
<td>POLITIC</td>
<td>Right</td>
<td>Left</td>
<td>Left</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>201</td>
<td>104</td>
<td>86</td>
</tr>
<tr>
<td>(2008)**</td>
<td>79%</td>
<td>57%</td>
<td>62%</td>
</tr>
<tr>
<td>Budget (million)</td>
<td>150</td>
<td>90</td>
<td>57</td>
</tr>
<tr>
<td>Self-income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debts (million)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: <www.dgal.pt>.

4. INSTITUTIONAL REFORMS IN PORTUGUESE LOCAL GOVERNMENT

Being a Southern European country, the Portuguese traditional bureaucracy is characterized by some features such as ‘the rule by law approach to management, the formal control on inputs and procedures, the centralized hierarchical organizational structures, the authoritarian and paternalistic attitudes, the centralized decision making processes, the fragmented structures and the low communication levels’ (Araújo and Branco, 2009:563). These distinctive characteristics may set Portugal apart from the rest of the West European bureaucracies (Sotiropoulos, 2004) on the adoption of NPM reforms.

Despite these features of the political/administrative context, in the last two decades, the successive Portuguese governments have implemented several administrative reforms (Araújo, 2001, 2002; Corte-Real, 2008; Gomes and Mendes, 2013) with the aim ‘to introduce a new managerial rationality in public services, replacing the traditional approach to public management by the introduction of new managerial techniques’ (Araújo and Branco, 2009:557). Under this context of change, several reforms have been introduced to local government accounting systems since the beginning of the 1990s as a part of a broader set of NPM initiatives. Local governments have introduced decentralised organisational structures with a clear separation between political decision-making processes and public management with a greater focus on financial management practices like the accrual accounting for financial and budgeting information and the development of cost information by activities and outputs (Carvalho et al., 2011, 2012). Budgets and annual accounts became more informative, at least formally, about the type of activities and products to be realized with the approved budgets.

More recently, the debate on methods to evaluate and control (individual and organizational) performance has therefore become more relevant in public administration, in politics, as well as in
civil society (Madureira and Rodrigues, 2006; Rodrigues, 2009). As a result of this debate, an Integrated Approach of Performance Management in Public Administration (Siadap) was introduced in the Portuguese public sector in 2004, and implemented in 2007 by the Law n. 66-B/2007. This is a management by objectives model articulated with the management cycle that aims to strengthen a culture of assessment and accountability in the public sector and to monitor the services performance in complying with the organizational mission. Siadap was imposed by Portuguese central government to PLG. It emphasises the use of performance measures with an internal focus; that is, the results of performance assessments should be used to allocate resources and compensate/sanction managers on the basis of their performance. Performance evaluation should be based on the linkage between the pre-established objectives and results achieved. In addition, the information system should produce indicators regarding the effectiveness, efficiency and quality of the work developed by employees, managers and services (Gomes and Mendes, 2013).

With the approval of the Siadap, formal rules focusing on performance information for decision making and evaluation of top managers (by politicians) and employees (by top managers) were introduced in PLG. Thus, at least formally and legally, politicians and top managers became less concerned about conforming to rules and procedures and became more oriented towards results controls.

Although politicians are facing similar institutional processes and reforms, we agree with Oliver that organisations will adopt different strategic responses based on their structural characteristics (Oliver, 1991), their organisational culture (Chia and Koh, 2007; Moynihan and Pandey, 2010), their ability to recognise the need for these innovations (Naranjo-Gil, 2009) and the features of the political-administrative system (Pollitt, 2006a). Just as was concluded by Askim (2007) in the Norwegian context, we believe that Portugal is not a particularly friendly terrain regarding performance management practices considering the features of the political-administrative system. Prior studies on the adoption of managerial and accounting innovations in the Portuguese context confirm the limited adoption and use of innovative practices like the use of cost information (Carvalho et al., 2012), the use of performance indicators on the fire sector (Carvalho et al., 2006), and the implementation of the Plan Activity and the Report Activity (Araújo and Branco, 2009). Findings provided by Araújo and Branco (2009) reveal that the adoption of the Plan Activity and the Report Activity is seen merely as a formality or routines and do not imply a real transformation of the culture of bureaucracies. Also Carvalho and partners (2012) find little use of cost information for internal and external purposes on PLG although the existence of legal requirements that became adoption of cost accounting compulsory. So, besides the legal and formal PM framework introduced on the Portuguese context, we are not very enthusiastic concerning the use of performance information by politicians like it was finding on literature review. This is the first study that explores this field on the Portuguese context.

5. EMPIRICAL RESULTS

A) WHETHER AND HOW LOCAL POLITICIANS USE PERFORMANCE INFORMATION

To investigate the use of performance information by politicians on top managers’ evaluation we address three main questions (1) what types of performance measures are used and how frequently is the evaluation done; (2) what criteria do you use in top managers’ performance evaluations and
(3) how do you see recent changes introduced by SIADAP and what are the main limitations of its implementation?

Table 3 shows that politicians use performance measures in different ways. In the municipality of Braga politicians failed to fully use a ‘results approach’ on the evaluation process because all respondents stated that they do not quantify the results achieved. They typically use informal and subjective information based on trust and internal relations. In the Porto’ municipality, we find a more positive scenario, especially in the fields of environment, urbanism and territorial planning (E1 and E2). In these two areas, they use indicators that measure the quantity and quality of outputs and resources used (E1) as well as indicators regarding effectiveness and citizens’ satisfaction (E2). There is also an ongoing concern about the customer’s needs and the quality of services delivered. For the remaining areas (public works, civil protection and enforcement), we verify that a reduced attention is devoted to information on activities performed. This focus is likely due to the greater difficulty of measuring the produced outputs, especially in less productive areas like enforcement area.

**Table 3**

**USE OF PERFORMANCE MEASURES**

<table>
<thead>
<tr>
<th></th>
<th>Porto</th>
<th>Braga</th>
<th>Matosinhos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of outputs</td>
<td>E1</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
<tr>
<td>Quality of outputs</td>
<td>E1</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
<tr>
<td>Resources</td>
<td>E1</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
<tr>
<td>Efficiency</td>
<td>(---)</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>E2</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
<tr>
<td>Citizens satisfaction</td>
<td>E2</td>
<td>(---)</td>
<td>E8+E9</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors.

Politicians in the municipality of Matosinhos show a clear progress with respect to the use of indicators to measure outputs, efficiency, and effectiveness, as well as citizens’ satisfaction, compared to other politicians (E8+E9). Therefore, great efforts have been made to obtain concrete and objective data on outputs, costs, and efficiency. Politicians in this municipality are more likely to use advanced and sophisticated business-like and performance-oriented control tools (especially in the areas of education, culture, and environment). In addition, politician responsible by the culture area uses benchmarking practices by comparing the indicators over time, which reveals some concern regarding performance evaluation and its permanent monitoring. Politicians working on environment and urban services also emphasise the assessment of employee satisfaction as a new and essential practice to increase awareness of the internal environment.

Thus, one may infer that politicians are in an initial step in the use of more sophisticated performance information in the evaluation of top managers’ performance. High fiscal constrains under which Portuguese organizations operate since the last 4 years as well as the approval of legal pressures
to introduce PM practices can determine a greater concern to the use of performance information (Pollitt, 2006b).

Moreover, some differences have been identified regarding the policy field. In concrete, in the areas of culture, environment and education politicians seem to be more dedicated to the use of performance information. One possible reason for this result can be associated with efforts developed by central government in the last years on the production of valid and reliable information in areas like education (national rankings of schools’ performance), culture and environment (production of national statistics). This is coherent with results obtained by Askim (2007) on the Norwegian public sector context and with reasons highlighted by Pollitt (2006b) for the increase of the use of information.

Another innovative practice that should be highlighted in the Portuguese context was the creation of a Coordination and Control Committee. We observe that politicians in Matosinhos regard this committee as an important tool in this process of managerial change. This committee meets with all top managers on a monthly basis to analyse and appraise results and achievements. Politicians reported substantial concern for the need to develop an ongoing evaluation and monitoring process to achieve continuous learning and improvement. Another important mechanism is the annual general meeting held with all employees to communicate the overall project and organisational objectives. The capacity to communicate with employees is a key issue to ensure that individual and organisational objectives can be achieved together. We believe that these innovative practices adopted by politicians of the Matosinhos’ municipality result from a ‘managerial’ culture that has been introduced in the last 5 years, as was confirmed by the interview of the vice-mayor (E8).

After inquiring about the strategy adopted by the municipality of Matosinhos to make politicians more ‘management accountable’ and oriented towards ‘business-like’ tools, the vice-mayor responded that the executive places substantial importance on financial value and the rational use of resources (as we can confirm by the lower debt per capita presented on financial reports). A strategic objective of the municipal government is to evaluate and improve organisational performance and this fact is incorporated throughout the management process. They employ a top-down approach to implement strategic objectives (from the top managers to the operational levels) and a bottom-up approach in performance evaluation. In fact, they are conscious that individual (managers and employees) performance determines overall performance. In the vice-mayor’s opinion, the creation of the Coordination and Control Committee, which meets on a monthly basis to evaluate the results achieved and review objectives, is a very important mechanism that provides necessary feedback to promote learning and improve organisational performance. So, we believe that beyond the specific policy field (like culture, environment and education) the organizational structure and culture also matter on the use of performance information.

B) WHAT CRITERIA DO YOU USE IN TOP MANAGERS’ PERFORMANCE EVALUATION?

For a clearer picture about the use of performance information, we ask politicians about the degree of importance attached to the 18 criteria presented by Ter Bogt (2003:319) using a five-point Likert
scale. Table 4 presents our results. The last column classifies each criteria according to its orientation to (a) outputs and (b) outcome measures or (c) implicit and (d) operations information, as was obtained in the study developed by Ter Bogt (2003). Our results show that politicians tend to emphasise the ‘implicit’ or the ‘operations-conscious’ style when they are conducting top managers’ performance evaluations. This finding is based on the fact that criteria associated with these styles (such as ‘a feeling for my political wishes and needs’, a ‘cooperative attitude’, ‘good contacts with me’, and ‘showing initiative’) are used with greater frequency (> 4.5) by politicians. This is coherent with findings obtained by Ter Bogt (2003) because he concludes that politicians attached great importance to informal criteria when they are evaluating top managers’ performance.

Moreover, some politicians use criteria oriented towards outputs and outcome measures in a moderate manner (2 or 3 points), (such as ‘results-orientatedness’, the ‘number of complaints by citizens’, the ‘realisation of performance indicators and characteristic numbers mentioned in the budget’, the ‘ability to operate within the financial budget’, and ‘cost-consciousness’). However, on average, we note that politicians have devoted some attention to results-oriented criteria, such as ‘results-orientated’ (4.17), the efficiency of the unit (4.18), and ‘cost-consciousness’ (4.17). This is a more optimistic result that shows some increasing concern toward the use of more sophisticated performance information by politicians.

### TABLE 4 CRITERIA OF PERFORMANCE EVALUATION

<table>
<thead>
<tr>
<th>Criteria of Performance Evaluation</th>
<th>N</th>
<th>Mean</th>
<th>Min</th>
<th>Max</th>
<th>Bogo results*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A feeling for my political wishes and needs</td>
<td>14</td>
<td>4.83</td>
<td>4</td>
<td>5</td>
<td>c+d</td>
</tr>
<tr>
<td>Cooperative attitude</td>
<td>14</td>
<td>4.92</td>
<td>4</td>
<td>5</td>
<td>c+d</td>
</tr>
<tr>
<td>Good contacts with me</td>
<td>14</td>
<td>4.58</td>
<td>4</td>
<td>5</td>
<td>c+d</td>
</tr>
<tr>
<td>Good contacts with the municipal council</td>
<td>14</td>
<td>4.55</td>
<td>4</td>
<td>5</td>
<td>??</td>
</tr>
<tr>
<td>Good contacts with subordinates</td>
<td>13</td>
<td>3.42</td>
<td>2</td>
<td>5</td>
<td>d</td>
</tr>
<tr>
<td>Good contacts with citizens, companies, and organizations</td>
<td>13</td>
<td>3.73</td>
<td>3</td>
<td>5</td>
<td>??</td>
</tr>
<tr>
<td>Result-oriented</td>
<td>14</td>
<td>4.17</td>
<td>3</td>
<td>5</td>
<td>c+b</td>
</tr>
<tr>
<td>Number of complaints by citizens</td>
<td>13</td>
<td>4.18</td>
<td>2</td>
<td>5</td>
<td>b</td>
</tr>
<tr>
<td>Ability to encourage the department to work quickly and flexibly</td>
<td>11</td>
<td>4.00</td>
<td>3</td>
<td>5</td>
<td>b</td>
</tr>
<tr>
<td>Efficiency of the unit/department</td>
<td>13</td>
<td>4.18</td>
<td>4</td>
<td>5</td>
<td>a</td>
</tr>
<tr>
<td>Ability to anticipate new/external developments in time</td>
<td>14</td>
<td>4.18</td>
<td>4</td>
<td>5</td>
<td>b+d</td>
</tr>
<tr>
<td>Showing initiative</td>
<td>13</td>
<td>4.27</td>
<td>4</td>
<td>5</td>
<td>d</td>
</tr>
<tr>
<td>Observance of rules and procedures</td>
<td>11</td>
<td>4.33</td>
<td>4</td>
<td>5</td>
<td>??</td>
</tr>
<tr>
<td>Reports on the manager/department in the local media</td>
<td>14</td>
<td>4.17</td>
<td>3</td>
<td>5</td>
<td>??</td>
</tr>
</tbody>
</table>

Continue
C) HOW DO YOU SEE RECENT CHANGES INTRODUCED BY SIADAP AND WHAT ARE THE MAIN LIMITATIONS OF ITS IMPLEMENTATION?

This question deals with the politicians’ perspective regarding the Portuguese PM framework (Siadap) implementation and the produced effects. In general, and from the theoretical point of view, politicians consider Siadap as a necessary and a useful tool that may foster development, favour change and stimulate the organisations’ efficiency and effectiveness. The assessment of performance is seen by politicians as a process of organisational learning and improvement which revealed itself as a crucial measure to change the organisational culture from a traditional and reactive management to a more modern and proactive one, oriented toward excellence and citizens’ satisfaction.

However, politicians expressed some doubts about the effectiveness and the success of the Siadap and how it is currently being implemented. Being an imposed and coercive process of change (coercive isomorphism), Siadap may become a symbolic tool (and not a rational one) used to legitimate organizations under external pressures (E1, E2, E6 and E9). Although the symbolic and compulsory adoption of the Siadap, politicians recognise that the use of formal performance information for different purposes is not a reality on local government context. Four limitations are highlighted by the majority of politicians: (1) the lack of a culture oriented to quantification of results, (2) resistance to change, (3) the characteristics of the political-administrative system and (4) the imposition of limited quotes for excellent employers which makes very controversial the application of the incentive mechanisms predicted by Siadap. This later limitation would discourage good performance, completely reversing the purposes for which the system was tailored and implemented. In addition, politicians appoint typical features of the Portuguese political-administrative system that can hinder the effective implementation of the model like the excessive bureaucracy and the high centralization of power and decision-making. The organizational culture is also determinant on the adoption of PM innovations. As said by a politician from the municipality of Matosinhos (E12):

the lack of a culture of performance evaluation, the resistance to change, the lack of qualification of employees and the excessive bureaucracy would make the model (Siadap) slow, heavy and highly expensive.
Under these circumstances, there is still some scepticism and mistrust in relation to the Siadap effectiveness that results in more resistance than in a cooperative behaviour. Politicians suggest that the subjacent rationale for the model success would be to tailor a flexible model to each municipality and trim it down according to its reality and ensure the monitoring of its implementation. In sum, flexibility and adaptability to the specific context of each entity are appointed as key elements of the performance evaluation model.

6. DISCUSSION AND CONCLUSIONS

This paper investigates the use of performance information by politicians and tries to understand the role of institutional pressures on their effective use. Our findings show that local politicians support the notion that greater attention should be devoted to the use of results-oriented performance information. So, we can consider that ‘end users’ of performance information are not satisfied with the existing model and the data provided by the actually implemented systems which would imply a greater willingness for change (Argento and Van Helden, 2010). The actual context of fiscal constraints can increase the need for more sophisticated performance information (Pollitt, 2006b). Nevertheless, there is an internal culture where agencies are embedded that lead politicians to be more or less concerned about personal opinions and informal information on the co-operative attitudes of managers, the functioning of the organisation and the capacity to solve short-term problems rather than to use more sophisticated information. This represents a greater orientation towards the ‘implicit’ and the ‘operations-conscious’ styles rather than to the ‘output-constrained’ and the ‘outcome-conscious’ styles. Thus, in general, politicians failed to implement a culture focused on the use of performance information as was concluded by prior studies (Ter Bogt, 2001, 2003; Pollitt, 2006a, 2006b; Askim, 2007; Moynihan and Pandey, 2010).

The literature review provides potential reasons for these disappointing results. As noted by Ter Bogt (2001:636), the public sector’s interest in output measures is primarily a matter of rhetoric and ritual, which can lead to the limited use of this information (Lapsley and Pallot, 2000; Pollitt, 2006b). On the other hand, the lack of a capacity to measure outputs hampers organisations’ abilities to shift their emphasis from action controls towards results controls (Ter Bogt, 2001). Moreover, as concluded by Naranjo-Gil (2009), the ability to recognise the need for these innovations is an important step for their future success. However, public organisations consistently engage in activities and produce products that have outputs and outcomes that are difficult to measure (Ter Bogt, 2001, 2003; Boyne and Law, 2005; Verbeeten, 2008). A lack of adequate information systems to produce the desired data with the appropriate quality may contribute to this difficulty (Cavalluzzo and Ittner, 2004; Pollitt, 2006b).

In addition, because of the high degree of politicisation among top managers and politicians in Portuguese government organisations (Corte-Real, 2008), the relationships between them are primarily based on mutual trust. The existence of a high-level of mutual trust became evident during the interviews. If the level of mutual trust between the two parties is high, there will be no cultural conflict between them (Laegreid et al., 2006). The effects of management and control systems ‘in a high-trust system will, however, be smaller because of shared identity, a high level of socialisation, and similarities in problem definitions and solutions at the different administrative levels’ (Laegreid et al., 2006:258).
In the Portuguese context we need to take into account that PM is highly institutionalized and this can lead to a symbolic adoption without an effective use. Being an institutionalized practice it would be expected that all stakeholders give similar responses to changes. However, as was advocated by Oliver (1991), we find some differences considering policy fields and organizational contexts. We feel that politicians responsible for areas of culture, environment and education are more willing to use performance information than politicians from other policy fields. This is particularly true for the use of performance indicators to measure outputs and outcomes. The quality of information available on these areas can motivate this more enthusiastic result.

In addition, we observe greater willingness to use performance information in the particular context of the municipality of Matosinhos. We conclude that, in Matosinhos, politicians evaluate top managers’ performance in a different manner. During the interviews, we observed that the organisational climate is more favourable for the introduction of a performance-based approach oriented towards the quantification of results under the NPM philosophy. The greater customer orientation (through the application of customer surveys), the good communication with employees, the cooperation and commitment among managers and politicians, and the predisposition to adopt managerial innovations were the most salient aspects that differentiated this municipality from the others. These evidences suggest that the organisational transition towards more modern and results-oriented management does not particularly depend on legislation and the imposition of a framework by government but rather depends on structural and cultural features and the political and managerial ability to introduce these changes. These assertions reinforce prior empirical results on the importance of these organisational and cultural factors for organisational success (Cavalluzzo and Ittner, 2004; Laegreid et al., 2006; Moynihan and Pandey, 2010).

This paper represents the first study on PLG regarding the use of performance information in top managers’ performance evaluations. It contributes to knowledge regarding the use of performance information by politicians in a country undergoing a period of ‘transition’ in introducing NPM-like techniques. Our findings add to literature review regarding the limited use of performance information in the public context (Ter Bogt, 2003, 2004; Pollitt, 2006a; Askim, 2007; Moynihan and Pandey, 2010) and particularly in a Southern European country where the traditional bureaucracy may difficult the introduction of NPM reforms (Sotiropoulos, 2004). However, additional research is necessary to investigate the circumstances under which politicians are likely to use performance information to evaluate top managers’ performance. The actual macro context, financial stress, and task-orientation may be important variables to be explored. Moreover, the application of a nation-wide survey on this subject will allow us to generalise the empirical results and understand the main determinants of the use of performance information by politicians. To finish, answering to Modell (2009) call, more longitudinal studies are needed for a clearer picture on the political responses to external pressures for to use performance information for different purposes. Further studies should focus these approaches.
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**Patrícia Gomes**  
Management School, Instituto Politécnico do Câvado e do Ave (IPCA), Barcelos, Portugal. E-mail: pgomes@ipca.pt.

**Maria José Fernandes**  
Management School, Instituto Politécnico do Câvado e do Ave (IPCA), Barcelos, Portugal. E-mail: mjfernandes@ipca.pt.

**João B. Carvalho**  
Instituto Politécnico do Câvado e do Ave (IPCA), Barcelos, Portugal. E-mail: jbccarvalho@gmail.com.