

Tilburg University

Performance control and public organizations

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Published in:
Public service performance

Publication date:
2006

[Link to publication in Tilburg University Research Portal](#)

Citation for published version (APA):
Kenis, P. N. (2006). Performance control and public organizations. In G. A. Boyne, K. J. Meier, L. J. O'Toole, & R. M. Walker (Eds.), *Public service performance: Perspectives on measurement and management* (pp. 113-129). Cambridge University Press.

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7 Performance control and public organizations

Patrick Kenis

Introduction

This chapter is designed to contribute to the discussion on determining the performance of public organizations by investigating the relationship between performance control systems and performance. It cannot be assumed that performance control systems automatically lead to performance. Neither shall we assume that management control systems are the same as performance control. To do so would be a case of 'managementism' which has been described by Dubnick (2003: 9) as a phenomenon where 'management is seen as the premium mobile that shapes and drives the basic logic of the common research agenda for contemporary Public Administration'. Consequently, we will demonstrate that different forms of performance control do exist. Which form is the most likely to contribute to performance depends on a number of conditions.

In this chapter, we first give a definition of control systems; second, present different types of performance control systems; and third, formulate propositions about how different control approaches contribute to organizational performance. In the last part we discuss the limitations and the opportunities from these insights in providing a solid basis for improving the performance of public organizations.

The definition of performance control and types of performance control

Performance control is defined here as 'the process of monitoring performance, comparing it with some standards, and then providing rewards and adjustments' (see Ouchi 1977: 97). This definition should not be misinterpreted, as has often been done, by equating it with performance management, management control systems, management accounting systems, organizational control and

management control (Ashworth *et al.* 2002). Control has often been interpreted as an administrative process 'designed to regulate the activities of organizational participants, and by implication, output' (Mills 1983: 445) via control mechanisms such as authority structures, rules, policies, standard operating procedures, budgets, reward and incentive systems (Abernethy and Stoelwinder 1995). All this suggests that performance control is studied mainly from the perspective of the manager or the controller, who use a set of practices or systems to elicit desired actions, or changes in agents' behaviour regarding certain outcomes.

In contrast, this chapter sticks to the generic definition of Ouchi, which conceptualizes performance control as a cybernetic process. A cybernetic process has generally been described as consisting of the following sequence of activities: setting the reference level (also sometimes called objective or standard), the measurement of performance via a comparison between the outcome and the pre-stated reference level; the feeding back of information about unwanted system variances and taking corrective action if necessary (see Green and Welsh 1988; Hofstede 1981). Only a process that fulfils these characteristics is considered to be performance control. It should be noted that the approach taken here is more and at the same time less than what has generally been discussed in the organizational literature. It is less because *only* those systems which can potentially be characterized by the complete cybernetic control process are included. It is more because it allows the inclusion of *any* type of performance control as long as it can potentially be characterized by the complete cybernetic control process. This is quite different from the bulk of the organizational literature where control in general and cybernetic control in particular have been described and analysed from a managerial perspective (see Rus 2005). In the organizational literature by definition the standards are set by the manager and by definition the manager is considered the controller. Both starting points are, however, by no means necessary according to the definition of cybernetic control. The fathers of cybernetic control (Wiener and Ashby) clearly did not define cybernetic control from a managerial perspective (see Wiener 1948; Ashby 1952; see also Follet 1937, 1951).

Distinguishing different forms of performance control is of paramount importance given the approach chosen here. It would be fatal to conclude that a public organization is not performing because a specific type of performance control cannot be observed. Consequently, we have to be as open as possible when identifying forms of performance control in public organizations.

On the basis of this definition we can investigate the different forms of performance control as present in organizational practice. For the sake of space and clarity, we distinguish between just two types of performance control: 'management performance control' and 'agent control'. These have been chosen as they are in many respects extreme forms – consequently, they provide a good basis for formulating propositions on the relationship between performance control and organizational performance.

Management performance control

This type of control is characterized by the highlighting of the presence of tools and instruments which are at the disposal of the controllers. A majority of the control, performance and accountability literature concentrates on this type of performance control. This attention fits a conventional functionalist contingency-based approach, which assumes that management control systems are adopted to assist managers (for a comprehensive review of the last twenty years of work in this field see Chenhall 2003). Few instruments and technologies have been developed to assist managers in their control task. The literature which fits this type concentrates on performance control management, with the emphasis on management. Consequently, there is a tendency here to confuse performance management with performance.

Different academic fields have contributed to this work. Organization studies was one of the first disciplines to discuss control tools for managers. This included the scientific management approaches, but equally organizational development approaches and contingency theory approaches. There is, apart from the more prescriptive and positivistic literature, also the literature that informs us about the limits of management control from the perspective of the controller (see e.g., Ackoff 1967, Ashworth *et al.* 2002, as well as Mintzberg's (1989) famous question: 'Why do managers not use the information as they apparently should?').

Institutional economics has also contributed substantially to the description and analysis of this type of performance control. Williamson's 'model of control loss' (Williamson 1971) and principal-agent theory (Alchian and Demetz 1972) fit this type. Principal-agent theory does take into account the agent (i.e. the controlled) but only in as far as the principal (the controller) needs instruments to control the agent's behaviour (see, in particular, Perrow 1986).

The field of accountancy is almost exclusively committed to the study of this type of performance control. Here, the dominant perspective is 'to affect the conduct of individuals in such a way that they act freely, yet in accordance with specified economic norms' (Miller 2001). And as Covaleski and Dirsmith observe: 'The prescriptive character of managerial accounting information espoused by this traditional school of thought is essentially internal and downward and also prescriptive in character' (1996: 6). The field of accountancy has developed, analysed and prescribed countless instruments to achieve this goal.

In the field of public administration this perspective is also rather prevalent. According to Dubnick, 'managerialism' dominates the field of public administration these days. Lately, however, it has taken a slightly different form called 'managementism' (Dubnick 2003). According to Dubnick (2003: 9) 'managementism' (represented by, e.g., Lynn 2001 and Lynn *et al.* 2000) makes no overt normative claims and is openly critical of easy answers, but nevertheless builds upon the foundational assumptions about the central role of management in

both public and private sectors (see also Metcalfe 2001 and Salamon and Odus's 'The *Tools of Government*' 2002 [emphasis added]).

It should be clear that this system is historically very present in the literature and we can expect it to remain so in the future. I also expect researchers and others will keep searching for better and more effective tools for managers to control organizational performance.¹

The prevalence of this type in the overall literature on performance control, however, is somewhat surprising, given the little (or at least very mixed) empirical evidence available on the relationship between the usage of tools and the actual performance of organizations (see Dubnick 2003, Boyne 2003a, Nicholson-Crotty and O'Toole 2004). A large part of this literature is prescriptive and advocates non-validated instruments and tools. The powerful rhetoric connected to this perspective seems to have gained the status of a 'rationalized myth' (see Meyer and Rowan 1977, Czarniawska-Joerges 1988, Modell 2004). It is yet to be seen to what extent this 'performance management' is actually 'in place' in public organizations and is thus likely to be related to performance.

Agent control

Czarniawska-Joerges (1988: 415) noted two tendencies in the organizational control literature: first, 'that organizational control, and even more so managerial control, is understood as a form of influence, steering or regulation exerted by managerial levels *vis-à-vis* non-managerial levels in organizations' and second, that the literature 'has concentrated on the means or methods of control' and concludes that 'such an approach can be explained, at least in part by the highly pragmatic and management-oriented character of most studies'. What she is pointing to here is that next to 'managerial control' (what we call 'management performance control') other forms of organizational control also exist. As we will see in more detail below, units within organizations often have significant control over standard setting and monitoring of their own performance. This is an empirical phenomenon we propose to label 'agent control'. This phenomenon has already been observed by many, but has never reached the level of consolidated attention. Zald (1978), for example, in his excellent article 'On the social control of industries', clearly emphasizes the importance of targets of control engaging in their own control practices. It is exactly this phenomenon which is defined here as agent control. Often agent control has been perceived (by the managerial literature) as goal-incongruent, deviant, anomalous, or pathological behavior (Dermer 1988). We believe this to be an empirical question.

1 Marshall Meyer (2002), for example, after having formulated a fundamental critique of the Balanced Scorecard, formulates a new performance instrument, the ABPA (Activity-based profitability analysis).

Combined with the cybernetic approach presented before, the question then becomes: which criteria do actors (whether they be individuals, groups or organizations) use to assess themselves, what type of information do they gather on how they are doing, and how do they use this information to eventually adjust to deviations; or, in a somewhat shortened version: 'how do actors know how they are doing, and what do they do with the information about how they are doing?' It should be clear by now that agent control is not limited to subordinates in an organization, but that it can be observed at every level of the organization (see e.g., Birnbaum 1990).

In order to be more specific about what exactly is meant here, it might be worthwhile to point first at some of the rare studies which have taken such a perspective and which are mainly from the field of public administration (for an excellent overview of studies from other fields see Rus 2005) and secondly, to indicate how agent control differs from other seemingly common phenomena as discussed in the literature.

Davies and Francis (1974), for example, found that the different types of personnel within hospitals agreed on the primary objective of the hospitals (i.e. the system) as being high-quality care, but they disagreed, based on their profession/occupation, as to the specific goals to be pursued. Furthermore, they found that the two most important criteria used by the NHS (i.e. the controlling agent) in performance evaluations of hospitals, such as bed occupancy and length of stay, were rated as being of the lowest importance by hospital staff members. Moreover, they also found a discrepancy in the goals to be pursued among organizational members, based on their professional/occupational adherence, which suggests that there are at least three sub-systems (nurses, junior doctors and consultants). Put in our words, it seems that agent control is a highly prevalent phenomenon in the organizations they studied (see also Chapter 4 of this volume by Addicott and Ferlie).

In another study Meyers *et al.* (2001) studied the governance and management of organizations delivering welfare at the local level in three US states. Their question was whether, and how, local welfare agencies have been able to operationalize goals consistent with the substantive policy goals of the state (i.e. the external controller of the agent). They found that the organizational goals in the local welfare organizations were substantially divergent from the top-down imposed-policy goals. More studies pointing towards the relevance and significance of agent control in public administration will be mentioned in the presentation of the propositions.

At this point it is also important to point out the difference between agent control and other seemingly related concepts such as self-control, self-evaluation, teamwork, self-managing teams, self-monitoring, self-regulation, self-leadership, professional control, social control and communities of practice. Although the study of these types of performance control can contribute to our understanding of agent control they are nevertheless different. There is

no room to elaborate on this here, but Rus (2005) has shown that all these differ from agent control in one or more of the following ways: agent control focuses not on cognitive processes but on actual practices; it is not limited to exceptional situations; does not assume an integrated goal hierarchy; is not a management tool; can be exercised by any member of the organization; involves the controller and the controlled as the same; indicates that many norms can be relevant at the same time; and uses norms that do not need to be internalized. Of all these forms of control the 'communities of practice' type has been found to come closest to agent control.

After having introduced these two rather extreme forms of control we now turn to a presentation of propositions relating forms of performance control to organizational performance.

Propositions on the relationship between the type of performance control and organizational performance

The propositions presented are about how and when the two different control approaches distinguished here can be expected to have an impact on organizational performance. As a reminder, performance control has been defined here as the process of monitoring performance, comparing it with some standards and then providing rewards and adjustments. From this definition we can deduce that performance control has three dimensions: the reference used (also called objective or standard); the measurement of performance via a comparison between the outcome and the pre-stated reference level; and, the feedback of information about unwanted system variances and taking corrective action if necessary. How well a performance control type deals with these dimensions in a given situation is believed to determine its effectiveness.

In what follows we formulate a number of propositions relating the type of control performance to these three dimensions. The objective is mainly to demonstrate that there is no one best way of performance control, or in other words, it is not possible to develop general principles that are applicable to performance control at all times and places; any form of performance control is not equally effective, or in other words, performance control matters; and what the best form of performance control is depends on the nature of the context.

Propositions related to the criteria used

There are different possible situations in which clear criteria for assessing the effectiveness of an organization are not present, are rather unspecific or are not yet developed. We can think here of interorganizational networks, in which the need to collaborate is clear, but in which it is less clear what the criteria are

for assessing whether the network is a success or not (see Korssen-van Raaij 2005). Or, as Boyne observed for the case of public organizations: (1) public organizations might not have clearly formulated formal goals, which means that goals could be ambiguous; (2) 'the formal goals that are explicit are likely to be broad mission statements rather than concrete objectives' (Boyne, 2003b: 215). Criteria can also be rather vague in terms of observing whether they have been achieved or not. Creativity, initiative, the creation of new knowledge, flexibility, etc., are all examples of such criteria (e.g., Bartlett and Ghoshal 1995). In addition, there is the fact that criteria are different depending on the current phase in which the organization finds itself. At early stages in their development outcome or impact criteria are not necessarily the best to assess whether the organization is performing well or not.

In all the situations described above it seems better to rely on the local, temporal and particularistic criteria of agents to assess the performance of the organization. Management control systems tend to focus on the short term and might bring in criteria which are inappropriate for a specific phase in which the organization finds itself or which do not do justice to the subtlety of some criteria (e.g., creativity or performance of schoolchildren) (see Bohte and Meier, 2000). It is much more likely that agents will take these specificities into account than any type of management performance system.

This can be stated formally as a research proposition:

P1: In organizations where clear objectives and goals are missing or are not yet developed, agent control is expected to contribute more to performance than management performance control.

Some organizations are characterized by the fact that they have staff who have precise ideas about the criteria they use in their work and on which the organization should be assessed. The most common example is the one in which professionals play an important role. Professionals do not usually relate to the organization's criteria for success, but more commonly to the criteria that are central to their profession and which they learned during their training. Riccucci *et al.* (2004) conducted a survey on the performance criteria discrepancy in public agencies between the organizational leaders and the actual street-level implementers. The authors surveyed 256 front-line workers, managers and policy makers in four US states and found that '... front-line workers in local welfare systems consider goals related to eligibility determination to be more important to their agencies than goals related to either the employment or welfare deterrence/behavior modification goals of recent welfare reforms. Goal perceptions varied substantially, however, with agent setting, even after controlling for a variety of management and personal factors' (Riccucci *et al.* 2004: 445). Similarly, in a study of firefighters who lost their lives, Weick (1996) reports that they disobeyed the order to drop their tools (so they could run faster) because they had been heavily socialized by years of training to never drop their tools.

Maynard-Moody and Musheno (2000) found in a study of street-level workers that they simply apply the rules when the rules fit the individual situation of the client, but when the policy rules do not exactly fit the individual situation of the client, they tweak the rules as far as possible to help their clients.

The literature does not only report about these discrepancies, it also reports about the negative or dysfunctional consequences these discrepancies can have on performance. For example, Ashworth *et al.* (2002) demonstrated ritualistic compliance as a result of the discrepancy between externally imposed and agent goals, which easily can be seen to result in overall decreased performance of the organization. Other effects found as a result of this are: refusal to implement, poor performance by the agents, absenteeism, alienation, internal inactivity, etc. (Chatman 1991; Wilensky 1964). Not only on the individual level, but also on the organizational level such effects have been observed: for example, goal-displacement, cheating, collecting of useless data, etc. (Bohte and Meier 2000, Coplin *et al.* 2002).

The relationship between agents having distinct performance criteria and the effects on performance can be stated in the following proposition:

P2: In organizations where the staff has distinct criteria for assessing performance, the use of management performance control can be expected to lead to negative consequences and thus to a lower level of performance.

In many organizations a lot of criteria are used to assess performance. They might be as different as: efficiency, efficacy, quality, quantity, justice, good governance, learning, client directedness, innovativeness, etc. Some of these criteria are even in conflict – for example, efficiency and innovativeness. The question is, however, how this amalgam of criteria can lead to overall performance of the organization. There are two reasons to expect that a management control system is more effective in doing so than agent control.

The first is that research has discovered that in situations characterized by information equivocality and uncertainty, individuals engage in 'role making' (Grean 1967 in Mills 1983), that is they define what should be done and how it should be done, by defining boundaries of their own and thus decreasing the ambiguity of the situation. This is something Hill (2003) refers to when pointing to the inherent ambiguities contained in public service agencies, which result in role making, conflicting performance standards and the creation of new practices, in cases where there are no 'strong professional associations that establish norms of practice and procedure' (Hill 2003: 275). Although role making cannot be expected to have a negative effect on performance by definition (which would be the common position from a managerial perspective), it is clear that the phenomenon of role making will only increase the number of assessment criteria in the organization and will thus make achieving performance even more difficult.

Secondly, finding a balance between different types of criteria (which we believe to be contributing to the performance of the organization) is something that can better be achieved through an organization than through an individual. It is much easier, natural and more promising for an organization to be hypocritical than for a person (see Brunsson 1989). To contribute to performance the main task of the performance management control system in this case will be to integrate these different criteria.

Consistent with the above discussion, the following proposition can be stated, which relates the presence of competing criteria to the preferable form of performance control:

P3: In organizations where the staff is confronted with competing or even conflicting criteria of management, performance control can be expected to contribute more to performance than agent control.

Propositions related to measurement

Often activities in an organization cannot easily be measured. Something like learning or happiness cannot be tapped in the same way as, for example, the time spent with a client or getting to a meeting on time. Forms of performance management control are, however, very much dependent on objective and quantifiable information. Consequently, requiring objective and quantifiable information in such a situation might lead to the collection of information which is subsequently not used within the organization. However, it could be used by oversight institutions with the effect that they value and encourage or discourage organizations on doubtful grounds. Agents can be expected to take outcomes and effects less into consideration; they probably direct more attention to processes. In a study of how college presidents assess their performance Birnbaum (1990) found on the basis of thirty-two interviews with presidents that they had relied on both implicit and explicit information. Implicit information was gathered through their direct observations and tended to be subjective and non-comparable, since it had its origins in what they saw and heard. Birnbaum (1990) found that the majority of presidents assessed their effectiveness by basing it on implicit information gathered through personal observations. The majority were not satisfied with the official flow of information and actively sought to either exploit or construct new information channels. Some actively pursued information by either walking around or stopping by people's offices unannounced, which they called 'management by walking around'. This intuitive approach results according to Birnbaum (1990: 32) from 'training, immersion in details, and the ability to interpret ambiguous events from multiple perspectives It may be related to the ability to integrate rational, analytical, and deductive management styles on the one hand, with

orientations that emphasize feelings, synthesis, and inductive techniques on the other . . .’.

It becomes clear that management performance systems can hardly compete with agent control when activities are difficult to measure objectively and when intuition plays a role.

Based on this logic, we offer the following proposition:

P4: When activities are not objectively measurable, agent control can be expected to contribute better to performance than performance management control.

Agent control can be seen as a form of self-evaluative judgement, which means that one needs to take into account certain constraints that might hamper this process, such as informational, cognitive and effective constraints (Campbell and Lee 1988). While these can have significant effects on the accuracy of the self-evaluative judgement, they are generally ignored in the organizational literature on self-regulation. They are mentioned in the more psychologically-orientated literature on self-appraisal. Regarding information constraints, Campbell and Lee (1988) state that when ‘. . . performing a job, an employee must consider what tasks are to be done, how they are to be performed, and what standards are to be used in judging the final outcome’ (1988: 304). The argument is that if a person does not have any of this type of information, he or she will have difficulties in performing the job. Campbell and Lee (1988) also point to cognitive constraints in information processing of individuals due to the inherent limitations on human information processing capacity (Kahneman *et al.* 1982) and posit that individuals simplify the self-appraisal tasks by using specific schemas or heuristics, which in turn open the possibility of inaccurate self-appraisals. Moreover, self-appraisals can also be threatening to the individual in terms of self-esteem, thereby producing cognitive constraints (Campbell and Lee 1988). As Simon (1947) taught us so pertinently, organizations can exactly be seen as a solution to these types of constraints. Consequently, management performance control can be expected to lead to better performance in these cases. Stated as a formal proposition:

P5: In cases where informational constraints, cognitive constraints and affective constraints play an important role, performance management control can be expected to contribute more to performance than agent control.

Not only the accuracy and mode of measurement play an important role in contributing to performance but also the consequences of inaccurate measurements have to be taken into account. Inaccurate measurement of performance can potentially lead to wrong decisions on activities, investments, strategies and the like. What are the consequences of measurement errors on performance for different systems of performance control? Given the fact that performance management control is most often a tight system of objectives, measurements,

targets, consequences and the like, it can be expected that a measurement error will reverberate unimpeded through the system and lead to wrong conclusions and decisions. Empirically speaking there is, of course, often much less danger since different studies have shown that '... most government agencies may collect data that is or could be used for performance measurement; however, they do not have a system in place in which those data are part of decision-making processes and have not made a serious commitment to do so, whether they profess it or not' (for similar conclusions Coplin *et al.* 2002: 700). This does not, however, mean that when they use it, it cannot contain performance errors leading to the consequences described above.

In contrast, an agent control system is principally rather loosely coupled compared to a management performance system. Measurement errors are much more tolerable in these systems. Birnbaum (1990) in his study on college presidents concludes that the expectations turn out to be quite stable, and the cognitive biases that maintain them should not be expected to shift as a result of discrete events. It may only be the case when negative feedback is consistent and received on a continuous rather than a discrete basis. It may not be important if presidents make moderate errors in self-assessments about their performance in specific cases, but it may be critical that they are able to detect and respond to changes in patterns that reflect the system state (Birnbaum 1990: 36).

Formulated as a proposition:

P6: Making moderate errors in measurement is less critical for performance in the case of agent control than in the case of performance management control.

Propositions related to feedback

Feedback refers technically speaking 'to the part of system or process output that returns to system or process input', which means that the system provides itself with information about its own governance (Vancouver and Day 2005: 164).

Feedback is considered important in any type of organization since it ensures that if the organization is not functioning according to the set criteria, something is done. An important difference is that between single-loop and double-loop learning. Argyris (1980: 291) defines double-loop learning as 'the detection and correction of errors [that] require changes in the underlying policies, assumptions, and goals. A thermostat is a single-loop learner because it detects when the room is too hot or too cold. A thermostat would be a double-loop learner if it questioned why it was set at 65 degrees or why it was measuring heat'. Single loop learning relates to the discrepancies and variations of set pre-standards. The logic of single loop learning cannot capture the fact that deviations might be considered 'good' because the plans were 'bad' (Luhmann 1973). Double-loop learning, on the other hand, describes a situation where a dynamic process

between goals or criteria and measurements is foreseen. Since in management performance control systems there is a clear division of labour between the controller and the controlled, the chance that double-loop learning will occur is limited. Deviations are seen as deviations from the controller's standards; the fact that the controller considers deviations to result from bad plans or a poor design of the performance management control system is small (see e.g., Kenis 2003).

In agent control, the controller and the controlled are the same person and consequently the chance of discovering a relationship between the outcomes produced and the inputs and tools used is much higher. According to Jarzabkowski (2004: 536), who refers to the work of Orr (1990, 1996) on technicians, 'the micro-context provides an opportunity for adaptive practice. New knowledge about specific situations may arise from the social activities of dialogue and interaction' (Brown and Duguid 1991; Cook and Brown 1999), often about a problem or failure. For example, when the formal code of practice for mending a faulty photocopier is inadequate to the task, Orr's (1990, 1996) technicians engage in adaptive social interaction. They tell stories about the problem that generate new methods for its solution. New practice does not come from external sources, but from participating in the social process of problem-solving within that community.

Although managers are mostly associated with the use of management performance control systems, they themselves often use a mode of feedback that alternates between observations of performance and standards of performance. Preston's (1986) study of the design, implementation and the use of the computerized production information system observed that managers kept 'detailed personal records of routine or regular events which they personally defined as being important to themselves and to their work. Personal records included much of what managers found out through direct observation and interaction. The managers also made more formalized requests for figures, comments and memos from other people in the organization which in turn formed part of the manager's personal records' (Preston, 1986: 533). The outlined practices of collecting information as to their and their department's performance, via both direct observation and direct interaction and requests, were considered by the managers as contributing much more to the performance of their department than the data generated by the computerized production information system (that is, the official management performance control system).

All this points to fact that in these instances double-loop learning is deemed necessary, agent control contributes more to performance than management performance control. This can be stated formally as a research proposition:

P7: Agent control is expected to be a better form of performance control than management performance control for double-loop learning and thus performance.

Discussion and Conclusion

The aim of this chapter was to demonstrate that studying performance control is one way to contribute to our knowledge about the performance of public organizations. We have argued that different types of performance control can be distinguished. More specifically, two extreme forms have been presented in more detail: management performance control and agent control. Both forms differ in many respects and are prevalent in empirical reality, although agent control seems to have received much less attention in the academic literature.

The general conclusions of the chapter are first, that there is no best form of performance control, or in other words, it is not possible to develop a prescriptive performance control model which at all times and places contributes to performance. Secondly, not every form of performance control is equally effective in contributing to organizational performance, in other words, performance control matters; consequently, which form of performance control contributes best to organizational performance depends on a number of factors. These factors and the relationship between the type of performance control and organizational performance have been formulated in a number of testable propositions.

The main aim of the list of propositions is to demonstrate the relevance and significance of forms of performance control in the study of the performance of public organizations. We are aware that this is not a complete list of possible propositions. Many more could and should have been formulated, but given the limited space available and the limited state of the literature (especially with respect to agent control) this is not possible at present. It has become clear, however, that propositions which include characteristics of: the task, the controlled and controllers, the organization in which performance control takes place, the environment of the organization in which control takes place, and also the interdependencies between different types of control in an organization could all potentially have a direct, mediating or moderating effect on the relationship between forms of performance control and organizational performance.

Another omission from the chapter, also because of the limited state of the literature, is that we have not been able to limit our analysis to the case of public organizations alone. It has been necessary to include research carried out in the private and non-profit sector, although a large number of public sector studies have also been included. But what has already become very clear on the basis of the propositions is that both forms of control are potentially valuable for the performance of public sector organizations. On the basis of the propositions it cannot be concluded that either agent control or management performance control always contributes most to performance. Consequently, what

has been said above about organizations in general also applies to public sector organizations, that is it is not possible to develop a prescriptive performance control model that is better for all times and places.

Another omission from the chapter is that we only discussed two types of performance control. Many more forms are, of course, present in organizations such as: self-regulation, professional control, self-management, social control, etc. Although we have argued that they differ from the two we have distinguished, we could not study them in great detail. The fact that forms of control in organizations relate to organizational performance, as has been proposed here, suggests that we should also start to study these forms in greater detail.

Finally we also have to introduce a caveat. We have demonstrated that there are good reasons to believe that the type of performance control used in an organizational setting is related to performance. In doing so, we have introduced a highly neglected phenomenon in the literature – agent control. This should not be interpreted as a superior form of control. Thus, while we do not posit that external controls are unrelated to performance, especially since agent control can also lead to *control failures* (a phenomenon which has received practically no attention in the related literature on self-regulation), we do believe that a focus on agent control practices could be especially relevant to the current trends in coordination. Thus, changes in organizational structures, such as the shift from hierarchical forms of control to more horizontal structures, as well as the increasing preponderance of network forms of organizing, have raised new questions as to appropriate forms of organizational controls. In these situations, we envision agent control practices as often demonstrating a high impact in terms of performance, since in these situations, traditional forms of control might become more and more problematic. In these cases, a complete closure of the cybernetic circle (including mutual processes between the different components) by prescriptive and pre-defined control systems will not only become more unlikely, but also cannot be expected to contribute to organizational performance. For public organizations, this might be the most important message of this chapter.

Acknowledgement

I would like to thank the participants of the Workshop on Determinants of Performance in Public Organizations (Cardiff University, 7–8 May 2004), Denise Korssen-van Raaij, Diana Rus and Larry O'Toole for their valuable comments on earlier drafts of this chapter. Needless to say, this chapter is the sole responsibility of the author.

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