



Challenges to the implementation of fiscal sustainability measures

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Abstract

Purpose – Fiscal sustainability is high on the global political agenda. Yet, implementing the needed performance-orientation throughout public-sector organizations remains problematic. Such implementation seems to run counter to deep-seated social structures. In this paper the aim is to shed light via key change agents' views on these social structures at the management level during the implementation of a performance-based budgeting scheme.

Design/methodology/approach – The authors analyzed documentary data and conducted in-depth, semi-structured interviews with key change agents operative within central government ministries in The Netherlands. The data were analyzed using a structural approach to identify the enablers and barriers to performance-based budgeting implementation.

Findings – In total, 29 social enablers and barriers to performance-based budgeting implementation were derived. These were categorized into: Context, Autonomy, Traditional beliefs, Influence on results, and Top management support. Based on these categories five propositions were developed on how social structures enable and constrain performance-based budgeting implementation among public managers.

Research limitations/implications – The study was executed in one country in a specific period in time. Although the problems with performance-based budgeting exist over the globe, research is needed to study whether similar social structures enable and impede implementation.

Social implications – Policy makers and change agents aiming to improve fiscal sustainability by budgeting reform need to consider the found social structures. Where possible they could strengthen enablers and design specific comprehensive measures to tackle the barriers identified.

Originality/value – This paper provides insight and develops knowledge on the social structures that enable and constrain performance-based budgeting, which in turn improves fiscal sustainability.

Keywords Fiscal sustainability, Performance-based budgeting, Structuration theory, Social structures, Change agents, Public managers, Public sector change implementation, Change management, Public sector organizations

Paper type Research paper



Introduction

Sustainable development is usually associated with social or ecological causes, but equally important – although often less acknowledged – is the dependence of the delivery of sustainable development upon fiscal sustainability. Public sector fiscal sustainability is necessary for encouraging economic growth needed for the well-being of future generations (Chapman, 2008). As Buitter (2004, p. 1) notes:

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[T]here is no point in even talking of any of the “green”, social and political dimensions of sustainable development, unless the state can finance, now and in the future, the public expenditure programs required to meet widely shared economic, social, political, cultural and environmental objectives in an efficient and sustainable manner.

The most basic definition of fiscal sustainability are balanced public finances, where a government covers its expenditures from its own revenues, while reducing its dependence on borrowing and lending (Bird, 2003). Maintaining fiscal sustainability depends on the availability of accurate information on past and future revenues and expenditures. In other words, governments need to clearly define accountability and establish financial management practices to enforce these rules (Gooptu, 2005). Such an approach is usually labeled as performance-based (Hou *et al.*, 2011), performance-informed (Joyce, 2011), or simply performance budgeting (Helmuth, 2010). We will stick to the most commonly used term “performance-based budgeting” (PBB).

Budgeting research has highlighted how implementing such a scheme may be more a social intervention that aims to construct reality than a rational reflection of a technical reality (Covaleski and Dirsmith, 1988; Burchell *et al.*, 1980; Weick, 1976). Experience with government reform indicates that whilst lower-order objectives related to downsizing and budget cuts can easily be achieved, higher-order objectives related to culture change and quality of service are not (Thompson, 2000; also see, Moynihan, 2006). Likewise, Azzone and Palermo (2011) argue that efforts should shift from objects such as reward systems and organizational design to people. Also, Joyce (2011) found that the US federal government finds it challenging to move beyond production of performance data to its use. To our knowledge, only the Swiss study by Helmuth (2010) encountered almost no resistance as just a few managers voiced concerns to the introduction of PBB.

This raises the question of which social structures among public managers enable and constrain PBB implementation and its attendant strengthening of fiscal sustainability. To answer this question, we interviewed key “change agents” involved in the implementation of PBB schemes. Such a study is in line with Kelman’s (2007) call for more research into public service motivation. This paper has the following structure. Firstly, we briefly describe the Dutch PBB context. We then discuss literatures on organizational change and social structures relevant to our empirical analysis. Next, we describe the methodology after which we present the results of our analysis. We end with a conclusion and discussion.

Performance-based budgeting (PBB) in The Netherlands

At the start of the new millennium, the Dutch central government aimed to improve its fiscal sustainability by introducing a PBB scheme. This was part of a revived interest in budgeting during the 1980s and 1990s, which Patashnik (1999) attributed to the fiscalization of the policy debate. The Dutch PBB scheme was entitled VBTB (*Van Beleidsbegroting Tot Beleidsverantwoording* or “From Policy Budget to Policy Accountability”) and demanded that policy-makers made goals, activities, and costs explicit in the Dutch central government’s annual budget. This would enable parliament to hold government accountable if goals were not achieved and activities performed were not delivered within budget.

Although PBB demanded a substantially different way of working, the initial plan merely noted that culture was important alongside budgeting methods and techniques (see, Ministry of Finance, 1999). Perhaps unsurprisingly, its initial years were not particularly successful. The ambition was consequently lowered and implementation planning for PBB was relabeled as a “growth path”, acknowledging differences in culture and formal structures between Dutch Ministries. Although PBB was primarily intended to revolve around the budgeting process, this broadened the implementation into an instrument for more effective and efficient government operations (IOFEZ, 2004). Likewise, Hou and associates (2011) have pointed out how PBB can be useful for both budgeting and management. Nonetheless, the user value of actual budgets failed to improve because Ministries were primarily focused on their own demands and norms (Van Schooten, 2003). Public managers’ support for PBB simultaneously decreased (Van Gils and Moiola, 2004). As a consequence of the attempted cultural change encountering deep seated social structures within Dutch Ministries, accountability was not substantially improved.

Organizational change and social structures

It is widely understood that people activate various defense mechanisms when they are faced with change (*inter alia* Argyris, 1993; Giddens, 1986). The success of any organizational change such as PBB is therefore more dependent on the implementation than its conceptualization (McNulty and Ferlie, 2004; Sorge and Van Witteloostuijn, 2004). Peled (2002) even goes as far as to contend that the idea of reform is actually less important than its implementation. Partly, this derives from the fact that reforms in the past century have been guided by a handful of abstract ideas which have revolved between being in and out of favor with policy-makers. Both Pressman and Wildavsky (1984) and Sabatias and Mazmanian (1979) highlighted how policy adapts as it is implemented. We therefore find it curious that research and theory on organizational change is underrepresented in the field of public administration in comparison with general management and organization theory (Fernandez and Rainey, 2006).

Studying the implementation of PBB addresses a number of the gaps in public management literatures (Ferlie *et al.*, 2003). We consider public managers in a specific policy and political context, through which we explore the effects of introducing a new budgeting scheme explicitly linking public management and public policymaking. More specifically, we study public managers’ responses of curbing, coping with or copying policy-makers rhetorics when implementing change (Ferlie *et al.*, 2003). We use the multi-perspectiveness of structuration theory (Giddens, 1986) as our “interpretive” theory (Lakatos, 1970) to examine the views of key change agents on public managers’ social structures during the implementation of PBB.

Structuration theory dimensions

Structuration theory has long had a major influence on management research (see Heracleous and Barrett, 2001; Jarzabkowski, 2008; Ranson *et al.*, 1980; Orlikowski, 2000). The elements of structuration theory that we use are those that are especially relevant for our empirical investigation, and illuminating the social structures of Dutch central government’s managers during the implementation of PBB. Our starting point is Giddens’ (1986) definition of structure as the “rules and resources, recursively implicated in the reproduction of social systems; structure exists only as memory

traces, the organic basis of human knowledgeability, and as instantiated in action” (Giddens, 1986, p. 377). Structure has a duality, in which structures both enable and constrain human behavior, while that behavior in turn contributes to constituting and reproducing the structure. In this process of structuration human beings are knowledgeable and enabled, which implies that “those agents are capable of putting their structurally formed capacities to work in creative or innovative ways” (Sewell, 1992, p. 4). In other words, the knowledge of structure makes people capable of action. This characteristic means that it is not just structures that drive public managers’ behavior, but also that public managers produce and reproduce these structures through their behaviors.

Giddens (1986) distinguishes between structures of signification, domination, and legitimation, albeit as different analytical dimensions of the same phenomenon which are in practice closely interlinked. This distinction leads to the three dimensions of the mutually constitutive nature of structure and behavior (depicted in Table I). In this paper, we use these three dimensions to examine the introduction of PBB phenomenon within Dutch Ministries to identify and describe structural enablers and barriers.

The first dimension is signification: human communication involves interpretive schemes – the stocks of knowledge that human actors draw upon to make sense of their own and others’ actions. They thereby produce and reproduce structures of meaning, which are termed structures of signification. This interaction between communicative action and interpretive schemes is central to the construction of social reality and thus to human behaviors based on this reality. In other words, real change is patterned by pervasive, deep structures that guide the course of events through their effects on human beings’ interpretations and communicative actions (Heracleous and Barrett, 2001). We use this signification dimension to interpret how public managers are seen to make sense of PBB implementation.

The second dimension is domination, Giddens noting people’s ability to allocate material and human resources, and thereby producing and reproducing structures of domination. Giddens distinguishes between authoritative power, the command over people or actors, and allocative power, the command over objects, goods or material phenomena. PBB implementation has consequences for Ministries’ allocation of material and human resources, and therefore is vital to how public managers are facilitated in doing their work. PBB also alters both the ways in which public managers can exert power and the ways in which power is exercised over them.

The third dimension is legitimation, which Giddens describes as human beings sanctioning their actions by drawing on norms or standards of morality, and thereby producing and reproducing social structures of legitimation. This structuration dimension is especially important to PBB, because it specifically addresses accountability as the interplay between interpretive schemes and norms (Giddens,

Level	Analytical dimension		
Structures	Signification	Domination	Legitimation
Modalities	Interpretive scheme	Facility	Norms
Agency	Communication	Power	Sanction

Source: Adapted from Giddens (1986)

Table I.
Three analytical
dimensions and three
levels of structuration

1986). The implementation of PBB has involved, in part, the substitution of norms, stressing the delivery of agreements and imposing performance standards. This dimension can be used to highlight the norms associated with PBB implementation by public managers in the Dutch Ministries.

These three dimensions also facilitate examining conflict and structural contradiction among public managers, and between public managers and other stakeholders within Ministries. References to conflict and contradiction are not widely found in relevant literature, yet they are inherent in structuration theory (Walsham, 2002). Conflict is the actual struggle between actors or groups that may arise from structural contradictions within and between social groups. Contradiction therefore creates a potential basis for conflict (Giddens, 1986) if actors feel both that differences affect them negatively, and they are able and sufficiently motivated to take positive action (Walsham, 2002; Seo and Creed, 2002).

Methodology

Following Randell and Procter (2008), we used semi-structured interviews to uncover change narratives, but instead of relying on managers' stories, we chose to view their behavior through the eyes of key change agents in the change process. We chose to focus on change agents in line with Townley (2002), who highlighted their importance, demonstrating how their interpretations shape new systems implementations in the public sector. Also, we can expect the change agents to have a broad overview within their Ministry of "their" public managers' behaviors. However, as all the key change agents were trained as financial professionals, there is the possibility that they might be biased in favor of "technocratic" interventions. However, as professionals working in staff departments these change agents need not readily present an overly-positive image of an effective and efficient central government (Raelin, 1984).

We approached the Dutch central government "Knowledge Center Information Provision Business Operations Government" who assisted in selecting interviewees. Our criteria were that selected key change agents were both implementing the PBB initiative, and reasonably knowledgeable about PBB. We piloted the draft interview protocol in an open, in-depth interview (lasting for nearly three hours) with a change agent with extensive PBB implementation experience in two separate Ministries to obtain a sense of the context and practice of PBB implementation. We then conducted in-depth semi-structured interviews with six key change agents. Finally, we presented our preliminary findings to three key change agents to receive their feedback on these initial findings. In total we interviewed ten key change agents from nine of the thirteen Dutch central government Ministries.

Our semi-structured interview protocol was designed to expose the social structures that drive the behavior of public managers. The interview protocol contained fourteen items, divided into five categories. The five first questions were primarily posed to understand the specific ministerial context and develop a common language and reference points between researchers and respondents when discussing basic concepts. The following three categories – with a total of six questions – were focused on the three dimensions of structuration theory, relabeled by us to fit the specific public management context. The interview concluded with three additional questions in a category labeled "contradictions and possible conflicts." These last items also served to some extent as control items, as answers in the previous items should have already

pointed to any structural contradictions. We probed the respondents' answers and engaged in an active dialogue.

All interviews were audio-taped and transcribed prior to analysis. We covered the change process over time by asking each respondent to comment on the implementation of a performance-orientation both at the time of the interview and in the recent past in their Ministry. Two of the authors each separately coded the transcribed interviews, which was merged into an agreed single list of issues. Axial coding was used to identify the main categories arising in PBB implementation, by looking for overarching change themes among the issues (Strauss and Corbin, 1998). Throughout the analysis there was rigorous questioning of the interpretation to ensure its continued grounding in the transcribed texts. Once categories had emerged, the issues within the themes were allocated to one of the three dimensions of structuration theory (i.e. selective coding, Strauss and Corbin, 1998), to explore whether all structuration dimensions of a category had been present during the interviews.

When studying enablers and barriers one needs to see past the presentational data that reflects the image respondents seek to convey to researchers (Van Maanen, 1979). Therefore, we extended this data with internal ministerial documents relating to a new planning and control cycle, and Ministerial budgets and annual reports. Furthermore, we made use of intermediary reports by the Netherlands Court of Audit (2003a, 2003b, 2003c, 2004) monitoring the PBB progress made by the various Ministries. This was supplemented by the final PBB evaluation report from the Inter-ministerial Consultations for Financial and Economic Affairs (IOFEZ, 2004). We were also able to use the experiences and practical knowledge of one of the researchers who had been active as a consultant within Dutch Ministries for over a decade. Finally, we obtained the cooperation of the PBB program coordinator at the Ministry of Finance, whose program coordination tasks had included the final evaluation of PBB (IOFEZ, 2004). He provided feedback on our findings and confirmed a correspondence between our results and his own experiences and intuitions.

Results

The interviews provided a very colorful picture of PBB and its implementation at the different Ministries. Prior to the imposition of PBB in 2001, most Ministries had had specific projects aimed at improving performance-orientation that had not been successful. Some respondents commented that this was due to the abstract level of the discussion and a lack of pressure to produce concrete results. Respondents also believed that no real decisions had been taken to either plan for a tight schedule, or for any step-by-step involvement of the employees most influenced by the PBB changes. Implementation efforts were directed at PBB, without a formal policy to simultaneously address relevant aspects of organizational culture. Although an increased performance-orientation had been on the agenda for a long time, and various attempts had been made to implement it, these attempts had been executed in isolation from previous performance-oriented interventions within other Ministries, resulting in a lack of progress across government.

From 2001, all respondents were more satisfied about the progress made in implementing PBB. However, most change agents noted that performance goals, even if stated explicitly, still lacked the necessary level of detail to provide the basis of

performance-based management. Alongside in annual budgets, the most common manifestations within the Ministries were new planning and control cycles, the introduction of performance indicators, team-working and management contracts. These, and other smaller changes aimed at a fiscally sustainable culture were primarily implemented in a top-down way, under heavy pressure from a particular contextual factor, that of budget cuts. Despite perceived progress in developing PBB, Ministries were still seen by respondents to be struggling with the organizational consequences. One may infer from respondents' comments and the Netherlands Court of Audit's reports that although budgets may look acceptable, the detailed underlying figures do not effectively represent real activity in the various policy domains. Table II summarizes the results of the interviews in terms of the extant social structures, which will be discussed in the remainder of this section.

Theme	Signification	Structuration theory dimension	
		Domination	Legitimation
Environment	+ Performance-orientation	+ Budget cuts + Reorganization ± Parliament	+ PBB legislation
Autonomy	- Enlargement of responsibilities - Performance paradox	- Task specialization and power of staff departments - Changes in personnel/budget - Resistance to centralization	- Uniformity/standardization - Professional autonomy
<i>Traditional beliefs</i>	- Total time of the change process - Initiative fatigue - Fear of transparency	- Group pressure - Fear of losing influence	- Dominance of input and process steering
<i>Limited influence on results</i>	- Sudden events - Complexity	- Many parties involved/policy chains	- Difference between output and outcome - Time span between budget proposal and annual report - Relationship between budget and policy cycle and planning and control cycle
Senior management support	± (Deputy) minister and/or Chief Executive personally committed	- Senior executives pursue self-interest	+ Department of Financial and Economic Affairs pushing from the side

Notes: + = enabler, - = barrier, and ± can be either

Table II.
Main enablers and barriers to PBB implementation in the Dutch central government

Environment

Although many environmental factors can influence change, these factors are united in that they are very difficult for actors to influence. In our study, we define environment as the circumstances and conditions within which public managers work. This includes legislation issued in favor of PBB implementation or the reorganization of their Ministry. Based on the interpretations of change agents, all but one of the identified environmental dimensions enabled the PBB related behaviors of the public managers. By definition, PBB demands a performance-orientated mindset from public managers involved. According to all respondents, there are also some strong environmental powers involved in forcing this mindset onto the Dutch public managers. Firstly, the Dutch parliament has repeatedly demanded that the government become more performance-oriented. The combination of budget cuts in 2003, and declining economic growth, placed PBB to the top of the political agenda. As one of our respondents put it:

[. . .] Because of the pressure of budget cuts, we are now able to steer and control in a very different manner. [. . .] Now you really need to make clear what you are doing with your budget.

Budget cuts led to both large and small reorganizations within Ministries. Ministries hoped to save money by working more efficiently and thereby sparing their core tasks from budget cuts. Performance-based working was also encouraged along with PBB legislation. However, each Dutch Ministry was left to implement its own form of performance-based working, which potentially explains why the top-down government-wide introduction of PBB in formal budgets worked out more effectively than the more encompassing cultural changes involved in performance-based working, where the Dutch Parliament worked to undermine these policies:

Where it often goes wrong is simply the context, because suddenly there are major budget cuts coming your way [as decided by parliament] making it impossible to reach your planned targets.

Based thus on respondents' perceptions of public managers' behavior, all but one of the five identified environmental factors enable PBB implementation. Hence, it is not environmental factors that primarily account for the slow progress of PBB implementation observed in the Netherlands. Yet, implementation might potentially have stalled in the absence of these environmental factors.

P1. The less environmental PBB pressure on public managers, the more implementation is resisted.

Autonomy

A theme often touched upon but less often studied in relation to PBB is public managers' "autonomy." Democratic theory holds that public managers are supposed to carry out the orders of their politically appointed superiors (also see, Meier *et al.*, 2004), although these superiors cannot take decisions and issue orders on every single issue. Based on our respondents' experiences, we found all the identified seven "autonomy" issues (see Table II) to have a negative impact on perceptions of performance-oriented behaviors of public managers. Public managers were in particular seen to fear

increasing responsibilities as well as larger demands on their already scarce time. Typically managers of executive agencies sought to maximize gains in their autonomy, while resisting measures to make them more accountable and transparent. We termed this the performance paradox: performance-based measures were not actively implemented in those executive agencies where they would have been the most desirable. When we focused on public managers' autonomy from a power perspective, our respondents commented that the specialization of tasks had, in particular, increased the power of decentralized staff:

[...] Now you can really see that it's the policymaking departments against the staff departments and that's why we are currently in a reorganization. Central and decentralized staff are keeping each other busy, decentralization has gone too far [...] policymaking departments are almost autarkic, they can take care of themselves.

Our respondents mentioned that such problems with staff departments had led a large number of Ministries to recentralize staff (also see, Brown, 1992). However, as in any bureaucratic organization, most struggles tend to be related to personnel and budget levels.

It is clearly unfair to portray public managers as merely being in a permanent struggle for power; respondents also highlighted the importance of professional values for public managers, attempting to do their jobs as well as possible, whilst deeming "outsiders" to be incapable of judging their performance. Professional values were felt to be undermined through PBB implying uniformity and standardization:

If the desired result is very strictly specified you don't have a lot of leeway, you just have to do it and that's it.

Public managers were also perceived as believing that insufficient specific attention for each individual case led to lower service quality. We conclude that public managers' autonomy-related issues form a barrier to PBB implementation, although we are unable to comment upon the extent to which fear of losing autonomy is legitimately based on the fear of also losing quality.

P2. During PBB implementation public managers resist lowering their autonomy.

Traditional beliefs

We found a dominance of "traditional beliefs" in the PBB change process. Traditional beliefs are ideas related to traditional legal-rational bureaucracies in which action is based on habits and values expressed in routines, rules, regulations, and procedures as opposed to a means-end rationality (see *inter alia* Townley, 2002). The six identified traditional-belief issues have a negative influence on the PBB behavior of public managers. According to our respondents, much resistance by public managers derives from their view that their traditional ways of working remain as relevant to contemporary conditions as they were a quarter of a century ago. Public managers were seen by our change agents as hoping that the performance focus would pass, perhaps not unreasonably given the speed with which topics can move off the political agenda. Furthermore, change agents noted a fear among public managers of transparency, with one respondent describing resistance to transparency as a key fear or hurdle:

[...] Now they [public managers] can, sort of, make their own decision and it is very difficult for an outsider to say: "you are not making the right decision" [...] the data is just not that good [...] if data would be provided, then it could appear a [middle] manager did not make the right decision. That could be painful for a [middle] manager. [...] I think that is the root of the problem.

Particularly interesting from a power perspective, was that our respondents perceived that some public managers felt peer pressure to be silent if they were in favor of a performance-orientation. Furthermore, our respondents indicated that resistance was also caused by public managers' fear of losing influence due to budgeting measures.

Finally, our respondents believed that public managers found it difficult to change their mindset away from input and process-steering towards output-steering. Performance-orientations were absent from policy documents, which are the key documents in terms of subsequent activity, even where present in budgets.

It [performance-orientation] should really be incorporated in policy documents too [...] a director has a staff member to take care of his budget proposal, that is not something that keeps him awake at night [...] in policy documents the real decisions are made.

From our respondents' interpretations, we conclude that traditional beliefs about how the government ought to be organized do act as a barrier to PBB implementation.

P3. The stronger public managers hold traditional beliefs, the more they resist PBB implementation.

Limited influence on results

A prominent theme in all interviews was the limited influence that managers had on results. The success of a performance-orientation pivots on the influence the managers feel they actually have on achieving the planned results. When managers feel that the achievement of a result lies beyond their control, they will resist being held accountable for it. Respondents reported that public managers' limited influence on results had a negative influence on their behavior. Our respondents saw the occurrence of sudden events as the most prominent limitation. Despite long- and mid- term planning, parliament would often demand that ad hoc attention be given to the "hot topic" of the day, with all the attendant and inadvertent consequences for the planning and execution of day-to-day activities.

Incidents and complexity do make it very difficult [...] for instance extra money that suddenly comes available for one topic while you feel it could have been spent much better on something else.

Another issue important in public managers' perception of PBB is the vast complexity of the government's environment, and the problems this causes in setting goals and specifying intended results in advance. Respondents indicated that public managers felt that many issues had to be resolved in the face of a substantial number of stakeholders, especially in the more policy-oriented ministerial departments or teams. A power perspective suggests that results are difficult to influence when many parties with differing interests are involved in the delivery of results. According to our respondents, this can lead to contradictory aims in PBB implementation:

[...] One of the issues here is the good execution of an entire policy chain [...] Up to now, budget allocation is based on the achievements of individual ministerial departments [...]

However, from a societal perspective the [interdepartmental] chain as a whole has to perform, so we are now going to make a budget in which the [interdepartmental] chain is central [...] slightly against the grain, but we'll see where it ends (change agent interview).

A well-known problem in public service delivery is the difference between output and outcome. As our respondents stressed, the desired societal effects are dependent on a large number of actors, and government output is only one factor. Beyond that, due to democratic demands, there can be substantial time elapsed between budget proposals and corresponding annual reports, as well as substantial discrepancies between estimated and achieved expenditures and incomes, with only limited interim possibilities to change course. A further issue is that the budget, policy, and planning and control cycles should be far more tightly integrated. In some cases, the cycles were not even linked (although most Ministries have made progress, recently, in improving their planning and control cycles). To conclude, public managers perceived limited influence on "their" results, which can be interpreted as a substantial barrier to PBB implementation in government.

P4. The more public managers deem that obtaining their goals is beyond their control the more they resist PBB implementation.

Senior management support

The degree of support given by senior management is another issue affecting the behavior of public managers in the Netherlands. Most respondents noted the decisive role of senior management: either the minister or their deputy, or the Chief Executive (named the Secretary-General in the Dutch system):

If a minister says this has to happen, not one director will say to his minister I don't feel like doing it.

The narratives of all interviewed change agents reflect a stalemate within Ministries between opposing stakeholders except where either the minister or the Chief Executive was personally committed to PBB. Senior ministerial executives tend to have a negative influence on PBB implementation. Most interests could lead to clashes between public managers' departments and intra-ministerial financial and economic affairs departments. It is these departments whose principle job is implementing the PBB legislation throughout each entire Ministry:

But we are now sort of pushing from the bottom, from the side; and tell them, this is how it must be done and then it doesn't help if the Chief Executive doesn't really demand it. [...] And I don't think he's that tough in that respect.

To sum up, the personal commitment of the minister or Chief Executive is often decisive in this stakeholder stalemate over PBB implementation.

P5. Personal commitment of the (deputy) minister or the Chief Executive of a Ministry to PBB implementation lowers public managers resistance.

Discussion and conclusion

Improving fiscal sustainability by implementing PBB within governmental organizations in the Western world is seen as one of the public-sector's greatest challenges. Our underlying key research question was to explore why it has been so

difficult for the Dutch government to significantly progress towards actual PBB implementation and an accompanying way of working. We provided a contextual and integrated approach illuminating the self-reinforcing structures driving public managers' behavior in PBB implementation. For this we chose to study an episode in the Dutch central government in which a PBB scheme was implemented within different Ministries. We showed how global government reform affects those who have to put these policies into effect: public managers. We used the three dimensions of Giddens' (1986) structuration theory as sensitizing devices for the purpose of highlighting the various elements of social structure that impede or enable change. From interviews with the change agents emerged a number of themes regarding the implementation of PBB in the Dutch system of central government. When implementing PBB in those Ministries, resistance can be lowered by taking these themes into account.

Key findings

Of the three structuration dimensions, "Environment" was found to be the only theme that mostly had a positive influence on public managers' behavior during the implementation of PBB. If such environmental pressure were to disappear, the implementation of PBB would most probably be halted. This fits with Pettigrew *et al.*'s (2001) findings stressing the importance of taking the environment of change into consideration. Likewise in line with our findings, Huy (2001) stressed the strong driving force resulting from crisis in times of change derived from a raised awareness of the need for change.

Negative issues in public managers' behavior during PBB implementation were found within the themes "Autonomy", "Traditional Beliefs", and "Influence on Results". These three PBB themes are generally closest to public managers' values, attitudes, opinions, and practices. In regards to "Autonomy", the behavior of public managers was seen as resisting attempts to lower their autonomy. Interestingly, studies on the more autonomous public managers who are in charge of executive agencies identified equivalent findings. Even in those more-or-less privatized settings, public managers seek to avert the greater demands placed on transparency and accountability needed for fiscal sustainability. Those settings have created managers more concerned with preserving their human and financial responsibilities than collaborating with others to benefit the organization's measurable and other strategic results (Brown *et al.*, 2005).

Likewise, with respect to "Traditional Beliefs" we found barriers to PBB implementation across all structuration dimensions. Here we found the relatively common change issues such as a fear of transparency and losing influence, group pressure, and a different way of steering, by outputs. The most significant insight was that, given the lengthy period of change, public managers thought that the attention given to PBB would pass. Huy (2001) already stressed the importance of the time factor in successful change.

Less common in public sector reform literatures is our theme of "Influence on Results". Public managers' perceptions of the extent to which they can influence results – their perceived self-efficacy (see, Bandura, 1994) – is fundamental to the success of PBB. When managers feel that the achievement of a result is beyond their control, they will not wish to be held accountable for that result. The most important

issues influencing lack of control are the prevalence of sudden events, which divert attention from the original planning, and constraints imposed on public management decision making by democratic demands and the rule of law. However, is this just a self-serving argument for public managers to resist working towards PBB and fiscal sustainability? Further research on the actual implementation of a performance-orientation may shed light on the validity of this argument.

We also found the theme “Senior Management Support” of importance, where we found both enablers and disablers to PBB implementation. Senior management support is, by definition, an issue of power and organizational politics. While the department of Financial and Economic Affairs was pushing PBB from its formal position within the organization, for the minister or deputy minister in charge, and likewise for the Chief Executives, it comes down to personal commitment (see Meier *et al.*, 2004). If the powers within a Ministry reach a stalemate, and this seems to happen frequently, the personal preferences of the senior managers appear to be the decisive factor in PBB implementation.

Managerial implications

The results of this study have implications for change agents implementing PBB and an accompanying way of working within government organizations. First of all, our findings show that context and senior management support can be a strong driving force for change especially given the pressure of budget cuts. Although change agents cannot control these factors, they can communicate that making clear choices in budget cuts by setting priorities will do the organization much more good than an equal-misery-all-round method: however, the success of this approach is related to the severity of the budget cuts. Change agents may also try to convince senior management to explicitly champion PBB implementation, including sanctioning those lagging behind.

The relative power position of the change agent is likely to affect the success of PBB implementation. Often within Ministries, implementation failed to progress beyond the abstract discussion phase, with no real decision being taken for an implementation schedule nor for any step-by-step employee involvement in organizational change. Despite clear guidelines for implementing PBB, there was no central assistance to guide the desired culture change. This resulted in insulated episodes of implementation, with a lack of ministerial government-wide learning. Whereas substantial attention was given to formal PBB, the implementation of the accompanying culture change was minimal or absent, not formalized and with no initiatives to better learn from experience.

Alongside the general organization of the PBB implementation process, this research focused on the social structures seen to be produced and reproduced by public managers' behavior. Change agents have the best chance of influencing public managers' behavior by intervening on the themes that are closest to public managers: autonomy, traditional beliefs, and limited influence on results. Because structure is linked to agency, signification issues can be tackled by influencing interpretive schemes through communication, domination issues by the allocation of material and human resources, and legitimation issues by sanctioning behavior through using formal and informal norms (Giddens, 1986).

Limitations

Firstly, the study was conducted at one specific point in time, which imposes certain constraints on studying the further development of PBB and fiscal sustainability. No link was established between the change processes and organizational outcomes (Pettigrew *et al.*, 2001). Although the PBB project is now completed, it is doubtful if the Dutch central government has a higher performance orientation and moreover it has certainly not improved its fiscal sustainability.

Secondly, one could question the wider generalizability of these findings from the specific Dutch context to a global, or even Western public-sector, context. We contextualized Dutch changes in global fiscal reform efforts, and the case of the U.S. National Performance Review (see, Thompson, 2000) demonstrated that PBB and resistance to change are significant beyond specific national contexts. The role of the Dutch Ministry of Finance in PBB implementation is noteworthy: with a top-down implementation apparently being unfeasible, they adopted an “advocate” role for implementing PBB. In many other Western countries, PBB implementation is getting the same half-hearted reception, albeit in different forms (Pollitt and Bouckaert, 2000).

Thirdly, the study was conducted among ten respondents in nine of the thirteen Dutch Ministries, which raises the question as to what extent the results are generalizable across the entire central Dutch government (Pettigrew *et al.*, 2001). We would like to emphasize that our aim is foremost analytical generalization to the relevant theory, rather than statistical generalization to a wider population of public managers (see Yin, 1994; Buchanan and Badham, 1999). We also have justified our rationale for focusing on those change agents charged with implementing PBB on a daily basis.

Future research

The most obvious direction for further research would be exploring PBB implementation using the views of the public managers themselves. In-depth, semi-structured interviews with public managers are recommended to verify the views and insights emerging from this study. One can achieve this using a range of approaches: for instance, by sending out a fully structured questionnaire to a large sample of ministerial public managers, or using participatory or ethnographic field research within Ministries to closely observe public managers’ behaviors over a longer time period. These are examples of “unobtrusive, transparent, and replicable ground-up studies of what senior civil servants actually do and what value they can add in a range of policy situations” (Hood and Lodge, 2004, p. 329). Based on findings from such studies, workshops could be organized to facilitate group discussions among public managers (Balogun *et al.*, 2003). It would be especially useful to conduct longitudinal studies, international comparative studies, and studies linking organizational change processes to organizational outcomes (see, Pettigrew *et al.*, 2001). It would also be interesting to determine the relationship between particular forms of PBB and success in implementation.

Additionally, the agency aspects of public managers’ structures – communication, domination by the allocation of resources, and sanctioning through norms – are related to specific intervention types. Communication is about changing beliefs, which Huy (2001) characterizes as teaching and facilitating interventions, whereas domination is directly related to power-coercive and physical manipulation

interventions (Warwick and Kelman, 1973). Formal norms can be changed by engineering interventions and informal norms need to be tackled by teaching and facilitating interventions (Huy, 2001). Hence, effective interventions that could overcome the dynamics of stalled PBB implementation in the Dutch Ministries need be designed and tested. Finally, looking at the role of other stakeholders – besides public managers – and their influence on achieving fiscal sustainability would be worthwhile.

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