



# Tékhne

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## Editorial

This special issue of *Tékhne – Review of Applied Management Studies*, gathers a few of the papers presented at the 11th CIGAR Workshop held by Instituto Politécnico do Cávado e Ave (IPCA), in June 2012, under the theme of *Performance Management in the Public Sector: Past, Current And Future Trends*.

Most recent efforts to ‘reinvent government’ and improve performance in Public Sector organisations have focused on performance measurement and management practices. These practices include setting the goals that must be achieved, allocating resources in a rational way, and measuring and evaluating performance as a way to promote accountability and improve decision-making.

Despite the increasing popularity of performance measurement and management practices within Public Sector, many complex and ambiguous issues are yet unanswered, which can act as barriers to the implementation process of these practices and, consequently, on its effects on governments’ performance.

In several CIGAR events, Public Sector performance management has been a recurrent topic, especially since the publication of the CIGAR book “Perspectives on Performance Measurement and Public Sector Accounting”, E. Buschor and K. Schedler (Eds.). Eighteen years passed, it might be said that performance management has reached ‘maturity’ among the CIGAR community.

At this stage, a few questions might raise, such as: How performance management has evolved in this period? What have been the major changes? What are the problematic issues? What can be expected for the future of performance management in the Public Sector?

In this context, the 11th CIGAR Workshop aimed, on the one hand, to contribute to the understanding of performance management developments in Public Sector organisations and, on the other hand, to be an opportunity for academics and practitioners to discuss and debate how reforms in governmental performance management have developed and how the future should be anticipated.

The debate, involving more than forty participants coming from sixteen different countries worldwide, was oriented, though not limited, to questions like whether business-like tools are applicable in the Public Sector, what are the main purposes and uses of performance management

systems, what the performance management consequences are and whether the organisational context determines the use and effects of these practices.

During the workshop sessions twelve papers were presented by keynotes and researchers from nine different countries (Switzerland, Spain, Italy, Netherlands, Portugal, Austria, South-Africa, Indonesia and United Kingdom), some in comparative-international perspective. The role of performance budgeting in public management as well as some complexities inherent to its implementation, the use of performance information in public sector organisations (particularly in local government), the implementation of performance measures, the report of performance information, the creation of a performance framework for public sector organisations, the currently known and remaining gaps in knowledge on performance management, and professional perspectives on performance auditing experiences, were a few of the issues addressed in these papers.

The overall conclusion highlighted in the discussions might be summarised as follows. Despite the increasing popularity of performance measurement and management practices within the public sector, many complex and ambiguous issues are yet unanswered, which can act as barriers to the implementation process of these practices and, consequently, on its effects on governments’ performance. Therefore, further and deeper research seems to be needed.

We believe that the debate carried out in the 11th CIGAR Workshop offered some enlightenment, contributing to promote research on public sector performance management in a comparative-international way.

In this special issue we make available some ideas discussed, by publishing five of the papers presented in the event.

The first is by Ernst Buschor and reflects on some perspectives on performance measurement eighteen years after his co-edited (above-mentioned) book, addressing a multidimensional perspective. While acknowledging that performance management brought new dimensions to public management (output and outcome orientation, accrual accounting, etc.), the author underlines that the complex dimensions of politics ask for more complex management systems allowing a better consideration of non-economic dimensions of politics.

The paper calls attention for performance management limits, particularly discussing those relating to the limited measurability of outcomes as well as to the low interest of parliamentarians in complex issues and different thought patterns between politics and management. The discussion follows based on the case of Switzerland.

It is highlighted that performance information (including program budgeting) must be tailored to the context and levels of public authorities, considering that internal administration and external (and parliamentary) communication have different information needs. Complexities inherent to performance management implementation must also be taken into account.

The second paper is by Jan van Helden & Christoph Reichard. The authors aim to find a path and to take stock of the existing knowledge by means of a "meta-review" of public sector performance management research as published over the last decade. They focused on ten papers which themselves aim to critically assess the existing literature on performance measurement and management.

The papers were differentiated into two types of review papers: (1) systematic reviews consisting of clearly identified categorisations of selected sets of papers, and (2) reflective reviews presenting relatively more interpretive views on the available literature. Six papers covered the whole public sector, while four focused on accounting, given that they review relevant sources in the field of public sector accounting, including performance management.

This meta-analysis pointed out that contingency-based studies are the predominant types of research. A set of underdeveloped research areas were also highlighted, such as: (1) more extensive theorising as opposed to the mainly pragmatic perspectives currently adopted; (2) inclusion of 'hard data' in the analysis of organisational performance; (3) taking a broader perspective on transformation processes, i.e. other than the simple fabrication trajectory, particularly complex project-type of processes and network organisations; and (4) benefiting from insights of performance management research in the private sector, for example about pay-for-performance systems.

An interesting contribution concerns a framework for analysing a public sector performance management system (PSPM-system) developed by the authors, dividing a performance management system into different phases of its development – the life cycle of a PSPM-system: design, implementation, operation and use.

The third and fourth papers are from Johann Seiwald & Monika Geppl and DP van der Nest & LJ Erasmus, who present two country cases – Austria and South-Africa.

The former the recent developed performance budgeting model to be implemented in Austria as of 2013. Possibly an inedited initiative among Continental European countries, this is a landmark in the Austrian budgeting system reform and is integrated in a holistic financial management framework, comprising a legally binding medium expenditure framework with a relaxed budget system giving high carry-forward and shifting possibilities, accrual budgeting and accounting, a modified form of programme budgeting and the creation of performance budgeting offices within both the Federal Chancellery and the Parliament.

The performance budgeting model is summarised as embracing obligatory definition of objectives and

performance indicators for each line ministry, a performance management system with obligatory performance mandates for State bodies and organisations with budgetary responsibility as well as a performance reporting system, both to Parliament and within the government and ministries.

As a case study, the paper describes the key elements of the Austrian performance framework, explaining the implementation strategy and highlighting opportunities, tensions as well as challenges from a practical point of view. The framework is described on the basis of the performance management cycle, comprising performance budgeting, performance management, performance measurement and performance reporting.

An interesting contribution is on what lessons can be learned from the Austrian experience. While the reform towards outcome-based-oriented budgets has been acknowledged as a vital contribution to more transparency, comprehensive accountability structures at political and administrative levels as well as to a management system that creates public value, implementation issues have arose creating challenges that seem to point to the need of a cultural change if performance management is really to be implemented in Public Administration.

The South African case addresses performance reporting in National Government. Considering that the main purpose of performance reporting is allowing to accurately assessing governmental departments' progress towards their goals, the authors perform an adequacy qualitative analysis of the reporting of performance against pre-determined objectives by South African Central Government departments, assessing whether they have improved in the quality of the reporting of their performance information over the last two years.

The main issue in the paper concerns legal compliance and effectiveness of the performance reporting, given that although performance budgeting and evaluation legal requirements had been introduced since the year 2000, up to 2005 no reporting framework existed for the preparation of departmental performance information by the South African Central Government. Additionally, only from 2007 a phasing-in approach was established to be followed to the audit of performance information; 2009/10 was the first year where information on reporting against predetermined objectives was included in audit reports.

Given that the audit of performance information aims at determining whether the reported performance of a government department is useful, reliable and compliant to legislative and other official requirements, the authors take audit reports as the basis for their analysis, considering 31 audit reports of national government departments for years 2009/10 and 2010/11.

The importance of audits is highlighted acknowledging that performance reporting information is used to determine the success of government in terms of service delivery and the prudent use of taxpayers' money. Therefore it is important to obtain an independent opinion on the credibility (usefulness, reliability and compliance) of the performance information.

On the reliability and sufficiency of the performance information reported in the annual reports of national government departments in South Africa, the study revealed

major deficiencies (highlighted in the audit reports findings) still to overcome, with no material improvements over the last years – the progress on compliance seems to have been compensated by deterioration in reliability and consequent reduction of usefulness.

The lack of sound internal control systems and strategic or annual performance plans are pointed out by the authors as reasons for the deficiencies still existent in performance reporting in South African Central Government. Audit committees are called for a leading role in these processes.

Finally, Helena Fernandes presents a paper from a more professional standpoint, describing the role of Supreme Auditing Institutions on performance audits. In particular, the case of the Portuguese Court of Auditors (Court of Accounts) is presented, especially addressing the results of a few audits in the last years and the strategic plans for audits in the close future. It is clear the importance that performance audit has been given in many external audits carried out by the Court to a large diversity of entities covering areas such as public procurement, outcomes of the Lisbon Strategy, European funds co-financed programs, relationships between public Universities and private law entities, State-owned companies, hospital management, access to National Health Service specific programs, financing models of hospitals characterised as public enterprises or run within a public private partnership, value for money of the outsourcing model within public hospitals, costs and risks of public private partnerships in road and rail sectors, and concessions.

Amongst the strategic goals of the Court, performance audits are expected to have a central role while assessing the implementation of public policies and programs within the scope of the financial crisis, as well as of their effects

on financial sustainability and intergenerational equity, aiming, namely, at obtaining a systematic assessment of the policies set by the Stability and Growth Program.

As to the methodologies for carry out performance audits, the paper explains that at the beginning of these procedures, the 1999 Audit and Proceedings Manual of the Court contained merely general topics relating to this kind of audit. However, significant improvements were made while adopting procedures derived from the UK National Audit Office and other Supreme Auditing Bodies, and especially since the International Organisation of Supreme Audit Institutions (INTOSAI) started ruling these methodologies.

For the future, although acknowledging some limitation of resources, the Portuguese Court of Auditors is aware of the importance of expanding performance audits within its scope of activities, so that it can face major challenges put forward to all Supreme Audit Bodies – contributing to increase accountability of public managers, in a broad concept, including professional and management requirements, and to their ability to comply with legal rules and with principles and proper conducts regarding performance and ethics.

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