

*The National Service Indicators within Local Government: A
Managers Perspective*

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Abstract

Overview

Public sector organisations face unprecedented pressure to improve service quality while progressively lowering their costs. They are also expected to become more accountable, customer focused and responsive to stakeholder needs.

The Local Government Act, 2001: states that the corporate plan of each local authority should include the objectives and priorities of the authority and the manner by which the authority intends to assess its performance taking into account relevant service indicators (SIs).

Purpose

The aim of this dissertation is to examine the use of the national SIs within local government in Ireland. The objectives are to gain an insight into the perceptions of managers on the purpose of SIs, the issues relating to the design and implementation of the SIs, the impact they have on managers, the possibility of manipulation of the results of the SIs and finally their views on the usefulness of the SIs for comparative purposes.

A review of literature relating to performance measurement highlighted the issues associated with performance measures. Semi-structured interviews with a sample of managers from various local authorities were undertaken to gain an insight into the manager's opinions on these matters.

Findings

The findings demonstrate that there is a lack of understanding to the purpose of SIs. Despite the literature, that promotes performance indicators as a valuable management tool, the SIs are not as valuable as the unique set of indicators set by individual local authorities.

Future Research

This study could act as a starting point for a more in depth analysis of the use of SIs within local government. Due to the sample size of interviewees, possible further research could include a comprehensive case study involving each local authority.

Importance

Since performance measurement is such a complex and intricate topic area, any research on its practice can only enhance understanding while simultaneously contributing to current theories.

Declaration

Disclaimer 1

“I hereby certify that this material, submitted in partial fulfilment of the requirements of the Masters of Arts in Accounting programme is entirely my own work, unless cited and acknowledged within the text as the work of another.”

Signed

Disclaimer 2

“I hereby agree that this dissertation may be used by the Letterkenny Institute of Technology for teaching future Masters programmes.”

Signed

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List of Abbreviations

DBG – Delivering Better Government

DEHL – The Department of the Environment, Heritage and Local Government

EPS – earnings per share

IAP – Independent Assessment Panel

ICS – Irish Civil Service

IPA – institute of Public Administration

KPI – Key Performance Indicators

LA – Local Authorities

LG – Local Government

LGMSB – Local Government Management Services Board

NDP – National Development Plan

NPM – New Public Management

OECD – Organisation for Economic Co-operation and Development

ONS – Office for National Statistics

PI – Performance Indicator

PM – Performance Measurement

PMS – Performance Measurement Systems

PPF – Programme for Prosperity and Fairness

PS – Public Sector

ROCE – Return on Capital Employed

ROI – Return on Investment

SI – Service Indicator

SPC – Strategic Policy Committees

SPM – Strategy Performance Measurement

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Chapter 1

Introduction

1.1 Prologue

This dissertation aims to examine the use of the national service indicators (Sis) within local government (LG) in Ireland. The purpose of this introductory chapter is to outline the background to the study. This chapter also states the research aims and objectives, explaining their merit and justification and the methodology employed to assist in the achievement of the objectives. Prior to concluding, consideration is given to the possible contribution this study can make to existing research. The limitations of the study are identified to conclude.

1.2 Background to the study

In the early 1990's the Irish government set out to reform the PS as part of the New Public Management (NPM) movement. This promoted greater efficiency within PS organisations. The Strategic Management Initiative (SMI) was launched in 1994 with the objective of providing public services that are both excellent in quality and effective in delivery (SMI, 2002). This was followed up in 1996 by another project entitled Delivering Better Government (DBG). The objectives of DBG include making effective use of resources, quality services, and a greater accountability within the PS (Wall and Martin, 2003). PS reform has been accelerated through implementation programmes such as the Programme for Prosperity and Fairness (PPF) (2000), and Performance Management and Development Systems (2000).

As part of the Strategic Management Process, in the year 2000 the Department of the Environment, Heritage and Local Government (DEHLG) published a list of national SIs (SI) for LA to use in order to measure their performance. These indicators are published in the annual returns of each authority. The intended purpose of these indicators is to allow the general public to assess how their council was performing in comparison to others and to encourage management to improve their performance. A new list of SIs

came into effect in 2004. This list was kept constant over a three year period from 2004 to 2006 in order to facilitate LA to track and compare their performance with other authorities. Revised indicators came into effect in 2008 (Appendix 3) which saw an introduction of a new indicator measuring energy to reflect national policy priorities at local level.

1.3 Research question and objectives

The primary objective of this study is to carry out an evaluation of the use of SIs within a sample of Irish LA. At this point in time, the bulk of existing research focuses on public performance measures outside Ireland. Therefore, this study has set out to examine the application of SIs from an Irish perspective.

The research question is:

What value and impact do the national SIs have on managers to assess the performance of their LA?

The research objectives are:

1. To examine the perceptions of the purpose and understanding of the national SIs
2. To explore the managerial and other issues which arise from the development and implementation of the national SIs
3. To identify whether other PIs are used within the Irish LA along with the national SIs
4. To examine whether the national SIs are achieving what they are supposed to be achieving

1.4 Rationale for undertaking research

The following are the reasons the research feels this topic is worth researching and who would be interested in the research.

1.4.1 Merit for the research

The researcher will briefly explain the rationale for this research such as advancements made by the LG Service Management Board and legislation.

The LG Act, 2001: states that the corporate plan of each LA should include the objectives and priorities of the authority and the manner by which the authority intends to assess its performance taking into account relevant SIs.

PS organisations around the world face unprecedented pressure to improve service quality while progressively lowering their costs (SAS Ireland Events, 2009). At the same time, they are expected to become more accountable, customer focused and responsive to stakeholder needs.

In a review of *Performance Measurement in Local Government*, Boyle (2000) recorded that at that time ‘PM is very much at the initial stages in LG in Ireland. While some progress has been made, many areas are relatively untouched by PM and of those that are, there is recognition that the existing indicators have many limitations. There is recognition of PM as an issue of growing prominence and influence in LG’ (p. 4). The conclusion of Boyle’s report outlined the benefits of PM. These included establishing effectiveness of programmes, focusing on the quality of service delivery and importantly assessing the impact of services provided by LA on the public. However, it also warned of the limitations of SIs – their inability to explain why and how certain things happened. It also cautioned that PIs could result in what was termed ‘dysfunctional behaviour’ where the focus could be on what gets measured, often short – term actions (LGMSB, 2004).

This proves that PM in the LA is a topical issue that has merit to be researched. The researcher also found during their preliminary research, that no study of this kind had been undertaken in this area before in Ireland; therefore the researcher felt that it was worth investigating.

Butler (2006) indicates that it can be seen that PM is a central feature of performance management in the public service. PM has a key role in supporting effective decision-making and enhancing accountability.

Over the past decade in Ireland there has been an explicit call for enhancing the accountability of the public service, for public servants to demonstrate the effectiveness and efficiency of the services they deliver, and for policy-makers to monitor and evaluate the outcomes of policy development. The need for the LA to take performance management on board, including the development of PM systems, was emphasised by the Taoiseach in 1999 (SMI, 2002).

In the LA, Butler, 2000 suggests a number of approaches to reform are centered on enhancing accountability and PM.

Recent changes in legislation have the enhancement of accountability in public services - including the LA - as a central focus. The Public Service Management Act, 1997 provides for ministerial accountability to government for the performance of functions of departments. It also outlines the responsibilities of secretaries general, which include ensuring that the resources of the department are used in accordance with the Comptroller and Auditor General (Amendment) Act, 1993, and examining means to improve the cost-effective delivery of public services provided by the department.

(Butler, 2000)

1.4.2 Justification

The following parties may find value in my results:

- The Local Communities - Because these services are delivered locally and impact on the daily lives of people they are the most visible manifestation of the existence of LA. As a result, the quality of provision of these services forms the basis for the judgment by the customer of the effectiveness of LA.
- The LG Management Service Board - based in Dublin it provides a range of Management Services to its clients the LA. The Board seeks to support a diverse

range of skills and knowledge required by the modern manager. This research will help the LGMSB to qualify their importance to the LA.

- The Department of Finance – 44% of LA funding comes from government grants, therefore the department of finance may be interested in the results to see if the LA are using the money appropriately in keeping up with good performance in their services.
- Private companies may also be interested in my results as a lot of the LA work is being outsourced to private companies.

Therefore, by conducting this research it will be of value to several people/organisations/departments, the results will be dependant on the progression of PM within the LG. The justification for completing such research has been clearly defined in the rationale for the research i.e. the Irish legislation and recent topical publications.

1.5 Research methodology

The research for this dissertation is two-fold using both primary and secondary research methods. After investigating various approaches, a qualitative, explorative approach was considered most appropriate. Semi-structured interviews were conducted with managers of a certain position within a sample of the Irish LA to provide a range of opinions and thoughts. Secondary research was conducted at the outset in the form of an extensive literary review on PM systems and PIs. A more comprehensive description of research methods employed is contained in chapter four.

1.6 Contribution to existing research

This study aims to provide a comprehensive body of work on the assessment of SIs and their use in Irish LG at this time. An effort is made to highlight areas that have not been given much attention from the perspective of Irish authorities and areas where further research is needed. The view of managers and staff as to the purpose, use and impact of PIs (PI's) within their LA is explored. It is hoped that this study will provide a valuable tool for managers within LG to assess the value of PI within their LA and raise awareness of their merits. At this time, the Local Government Management Service Board

(LGMSB) is in the process of revising the existing indicators. It is believed that this study may highlight issues that should be taken into consideration when designing future indicators for LG.

1.7 Research limitations

The research for this dissertation is subject to various limitations that must be taken into consideration when analysing the results discussed in chapter four. The time constraints of the study, make it impossible to examine to the full extent to which SIs are followed up on and if improvements in performance occur. The availability of academic literature in the context of the Irish PS is limited at this time. However, primary research helps in overcoming this limitation. Interview bias is another concern when undertaking qualitative research. The limitations of the study and the steps taken to overcome them are discussed in further detail in chapter three.

1.8 Conclusion

This chapter has introduced this dissertation and a background to the study was provided. In addition, the research aims and objective were stated, explained and justified. This chapter concludes with an evaluation of the extent of the contribution to existing research and the limitations of the study.

Chapter 2

Literature review

2.1 Introduction

This chapter reviews the literature on Performance Measurement (PM). Overcoming the barriers to PM is then examined. This is followed by a review of the need for PM systems within the PS (PS). The criteria and implementation of such systems are then discussed, followed by their perceived benefits/limitations. The literature on PIs (PI) as a method of PM is then examined. The literature is narrowed down to include the role of the LA in Ireland and PM in the LA. This chapter is concluded with a discussion of the use of SIs in Irish *LA* and what the OECD suggest on compliance.

2.2 Performance measurement

The area in which the multidisciplinary nature of performance management has been most extensively and effectively investigated is that of PM. Themes from the fields of strategy, accounting and operations management have converged to form a field that is developing a momentum of its own. For example, the most widely known approach to PM, the Balanced Scorecard is now widely used as a strategy development and execution tool but was developed in an operational environment and developed by Bob Kaplan, a Harvard Professor of Accounting.

Following their review of the PM literature Neely *et al.* (1995) defined PM in its strictest sense as the process of quantifying the efficiency and effectiveness of action. Neely (1998) went on to identify the activities required to measure performance by defining a PM system as consisting of three inter-related elements:

- Individual measures that quantify the efficiency and effectiveness of actions
- A set of measures that combine to assess the performance of an organisation as a whole
- A supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated

Importantly this identifies that performance is multidimensional requiring a number of measures to comprehensively assess and an infrastructure to measure and manage.

This is one of the most precise and often quoted definitions of PM, other notable definitions such as those Ittner, *et al.* (2003), Gates (1999) and Otley (1999) (cited by The Centre for Business Performance, 2006) broaden the scope of PM to include strategy development and the taking of action. Often quoted, Behn (2003) is the phrase that ‘what gets measured gets done.’ Implicit in the growing literature on PM, is that PM includes development of strategies or objectives, and the taking of actions to improve performance based on the insight provided by the performance measures. The Centre for Business Performance (2006) suggests this blurs the distinction between PM and performance management. However the definitions discussed show that performance management is a collection of activities including the setting of objectives or strategies; identification of action plans / decision making; execution of action plans and the assessment of achievement of objectives / strategies. Although some authors (such as Johnson and Broms, 2000) question the value of basing management on performance measures, it is clear that a PM system can form ‘the information system that is at the heart of the performance management process, and integrates all the relevant information from all the other performance management systems’ Bititci *et al.* (1997).

In the review of *Performance Measurement in Local Government* Boyle (2000) recorded that the term PM is used in a generic sense in this study to cover the systematic monitoring of performance over time using both quantitative and qualitative data. This is in line with international practice (Bouckaert, 1995; Hatry, 1999; and Jackson and Palmer, 1992, cited by Boyle, 2000). However, a distinction is sometimes usefully made in the literature between performance measures which are precise quantitative data, and PIs which act as signals to alert managers to issues which may need to be examined further. Given the nature of PS work, PIs tend to be much more common than performance measures.

The Department of Finance (2003) suggests the nature of the information needed to run the PS is changing and they outline the reasons for using PIs in the PS as follows:.

- Managers need more precise information about how efficiently and effectively they use resources.
- Government needs to know if what is being delivered is having the desired impact.
- The emphasis on quality service delivery, openness and accountability means that external reporting obligations are also changing.

2.3 Public sector performance and the modernisation agenda

The Center for Business Performance (2006) has researched that in many advanced economies, such as those of the Anglo-Saxon countries and Scandinavia, public services have come under increasing pressure to improve their efficiency and effectiveness, reduce their demands on taxpayers, but maintain the volume and quality of services supplied to the public. So significant has been the modernisation agenda in the PS, that the phrases the new PS or New Public Management (NPM) have been coined to describe them. In the drive to achieve this, public service organisations have been subjected to the introduction of various ‘private sector’ management techniques, frequently complemented by the adoption of some form of neo-market system in which the purchasers and providers of public services are split and required to contract with each other (Brignall and Modell, 2000, cited by The Centre for Business Performance, 2006). PM, through the use of performance targets, indicators and league tables, has been one of the main tools used by the UK Government in its attempt to push through its modernisation programme and demonstrate that value for taxpayers money is being delivered.

Kennerley, 2009 suggests despite Government intentions, media attention has focused on examples of performance targets, and pressure to achieve them, driving inappropriate behaviour. The case of Bristol Eye hospital cancelling follow-up appointments in order to meet waiting time targets lead to press headlines such as ‘Patients Blinded by NHS

Targets'. This is just one of many examples which highlight the problems that performance targets are causing. With examples such as this (Lester, 2004, cited by The Centre for Business Performance, 2006), PS workers, politicians and commentators doubt the value of using performance targets with broader questions raised about the applicability of private sector approaches to PS organisations (Radnor and McGuire, 2004).

From Canadian experiences, Brown (2004) suggests that there are two main factors limiting the application of PM techniques to the PS: Unionisation limiting the ability to change working practices and the difficulty of measuring performance outcomes (Brown, 2004). Symon (2004) provides anecdotal support for the widespread resistance to change in the PS with preference for doing things as they have always been done.

However, there is also research that opposes this view, suggesting that it is possible to apply private sector approaches in general and PM in particular in the PS. Jackson (1995) acknowledges that the differences between PS and private sector management are frequently emphasised but goes on to argue that in both sectors the fundamental objective is to create or add value. This value is defined in terms of the needs and requirements of the stakeholders in the organisation. Both public and private sector organisations have to manage and balance the needs of the various stakeholders to deliver the highest level of value. Although the stakeholders are different both public and private sector organisations need to manage this balance.

In July 2003 a report by the Commons Public Administration Committee went further and argued that if used appropriately measurement can play a fundamental part in improvement efforts. Whilst research in South America suggests that an effective planning oriented approach to performance evaluation can effectively enhance democratic accountability, supporting the thesis that democratic accountability and public administration modernisation can be done together if PM is done effectively (Ospina *et al.*, 2004).

In relative terms PM in the PS is still in its infancy (Wisniewski and Stewart, 2001). The 1980s and 90s saw enormous interest in the subject with many leading companies redesigning their PM systems to reflect their changing circumstances (Kennerley, 2009). This has resulted in over a decade of experience and research that has provided an insight into the ways in which PM can be used most effectively.

2.3.1 Measurement for solely external reporting

The Centre for Business Performance (2006) suggests one of the key messages from the PM revolution in the private sector has been the need to measure performance which reflects the organisation's improvement priorities not just to report externally. In the private sector, this means not only collecting the financial data required for the financial accounts, but also the non-financial drivers of that performance. In the PS this would suggest setting targets that are relevant to the individual HSE Trust or LA, not just measure the targets that the government requires (Kennerley, 2009).

Furthermore, Alcock (2004) found that problems arise when there is over centralisation of targets etc as they can often contradict with the priorities of local service delivery. And if measurement and targets are imposed from above there is no ownership and hence reduced commitment to achievement of targets. Without integration of measurement with the management of people to change behaviour, measurement is an activity that adds no value (Radnor and McGuire, 2004).

Having PM system that identifies, and prioritises the needs and expectations of all stakeholders is key to better performance (Wisniewski and Stewart, 2001).

2.3.2 Measures as an end rather than a means to an end

Related to the previous point is the need to focus attention on the ultimate objective of the organisation (the Center for Business Performance, 2006). With the emphasis placed of the specific targets prescribed by central government, attention will be paid to achieving these targets. Whilst the targets are surrogates for the ultimate objective, it is unlikely that any set of measures will ever fully encapsulate the entire set of objective, especially when

the desired outcomes are intangible in nature (Kennerley, 2009). As a result the performance targets should not be seen as an end in themselves but as a means to an end. For example one of the main objectives of the Irish LG is to improve services to the public (Callaghan and Keogan, 2003). Reducing waiting times for planning applications is just one of the dimensions that contribute to this objective. There is a constant need to reflect on and review performance measures and targets that are used to check whether they are leading to the achievement of the ultimate objective and whether they are focusing attention on the right areas of performance (Kennerley and Neely, 2002). If not the measures, targets and management attention need to be adjusted appropriately (Kennerley and Neely, 2002).

2.3.3 Too many measures/targets

A common complaint in PS organisations is that there are too many targets (Symon 2004, cited by The Centre for Business Performance, 2006). The real problem that this causes is it makes it impossible to understand what the priorities are and where attention should be focused. Many Private Sector companies have used tools such as success or strategy maps to help clarify the prioritisation of performance targets (Kennerley, 2009). Such maps make explicit the relationships between performance measures or targets so that it is clear how they combine to affect the overall objective. Furthermore priorities can be changed within a framework which provides an explicit understanding of how different performance targets contribute to the delivery of value to stakeholders (Kennerley, 2009).

2.3.4 Application of inappropriate targets

Whilst the criteria that determine the success of an organisation might be similar or the same as a comparable organisation, it is unlikely that their importance or the performance of the organisations will be the same (Federal Facilities Council, 2005). For example not all public services are going to be equally important to the residents of different *LA*, just as the *LA* are not likely to be equally capable of delivering them. Kennerley, 2009 suggests that the same target is unlikely to be appropriate for all *LA* or all HSE trusts or

all schools etc. A target that prompts performance improvement to the desired level in one organisation might already be achieved by another but unachievable by a third.

The centre for Business Performance (2006) suggests lessons from experiences and research suggest that targets, and hence improvement priorities, should be relevant to the requirements of the organisation's stakeholders. Furthermore, it is unrealistic to expect achievement of targets that the organisation's processes are incapable of (National Partnership for Reinventing Government, 1999).

2.3.5 Performance culture

One of the most difficult issues with regard to PM and management is developing a culture that accepts PM as a tool to help the organisation improve (Bititci *et al*, 2004). The Center for Business Performance (2006) suggests measurement and targets can be a valuable tool to help achieve this objective if workers understand how measures and targets contribute to that objective. However, it requires considerable communication to highlight how measurement will help rather than hinder performance improvement (Bititci *et al*, 2004). Furthermore experience would suggest that influential leadership is required to demonstrate that measurement is being used to help the organisation.

This discussion demonstrates that there are issues currently facing PS organisations that are common to organisations in the private sector. It would appear that some of the lessons learnt over the last 20 years in the private sector can be used to inform PS activities. There are examples of PS organisations that have successfully taken the appropriate principles and applied them to develop relevant management systems that help them improve performance (Lester, 2004, Farrant and Tatam, 2002, Anderson and Lawrie, 2002).

2.4 Performance indicators

A performance indicator (PI) can be defined as 'a variable that expresses quantitatively the effectiveness or efficiency or both, of a part of or a whole process, or system, against a given norm or target' Loham *et al* (2003). The activity of measuring organisational

performance is carried out through the use of PI's. The European Commission Paper (2000) classified PI's into four levels. They are;

- Resource indicators, they provide information on the financial, human, material and other resources used to carry out an activity
- Output indicators represent the product and outcome of an activity
- Result indicators relate to the direct and immediate effect of a programme
- Impact indicators represent the less immediate effect of activities

Boyle (2000) comments on the benefits of PI's in LG stating that they can help in establishing the effectiveness of programmes, put focus on the quality of service delivery, and allow for the assessment of the impact of services provided by LA on the general public.

2.4.1 Performance indicator design

One of the key areas in the design of PI's is their linkage to the strategic objectives of the organisation. Performance measures must be based on an organisation's strategy. (Lohman *et al*, 2004) They are needed to translate the strategy into specific objectives and goals that can provide management and staff with guidelines to improve performance. Kaplan and Norton (2002) also recognise the value of linking measures to the strategic objectives. Simons (2000) recognises that communication with employees is encouraged in order to provide a clear view into how their jobs are linked to the overall objectives of the organisation. It enables employees to work toward common goals. Simons (2000) states that good measurement systems should make the relationship between goals and measures explicit, so they can be managed and validated. In theory, the linking of performance measures with organisational goals and objectives appears straightforward. However, in practice, various factors can impair the clear link between PIs and activities. Hyndman and Eden (2000) advise that such indicators can be difficult to establish in service industries, particularly public services. This may be due to the fact that in the PS, 'goals are complicated, muddled and ill defined.' (Dearlove, 1979) In light of these shortcomings, the Delivering Better Government Report (DBG) (1996) stated

that performance measures developed must be appropriate. Their aim was to develop measures that would link day to day activities of teams of civil servants to the objectives of their department or office.

Another aspect of PI design that has been given attention in the literature is the role of staff members in the setting of PI's. Simons (2000) suggests that staff involvement depends on the environment into which they will be introduced. In a stable environment, employee participation is not required as top management already know what to expect in the future and what measures will represent daily activities. However, if the organisation faces uncertain environments and is continually changing, then the measures should be used interactively in order to encourage participation. Barry *et al* (1992) noted that when individual staff members become involved in the setting of indicators and targets, objectives which are previously neglected become a significant aspect of their work. If employees are excluded in the design phase, it can affect the success of a PM system. McKevitt and Lawton (1996) found that the lack of attention paid to middle and junior managers in the design phase results in the PM system not being fully embedded throughout the organisation. Pilcher (2005) states that if indicators are to take root in organisations, staff must have an opportunity at some stage to influence the choice of indicators used. Examples include offering staff briefing on proposals, involvement in ad hoc teams to participate in the design stage and regular meetings between managers and staff to discuss results.

2.4.2 Implementation of performance indicators

Franco-Santos and Bourne (2005) identified a set of factors that influence the implementation of performance measures. The implementation stage is seen as critical in ensuring an effective and efficient PMS. Franco-Santos and Bourne (2005) cite top management commitment as an important facilitator in achieving an effective PM system. Managers at the top should reach an agreement on the strategy, goals, measures and targets that will be implemented. Meekings (1995) concurs with this notion and suggests that they must involve and communicate with the rest of the organisation in order to avoid the not-invented-here syndrome that can cause problems later on. Byrne *et*

al (1995), states that strong political commitment is essential, and it must continue throughout the implementation process. They argue that the lack of political commitment in previous Irish reform efforts resulted in their failure. In their report, *Delivering Value for People*, the LG Management Service Board (LGMSB) state that the credibility of SIs within LA is enhanced if managers are seen to regularly use the data provided to identify improvements in performance and weak areas that must be focused on. (LGMSB, 2004)

To effectively implement PM within an organisation, staff must feel empowered, enabled, and encouraged. (Frigo and Krumwiede 1999, cited by Franco-Santos and Bourne 2005) As previously discussed, staff at all levels must feel empowered and part of the development process. They must be motivated to use the information provided by the measures in their day to day activities. It is vital that employees are enabled to use the PIs and understand their purpose within the organisation. This can be achieved through education and training. The DBG Report (1996) identified that a key feature of the change process within the government is the development of the skills of staff at all levels. They believe that this will ensure that training and development will be directly linked to the organisations objectives. National Development Plan (NDP) Evaluation Unit (1999) believes that staff training would support the establishment of useful indicators and support a common understanding of indicators across the Irish Civil Service (ICS). Plant (2006) commented on the importance of staff training in PS organisations. When examining LG performance in North America, Plant (2006) identified that training contributes to greater organisational power for frontline staff. It provides them with the tools to respond to performance issues. He concluded that ‘measurement systems come alive when staff members are able to work with them every day.’ This does not happen if staff members collect information that is only discussed at senior management level. Staff must be informed and part of the measurement process.

2.4.3 Impact on managers and staff

The current literature that focuses on the impact of PM on employees and managers in organisations varies quite significantly. Kaplan and Norton (1992) states that, ‘an organisation measurement system strongly affects the behaviour of managers and

employees.’ This is supported by Neely *et al* (1997) when they acknowledged that a system measuring human behaviour will often change it for the better. In a study of the PS, Greatbanks (2007) also found that measurement can improve performance, with the support of regular feedback from staff and management. However, not all researchers believe in the merits of PM will be of no significant gain for any of the crucial PS stakeholders. In a paper by Randor (2004), it was established that the role of managers in relation to PM was more of a form filling exercise than focusing on service improvements. The significance of employees in the successful practice of PM must not be underestimated. In a study by Rantanen *et al* (2007), it was found that not all managers and staff fully understood the purpose of the measurements and they did not see a link between their work and the measures. Managers and employees can have different perceptions on the use of PIs within their organisation; (Lönnqvist, 2000, Rautajoki, 1995). Ukko (2007) found that managers’ perception was that they enable improvements in productivity and efficiency and help support decision making. Employees, on the other hand, felt that although changes did occur, it was not due to PM and more so down to the individual characteristics of the manager.

2.4.4 Usefulness for comparative purposes

Rodriguez *et al.* (2006) found that the usefulness of PI’s is greater when they are applied in making comparisons. International best practice suggests that LA should compare their own performance over a period of time, and that there are merits in making a valid comparison with similar LA. Rodriguez *et al.* (2006) also acknowledges that the problems have yet to be solved, for example, choosing organisations among which appropriate clear comparisons can be made. In examining the use of PI’s in league tables, Adcroft and Willis (2005) identified that ‘there are usually more sources of differences between same service providers than there are similarities.’ These differences must be taken into account before comparing LA.

In their original report, the LGMSB (2004) stated that ‘crude league tables should be avoided wherever possible. In most cases they do not provide for relevant background information and can therefore, be misleading and incorrectly interpreted.’ However, in

their 2006 report, they recognised the benefits to be gained from appropriate and realistic comparisons. (LGMSB 2006) In this report, they put forward a model that grouped LA in Ireland into clusters based on similar characteristics such as size and geography. The UK's Office for National Statistics (ONS) commented on the value of categorising various LA in this way as being useful 'when it is the individual authority that is of interest and comparison with one or more other authorities is needed for performance monitoring purposes.' (LGMSB, 2006)

In the context of Irish LA, the cluster model used to group together similar authorities for comparative purposes was seen as a useful tool, with two exceptions, Dublin City Council (DCC) and Cork City Council (CCC). The model suggests that DCC is an outlier and comparing its performance with other LA would not produce meaningful information that can be used to boost performance. The LGMSB (2006) recommend that DCC benchmark itself against other international cities with similar characteristics. Periodic comparisons can also be conducted where results can be compared on a year on year basis. This provides an element of reference for evaluating management, allows for the identification of weak points, and facilitates measuring the results of organisational changes. (Rodríguez *et al.*, 2006)

2.4.5 Benefits and limitations of accounting measures

Accounting information is used extensively in the private sector through the use of traditional financial measures such as Return on Capital Employed (ROCE), earnings per share (EPS), and Return on Investment (ROI). Wall and Martin (2003) acknowledge that it was not possible to use these traditional financial ratios in order to measure the efficiency and other categories of PS performance. A reason put forward for this is that the PS does not have the same objectives as the private sector (Simpkins, 2006). Financial control systems were originally developed for use in the private sector where the objective to maximise shareholders wealth and thus profitability is paramount. However, when applied to the PS some difficulties can occur (Higgins 2005). Anthony and Govindarajan (1998) identified that difficulties can occur due to the divergence in objectives' when they stated,

A dominant goal in most businesses is to earn a satisfactory profit; net profit measures performance towards this goal. No such measures of performance exist in non-profit organisations. Many of them have several goals, and an organisation's effectiveness in attaining its goals can rarely be measured by quantitative amounts

Difficulties occur when the private sector measures are applied in PS organisations. This is because they have a unique structure that operates under a combination of business principles and public interest (Napier, 1989). Measures like ROCE and ROI are very useful in measuring commercial performance. However, they do not capture the wide range of national, economic, and social objectives pursued by various public bodies. They do not provide PS managers with a complete picture of their performance. It is suggested that accountants develop alternative approaches for measuring performance of the PS in a meaningful and more appropriate manner (Holzer and Kloby, 2005).

Another limitation of accounting measures, in particular PI's, is the chance that errors can occur in the measurement of data. Errors can range from simple calculative mistakes to dysfunctional behaviour such as gaming. Gaming occurs when managers take advantage of loopholes in the rules under which they operate (Fisher, 2008). It can occur when indicators are ambiguous, poorly defined and can be manipulated in order to present figures that show the organisation performed better than it actually did. Using PI's to compare LA can encourage such dysfunctional behaviour. The UK Department of the Environment, Transport and Regions, Best Value PIs identified that the use of league tables can create perverse incentives as LA attempt to manipulate their data in order to present performance in a better light.

2.5 Role of Irish local authorities (LA)

Callanan and Keogan (2003) outline a number of roles which have been recognised for local government (LG). These are as:

- An instrument of democracy;

- A provider of services;
- An agent of central government;
- A local regulator.

The most transparent sign of LG is as a provider of services, many of which are concerned with development and the physical environment (LGMSB, 2005). These services therefore, have a very real impact on the lives of citizens. They are organised in a programme group structure, the components of which are:

- Housing and Building;
- Road Transportation and Safety;
- Water Supply and Sewerage;
- Development incentives and control (Planning);
- Environmental Protection
- Recreation and Amenity;
- Agriculture, Education, health and Welfare.

2.6 An overview of performance measurement in Irish local authorities

Boyle (2000) stated that focus on performance in LG is not new. Local Authorities (LA) carry out their business in full view of the public – the press covers LA meetings and local elected members, in their representative capacity, ensure that there is ongoing performance review (LGMSB, 2007). The elected members have a role in relation to policy which is defined in law and which focuses on the establishment of priorities and the allocation of resources through the annual budgeting process to achieve policy objectives. More recently their electoral mandate has been enhanced through the creation of Strategic Policy Committees (SPC) designed to give councilors a more meaningful role in policy review and development (LGMSB, 2007).

In the document *Better Local Government* (1996), LA were asked to set standards in respect of a number of indicators and to measure progress in relation to agreed standards. It was also proposed that SIs be combined with financial PI's to assist in the assessment

of performance of LA. More recently, the *Programme for Prosperity and Fairness* (2000) acknowledged the development of PM and performance management as part of the modernisation programme in the LG sector.

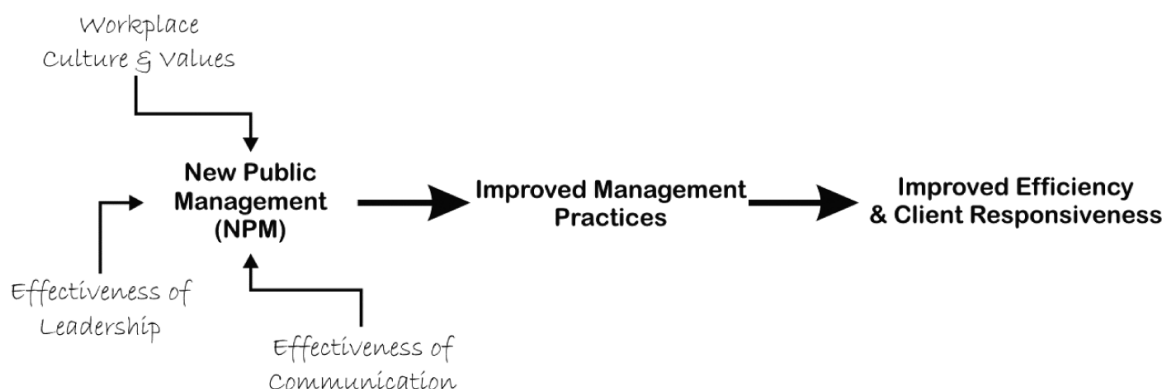
In a review of *Performance Measurement in Local Government*, Boyle (2000) recorded that at that time ‘PM is very much at the initial stages in LG in Ireland. While some progress has been made, many areas are relatively untouched by PM and of those that are, there is recognition that the existing indicators have several limitations. At the same time, there is recognition of PM as an issue of growing prominence and influence in LG’. The conclusion of Boyle’s report outlined the benefits of PM. These included establishing effectiveness of programmes, focusing on the quality of service delivery and importantly assessing the impact of services provided by LA on the public (LGMSB, 2007). However, it also warned of the limitations of SIs – their inability to explain why and how certain things happened. It also cautioned that PIs could result in what was termed dysfunctional behaviour where the focus could be on what gets measured - often short – term actions.

The LG Act, 2001: stated that the corporate plan of each LA should include the objectives and priorities of the authority and the manner by which the authority intended to assess its performance taking into account pertinent SIs. This made the national SIs compulsory and makes this research important by virtue of its economic importance and relevancy.

2.7 Service indicators in Irish local authorities

In May 2000 a defined set of SIs (SIs) were introduced to LA services by which improvements in services to the public could be assessed and tracked over time (See Appendix 3 for a list of National SIs). Authorities were required to measure their performance against the standard set of indicators and publish their results in their annual reports. The indicators measure a wide range of functions provided by LA including housing, planning, environmental services and recreation facilities. Although many LA services are difficult to quantify in this way, the SIs nevertheless seek to provide a balanced overview of performance of many areas over time (LGMSB, 2007).

The Department of the Environment and LG, indicated that the intention of the initiative was to allow the public and elected members to judge how their council was performing relative to other similar councils and to provide a mechanism to council management to monitor performance over time (LGMSB, 2007). The figure (Brunetto and Whartson, 2008) 1.1 below shows how NPM is supposed to improve the quality of organisational communication and management processes. It portrays the importance of communication, leadership, and culture in improving management practices. This in turn will lead to improved efficiency and performance.



A 2003 review of the *Local Government Modernisation Programme* carried out by the Institute of Public Administration (IPA) for the Committee for Public Management Research (CPMR) reviewed the experience at that point. It recorded that most authorities were complying with the request to report performance against SIs in their annual reports. It reported positively that a number of LA had made a significant attempt to develop concrete outcome measures and indicators related to their corporate objectives and strategies. The review found that most LA customer action plans published service standards and noted that the level of openness and accountability in terms of contact details were an example of good practice and well in advance of comparable plans at central government level (LGMSB, 2007). It also recorded considerable evidence of LA providing complaints and appeals mechanisms and making use of customer surveys and customer plans (LGMSB, 2007).

Following the publication of this report, in May 2003 a working group representative of the Department of the Environment, Heritage and LG, the LA and the IPA was

established by the Minister for the Environment, Heritage and LG. The remit of the working group was to examine the operation of customer service initiatives in LA (*Delivering Value for People*, 2004).

Essentially, therefore, the mandate of the group was to review the existing set of national SIs, suggest refinements that needed to be made, and additional indicators that would be of use. The group was also asked to consider improved procedures for reporting of performance against the indicators by LA (*Delivering Value for People*, 2004).

In an analysis of the 32 annual reports of LA for 2001, the group found that the approach differed among authorities. In addition in some cases the data was incomplete, while it was generally not possible to compare data either over time, against preset standards or across LA.

Their report *Delivering Value for People – SIs in Local Authorities* was published in January 2004 and is the basis for the current service indicator initiative. The Report outlined the work of the group, made recommendations for the introduction of a comprehensive suite of SIs by LA on which they would report annually and charged the LGMSB with the external monitoring and verification of the data on SIs. The Minister also announced his intention to appoint an Independent Assessment Panel (IAP), to manage the process for external monitoring and verification of the process.

The recent publication of the OECD Review, which was commissioned to benchmark the public service in Ireland against other comparative countries and to make recommendations for public service reform, provides an opportunity for a more focused discussion on the use of PM in the LG service.

A key finding of the OECD team is that there is a strong emphasis throughout the Irish public service on compliance ‘with rules rather than improving performance’ (OECD, 2008, p 170). They go on to conclude that, in spite of the various reform initiatives, from SMI in 1994 onwards, ‘the systems in Ireland to a large extent are still based on a

compliance culture that emphasises controlling inputs and following rules' (Ibid). They recognise that improving performance is complex and difficult, summarising that 'many OECD countries, including Ireland, have introduced reforms that have changed form, structures and processes, but have not resulted in the intended changes in behaviours'. In a telling comment they suggest that there is a need to move to a performance culture that would make full use of the mechanisms already in place to achieve more (LGMSB, 2008).

In concluding this discussion the OECD observes that there is insufficient 'performance dialogue' between departments and agencies and even where it exists, that it is very focused on inputs and processes. The view is expressed that even where performance measures have been developed, they refer to inputs or what are described as 'intermediate outputs' rather than outputs (LGMSB, 2008).

They comment on the considerable variation in departmental output statements, highlighting some of the limitations e.g. differences in quality, in the number of goals, lack of concrete targets (i.e. indicators that are regarded as quantifiable but are not actually quantified), and on the absence of 'benchmark values' for previous performance or for agreed standards. Significantly they observe that there is inconsistency as to what constitutes an 'output' and that in their view (OECD, 2008, 148) 'many of the indicators do not actually focus on real outputs'. They acknowledge that while there may indeed be planned and productive activities 'they are not in themselves outputs; in the best case they might be intermediate steps in order to realise outputs' (p148). In overall terms, the report recognises the challenges involved in introducing performance measures and notes that based on international experience, they take four to five years to 'bed in' (OECD, 2008, p. 189). The OECD report also states a list of suggested measures for the LG to improve the results of the SIs.

Through the primary research conducted, the researcher found that many of the difficulties cited by the OECD exist in the LA. The research also found that some LA are

taking the measures suggested by the OECD on board to help them understand and measure the SIs properly so they can retrieve relevant reliable information.

2.8 Conclusion

This chapter explained the meaning of PM comprehensively before critically showing a clear grasp of PM in the PS. The chapter follows onto a more narrowed view of PM in particular SIs within the Irish LA which links directly to the research question and objectives.

Chapter 3

Research Methodology

3.1 Introduction

Research methodology refers to the systematic process of collecting and analysing information in order to increase the understanding of the phenomenon concerned (Leedy and Ormrod, 2001).

This chapter describes the research methods undertaken for this dissertation. Firstly, the objectives of the study are reiterated. The researcher will then explain and justify the research methodology adopted and outline the methods of data collection. The benefits and limitations of using such methods are then discussed.

3.2 Research aims and objectives

The aim of this research is to operationalise the research objectives and field questions with the capacity to answer the research question.

This study will use both primary and secondary research. Primary research will be in the form of qualitative research from a sample of Irish LA. This will consist of semi-structured interviews with managers to obtain opinions on the effect PIs have on performance in the LA sector. The secondary research employed consists of a comprehensive literature review on PM and PIs as detailed in chapter two. As previously noted, the research objective is to assess the use of PIs within a LA. More specifically, how managers perceive them and their impact on performance.

3.3 Research design

'A research design is a procedural plan that is adopted by the researcher to answer questions validly, objectively, accurately and economically.' (Kumar, 1999, p74) Its main function is to explain how the researcher will find answers to their questions and sets out the logic of their enquiry (Kumar, 1999).

3.3.1 Research philosophy (The logic of the research)

The purpose and context of research can differ significantly from pure research (deductive approach) involving the development and testing of a hypothesis with knowledge discovered adding to the existing body of knowledge, to applied research (inductive approach) which is used in the social sciences and collates information and enhances understanding about aspects of a situation, issue, problem or phenomena (Kumar, 1999; Saunders *et al*, 2007)

The first step the researcher must take in designing their research strategy is to identify the most suitable philosophy to pursue.

3.3.1.1 Positivist research

Positivism is a structured approach to data gathering which is analysed and interpreted in both factual and statistical manner facilitating replication whereby repeated examination yield the same outcomes. A key distinction of this method is the fact that *'the researcher is independent of and neither effects or is affected by the subject of the research'* (Remenyi *et al*, 1998, p33).

Other distinguishing features of the positivist approach are, it is a deductive approach, it seeks to explain relationships between variables, it typically uses quantitative data and it uses controls to test hypothesis (Gill and Johnson, 1997; Hussey and Hussey, 1997).

3.3.1.2 Interpretive research (phenomenology)

Those researchers critical of positivist research argued that 'rich insights into this complex world are lost if such complexity is reduced entirely to a series of law like generalisation' (Saunders *et al*, 2007, p84). Hence, interpretivism emerged. Interpretive research seeks to understand the subjective reality of those being studied, making sense of their motives, actions and intentions in a way that is meaningful to the research participants (Saunders *et al*, 2007; Walliman, 2001)

Collins and Hussey (2003) identified the following features of interpretive research, it normally produces qualitative data, it uses smaller samples, it is concerned with generating theories, data is rich and subjective, the location is neutral, reliability is low, validity is high, and it generalises from one setting to another (Collins and Hussey, 2003; Hussey and Hussey, 1997).

3.3.1.3 Research philosophy adopted

The researcher has chosen the interpretive approach for its strengths in enhancing understanding about aspects of PIs and because it is the most appropriate method to answer the research question. Both the researcher and the participants could introduce bias into the findings using this approach as they interpret the questions and findings in their own unique way. However, the research methodology and the research questions have been designed to limit this possibility.

3.3.2 Research focus (The purpose of the research)

The objective of the research has four predominant classifications (Saunders *et al*, 2007; Kumar, 1999).

3.3.2.1 Exploratory research

Exploratory research is a valuable means of finding out '*what is happening to seek new insights; to ask questions and to assess phenomena in a new light*' (Robson, 2002, p59). It is often used to investigate the possibilities of undertaking a research study or to develop, refine or test measurement tools or procedures (Kumar, 1999).

3.3.2.2 Explanatory research

Explanatory research attempts to clarify how and why there is a relationship between two aspects of a situation or phenomenon (Kumar, 1999).

3.3.2.3 Descriptive research

Descriptive research attempts to describe systematically a situation, problem, phenomenon, service, program or attitudes towards an issue (Kumar, 1999), often providing a basis for further research (Sekaran, 2000).

3.3.2.4 Correlation research

Correlation research attempts to discover a relationship, association or interdependence between two or more aspects of a situation (Kumar, 1999).

3.3.2.5 Research focus adopted

This research begins as exploratory research as the researcher finds out what is happening concerning PM in the Irish LA.

Descriptive research will then be used to describe PM practice in Ireland including the opinions of LA to the merits and demerits of that practice.

3.3.3 Research tools (The process of the research)

The research process will depend on the type of information required.

3.3.3.1 Data required

The data required will dictate the research tool adopted.

3.3.3.1.1 Qualitative

Qualitative data is based on meanings expressed through words whereby results are collected through non-standardised data required classification into categories for analysis using conceptualisation (Dey, 1993; Kumar, 1999).

3.3.3.1.2 Quantitative

If information is gathered using predominantly quantitative variables, and if analysis is geared to ascertain the magnitude of the variation, the study is classified as a quantitative study (Kumar, 1999).

3.3.3.1.3 Information required

The information required in this research is qualitative in nature. It requires a discursive approach, whereby, through the use of interviews managers will be able to express their beliefs and opinions.

3.3.3.2 Data collection methods

There are two broad categories of primary and secondary data.

3.3.3.2.1 Secondary data

Secondary data are data that have previously been compiled (Kervin, 1999). The value of the data found will vary depending on the availability, format and quality of the data, which are a function of, validity and reliability, personal bias, availability of data, and format (Kumar, 1999).

3.3.3.2.1.1 Evaluation of secondary data

The researcher found much valid and reliable literature as it had been peer reviewed, and was produced by highly regarded authors. Some literature, however, did show evidence of bias which the researcher tried to overcome by including contrary facts and opinions. It proved difficult to find literature or data relevant to the Irish situation and there was a distinct shortage of recently published books on this very specific topic area.

3.3.3.2.2 Primary data

There are several methods available for collecting primary data. The choice of method depends on the purpose of the study, the resources available, and the skills of the researcher (Kumar, 1999). Each method has its own specific advantages and disadvantages and the researcher must select the most appropriate method to answer the research question while simultaneously considering their constraints.

3.3.3.2.2.1 Interviews

'An interview is a purposeful discussion between two or more people,' (Kahn and Cannell, 1957) and is an effective means of gathering valid and reliable data pertinent to the research question(s) and objective(s) (Saunders *et al*, 2007). It is suitable for gathering quantitative data but particularly good when qualitative data are required (Walliman, 2001). There are three main categories.

3.3.3.2.2.1.1 Structured interview

Structured interviews ask a set of predetermined questions providing comparable uniformed information which requires few interviewing skills (Kumar, 1999). They are useful in both descriptive studies as a means of identifying general patterns (Saunders *et al* 2007) and quantitative and statistical analysis containing closed questions similar to a questionnaire (Walliman, 2001).

3.3.3.2.2.1.2 Unstructured interview

This is an in-depth interview, useful in exploratory research, follows a framework guide, allows for spontaneous questions, is suitable for sensitive topics and is extremely useful when little is known about the topic area. It requires researcher skill in following a direct line of enquiry. It suffers difficulties both in terms of data analysis, interviewer bias and comparability as each interviewee can be asked different questions (Kumar, 1999). Sample size is limited due to interviews being one-to-one causing time and financial constraints with questions requiring careful planning and preparation (Saunders *et al*, 2007).

3.3.3.2.2.1.3 Semi-structured interview

This type of interview is a combination of the structured and unstructured interview. It achieves defined answers to defined questions while leaving time for further development of those answers frequently containing more open-ended questions (Walliman, 2001). It is useful in explanatory studies as it aids understanding of the relationships between variables (Saunders *et al*, 2007).

3.3.3.2.2.2 Survey questionnaires

A questionnaire includes all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order (deVaus, 2002). Questionnaires are descriptive in nature as they are largely concerned with the what, when, where and how questions (Saunders *et al*, 2007).

3.3.3.2.2.2.1 Merits of questionnaires

- Distributed to a large population
- Data is standardised enabling comparison
- Data is easily analysed
- Quick and simple for respondent to complete
- Address a large number of issues in a relatively efficient way
- Permit anonymity, increasing the rate of response and the likelihood of genuinely held options

3.3.3.2.2.2.2 Demerits of questionnaires

- Low response rate
- Self selecting bias as not returned
- Ambiguous questions are not clarified
- Responses may be affected by other questions as respondents can read the entire questionnaire
- It is possible to consult others before answering
- Responses cannot be supplemented with other information (Kumar, 1999)

3.3.3.3 Research tool adopted

After reviewing the research tools available, the researcher concluded that interviews and questionnaires were best suited to the research question so observations and case studies were discounted and therefore are not included.

Interviews were selected as the most suitable means of gathering primary information for this research. Taking into account the advantages and disadvantages of each of the above

approaches, it was decided to conduct semi-structured interviews (see appendix 2) for the purpose of this dissertation. This approach allowed for a more in depth examination of the issues relating to PM and PIs. Opinions can be expressed freely while the interview guide maintains a degree of control over the conversation. It ensures that all issues are captured in the conversation and allows for new issues to be raised that may not have been previously considered by the researcher.

The researcher recognises that a multi-method of data collection, including questionnaires would allow triangulation of data, whereby the researcher would be more confident that the data is telling them what they think it is telling them. This enables the researcher to attain a better understanding of the responses given, whilst simultaneously addressing some of the disadvantages of interviews. However, the constraints of resources and time do not make this an option for this research project.

3.3.4 Constructing an instrument for data collection

Interview questions were constructed to collect primary data.

3.3.4.1 Research population

The research population selected is the 34 LA in Ireland, all LA deal with the national SIs as they are mandatory.

3.3.4.2 Sampling process

According to Patton (1990, p.184) ‘there are no rules for sample size in qualitative inquiry.’ There are many factors that must be taken into consideration such as time and resource constraints, credibility of information, and the purpose of the inquiry (Patton, 1990). McCracken (1988) suggests depth interview samples can range between six and eight. In order to gain a more holistic view, it was decided to target a third of the population was selected, 12 LA. A manager from the same grade at each LA was interviewed.

3.3.4.3 Interview process

In April 2009, potential interviewees were contacted via email outlining clearly the research objectives and requesting their participation in the study (see appendix 1). Interviewees were given assurances that all opinions or views expressed would be treated strictly confidential and names would not be included in the 30 – 40 minute interview, due to the potential sensitivity of information.

A week prior to the interviews an interview guide was emailed to each participant describing the study in more detail and outlining the topics to be discussed. This allowed for consistency with the semi-structured interview style. Two interviews took place face to face, five interviews were over the phone and the final five were email interviews. Face to face and telephone interviews were recorded using a Dictaphone and transcribed soon after the interview. Some of the issues raised were then followed up on by email.

3.3.4.4 Data analysis

The interview transcripts were examined with rigour and re-occurring issues were noted by the researcher in the margin of the transcribed interview. Using the interview questions as a basis, each of the issues discussed were coded and categorised. Coding involves the attachment of tags and raw data (Denscombe, 2007, p.292). These codes can be used systematically to link the data to an idea related to the research to the research objectives. The codes were categorised under key headings and themes identified by the literature review. Relationships and patterns between the codes and categories were then highlighted and linked with the literature to allow the researcher to develop generalisations which were used to answer research objectives. The findings are presented in chapter four.

The semi structured interviews were audio recorded by the interviewer, as the interviewer felt the data captured could be analysed easier. By audio-recording the interview, the interviewer will be able to concentrate more fully and listen attentively to what is being said and the expression and other non-verbal cues the interviewee is giving when they are responding (Saunders *et al*, 2007).

3.4 Credibility of the research

The credibility of the research findings are inextricably linked to the validity and reliability of the research (Kumar, 1999). The readers will seek evidence that the findings are both valid and reliable.

3.4.1 Validity of the research

'Validity is defined as the degree to which the researcher has measured what he has set out to measure.' (Smith, 1991, p.106; Kumar, 1999) The validity of what is found rests largely on how it was found.

3.4.2 Reliability of the research

'A scale or test is reliable to the extent that repeat measurements made by it under constant conditions will give the same result.' (Kumar, 1999)

3.4.3 Generalisability

Generalisability is referred to as external validity and the extent to which the research findings are representative of a larger population (Saunders *et al*, 2007).

3.4.4 Evaluation of the credibility of this research

Readers can evaluate the credibility of this research (interpretive in nature) as they explore the linkages between the research question, the research objectives, the field questions and finally the findings for evidence of a research methodology appropriate to the research question.

3.5 Ethical issues

Ethics are a code of behaviour appropriate to academics and the conduct of research. Being unethical involves; causing harm to individuals, breaching confidentiality, using information improperly and introducing bias (Kumar, 1999; Saunders *et al*, 2007). The research was conducted in an ethical manner.

3.6 Limitations of the research

This research has several limitations, many of which stem from the constraints of the research. The researcher has the constraints of time, and human resources (only one researcher and so much to research) which all contributed to the research methodology pursued.

Interview bias is one of the major drawbacks of using interviews as a means of qualitative research. Yin (1994, p.85) identified that interviews are ‘subject to the common problems of bias.’ There are various forms of bias that must be considered. Interviewer bias can take the form of comments, tone or non-verbal behaviour by the interviewer which can influence the response of the interviewee to the question being asked (Saunders *et al*, 2007, p.318). Bias may also occur in the way in which interview transcripts are interpreted and analysed. The use of the interview guide added an element of formality to the interview process and thus minimised the effect of interviewer bias. This is similar to the view of Holstein and Gubruim (1998, p.113) who state ‘if the interviewer asks the questions properly the respondent will give out the desired information.’

A common criticism of qualitative empirical research is that it can produce unreliable data. In an attempt to minimise this problem the semi-structured interview approach was adopted. This ensured that the same topics were covered in each interview.

Other limitations include the dispersed geographical location and size of the research population which prevented face-to-face interviews and the attainment of in-depth knowledge and the lack of availability of emerging literature particularly in the Irish context.

3.7 Conclusion

This research was carried out to investigate the use of SIs by Irish LA in PM. The research takes the form of interpretive research using the inductive approach. It will be exploratory in nature leading to descriptive research. The data will be qualitative establishing the magnitude of variations and will be presented and analysed in chapter four.

Chapter 4

Research Findings and Analysis

4.1 Introduction

This chapter sets out the findings based on the empirical research carried out so that an assessment may be formed as to the use of SIs within the Irish LG. This chapter begins with both an overview of the organisations and the interviewees selected. Following this, there will be a discussion and interpretation of findings under the themes highlighted in the literature review.

The key objective of this research is to assess the use of the national SIs within the Irish LG. In order to achieve this objective, this chapter is divided into six key themes that have emerged from previous research. They are:

1. the definition of SIs
2. the design of SIs
3. implementation of SIs
4. the impact of SIs on staff
5. manipulation of SIs
6. SIs usefulness for comparative purposes

4.2 Interview objectives

The objective of the interviews is to seek the opinions of managers who work in the Irish LGs, managers who have first hand knowledge of the PM practices within the organisations and who deal with the SIs in particular. It allowed the researcher to gain an insight into the LGs and source opinions from staff on the use of the national SIs within LG, in order for the researcher to add to existing research.

4.3 Local government and interviewee profiles

The Irish LG is divided into 34 city and county councils. The sample size for this dissertation is 12 LA throughout Ireland. Each interviewee's title is the director of corporate services. These managers deal directly with the national SIs.

4.4 Interview results

The following six sections present the findings of the primary research conducted. In the interest of confidentiality, all interviewees have been assigned a letter from A-L.

4.4.1 Definition of SIs

As described in the literature review, the national SIs were introduced into LA in order to improve and track the quality of service. The purpose of this dissertation is to examine views of managers on the SIs.

In chapter two, the literature describes the difficulty in finding an exact definition as to what PM is. The literature portrayed a sample of definitions by previous researchers (Bititci, 1997 and Neely *et al*, 1995). This difficulty was also evident in the research conducted. The research found that the opinion of the managers varied significantly as to the purpose of the SIs. Various definitions and explanations were provided to describe the SI's in LA. Each manager acknowledged that some PIs play a crucial role in monitoring activities. However, in the opinion of the managers, the purpose of SIs varied for each of them.

SIs can be used as a management tool to assess varying levels of performance of a section and can thus, determine the allocation of resources required in order to maintain/increase a high level of service.

(Manager B)

Managers A, E, G, H, K, J and L had similar views to manager B. The indicators were seen by seven managers as a means of gaining a basic insight into the operations of the LA. Manager K suggested that they have two purposes, both internally and externally. He described the external element as being useful to encourage transparency and

accountability for members of the public. The internal purpose of the indicators was seen to be as a method of comparison, both periodically and with similar LA. Manager H stated that *'the national SIs help us compare with other local authorities.'* Manager C cited their use is a method of benchmarking performance within other sectors of LG. He believed they were a valuable tool for managers in assessing performance as it provides them with a greater understanding of trends and developments. In describing them from a manager's perspective he states that;

They provide a focus for measurable outputs and/or outcomes which gives a reasonable indication of the performance levels in respect of certain services..... it allows us to enquire why our costs are higher or lower and what kind of operations they engage in.

(Manager C)

The explanation provided by Manager C above supports the literature and the definition provided by Bititci (1997). PM can be seen as a means of facilitating feedback and discussion.

Some of the managers that were interviewed could see a definite purpose for them within the councils, but, had reservation about the SIs not been properly constructed to support activities of the councils and had confusion about what the indicators were telling them.

I am sure that they are doing some use. It is a job (collecting the information) that we have to do for someone else. It doesn't make a huge difference to use here. The figures are just compiled and sent on.

(Manager G)

The other managers interviewed shared the same opinion if the indicators were constructed properly they may be of more use in each LA. In the mean time, they saw it as something they had to do that had little impact on the decision they had to make to improve performance. Manager D stated, *'the primary purpose is to comply with the governments requirements to publish the data, there is almost no purpose of collecting the information from a local perspective.'* The other managers interviewed (Managers F

and I) shared this view Manager F stated, *'it is just a box ticking exercise that plays no part in the way I make my decisions with reference to performance.'*

The research conducted appears to agree with previous literature, in that it is very difficult to apply specific definitions of PM and SIs. However, understandings of what the actual purpose of the SIs are very important if they are to effect performance. The research found many definitions and ideas of PM exist among the interviewees.

4.4.2 Design of service indicators

From the primary research conducted, two issues came to the fore when discussing the design on the SIs. They are the linkage of indicators to objectives, and staff involvement at the design stage. The aforementioned issues have also been recognised in the literature (Franco-Santos and Bourne, 2005). Previous research suggests that performance measures must be linked with organisational goals in order to improve performance (Delivering Better Government, 1996). Manager E felt that the day to day activities were linked to the overall objectives of the LA. He explained that the measurements are calculated every week and he knows precisely where his authority stands in meeting the goals of the indicators, *'the information is there to look at.'* He described how each quarter he is able to look back at his authority's performance and identify areas for improvement. On the other hand, Manager C explained that although the indicators were not linked to the day to day activities of staff at lower levels, they were incorporated into the overall strategic goals of the organisation. He described how they are, *'used in quarterly departmental meetings with managers and are on the agenda for discussion.'* (Manager C) Conflictingly Manager H reported that not all LA comply with the LGMSBs request for quarterly returns of results, *'...though not all authorities comply and only furnish their results on an annual baSIs...'*

Other interviewees felt that the indicators needed revising in order to link them successfully with organisational objectives. Manager L noted that *'to get the indicators linked to day to day objectives will take a lot more work.'* Manager A supported the point that the indicators do not reflect on the daily objectives of those working at the ground

level. Manager J reported that only if an indicator indicated a change would have to be made within the authority due to an unsatisfactory result, then the staff working at ground level would see the implementation of the indicators. He illustrated with an example;

Take the indicator for online transactions, our local authority constantly scores low on this one, what is that telling us? I don't think the fact that we score low on this is necessarily a bad thing, it tells me the local people who deal with us for their entire lives for various transactions are happy with the over the counter service we provide.....if I was to make a decision to up this online transaction indicator I would have to make over the counter transactions more of a nuisance for the local people, making queues longer for example by closing counters.....this would certainly have an effect on the people working at ground level.

(Manager J)

Manager I gave a similar example and added '*changing the way the local authority works in order to increase an indicator, i.e. making one service that people are happy with, more difficult to use so the public will use another service, is not in line with our main organisational goal, which is to provide services that the general public are happy with.*'

Previous literature identified the difficulty in establishing indicators in the PS (Dearlove, 1979). Manager A identified that this challenge exists when linking performance measures to organisational objectives. He stated, '*it is very difficult to match measures with objectives...there are many angles that need to be covered and can be three months down the line when you realise that it is not actually what we wanted.*'

The research conducted appears to follow the ideas put forward by previous literature. It was found that when the indicators are clearly linked to organisational goals it will encourage staff to work as part of a team in order to achieve these goals.

Another aspect of PI design that was highlighted by interviewees and in previous literature (Franco-Santos and Bourne, 2005) is the role of top management in setting the indicators. The value of involving managers in the design of measures was given particular attention by researchers. Based on the empirical research conducted, the involvement of managers in the design phase of the national SIs was seen to be almost non-existent. Manager C stated that '*....they introduced these SIs and that was done*

without any real consultation with management.....it was brought in and that was it like many of the council's projects.' This point was also brought up by Manger E who felt that more involvement in the design process could make the indicators more effective. Manager E stated, *'the indicators may be more useful from a manager's perspective if there was a chance for management to sit down and discuss what needs measuring.'* The study by McKevitt and Lawton (1996) found a lack of involvement from employees' results in the PMS not being embedded successfully into the organisation.

The opinions of managers were varied on the issue of staff involvement in the design phase. Manager G felt it was not necessary for staff to be incorporated into the design phase. He stated that,

It is the corporate managers that need to be involved, employees do not understand them from a strategic perspective and therefore their input at the design phase was not necessary

(Manager G)

Managers H and K both agreed with the literature. They believed that the inclusion of employees on the design of the indicators would be beneficial. Manager D suggested that involving the employees at the design phase would make the indicators *'more real'* and believes this will help employees have a better understanding therefore would improve the results of the indicators. Manager B suggested that employees would become more focused as the *'information was sourced themselves.'*

Manager L outlined that,

The indicators are imposed by national legislation, people have no choice but to subscribe to them, they must produce the information. However if a department sought out information and applied self imposed indicators with the help of employees views...it allows employees to get a better understanding and get behind the indicator

(Manager L)

Overall, it is the opinion of managers that more can be done to link the SIs to organisational goals. A more comprehensive consultation with staff may improve the quality of the information the SIs capture. The research shows that PIs are more useful due to involvement in the design process from both management and employees.

4.4.3 Implementation of service indicators

According to the literature, commitment from top management is one of the most important factors in the successful implementation of a PMS (Franco-Santos and Bourne, 2005). From the interviews conducted it was evident that not all managers were committed to the application of the SIs. This was most obvious in the interview with Managers B and G. Manager B outlined that in his LA indicators were *'something we do because it is a government requirement. However, we judge our performance on a set of internally generated KPIs.'* Manager G outlined that *'job satisfaction would be a reason to look at the indicators for a benchmark,'* however, he added, *'they are not top of my radar where measuring performance is concerned.'* Apart from managers B and G, there appears to be the consensus among managers that commitment is strong in relation to the SIs. Manager C explained that the indicators are regularly discussed at the quarterly departmental meetings with top managers. *'(The indicators) are used in quarterly departmental meetings with managers and are on the agenda for discussion.'* (Manager C)

Manager E draws attention to the commitment and role of managers in the LA. He identifies the drive in improving performance is greatly influenced by management commitment. *'A manager with a different focus may be more performance driven than the previous manager.'* He describes that in the last ten years PM in the councils has changed dramatically. He explains this is due to *'pressure from more committed, performance focused managers.'* He describes that, due to management's commitment with various levels of the organisation;

The whole culture of PM has only began to reach all levels of the organisation... people have started to notice, at senior level staff and now being much more focused in terms of business planning, setting targets and achieving them.

(Manager E)

Manager D highlighted the importance of management commitment stating *'I would believe as manager, to try and instill and emphasise that employee's roles are imperative to the achievement of a standard.'*

The literature suggests that the credibility of the SIs can be spoiled if top managers do not back them fully. In response to the credibility of the SIs the consensus among the managers was that this has improved significantly since 2004. The research found that credibility is enhanced through factors such as independent audits and improved methodology. In comparison with the literature, not one of the interviewees cited management commitment as a factor contributing to reliability. Manager I explained that when the SIs were introduced, he was very skeptical about the reliability of them. He describes the *'divergences between different local authorities'* and how he felt that *'different authorities were using different criteria'* to calculate the results. Manager K also described how he believed that the figures were being *'picked from thin air'* in the beginning. He pointed out that at the early stages the revenue allowed a band of between 2% and 99.1% for one indicator in particular. He stated that; *'this didn't make much sense, its hard to tell weather or not the authority was achieving particular standards if no standards were set.'* All of the managers felt that credibility has been enhanced due to the fact that each LA may be subject to an audit every year on the methodology used for collecting information. This improved perceptions of integrity. Manager H, who acknowledged he had doubts about them in early stages, explained that;

I know they are audited every year which would give the illusion of credibility...however, the methodology is still so confusing that there is a possibility that some of the results may still be wrong.

(Manager H)

The literature emphasises the need for staff to be educated and trained in the use of indicators. Based on the interviews conducted none of the managers had been provided with a proper training course before implementation, Manger J said, *'the methodology is there if you needed more information on the definition of an indicator of something, but even at that the methodology is still very confusing and a lot of things aren't explained.'* Manager B admitted at the time of implementation he would be happy to have signed up for *'training programmes if they were provided.'*

Based on the foregoing findings, it appears that there is little relationship between what the literature suggests and the actual practice of management with the Irish LA. The literature emphasises the need for staff training in organisations that use indicators. The research found that no training courses are available, despite the willingness of managers to participate. In the managers views the main factor that contributes to the credibility of the SIs is the yearly independent audit. Management commitment was rarely considered to enhance credibility.

4.4.4 Impact on managers and staff

Conflicting views regarding the impact of PM on workers has been highlighted in the literature (section 2.4.3). The research into manager's perceptions of the impact of SIs also found conflicting results.

Out of the twelve interviewees, it emerged that only four (B, F, J, L) felt that the SIs have a positive effect on both managers and employees. Six interviewees (A, C, E, G, H, K) believed that they only have an impact on managers, while the remaining two (D, I) did not believe the SIs had any impact at all.

Similar to Neely *et al* (1997), managers (B, F, J, L) believe the SIs encourage staff to improve performance and thus, have a positive impact on their work schedule.

By having to report on a national level...managers are conscious that performance is being measured and results will be published, there is no room for error or delay so it is certainly a plus for managers rather than a minus

(Manager B)

Manager J agrees with this and also believes the indicators influence how employees operate. The indicators clarify the different roles that need to be fulfilled in order to achieve the targets set; *'Each person must know what role their job has in contributing to the overall performance indicator'* (Manager J). Managers L and F also noticed that the indicators have an effect on all levels of staff within their LA. Manager K identified that it may not be the main driver of performance but they are mentioned regularly in team meetings and are used to discuss ways of making processes more efficient. Due to the acceptance of the indicators at a higher level, the impact has been filtered down to lower levels of the organisation. *'The staff knows where they stand in the effort of achieving organisational goals.... (The staff) are encouraged to work more efficiently and provide a quality service.'* (Manager L) It appears from the above interviews that when the indicators are used frequently and communicated clearly they can have a positive impact on staff at all levels.

The majority of the managers interviewed (A, C, E, G, H, K) were skeptical as to the extent to which the SIs can impact staff. It was found that the general consensus among managers was that the SIs did have an effect on their management activities. Manager A felt that managers do focus on the indicators and they are very informative. He believed that they can *'be a starting point to a discussion or an investigation process'* for managers. They assist managers in identifying poor levels of performance in programmes and activities and *'aid continuous improvement.'* The extent to which the indicators impacted on general employees was seen as insignificant. Manager C outlined that employees collect the figures but they do not have a significant impact on their daily activities. He described the indicators from a strategic point of view and explained that the employees are not required to understand them;

Their (employees) function is just collating the information. It is the management that needs to have an understanding as to what their targets are and where the

local authority stands. It is the management who are under pressure to achieve the objectives not the staff.

(Manager C)

Manager E opinionated the SI information is easily assessable to all managers and they are encouraged to use it on a provincial level. However, he argues that a lot of managers do not use the information on a regular basis. He identified the benefits of using the indicators to monitor performance. He states;

At a glance you can capture how your local authority is performing, for example you can see improved service delivery or areas where the performance levels have suffered.

Manager G complained that the national report itself is difficult to read and *'unless you like figures you won't want to look at it.'* He suggests the report should be more *'user friendly.'* This may encourage managers to pass the information down to employees. Manager H is cautious in stating whether or not they impact on the behaviour of managers. He comments they impact on how managers behave *'to an extent.'* He suggested other factors that motivate managers more so than indicators, such as *'pressure from councilors'* and *'drive from the department of the environment.'* He goes on further to suggest that *'the influence they have on employees is less.'* Manager K said during the introduction of the performance management development system many employees were not even aware that the 42 SIs even existed. It is a *'hit and miss'* exercise and Manager K found *'a lot of ignorance about it'* throughout the organisation.

Manager E shared the same opinion as Manager H; the indicators have no influence on employees' activities. He stated that it is his belief that *'most of the employees don't even know that the returns are completed every year.'* They are not *'emailed to all employees'* so they can be examined by them.

Manager D believed that the SIs have no effect on managers or staff within their LA; *'in this local authority the SIs have no impact non what so ever and they are certainly not embedded in the daily activities of the lower levels of staff.'* Manager I had similar views

as Manager D, he also stated that they do not refer to the indicators at all when discussing the activities of the LA with the employees.

From the interviews conducted, it is clear to see that managers from Irish LA have incongruous views on the impact of the national SIs. The researcher found that these results are consistent with the study by Ukko (2007). The unpredictable impact of the indicators within each LA may be down to the individual characteristics of managers.

4.4.5 Manipulation of service indicators

From the literature the main objective in overcoming the limitations of PM is proper training in the implementation stage to avoid biasing or smoothing of the results (Bourne *et al*, 2002). It was evident that this was the views of the managers that felt manipulation existed within the SIs. Manager I gave an example of an indicator he believes is definitely open to manipulation.

The indicators that measure the time taken to process shared ownership schemes are definitely open to manipulation. I see other local authorities turning them over in one day, which is not possible from my point of view as they are very complex transactions.....unless the local authorities are measuring from different points of the process, then that would suggest that measurement of the indicators has not been explained properly on implementation. Therefore the indicator is not telling you anything.

More than half of the managers interviewed said they believed there was no manipulation of the indicators in their LA, however they said they could not speak for every authority, Manager B *'I don't believe manipulation of the SIs exist in this county, however, I cannot speak for every local authority.'* Manager H agreed with what Manager B said but also added, *'I would agree that they can act as a catalyst to achieve targets set down.'*

Manager C was in line with the literature that on implementation of PIs, a well explained definition of the indicator needs to be set out so that interpretation cannot occur leading to manipulation of results, *'differing interpretations of the indicators and methodology has been the main factor in explaining some very diverse results.'*

Overall, it is a mixed opinion between the managers, whether or not manipulation of the indicators occurs. A more comprehensive definition of the SIs may improve the quality of the results and also ensure that manipulations due to misunderstandings are less likely to occur (Fisher, 2008).

The research shows that manipulation may occur in some counties; however this may be caused by misinterpretation more than purposeful manipulation. From the literature, it is shown that the LGMSB are taking appropriate steps to try and minimise the possibility of manipulations by redefining the indicators where there has been misunderstandings, the board also has the results externally audited annually.

4.4.5 Service indicators usefulness for comparative purposes

It is evident from the literature outlined in chapter two that using SIs for comparative purposes can be a great benefit to organisations. However, it is important to recognise that all comparisons must be taken into context. The views of the managers of the sample of LA interviewed seem to suggest that the SI's have very little comparative value due to different size demographics and unique characteristics of each LA.

Manager D outlined that one of the purposes of the national SIs is that LA can benchmark themselves against similar LA. However, *'this is not always possible there are vast differences between size and demographics of every local authority.... The biggest problem with the SIs is the scale; you can't compare Dublin City Council with smaller local authorities for example.'* Manager C pointed out that *'it probably makes more sense for rural authorities where you can compare counties such as Mayo and Donegal.... They have close to the same number of staff, same budget, and same population and so on.'*

The feelings of management appear to align with the findings identified by the LGMSB.

Manager A identified that although comparing results of the SIs, in some cases may not be appropriate he stated *'...as they are only indicators it is possible to get a general feel for trends in other authorities and where we sit within national averages.'* Manager G explained what he felt the benefits that can be reaped from comparisons are. *'I think the value of them is that you learn and enquire more into why your measurement is higher or lower... it is a learning experience.'* Manager I conflicted these views by stating, *'I have reservations about how accurate the information is as provided by other local counties,*

therefore I don't compare our results with other counties I only compare our results with our previous year's results.' Manager K had claimed that comparisons can be achieved *'through the use of cluster indicators and contextual notes to ensure the relevant factors are known in making comparisons.'* Other managers interviewed highlighted the importance of looking beyond the figures and gaining an insight into the processes behind them.

Recommendations put forward by the literature may be useful to the individual LA. It was suggested by the LGMSB (2006) that the larger LA should compare themselves to international cities in order to benefit more from comparisons. The LGMSB also suggest that the smaller LA be broken down into clusters of authorities with similar demographics and size in order for the comparisons to be more meaningful.

4.5 Conclusion

This chapter set out the research findings based on the interviews conducted. It outlined the views of managers within a sample of the Irish LA. The findings were then analysed and compared with the literature. In light of this analysis, it can be seen that, despite most managers acknowledging the benefits of the SIs, their opinions seem to suggest that most of the SIs are not telling them information that they need to improve their services. Internal PIs that are uniquely designed by each individual LA provide managers with more relevant and useful information.

Chapter 5

Recommendations and Conclusions

5.1 Introduction

This chapter concludes the dissertation with a review of the main research findings and a brief summary of the conclusions arrived at. It then highlights how the research undertaken has contributed to the current research in this area. Some limitations will then be outlined in addition to suggestions for further research.

5.2 Research objectives

As outlined in previous chapters, the research objective of this study was to evaluate the use of the SIs within the Irish LG. The study aimed to provide an insight into the views and perceptions of managers on the value and impact that the SIs, as an element of PM, have on operational performance.

5.3 Overview of the main findings

This section summarises the main findings of the empirical research.

5.3.1 Definition of indicators

It was evident from the interviews conducted that the managers in LA throughout Ireland found it difficult to apply a specific definition of what the SIs are. The conclusion reached is that managers have varying ideas on the purpose of PM in LA. Some managers found defining the purpose of SIs challenging which suggests a clear set of aim and objectives of the purpose of the SIs are needed (Bititci, 1997 and Neely *et al*, 1995).

5.3.2 Design of indicators

Overall the findings appear to agree with the literature on this matter. The views expressed by managers reflect those of previous researchers. The research outlined that managers recognise the benefits of having indicators linked with organisational strategy

(Delivering Better Government, 1996). Within some LA, however, several managers expressed their concern that individual LA were not consulted on the design phase of the indicators. They felt that the understanding of the SIs was not pushed down to the lower levels of the organisations. This does not follow the suggestions put forward by several researchers and was one of the main findings of this dissertation.

5.3.3 Implementation of indicators

The research found that management commitment to PM techniques can enhance the effectiveness of the system. From the interviews conducted it proved that the level of management commitment to the SIs varies across LA. However, in the LA that see the SIs as a box ticking exercise they have implemented their own distinctive KPIs to measure performance, showing that every manager believes measuring performance is an important tool within an organisation. These points in turn agree with the literature (Franco-Santos and Bourne, 2005).

5.3.4 The impact of indicators on staff and managers

Overall, the findings indicated that managers have differing views on the extent to which the indicators impact on management and staff performance. The literature review indicated that performance measures can have a positive impact on performance. One of the main results of the study is that while the perceived impact on managers' performance is notable it is not believed that they have a direct influence on employees' performance. This appears to be due to lack of training and understanding on the employees end of things, which is shown in chapter two, by Kaplan and Norton, (2001) as a crucial part for successful implementation.

5.3.5 Manipulation of the service indicators

The findings indicated that managers have different views on the ability to manipulate the results of the SIs. The literature indicated that an independent audit is undertaken each year on the SIs which several managers felt made it impossible to manipulate the results.

Other parts of the literature, (Frigo and Krumwiede, 1999, Maisel, 2001) show that smoothing, distorting and filtering the information is possible and some managers expressed the view that it was a possibility.

5.3.6 Usefulness of indicators for comparative purposes

The findings outline that managers and the literature are in agreement of the problems associated with comparing PIs with other organisations of different sizes. From the primary research conducted, it was identified that comparing LA on a national scale is not appropriate. Also conflictingly stated in the purpose of the SIs, it was noted several managers included comparisons as one of the main purposes but felt that it was unrealistic due to possible manipulations and size factors. This view is in line with the literature and is one of the main findings of this dissertation (LGMSB, 2006).

5.4 Contribution of research

In recent years, the topic of PM within the PS has been given particular attention in academic journals (Rodriguez *et al*, 2006, Gianakis, 2002). This study represents one of the few assessments of the national SIs from a manager's perspective in an Irish context. The reader should have gained an insight into the views of employees and managers on issues identified by the literature, from reading this dissertation. The belief is that PM is very much in its infancy within the Irish LG. It is contended that this paper will add to the existing body of knowledge and assist subsequent developments in LA.

Furthermore, a contribution of this research may be to the Irish LA themselves. This chapter may assist managers and employees in their understanding of the issues associated with PM in particular the national SIs.

Previous research has examined these issues in relation to private sector organisations and LG outside of Ireland. This paper contributes to the existing literature by focusing on Irish LG, an area that is currently under researched.

5.5 Limitations of the study

The limitation of this research is the sample size of interviewees. The researcher was not capable of drawing significant conclusions from the findings, due to the small sample size. The conclusions reached are based on the results of the comprehensive literature review and an investigation and discussion of these results through the interviews conducted with managers from a sample of the Irish LA. The opinions of the managers interviewed may not be the views of other managers in other LA. However, conclusions from the interviews conducted began to give repetitive results, therefore, the researcher can say with reasonable certainty that further interviews would have concluded the same results.

Other limitations of the study involve the use of interviews as a method of research; interviewer bias is a concern for researchers. It can occur when the interviewer influences the respondents to answer in a particular way. However, the use of an interview guide and assurance of anonymity minimised this shortcoming.

5.6 Recommendations for future research

This dissertation highlights a number of areas for further research. This study could act as a starting point for a more in depth analysis of the use of SIs within LG. Due to the sample size of interviewees, possible further research could include a comprehensive case study involving each LA.

While this study focuses on the perceptions of managers, no such study has been conducted from the opinions of other PS stakeholders such as politicians and members of the public. Research could be conducted focusing on the transparency and accountability function of the national SIs.

It may be worth investigating the views of lower level staff within the LA, who deal with the SIs on a daily basis. Are they trained in the use of them and understand why they have been implemented?

5.7 Conclusions

This chapter reiterated the research objective of this dissertation. The principal findings of the research undertaken were outlined. The value of the research and its limitations were then discussed. Recommendations for possible further research were also presented.

Appendix 1

Email to Interviewees

Dear.....,

My name is Karen Monagle. I am an MA in accounting student at Letterkenny Institute of Technology and I am contacting you with regard to the possibility of conducting an interview with you as part of my research dissertation entitled: The national SIs within LG: A manager's perspective.

My study aims to examine the current PM system in place within the Irish local authorities, namely the SIs published in the financial statements at year end. It also attempts to explore the role and understanding of managers in respect of these SIs.

Your participation would add invaluable depth to my dissertation. All data will be kept strictly confidential and the interviewees will remain strictly anonymous throughout the study.

The time frame for this study is expected to last from September 2008 until July 2009. Interviews will be conducted at the beginning of June if possible.

My contact details are listed below, if you have any further queries with regard to interviews please do not hesitate to contact me.

Kind Regards,

Karen Monagle

Appendix 2

Interview Questions

1. What is your view on the purpose of SIs within the LA?
2. What is the incentive of reaching the targets?
3. Do you think they have an influence on how managers operate (decision making, changes of behaviour)?
4. Do you believe they have an impact on employees?
5. Are they embedded into the day to day activities of the staff (frequency)? Are they regularly mentioned at team meetings (feedback) etc? (If one KPI was not produced, would it be missed?)
6. How important is it to compare performance with other LA? Can KPI's achieve such a comparison? Which KPI's? Can they be comparable, or does size difference make comparing unrealistic?
7. Do you believe that manipulation of the SIs exist in order to meet targets?
8. Do you believe that SIs should be aimed at using a combination of locally agreed and national indicators?
9. How has performance changed since the compulsory introduction of SIs in 2003? (E.g. cost efficiency, service quality)
10. Are there many other KPI's used that are not compulsory? Why are they important, are they focused on more? How are they used and by whom?

Appendix 3

List of the National SIs

Code	Service
A&C	Arts and Culture
A&C1	Arts Grants - number of arts grants allocated - total value of arts grants allocated per 1,000 population
CP	Community Participation and Co-Operation
CP1	Percentage of local schools involved in the local Youth Council
C	Corporate Issues
C1	Percentage of working days lost to sickness absence through - certified leave - uncertified leave
C2	Expenditure on Training and Development as a percentage of total payroll costs
E	Environmental Services and Water
E1	Percentage of river channel which is: (a) Unpolluted (b) Slightly polluted (c) Moderately polluted (d) Seriously polluted
E2	Percentage of drinking water analyses results in compliance with statutory requirement with regard to: - public schemes - private schemes (where appropriate)
E3	Average time, in minutes, to mobilise fire brigades in - full time stations - part time stations
E4	Percentage of attendances at scenes where

	<ul style="list-style-type: none"> - first attendance is at scene within 10 minutes - first attendance is at scene within 20 minutes - first attendance is at scene after 20 minutes
E5	<p>Fire Prevention</p> <ul style="list-style-type: none"> - total number of fire safety certificate application received - total number of fire safety certificate applications processed
E6	Percentage of households provided with segregated waste collection
E7	Percentage of household waste recycled
E8	Percentage of household waste going to landfill
E9	Recycling Facilities
E10	Litter
E11	Environmental Complaints and Enforcement
E12	<p>Percentage of schools participating in environmental campaigns</p> <ul style="list-style-type: none"> - primary schools - secondary schools
H	Housing
H1	Housing Vacancies
H2	Average time taken to re-let dwellings available for letting
H3	Number of repairs completed as a percentage of the number of valid repair requests received
H4	<p>Average time taken to inform applicants of LA decision on applications for:</p> <ul style="list-style-type: none"> - the shared ownership housing scheme - housing loans schemes - LA housing
H5	Traveller Accommodation
L	Library Services
L1	Public opening hours
L2	Number of registered library members as a percentage of the local population

L3	Number of items issued per head of population (county/city wide)
L4	Percentage of libraries that offer Internet access to the public
L5	Number of Internet sessions provided per 1,000 population
M	Motor Taxation
M1	Percentage of motor tax transactions which - are dealt with over the counter - are dealt with by post - are dealt with in other ways (e.g. online, by telephone)
M2	Number of postal applications and percentage of overall postal applications which were dealt with (i.e. disc/driver licence issued) from receipt of the application: (a) on the same day (b) on the third day or less (c) on the fifth day or less (d) over five days
M3	Public opening hours: - average number of opening hours per week
P	Planning and Building Control
P1	Planning applications
P2	Planning enforcement
P3	Public opening hours - average number of opening hours per week
P4	Average length of time from request for consultation with LA planner to actual formal meeting for pre-planning consultation
P5	Building inspected as a percentage of new buildings notified to the LA
Rec	Recreational Services
Rec1	Number of children's playgrounds per 1,000 population
Rec2	Number of visitors to LA facilitated swimming facilities per 1,000 population
Rev	Revenue Collection

Rev1	Housing rent
Rev2	Housing loans
Rev3	Commercial rates
Rev4	Refuse charges
Rev5	Non-Domestic water charges
R	Roads
R1	Local and regional roads surfaced

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