

ABSTRACT OF THESIS

Performance Measures As Knowledge and Innovation:

An Elaborated Model Explaining Utilization

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In this study we seek an answer to the question: why performance measures are not more widely used in the public sector? Although there is agreement that performance-based public productivity analyses are necessary, the record of utilization of such activity is disappointing. Performance measurement is geared to the production of knowledge that could be used by internal and external stakeholders to make decisions. Even though performance measurement can be considered a “rational/technocratic” activity, its lack of utilization cannot be understood by focusing only on “rational/technocratic” factors.

Borrowing from insights found in the field of knowledge utilization, the theories of organizational politics and culture, and from the “rational/technocratic” model of organizations, we developed an integrated model which was elaborated by means of pattern matching. The findings confirm that the utilization of performance measures is composed of two distinct aspects, adoption and implementation. Each of these aspects is differentially influenced by political, cultural and rational/technocratic mechanisms.

The adoption of performance measures appears to be predicted by the presence of external and internal requirements to use performance measures, by internal politics (internal interest groups), and by rational technocratic factors. On the other hand, the implementation of performance measures appears to be influenced by external politics (external interest groups), and by rational technocratic factors. Both aspects of utilization are indirectly affected by cultural factors. However, implementation appears to be more dependent on these factors than adoption. Unionization appears to obstruct the implementation of performance measures. The study concludes with an estimated causal model for adoption and implementation.

Data for analysis were obtained by means of a cross-sectional survey mailed to 932 individuals in state and local government organizations across the country. The overall response rate was 55%. The respondents were drawn from lists of respondents and non-respondents to a survey conducted in October, 1996, by the Government Accounting Standards Board (GASB).

Data were analyzed using factor analysis, multiple regression and path analysis. Pattern matching provided the logic for analysis and discussion. The hypotheses and findings were refined against the background of published cases of public organizations experimenting with performance measures. The findings were also strengthened by the comments made by the respondents to the survey.