

The Emergence and Divergence in Performance: Management Systems in California State Government

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An understudied aspect of performance management systems is how performance management systems emerge in public agencies. This research focuses on the emergence of performance management systems, studying two cases with divergent outcomes in the State of California. The first case study is about the Performance Management Council, which included the voluntary participation of more than 20 California state agencies, departments, and divisions. The second case study is about the Department of Toxic Substances Control within the California Environmental Protection Agency. These cases, which impacted 35 million residents in a state with a \$200 billion annual budget, potentially offer findings valuable to nations and to large sub-national units of government such as large states, districts, and provinces.

This research offers three contributions to public sector performance management research literature. First, it addresses a gap in the understanding of how performance management systems emerge through dialogue and learning forums. Second, the research extends the study of performance management to the policy arenas of environmental protection, water resources, and other policy domains typically not researched in performance management. Third, the research connects performance management to the research on the reform of public agencies, diffusion of practices, and organizational change.

Keywords: performance management, reform of public agencies, state government, learning forums, public management

INTRODUCTION

An understudied aspect of performance management systems is how they emerge. The two case studies presented in this paper explore the emergence of performance management systems in state government in California, United States. Research on how performance management systems develop addresses three significant performance management questions: (1) why performance management systems are utilized (de Lancer and Holzer, 2001); (2) can public agencies be designed to succeed or perform effectively (Moe, 1990b); and (3) how do public agencies reform (Yang, 2011) or re-invent (Osborne and Gaebler, 1992). These two cases provide findings on the questions of utilization, success, and reform themes in performance management, which are linked to the highly influential New Public Management

movement (Hood, 1991).

Selecting California state government as the subject of the case studies offers two advantages for research on public systems. First, the government officials were accessible, which was not possible at the national level. Second, the scope of California's state budget (over \$200 billion in fiscal year 2019) and the impact of serving over 35 million residents facilitate comparisons not only with other state-level governments, but also with most nations. The size and diversity of California relates to nations such as China whose large public agencies place an "emphasis on performance regimes" (Holzer and Lu, 2016; 2). This research on performance management, for example, can suggest possible research avenues for how China can "use diverse measures to increase the

performance of its public officials and its public agencies while also meeting political demands and obligations” (Mingus and Jing, 2016; 17).

Typically, research on performance management begins with evaluating existing performance management systems (Gerrish, 2016; Moynihan, 2013; Sohn and Bin Bae, 2018) that depend on routines for using information that is generated (Moynihan, 2008; 5). Current research on this topic examines responses from surveys of local government managers (Garnett, Marlowe, and Pandey, 2008), of school district managers (Meier and O’Toole, 2002), and a combination of local and state government managers (de Lancer and Holzer, 2001).

A precursor question to research is how performance management systems emerge from the complex realities and competing demands of public organizations. This addresses the need to explain the process by which the utilization of performance management systems occurs, as identified by de Lancer and Holzer (2001; 694). The research question of this paper is how do performance management systems emerge in the context of public sector organizations? More specifically, the research question considers if the specific mechanisms found by Moynihan (2008; 167) of iterative dialogue and learning forums as discussions between public managers lead to the emergence of performance management systems? This research on the dynamics of developing performance management systems is designed to advance understanding of how governance processes design reform initiatives, as well as inform research on the use of performance information (Moynihan and Pandey, 2010; 862).

The first case study illustrates the development of an interagency working group of over 20 California state departments that becomes the Performance Management Council. The second case covers the evolution of a performance management system within a single agency, the Department of Toxic Substances Control within the California Environmental Protection Agency. The case studies offer an opportunity to compare the emergence of performance management systems between a single agency and across agencies.

The first section of the paper develops the underlying logic of the research, outlining the inherent complexities of researching public organizations and explaining case study research as a methodology that provides analytical leverage to explain how performance management systems emerge in public agencies. The second section develops the findings from the two cases. This section provides descriptive explanations of how performance management systems emerge in the public sector. The third section discusses the case findings using the Moynihan model (2008), which indicates the key features that drive learning forums for performance management, as well as their connection to the reform of public agencies. This section also considers the limitations of the research and suggestions for future research.

EMERGENCE OF PERFORMANCE MANAGEMENT SYSTEMS

The emergence of performance management systems typically occurs in an intrinsically complex environment with a wide range of variables (Meier and O’Toole, 2015b). Seminal findings show that an “adaptation of systems is more heavily influenced by rational/technical factors and implementation by more political/ cultural factors” (de Lancer and Holzer, 2001; 701-702). A consistent finding over several decades of research is that utilization is influenced by many factors, including, but not limited to, political support, goal-oriented culture, and citizen support (Moynihan and Pandey, 2010; 862).

It is not surprising that adaptation and utilization of performance management in public agencies remains a research puzzle. Longstanding organizational researcher James March (2011) wrote that organizations are inherently complex and the work of sorting through their experiences is consistently ambiguous. Moynihan, a decades long leader in the field, described the complexity of researching the relationship between public sector organizations and their performance as a “messy affair,” where the implementations of reforms do not proceed as planned and the results do not provide the predicted benefits (2008; 4). The case studies researched in this paper

illustrate the internal dynamics of the messy affair that is public agency reform through performance management and the challenges of delivering the benefits of improved measurements.

Fernandez and Rainey's (2006) research drew on a comprehensive review of organizational change literature and found over one million citations as of a 1995 study. Their exhaustive review of public sector research concluded that eight significant factors "contribut[e] to the successful implementation of change—or mak[e] implementation smoother—by adding to the effects of the other factors" (Fernandez and Rainey, 2006; 169). Their overview stated that organizational change is a non-linear process, with each factor interacting with other factors throughout the process (Fernandez and Rainey, 2006; 173). From this perspective, their findings on public sector organizational change suggest that the research literature highlights the importance of recognizing the complexity of the process of change and reform in public agencies. In both California cases, performance management systems were closely tied to organizational change, including structural and cultural change in the Department of Toxic Substances Control, and the formation of the Performance Management Council as an organizational network structure.

Further complicating the research in public sector performance are the distinct variables for each level and location of government, precluding easy generalizations (Raadschelders, 2011; de Lancer, 2012). Additionally, the complexity of the performance management movement derives from the tension between efficiency and the interaction with values in a democracy (Radin, 2006; Kirlin, 1996).

The current focus of performance management research is on systems that were imposed from the top down, for example, the Federal PART in the United States (Moynihan, 2013) and KPART in Korea (Sohn and Bin Bae, 2018), both of which were studies of existing and not emerging performance management systems. The American Recovery and Reinvestment Act spurred performance management systems developed effectively from the top down across a range

of federal agencies, with the intensive involvement of the Office of the Vice President (Callahan, Archibald, Milward, and Sterner, 2012; DeSeve, 2011). Research on performance management also extends through three US presidential administrations with the Clinton and Gore Government Performance and Results Act of 1993, the subsequent G.W. Bush administration's Program Assessment Rating Tool (Moynihan and Laventu, 2012), and the Obama administration's performance at mid-point in the first term (Kamensky, 2011). Similarly, well-developed research at the state and local levels in job training occurs in the context of top-down federal mandates (Heinrich, 2007). Research has also included the study of top-down leadership (Van Wart, 2011; Wright, Moynihan and Pandey, 2012).

Research has considered a range of variables and models to explain success, failure, or ambiguous results of performance management from local to international levels (Yang, 2011). There is a wide range of international examples of performance management systems not limited to Western and Commonwealth democracies, for example, Liu and Li's (2016) work on the diffusion of performance management practices across provinces in China (Liu and Li, 2016), Sohn and Bae's (2018) research on budgeting in Korea (Sohn and Bin Bae, 2018), Brusca and Montesinos' (2016) comparison of local government across multiple countries, and Moynihan and Beazley's (2016) World Bank comparisons across seven nations.

In the United States, performance management research has studied federal (Moynihan and Laventu, 2012), state (Moynihan, 2008; Aristigueta and Zarook, 2011; Yang and VanLandingham, 2012), and local levels of government (Garnett, Marlowe and Pandey, 2008), as well as school districts (Rutherford, 2014). Research includes a shift from the study of external factors to the study of managers' internal cognitive processes (Olsen, 2015) and motivation to use performance information (Moynihan and Pandey, 2010). In a comprehensive overview, Gerrish's (2016) meta-analysis of performance management research found a total of 49 in-depth studies of performance

management systems published before 2014.

Performance management is the “most widespread governmental reform” in recent decades, and this trend is expected to continue in the future (Moynihan and Pandey, 2010; 849). The connection between reform and performance management is at the nexus of increasing accountability efforts among governments worldwide (Yang, 2011; 149). The question of how performance management systems emerge has become central to the reform of public agencies. Likewise, the response to the big question of why public managers use performance management data (Moynihan and Pandey, 2010; 850) requires a deeper understanding of the “new antecedents of performance management use” (862).

Varied research on organizational change consistently notes that public agency reform does not easily occur. Longitudinal research across a range of US president-initiated reform concluded that the challenges of sustaining focus and policy priorities were consistent through major federal reorganizational efforts in the 20th century, with the problems of attention and policy tradeoffs limiting change (March and Olsen, 1983). Another longitudinal study across federal reform initiatives found a predictable regularity in reform efforts – described as “the tides of reform” – across four different types of federal organizational redesigns occurring over decades (Light, 1997). Overall, there is a need to improve the understanding of institutional design and public management to move beyond the “uncritical and universal adoption of poorly grounded recipes for institutional design” (Hood and Peters, 2004; 278).

Fundamentally, performance management is about the effectiveness of a public agency. It intrinsically addresses Terry Moe’s (1990b) question of whether public agencies are designed to succeed, which he described as the politics of structural choice. Moe originally asked this question within the context of the design of new federal agencies, but it can also be asked at other levels of government (Callahan, 2007). Researching how public agencies begin the process of utilizing performance management systems offers the

potential to draw on a well-developed research stream on public agency organizational reform. At the local level, *Reinventing Government* (Osborne and Gaebler, 1992) is a treatise on reform of public agencies driven by performance management. The case studies in this article address the *genesis* of the reform detailed by Osborn and Gaebler and subsequent scholarship by looking at how performance management systems emerge. The wide range of research on performance management can be tapped to develop a more robust understanding of challenges to performance reform.

Researching the emergence of performance management systems also relates to policy diffusion. In the development of performance management systems, Liu and Li (2016) identified the sharing of knowledge across different jurisdictions as a significant research question gleaned from their thoughtful research on the diffusion of performance management knowledge across provinces in China (630). The exploratory research presented in this paper on the emergence of performance management systems fits conceptually with the research on policy diffusion that considers how ideas and best practices spread in the public sector. The case study on the Performance Management Council illustrates the mechanisms which promote policy diffusion in a large state government.

Comparison of each of the two California case studies tests a model that describes the role of iterative dialogue in learning forums in developing performance management systems (Moynihan, 2008). Moynihan’s research found these forums were a central feature for developing performance measures (2008; 95). On this topic, his extensive research (2008; 184-190) found the importance of following features for systems of performance measures to develop within an organization:

- Top-down management emerges from the centers of power in the legislative and executive branches
- Dependence on support from a finance department
- Highly valued by elected officials for symbolism
- Advanced by public service career professionals
- Participants are equal
- Develops from an implicit theory that organizational

learning is possible

- Dialogue shapes culture in everyday interactions
- Depends on other organizational forces

Moynihan's (2008; 206-7) findings suggest the importance of researching how occasions develop to create learning forums for conversations, sharing of best practices, and storytelling, and invite additional research in realistic settings. The research in this paper develops an in-depth exploration of discussions in actual learning forums, potentially addressing a gap in understanding the emergence of performance management systems – understanding how dialogue transitions to performance management systems.

Case Study Methodology

The two case studies emerged from the research methods of observations, interviews, and documents as conducted in other case studies of performance management systems serving large populations such as research on Chinese provinces (Liu and Li, 2016; 639). The author conducted the research by (1) observing participants in both case studies; (2) interviewing key participants to understand their narrative on emergence; and (3) reviewing key official documents generated in both cases. The complexity and variance across the public sector (Raadschelders, 2011) suggests the utility of case studies that explore the nuances embedded throughout the range of government units, as well as across different functions and responsibilities. The in-depth case study approach has improved understanding of the mechanisms and practices that explain how cooperation emerges across varied nations and different types of common-pool environmental resources (Ostrom, 1990).

The case study methodology is favored as an approach seeking to explain the “how” of an issue (Yin, 2009; 9). A weakness of public-sector research has been described as the “street lamp effect” of looking only where the light is available, that is, when research studies only topics with available data sets (Hill and Lynn 2005; 188). Along these lines, Gerrish (2016; 51) finds in 49 published, in-depth studies of public-sector performance management research a cluster of topics with 19 education articles, 10 police articles, nine job training articles, and only five other topics.

The two selected cases on California performance management move beyond the typical cluster of policy areas of education, police, and job training to include policy arenas in environmental protection in one case, and numerous topics such as water resources, prisons, and emergency response in the other case.

The selected cases are “richly textured” and derive from field research. Heinrich, Hill and Lynn (2004; 13) found case studies to be more appropriate than other research methods on governance that includes performance management given that they have the potential to identify relevant and intervening variables (George and Bennett, 2005; 20-21) and explore the contextual variables (O'Toole and Meier, 2015). Case study research can build theory through finding cases that offer access to significant processes that are not fully explained by existing theory (Eisenhardt and Graebner, 2007) and ask new questions (George and Bennett; 2). However, the selection of cases should be on significant issues of national importance (Yin, 2009; 185). The selected cases affect the lives of 35 million residents within a state budget of over \$200 billion. These two California cases offer insights at the large-scale state level, comparable to the scale and scope of many nations.

Case study research can begin to address the limits of self-reported surveys relied on by a considerable number of performance management journal articles. For example, Phase IV of the National Administrative Studies Project, a nationwide survey of local government managers in the United States is the foundation of research by Wright, Moynihan, and Pandey, (2012); Moynihan and Pandey (2010); and previously Garnett, Marlowe, and Pandey (2008). Findings based on self-reported surveys can have significant limits due to two features noted by several researchers. The first limitation is an upward positive bias in the responses (Gerrish, 2016; Moynihan and Pandey, 2010; 859), and the second limitation is common source bias (Gerrish, 2016; Meier and O'Toole, 2013b).

Addressing the limits of self-report, this case study research draws on the observations of the author. The

Table 1. Interviews

Name	Position	Perspective
Drown, Stuart	Director, Little Hoover Commission	Initiator of Performance Management Council
Movassaghi, Maziar	Director, Department of Toxic Substances Control, State of California, Environmental Protection Agency (CAL EPA)	Initiator of Department of Toxic Substances Control performance management
Robertson, Aaron	Budget director, Department of Toxic Substances Control, CAL EPA	Aligning financial resources with performance measures in Department of Toxic Substances Control
Stern, Eric	Staff assistant, Little Hoover Commission	Development of Performance Management Council
Foster, Tamar	Staff assistant, Little Hoover Commission	Participants in Performance Management Council
Verardo, Denzil	Executive staff, Parks and Recreation Department, State of California and consultant, Department of Toxic Substances Control	Comparisons across state agencies for performance management systems

Sources: Richard Callahan

use of observations and document reviews address the importance of finding sources outside of self-reporting (Meier and O'Toole, 2013a). Also, interviews with multiple participants can surface contrasting perspectives on the same performance management systems. The in-depth case study can address “an overly instrumental view” that underestimates the challenges of shaping organizational culture and connecting employees to organizational mission (Wright et al., 2012; 211). The in-depth interviews in the selected cases provide an opportunity to understand the narrative (Borins, 2005) from the inside out with access to actionable knowledge and intentional design that cannot be accessed in data-set research (Ospina and Dodge, 2005).

There is compelling precedent for case study research of performance management at the state level with comparative study of the performance management systems of different states (Moynihan, 2008; Aristigueta and Zarook, 2011), as well as research precedent in a case study of the complexity of measuring the performance of outsourcing oversight (Yang and VanLandingham, 2012). The key features of performance management systems found by Moynihan developed from a range of case studies

(2008; 48 and 99). The cases in this research paper address a longstanding need identified by de Lancer and Holzer (2001; 694) to study the process of utilization of performance management systems. The case study method facilitates exploration of the complexity of the processes of utilization across varied policy arenas in California.

THE CALIFORNIA STATE GOVERNMENT CASE FINDINGS

The case selections were based on access to a performance management system in the shared context of California state government, in a concurrent time frame, and with access to the development from the start. The two case studies that have been identified are (1) the State of California Little Hoover Commission, Performance Management Council; (2) the State of California, Environmental Protection Agency, Department of Toxic Substances Control. The cases were chosen to use documents, observations, and interviews of key participants to describe the organizational features correlated with the development of performance management discussions.

Table 2. Significant Features of Each Case

	Performance Management Council: Case Study One	Department of Toxic Substances Control: Case Study Two
Participants Interviewed	Stuart Drown, executive director, Eric Stern, and Tamar Foster, staff, Little Hoover Commission	Maziar Movassaghi, director, Robertson, Aaron, budget officer, Department of Toxic Substances Control Denzil Verardo, consultant
Initiating Event	Invitation of national expert John Kamensky to address California state executives	Invitation of experts to form a five-member department advisory board
Participants	Department and division directors from over 20 state departments and divisions	Department director, senior staff and volunteer advisory board
Interaction patterns	Across state agencies with voluntary participation and voluntary presentations	Departmental managers presenting to experts on advisory board
Policy Arenas	Water resources, public health, finance, human resources, and other	Remediation of existing toxic waste sites throughout California
Discussion Arenas	Bi-monthly meetings across 20 or more departments in different state agencies	Departmental meetings and the convening of advisory board meetings

Sources: Richard Callahan

In both cases, the author has been an observer and participant for one year or longer. The research was developed from the observations as a member of the Advisory Board of the Department of Toxic Substances Control initial meetings and subsequent meetings from 2008 to 2010. For the Performance Management Council, the author participated in the initial discussions starting in 2008 and suggested established expert in performance management John Kamensky be invited to speak to California government state executives in a meeting hosted by Executive Director Stuart Drown of the state’s Little Hoover Commission. The author attended meetings and observed the proceeding on a regular basis through 2013. As an academic, the author was an invited participant in both cases and had easy access to other participants and to key decision-makers.

In addition to several years of observations, the cases also developed from interviews with principals in each case study. The interviewees had been present at the start of the performance management initiatives in each case. Both top leadership and staff were selected for interviews to get varied perspectives on each case study. The interviews were conducted at different

points in time from 2010 to 2012 to add a longitudinal aspect needed to address self-reporting bias (Meier and O’Toole, 2013a; Eisenhardt and Graeber, 2007). All the interviews were conducted in Sacramento, California. The interviewees included the following individuals listed in the table below, with their official position at the time of their participation in the performance management projects.

The interviews were conducted through open-ended questions. The intent was to avoid introducing bias into the responses by the choice of questions or suggesting the importance or priorities of issues via the sequence of questions. The analysis initially overviewed each response to construct a timeline and note repeated themes. Next, the responses were compared for shared themes or practices across the interviews. The themes and practices suggested in the interviews were then connected with observations and source documents to explore relationships and linkages. The analysis also included follow-up with documents suggested in the interviews.

In addition to the observations of several years, the research relied on primary source documents

that had been published, as well as presentations at public meetings, including meeting agendas, staff presentations, and published reports cited in the reference section. An overview of the cases is provided below in Table 2.

Case Study One: Performance Management Council, State of California

In the first case study, a narrative emerges on the sustainability of performance management. A Performance Management Council started in 2009 across California state agencies out of the long-standing focus of the State of California's Little Hoover Commission on improving the performance of organizations within state government. Located in the state capital City of Sacramento, the Commission's staff researched and addressed deficiencies and opportunities in state government operations through a process that included study, report writing, and public hearings, and lead to recommendations. Starting in 2008, in the final chapter of their published study of state information technology systems, the commission's staff began exploring performance management in California state government (Stern, 2010). In the study of the Office of the Chief Information Officer (OCIO), the Little Hoover Commission's staff uncovered that the challenge in information technology extended beyond collecting data. The report concluded that the state had a need for developing ways for information to drive performance management (Drown, 2011). The implementation of the report's recommendation became the basis for the Commission staff efforts to form a statewide Performance Management Council (Foster, 2012). The Director of the Little Hoover Commission Stuart Drown and lead staff members Eric Stern and Tamar Foster developed four separate mechanisms to facilitate the Performance Management Council to advance the practice of performance management across California state government agencies.

Convening performance management discussion forums

The first mechanism for the emergence of the Performance Management Council was to convene with a nationally recognized expert. Initially, Drown

drew upon local expertise to identify a national leader in performance management. These discussions led to a consensus on inviting national performance management expert John Kamensky to fly in from Washington DC to speak in Sacramento. An experienced leader at the US General Accounting Office, Kamensky traveled in the fall 2009 to speak with state officials. Kamensky spoke at a voluntary meeting attended by over 40 state executives from agency secretary offices and department directors. The Little Hoover Commission convened a three-hour discussion, featuring both a presentation by Kamensky on key practices, as well as a discussion by the state executives on their experiences. A significant feature of the meeting was the department and agency representatives sharing experiences on performance management with others outside of their organizational jurisdiction. This type of discussion addressed the problem of organizational silos that had been identified in a Little Hoover Commission Report in the late 1990s as a significant barrier to improved performance throughout state government. The need to enhance the development of interpersonal and inter-organizational networks became a driver for developing a four-year California Leadership Institute (1998 to 2002) that trained state executives.

As a follow-up to the information technology report and the initial meeting with Kamensky, the Little Hoover Commission's executive director and staff convened a meeting of state managers and executives who were interested and experienced in performance management systems. Out of this initial series of meetings, an ongoing series of meetings developed. A regular meeting drew from across approximately 25 state government departments and agencies "to infuse and sustain a performance management culture throughout state government" (Performance Management Council, 2010a; 4). Every six to eight weeks, voluntary participants interested in meeting discussed their experience in developing, designing, and implementing performance management systems. Typically, 12 to 20 state managers or executives would attend, along with Little Hoover Commission staff, and one or two university faculty. The Little Hoover Commission staff would develop the agenda,

find a workable date for the largest possible number of potential participants, and chair the meeting. The initial meeting had 20 participants develop their process for moving forward as a group. In the course of a year, the group named itself the Performance Management Council.

Three intended outcomes drove the strategy of the Little Hoover Commission staff for convening the meetings. The first and most obvious was to provide a safe forum for state executives to share their experiences and questions on performance management, learning not only from the national speaker, but also from the experiences of other executives in California state government. A second, drawing on the Little Hoover Commission Executive Director Stuart Drown's career as a journalist, was "to create a record, to get people to say that this was important and an alternative narrative to the idea that government workers are not committed to making things better and not committed to outcomes" (Drown, 2011). A third significant outcome was to create a forum that encouraged connections between executives in state government. As noted by one of the two key staff, a goal was to facilitate the "types of conversations that would be beneficial to encourage people and increase understanding, so that people wouldn't feel alone" (Foster, 2012).

Notably, the strategy did not call for a formal structure or authorization. Rather, the process continued with voluntary meetings with the participants' discussion of their performance management experience. As might be expected from professionals engaged in performance management, early in the process the members discussed what should be expected metrics for the Performance Management Council. As a group, the participants drafted and circulated a charter document to develop written consensus on the how the Council would meet and the expectations for performance.

Presentations at the performance management council

A second strategic mechanism for the emergence of the Performance Management Council was to

facilitate conversations through participants' voluntary presentations at each meeting of their department, board, or agency's performance management system. The presentations deliberately included both large agencies and smaller departments and boards. The presentations covered a wide range of policy arenas including, but not limited to, water resources, human resources, budgeting, transportation, and public health. In addition, updates on specific performance improvement initiatives were provided by staff from the legislature and the governor's office. The meetings became learning forums to hear what other departments were doing, as well as different strategies for getting started and working through problems. The presentations became a way to get executives more involved in the Performance Management Council, to meet and learn from other state executives, and to engage in discussions with legislative staff and the governor's office staff with whom they were not typically connected. At the end of each presentation, feedback forms were distributed to all those in attendance. The responses typically confirmed the value of each presentation, and the Little Hoover Commission staff sent out summaries of the feedback responses to the individual presenters (Foster, 2012).

Performance management survey

A third strategic mechanism that facilitated the emergence of the Performance Management Council was a survey on performance-management activity in California state government. In March 2010, a sub-committee of the Council administered a survey to 218 separate divisions, departments, boards, commissions, and agencies on California state government (Performance Management Council, 2010b). Equally important, the Council sub-committee engaged interested its members and reached out nationally for advice from the US Government Accountability Office when developing the survey. The survey had 71 respondents. The Performance Management Council members discussed the survey results at a meeting and published a report on the survey in September 2010. The report presented responses on 30 different questions, offering a nuanced snapshot of performance management systems in California state government. The report noted the link in the

use of performance management with strategic planning. The highest number of respondents noted the connection of performance management systems with the department's vision or mission (Performance Management Council, 2010b; 31).

The survey advanced two significant features of the Performance Management Council. First, consistent with the performance management emphasis of the Council members, the survey itself became a measurable outcome to advance performance management in state government. A second key aspect of the survey was "to keep people engaged and contributing" (Foster, 2012).

Advisory report

A fourth strategic mechanism for the emergence of the Performance Management Council was publishing an advisory report entitled *What Gets Measured Gets Done* (2010a). Over the course of meeting for over a year, Council members produced a white paper on performance management in California state government. Through a process of a subcommittee drafting, circulating, and revising a report, the full Performance Management Council generated an agreed upon snapshot of the status of performance management in state government. The report also included a set of recommendations for increasing the utilization of performance management systems. The director's transmittal letter that accompanied the release of the report to state agencies and departments noted that:

For the first time, information has been collected about specific strategies that state departments and agencies employ to improve program outcomes by tracking performance data to inform budget and management decisions. This report provides a street-level status report on these activities and concludes with a framework to better leverage, unify and grow these efforts across state government. (Drown, 2010; 1)

This report was a tangible record of organizational learning through network design. Organizational learning occurred across varied state agencies and departments. The drafting of the report, with the

inclusion of seven case studies of performance management systems in state government, systematically shared the varied experiences of state executives. Models of successful implementation of performance management systems became accessible across state government. The process of outreach and circulating the report resulted in a designed network that could leverage current experiences into new efforts (Performance Management Council, 2010b; 31).

Sustainability

The mechanisms discussed above facilitated the emergence of the Performance Management Council in less than two years. The formation of the Council along with the continued interest in meetings across agencies was not a given. There was no authorizing legislation or governor's office requirement. In contrast, a former key staff member stated, "I was always pleasantly surprised when people showed up for the meetings" (Foster, 2012). One participant noted that the "conversations of the people accounted for the ability to learn from each other. I have called on folks in other agencies and looked at their performance management work, and they have called me and looked at our work" (Robertson, 2012).

When faced with budget cutbacks and expanding workload, the Little Hoover Commission suggested a change for the Performance Management Council. In February 2012, the staff proposed that the leadership shift to a model of annual rotating co-chairs from two state departments. The co-chairs suggested by the Little Hoover Commission staff and approved by the full Council membership were experienced state government managers with advanced performance management systems in each of their departments. In addition, each had a leadership role in the Performance Management Council committee that did the survey of state agencies and the committee that wrote the advisory report. Their first step as co-chairs was to engage the membership in revisiting the Council's charter and ask for suggestions and consent.

Over 20 state executives from the typical range of departments attended the initial meeting after

the transition in leadership on April 24, 2012. The meeting agenda expanded to include presentations and discussions with two additional institutional players in performance management, and for the first time, the Performance Management Council met with an executive from the California Department of Finance. Additionally, the Council met with a lead staff member from both the Assembly Budget Committee and the Senate Governance and Finance Committee (Performance Management Council, 2012). The Council members committed to meeting every four to six weeks into the future and reviewing an updated charter.

Case Study Two: The Department of Toxic Substances Control, State of California

In 2008 Maziar Movassaghi, the interim director of the of the California Environmental Protection Agency's Department of Toxic Substances Control, drew on his experience in developing performance management systems for the City of Oakland. One of his primary assets for developing performance management systems for the Department was long-time state employee Deniz Verardo. Verardo had won awards for his work in the design of performance management systems for the Department of Parks and Recreation *and* led a section of the California Performance Review initiated by the previous governor (Verardo, 2011a). In addition, he brought extensive experience in training staff on how to develop outcome and output measures.

Pressures for change

The need for a performance management system was generated by several external pressures. The expansion of mandates by the legislature extended environmental safety beyond site regulation and remediation. A second pressure included outdated and insufficient revenue streams. Movassaghi was also concerned with spending down a \$100 million bond issue for cleaning up a toxic waste. The governor's office and California State Legislature would be looking to the department to document the progress of clean-up efforts (Movassaghi, 2012).

Conflicted organizational culture

Despite Movassaghi and Verardo's past professional success in performance management, features of the organizational culture challenged the emergence of a performance management system. Environmental scientists and engineers became deeply concerned that performance management systems would diminish their professional roles. In addition, the director found that managers feared that career-threatening repercussions would result from a failure to achieve goals (Movassaghi, 2012). They perceived that the performance management system would limit their career moves due to a negative report on a metric. In contrast, at the top of the department, the executive team involved in the selection of measures though performance management advanced the values of transparency and accountability while protecting the health of Californians (Verardo, 2011; Robertson, 2012). Addressing this fear through individual conversations was difficult because of the absence of annual performance reviews with managers, with less than one in five conducting an annual review in 2009 (Robertson, 2012).

Selecting metrics

Movassaghi saw data-rich information but poor organizational utilization of the data. In response, he developed a process to reconcile day-to-day operations with a strategic plan. The initial approach in 2008 was to create a system by asking staff to identify performance metrics. However, this bottom-up approach failed to generate the types of metrics needed for an effective performance management system. The lack of performance management training led the technical staff to suggest measures that were very scientific or engineering focused. Moreover, the existing tracking system created a mindset that did not facilitate reframing measures from outputs to outcomes. For example, the workload for managing large locations with multiple sites, such as former military bases, were difficult to compare with workloads of small sites such as dry cleaners (Movassaghi, 2012). The challenge was to select a few key measures for a performance-management system to use data to inform decision-making processes (Robertson, 2012).

Table 2. Descriptive Statistics of the Variables in the Study Year 2006

	N	Min	Max	Mean	SD
Consolidation rate at primary schools (%)	107	60.30	110.40	93.22	8.70
Enrollment rate of junior secondary school-age population (%)	263	74.50	102.20	98.36	3.01
Enrollment rate of graduates of junior secondary schools to high school (%)	263	22.40	100.00	66.80	19.11
State education budget (ten thousand yuan)	263	1155	49568	12404	8166.86
Funding by community groups and individual citizens (ten thousand yuan)	263	0	6303	1179.99	1214.65
Social donations and fund-raising (ten thousand yuan)	263	0	1201	116.55	201.89
Share of social donations in total educational expenditure (%)	263	0	0.54	0.11	0.11
GDP (ten thousand yuan)	261	45145	5182000	711050	638468.03
Per capita GDP (yuan)	261	1006	70627	12104	10585.46
Population density (people/ sq km)	259	15	26227	752.74	2534.34
Local fiscal revenue (ten thousand yuan)	236	2139	159904	23804	27423.79
Local fiscal expenditure (ten thousand yuan)	236	19090	202654	56604	28431.94
Fiscal revenue per capita (yuan)	234	91	8819.32	515.02	789.89
Fiscal expenditure per capita (yuan)	234	320	15441.12	1200.30	1256.75

Sources: Author's compilation

Eventually, the selection of performance measurement metrics shifted from the initial bottom-up approach to a top-down approach. The director, with 10 to 12 top staff, began a process of suggesting metrics, leading to an initial pilot project in northern California (Movassaghi, 2012). Movassaghi sought to develop an "Executive Dashboard" of field-driven measures. He explicitly considered the tradeoff between the expense of collection of the data against the value of the data collected in six categories of outcomes: (1) restoring communities; (2) safeguarding communities; (3) protecting future generations; (4) accountability and transparency; (5) fiscal responsibility; and (6) organizational excellence.

Performance review board

To increase the number of conversations between performance managers, Movassaghi developed a new forum for project managers to present their work. In 2009, he created a new board with the appointment of a

five-member Performance Review Board (PRB). The PRB had professionals from outside the department, including a representative from the Sierra Club, a private-sector representative, a representative from the State Department of Conservation, a legislative staff member, and an academic member (the author). The meetings of the panel provided Department of Toxic Substances Control executives and senior managers with the opportunity to present their work. An important goal was for presenters to clearly articulate the issues, explain data, and offer conclusions. The presentations became opportunities for organizational learning among staff through accompanying questions and feedback from the five-member panel.

The intent of the PRB quarterly meetings was to provide staff advice and questions from experts on the panel. Typically, staff prepared in-depth presentations, handling any questions from the PRB. Outside the meetings, a different perception emerged.

Table 3. Application of the Moynihan Model

Moynihan Model	Performance Management Council	Department of Toxic Substances Control
Top-down management emerges from the centers of power in the legislative and executive branches	No	No
Dependence on support from a finance department	No	No
Highly valued by elected officials for symbolism	No	No
Advanced by public service career professionals	Yes	Yes
Participants are equal	Yes	No
Develops from an implicit theory that organizational learning is possible	Yes	Yes
Dialogue shapes culture in everyday interactions	Yes	Yes
Depends on other organizational forces	Yes	Yes

Sources: Richard Callahan

The staff regarded the PRB as an oversight board, whose questions were driven by the director rather than an independent expert source of questions and discussions (Movassaghi, 2012). Notably, the PRB did provide a model for “conversations at the executive staff level on performance management” (Robertson, 2012). The model for questioning staff by the members of the PRB was adapted in the executive-staff meetings, which were held every two weeks. In these meeting, the executive staff asked questions of each other on outcome measures. Each executive-staff meeting discussed one of four different aspects of the performance measurement system.

Sustainability

The difficulty of sustaining a performance management system in the Department of Toxic Substances Control extended beyond the inherent difficulties of measuring government performance in complex contexts. A significant challenge to the future sustainability of the Department’s performance management system emerged externally with a new governor and internally via its conflicted organizational culture. In 2011 with a new governor taking office, Movassaghi did not continue at Department of Toxic Substances Control. With the departure of Movassaghi, the organizational culture asserted itself in pushing back against the Performance Management Board system. Most significantly, the newly appointed

leadership shifted the department staff to a focus on green chemistry. The shift in resources, coupled with personnel cutbacks, lead to staff pulling away from performance management efforts. By 2011, the architects of the performance management system and its implementation had moved to different agencies or into retirement. Subsequently, the Performance Review Board no longer met.

DISCUSSION

Moynihan Model

The selected cases add texture to Moynihan’s (2008) concepts of learning forums and iterative dialogue as necessary components for advancing performance management. The findings both contrast and align with Moynihan’s (2008; 184-190) discussion of key features driving learning forums. Table 3 below summarizes the analysis of the case findings applying the Moynihan model.

For the first three features that Moynihan finds significant, these cases illustrate a significantly different approach. Each of the two cases illustrate a highly decentralized approach. Neither case started with the centers of power in the legislative and executive branches. In the case of the Performance Management Council, the discussion started within the membership on the need to write a charter

(Performance Management Council, 2010a). The Council meetings included discussion of what its mission should be moving forward. Subsequently, with the transition of leadership from the Little Hoover Commission staff to the co-chairs from different state departments, the Performance Management Council members revisited the original charter. In the Department of Toxic Substances Control, the director initiated the performance management discussions based on past professional experience with the support of a longstanding civil servant.

The second divergence from the Moynihan model was that neither case depended on support from the centralized state Department of Finance and proceeded with existing financial resources. For the Performance Management Council, the Little Hoover Commission initiated the process with existing staff and resources. Meetings were hosted by a local university without cost to the state. For the Department of Toxic Substances Control, the advisory council was formed with volunteer members and the department hosted meetings in its conference room. Current staff provided support, with executives and managers reporting as part of their assigned responsibilities.

The third contrast with the Moynihan model was the absence of involvement by elected officials in either case for symbolic or other reasons. Performance management discussions in both cases were initiated without the personal involvement of either the governor or elected officials. Governor Jerry Brown (2011) did issue *Executive Order B-13-11* at the start of his term calling for cost-effective budgeting, but he did not specify the development of performance management systems in either case.

However, the features of the cases align strongly with five features in Moynihan's model. First, the Performance Management Council was comprised of advanced public service career professionals. The executive director of the Little Hoover Commission, Stuart Drown, and the director of the Department of Toxic Substances Control, Maziar Movassaghi, were relatively new appointees to state government, but the participants in each case were career civil servants.

Second, the cases diverge regarding equality of participants. For the Performance Management Council, the charter (Performance Management Council, 2010a), survey instrument, and report (Performance Management Council, 2010b) developed from drafts circulated to all members, and all comments were treated as discussions among equals. In contrast, the Department of Toxic Substances Control performance management system developed from the top down, and the participants acknowledged the hierarchy.

Third, in each of the cases, the participants shared the Moynihan model of an implicit belief that organizational learning was possible. For example, a participant in the Performance Management Council expressed the following: "I have called on folks in other agencies and looked at their performance management work, and they have called me and looked at our [department's] work" (Robertson, 2012). In the Department of Toxic Substances Control a participant stated, "we realized there that we were sitting on the data and the data just needed to be seen from a different lens" (Verado, 2011). Both cases used discussion forums for organizational learning. In the case of the Department of Toxic Substances Control, the forums included both the Performance Review Board (PRB) and the executive team bi-weekly meetings. In the case of the Performance Management Council, the meetings became forums to hear from executives from varied agencies and to facilitate networking among professionals to advance performance management systems.

The fourth feature of Moynihan's model that dialogue shapes culture in everyday interactions was present in each of the two cases. For the Performance Management Council, the executive director of the Little Hoover Commission described a central goal to promote "an alternative narrative to the idea that government workers are not committed to making things better," and that they "are extremely committed in an environment of shrinking revenue and hostility" (Drown, 2012). Similarly, the chief budget officer for Department of Toxic Substances Control noted that dialog was central to shaping the culture for executive staff: "in the bi-weekly meetings . . . people expect these

conversations on performance” (Robertson, 2012). In each case, strategy developed *forums for discussion* to shape organizational culture. Central to each was the role of professional conversations, informed by experience: “the Council changed conversations on how legislators talked to department heads about goals and performance. The council staff would ask, ‘how can we steer changes in the conversations? What different questions need to be asked?’” (Foster, 2012). In the Department of Toxic Substances Control, “conversations cemented performance management systems into place” (Robertson, 2012). For the Performance Management Council, the conversations created an organizational culture that led varied participants to describe their shared involvement and participation as one of the highlights of their state service. These conversations among equals contrasted with the perception of hierarchical conversations in the Department of Toxic Substances Control.

The fifth feature of Moynihan’s model that long-term success depended on other organizational forces explains the divergent outcomes in each case. The Performance Management Council’s sustainability is based on the resources committed by the Little Hoover Commission for initial staffing, as well as the voluntary participation of members and the resources of time and staffing committed by the initial co-chairs. The breakdown in the Department of Toxic Substances Control performance management system came from a shift in politically appointed leadership stemming from the governor’s office accompanied by a tradeoff in the policy process that replaced performance management systems with the development of green chemistry standards.

Explanations for Divergence

The divergence of these cases from three of the features of Moynihan’s model, as well as their alignment with five of the features, has implications for understanding the emergence of performance management systems. First, the split results may derive from the different context between these cases at the state level and the federal cases from which Moynihan drew his research. The potential for context to drive differences suggests the need to explain what goes on in different

learning forums, what is beneficial, and what drives conversations from observational studies and then to compare the findings across levels of government and policy arenas. The Performance Management Council case illustrates a successful bottom-up strategy where collaboration between equals drives the process. The Department of Toxic Substances Control experience suggests that a top-down leadership strategy cannot overcome longstanding organizational culture. The structural arrangement does not appear to determine the outcome; the difference appears to be in the rooted in the forums for conversations, which in turn shape organizational culture.

Second, the eight features of Moynihan’s model might be less linear or separate and rather more “nested” (Ostrom, 1990), with each feature affecting the others. Or as suggested in the organizational change research by Fernandez and Rainey (2006), the driving features are not additive but highly interactive.

Third, framing emergence of performance management systems with policy diffusion research (Liu and Li, 2016) offers analytic leverage in explaining the results. These cases suggest that policy leadership matters. Neither case comes into existence without the initiative of leaders. The Performance Management Council case is a model best characterized as distributive leadership with a consensus process of decision-making by the participants. The contexts of leadership in developing these two strategies were important. The varied contexts can explain the divergent policy diffusion in the two cases. In the Council case, the context was voluntary: The director of the Little Hoover Commission had no formal authority over any of the participants. In the Department of Toxic Substances Control, the context and policy diffusion were hierarchical: The director had authority over staff. The differences in sustainability between the cases illustrate the impact of context on policy diffusion.

Fourth, the divergence from the Moynihan model’s features might be explained by the reform challenges suggested by March and Olsen (1983): The problem of sustained attention on organizational change. Or by the findings of Light (1997) that there is a regular ebb

and flow to reform efforts. Perhaps the Department of Toxic Substances Control shift from a performance management focus to a new policy emphasis on green chemistry is predictable in the shifting tides of reform.

Conclusion

The overall finding in these two cases is that the emergence of new performance management systems can be explained by the features of successful learning forums. In practice, the emergence of performance management systems can readily be taken for granted. The case of the Department of Toxic Substances Control effectively conveys the difficulty in sustaining a performance management forum. Shifting public sector executive conversations to a focus on performance might appear as a given from the outside, but as a longtime observer of California politics Daniel Weintraub noted in an editorial, “incredible as it may seem, most government programs don’t have clear and measurable goals and objectives against which the taxpayers and state legislators can hold managers accountable” (2009; 15).

Future research

This research illustrates that it is possible to study performance management systems as they emerge. A potential set of comparison cases exist with the simultaneous emergence of a range of performance management systems for new projects across varied federal agencies for the American Recovery and Reinvestment Act (Callahan, Archibald, Milward and Sterner, 2012; DeSeve, 2012). The research in these federal cases suggests an opportunity to explore performance management across a range of local, state and federal governance mechanisms to develop comparative analytics.

The concept of performance management systems emerging from learning also invites additional study across a range of methods. A focus on iterative dialogue can address the need to increase the understanding of how public managers get information and how that information is diffused. For additional research, the durability of the Performance Management Council learning forum invites content analysis over time of primary documents to identify patterns and evolution.

These findings encourage future research to compare dimensions identified by Moynihan and others in examining top-down systems to see if there are different outcomes than for systems described in these cases that emerge from the bottom up. This offers the potential to move from exploratory case studies to confirmatory factor analysis.

Connecting performance management with the research streams on the reform of public agencies and policy diffusion supports research agendas that can replenish the depleted intellectual capital needed for addressing a range of “wicked” governance problems (Kettl, 2006). Recent critiques outline the capacity limits of democratic governance (for example, Fukuyama, 2013; Kettl, 2016) and what Roberts (2017) describes as loss of mastery. Locating learning forums for performance management in the larger context of reform may shift performance management research from an instrumental focus to an expanded approach that addresses the larger questions of governance.

Limits

The limits of these case study findings are inherent to the case study method. These limits include generalizability to other performance management cases (George and Bennett, 2005; 13). Initially, the selection of the cases due to access and convenience creates the potential for selection bias (George and Bennett, 2005; 22). The outcomes of each case were not known in advance for this research, so the research was not selected based on a predetermined outcome, but other potential selection bias issues are present. The cases may also be unrepresentative of the wider population of emerging performing management cases (George and Bennett, 2005; 32). Additionally, as with other case studies, there is a limit to understanding how much weight to attach to each specific explanation in the research findings (George and Bennett, 2005; 27). Other features of the cases, such as the size of the population and budget of the state of California, may limit their generalizability to other states or even smaller nations (George and Bennett, 2005; 31). Also, with the clustering of performance management research around education, policing, and job training (Gerrish, 2016), these cases

which focus on other policy areas do not have as large of a sampling as those clusters. It is possible that certain features of performance management systems might vary significantly in different policy areas.

An ongoing research challenge is to explain the enduring qualities of public organizations and the possibilities for change to occur despite the tendency toward path dependency. A focus on iterative dialogue in learning forums moves the lines of inquiry away from hierarchy or structure to a search for mechanisms that facilitate cooperation. The findings in these cases suggest that researching public-sector reform can move beyond the continued layering of government processes (Light, 1997) and organizational change research can move beyond being simply additive to studying the complex interactions of features. The interaction among the eight features of the Moynihan model in developing and sustaining learning forums could be explored across national and state case studies to find shared explanatory factors and isolate features where context matters.

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