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New Public Management and management changes in Dutch local government: some recent experiences and future topics

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Abstract

Since about 1985, Dutch municipalities and provinces, i.e. local government, initiated many reforms and change projects in the field of their management control, which are lumped together here as ‘management changes’. Was the introduction of these changes mainly based on functionalist, ‘rational’ considerations, that is, a wish to improve economic performance, as New Public Management suggests? Or did economically seen irrational considerations perhaps also play a part, for example, a wish to follow new management trends and to look ‘modern’?

Based on documents and interviews with 23 politicians and professional managers in twelve Dutch municipalities and two provinces, this explorative paper examines experiences with various management changes implemented by local government as part of New Public Management (NPM), and with subsequent related changes. In addition, it discusses ‘change initiating factors’ that may have contributed to the high amount of major change initiatives that were started in a rather short space of time. Some of these factors are, for example, budgets cuts, trends and more demanding citizens/voters. One important change initiating factor that was mentioned is uncertainty amongst politicians, which is a consequence of the increased political volatility amongst voters. This factor suggests that, now and in the near future, for politicians and professional managers it could be ‘politically rational’ to try to increase the (economic) performances of their organization. Several authors have questioned or criticized the effects of NPM’s and government’s focus on economic efficiency and effectiveness. However, taking the change initiating factors into consideration, the paper speculates that in the future, too, it could be a rational survival strategy for politicians and managers to focus on initiatives that are intended to enhance performance and efficiency.

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New Public Management and management changes in Dutch local government: some recent experiences and future topics

1. Introduction

In recent years the Netherlands have seen a lot of changes in the management and control of government organizations and other organizations in the public sector, such as hospitals, benefits agencies and educational institutions. Fitting in with the rise of New Public Management (NPM) in the Netherlands and other countries, attention was focused on more ‘businesslike and professionalized’ management of these organizations. Government organizations were decentralized and in some cases parts of them were privatized. In addition, government organizations paid more attention to such matters as client and result orientation, accountability, leadership, transparency, responsibility, efficiency and payment by results. In this connection a lot of reforms and change projects were initiated in the field of management control in government organizations, which are lumped together here as ‘management changes’. This paper focuses on changes in Dutch municipalities and provinces, i.e. local and regional levels of government, hereafter referred to as ‘local government’.

This paper examines experiences with various organizational and management changes implemented by Dutch local authorities as part of NPM and with subsequent changes. It also discusses factors that, in the opinion of the people involved, contributed to the implementation of these changes. In addition, a number of possible future management changes will be discussed. The exploration of future developments is based on interviews as well as interpretations of research findings, some recent developments, and literature. Compared to the parts of the paper that strictly focus on past developments, the part on the future is probably more essayistic and speculative in nature, expressing a personal view. This is the more so because any statement on the future obviously includes uncertainties. The empirical findings in this paper are largely based on 23 interviews with politicians and professional managers in twelve municipalities and two provinces. Several written documents by the municipalities and provinces have also been used.

Section 2 of this paper examines the literature on changes in organization control and the backgrounds of New Public Management (NPM) and the Dutch Public Management Initiative (PMI; in Dutch: Project Beleids- en Beheers Instrumentarium (BBI)). On the basis of this literature two research questions will be formulated. In section 3 the research design will be discussed. Section 4 first summarizes some outcomes of earlier research on changes in the planning and control of Dutch local government. Based on the research, the interviewees’ experiences with ‘NPM-like’ changes will also be outlined. Section 5 examines factors that, in the opinion of people involved, have played a part in the high frequency of management changes in their organizations in recent years. Subsequently, in section 6 a number of possible future developments in the field of local government management will be considered. The final section 7 includes a discussion of the research results as well as a summary and some conclusions.
2. Change processes and NPM: literature review

Since about 1985, public sector organizations in many countries have introduced various changes in their management control systems. In the Netherlands the ambitious Public Management Initiative (PMI) in particular, which ran from 1987 to 1995, became very popular with Dutch municipalities and provinces (van Helden, 1998, 1999).

Cyert and March (1963, pp. 116-125) suggest that participants in organizations will only accept changes in the 'standard operating procedures' of the organizations if they are necessitated by internal or external developments (see also Oliver, 1991, pp. 145-150; Lapsley and Pettigrew, 1994, pp. 87-91; ter Bogt and van Helden, 2000, p. 272). The management control changes in Dutch local government were encouraged by PMI and NPM, which had been initiated because of such factors as the financial stress and the wave of criticism in society experienced by the government in the early 1980s (ter Bogt and van Helden, 2005, p. 248).

The aim of PMI was to make political and administrative decision-making more transparent and effective, and to bridge the gap between authorities and citizens that was found to exist at the local level as well (Houwaart, 1995, p. 15, 45). The formal objectives of PMI were wide-ranging, but in actual practice the main aims were to rationalize day-to-day management and to increase economic efficiency and effectiveness. PMI focused on the introduction of decentralized organization units and particularly on the development of product budgets and the related interim reports and annual accounts, including all kinds of performance information (Houwaart, 1995, p. 12; van Helden, 1998, p. 20).

In short, NPM meant that government organizations started to use management styles and instruments derived from the profit sector. PMI and NPM have many points in common, as is apparent from Hood's description of NPM (1995). This paper will not examine in more detail the general characteristics of NPM as outlined by Hood and the different versions of NPM in various countries (see e.g. Guthrie et al., 1999, pp. 221-225; Pollitt and Bouckaert, 2005, pp. 74-96; Humphrey et al., 2005; see also Pollitt, 2000, pp. 184-185). It seems safe to say that NPM too is very much focused on rational management and increasing economic efficiency and effectiveness. However, public management reform is an evolving phenomenon and not a static one (Osborne and McLaughlin, 2002, pp. 10-11). Since the introduction of PMI and NPM, organizations have started all kinds of further management changes that follow more or less naturally from the earlier ones, e.g. changes relating to outcomes, transparency and organization structure, and changes in information, quality and personnel management (Hendriks and Tops, 1999, pp. 135-137; Kickert, 2000; ter Bogt, 2004, p. 221). The precise motives for these changes may vary, but many organizations did emphasize that they had to be introduced in order to increase efficiency and effectiveness (see also Kickert, 2000, pp. 113-121; Newman, 2002, pp. 88-89).

Nevertheless, not all authors are convinced that changes in government organizations are mainly intended to increase economic efficiency and effectiveness. Brunsson (1989) argues that rational, business-related considerations, based on a wish to improve economic performance, as well as economically irrational considerations may play a part in the introduction of organization changes. For example, an organization may
want to follow a new management trend in order not to seem old-fashioned (Brunsson, 1989, pp. 223-224).

The argument that economically rational considerations do not really explain the behaviour of government organizations can also be found in sociological institutional literature. It focuses on the influence of institutional factors – such as rules, values, habits, power, and internal and external pressure – on change processes in organizations (Scott, 1995, p. xiv). Sociological institutional literature is concerned with, for example, the question of mimicry (i.e. why do organizations in a certain sector often mimic changes in organizations around them) and the question of why fixed templates for organizational change and thus ‘isomorphic’ organizations come into being (DiMaggio and Powell, 1983; see also Abernethy and Chua, 1996). From a sociological institutional perspective, the introduction of businesslike management styles in government and the increased focus on outputs could be regarded as an answer of government organizations to external changes in expectations and rules (i.e. in the institutions). An organization may also seek to avoid critical questions from its social environment and try to achieve ‘external legitimation’ by conforming to much-used organizational forms and working methods (‘myths’). In other words, an organization may consider it socially advisable to imitate other organizations, i.e. to adopt ‘socially rational’ behaviour (cf. ter Bogt, 2003a, pp. 160-163). Several authors who have conducted research on NPM also look to such factors as external pressure, imitation and external legitimation for providing an explanation for changes implemented by governments (see for example Oliver, 1991; Lapsley, 1994; Abernethy and Chua, 1995, pp. 595-599; Seal, 1999, pp. 310, 320-324; Ferlie and Fitzgerald, 2002, pp. 342-343; English et al., 2005, pp. 48-49).  

Fundamental changes in the accounting systems and other aspects of the control of an organization require thorough preparation, sufficient means and attention from the management and other personnel of the organization. It could take a considerable time to introduce and get acquainted with reforms (see also Shields and Young, 1989; ter Bogt and van Helden, 2000). That might be a reason for not implementing a lot of major changes in a rather short space of time. Brunsson indicates, however, that reforms usually seem to be more promising than they actually prove to be. In his opinion, that may well be a reason for repeatedly implementing new reforms. If there are indications that a reform falls short of expectations, then new, once again promising, changes may easily seem to be a way out (Brunsson, 1989, pp. 225, 227). That might lead to an ‘automatism’ of repeated reforms, without the reforms actually resulting in a better performance of the organization, according to Brunsson.  

Considering the many major change initiatives in recent years, the factors that play a part in this process, and the automatism pointed out by Brunsson, it remains to be seen to what extent Dutch municipalities and provinces will focus on management changes in the coming years as well and to what extent those changes will be based on economically rational or other considerations.

This literature review has resulted in the following two research questions.

1. To what extent have such factors as a striving for economic efficiency and effectiveness, mimicry, external legitimation, and an ‘automatism’ to introduce...
management changes, played a part in the implementation of changes in the management control of Dutch municipalities and provinces in recent years?

2. Is it to be expected that factors that were important in recent years will also play a part in the near future and will result in management changes in Dutch local government? If so, what further changes could be likely?

3. Research design

First, published results of research on management changes implemented in Dutch municipalities and provinces in recent years were explored to get an impression of their impact. Earlier research was concerned mostly with the planning and control of government organizations. To get a clearer idea of, among others, the nature, background and effects of the different reforms, it was decided to conduct further empirical research by interviewing people most concerned and analysing various documents. The main aim of the descriptive and exploratory empirical research was to get a general impression of the perceptions of the persons involved. The opinions reported are accompanied by such rough qualifications as ‘many’ or ‘some’. The research was not aimed primarily at finding differences between organizations or persons, nor at finding statistical evidence.

A careful presentation of the findings is necessary, because the persons, municipalities and provinces involved in the exploratory research are not supposed to be a representative sample (see also Scapens, 2004, p. 260). However, the research results may well provide insights into their various working methods, considerations and related problems. They may also yield ideas for further empirical research, possibly more statistical in nature (see also Chenhall, 2003, pp. 159-160; Berry and Otley, 2004, pp. 243, 249).

After consulting two contact persons, it was decided to approach possible interviewees on the basis of spread by municipality and province, geographical spread, municipality size and portfolio (see also ter Bogt, 2005, pp. 37 and 73-74). Appendix 1 lists the persons and organizations involved in the research. The research does not include small municipalities, which were generally less engaged in implementing management reforms (Moret/A+O fonds Gemeenten, 1997; cf. van Helden, 1999, p. 248).

From September 2004 to April 2005, 23 politicians and professional managers of municipalities and provinces were interviewed for one to over two hours. The research questions mentioned above served as a guide for the empirical research and the semi-structured interviews (Eisenhardt, 1989, p. 56). The interviews dealt, among others, with the major management changes that were introduced, the reasons for introducing the various management reforms and their impact, and with expected future reforms. The interviews were summarized in detailed written reports that were submitted to the interviewees, who were invited to comment on them. The final reports were used for this paper. This paper presents the findings in a summarized form. The opinions reported in the paper are accompanied by such rough qualifications as ‘many’ or ‘some’. The research was not aimed primarily at finding differences between organizations or persons, nor at finding survey-like data.
In addition, the organizations involved made available a number of reports and memorandums, many of which were used to get a clearer idea of the effects of the changes. These reports mainly contain information about citizens' satisfaction with various elements of their living environment and the quality of all kinds of aspects of services provided by authorities. Major municipalities in particular have all kinds of data on these subjects collected through so-called 'monitor research', citizens' panels and benchmark studies.

4. Experiences with changes in planning and control and other management control aspects

Previous research shows that a large majority of the municipalities and provinces in the Netherlands have introduced decentralized organizational structures and performance-based financial management systems, mostly as part of a broader set of NPM-like initiatives. In 1997, a survey showed that already approximately 75% of the municipalities in the Netherlands had applied output-oriented planning and control instruments (Moret/A + O fonds Gemeenten, p. 108).

However, the research findings also show that generally the information in the output budgets and related documents was incomplete and that its quality was insufficient. It seems doubtful whether the claims made for these innovations, such as contributing to efficiency and effectiveness, have been realized. Often, several indicators in the budgets do not refer to outputs and outcomes, but to inputs and activities. Van Helden and Johnsen (2002) found that information about, for example, quality standards and costs per unit, which could be relevant for assessing effectiveness and efficiency, played an insignificant role. In addition, the controllability of performance indicators seemed to be disputable.

Bordewijk and Klaassen (2000, p. 94) concluded that the actual planning and control of local government is still mostly based on financial budgets. Such stakeholders as politicians and consultants generally emphasize that the development of performance indicators is crucial to public sector reforms. However, the Dutch case seems to reveal that in practice many indicators are limitedly used for decision-making and evaluating performances (Jansen, 2000; ter Bogt, 2003b, 2004).

The interviews with 23 professional managers and politicians also made clear that most interviewees were quite critical of the amount, preparation and effects of management changes that were introduced. Several interviewees said that changes were not always prepared sufficiently, for example because there was a fear of lagging behind developments elsewhere. In other cases, plans seemed not to be considered thoroughly because some enthusiasts had seized the opportunity to do things in their own way. The goals behind management changes were mostly relatively clear beforehand, but in several cases the specific aims of individual changes were not defined clearly or they were altered during the implementation process. Many interviewees considered such alterations as partly inevitable because in complex change processes it is not always possible to rationally draw up a detailed plan of action in advance. However, insufficient preparation and passing fads also caused serious delays or even the discontinuation of change.
processes. A lot of interviewees were also of the opinion that the amount of changes and the pace at which they were introduced were actually too high and that employees had to devote too much energy to internal affairs.

Several interviewees indicated that there was a gradual shift in the main focus of the management changes. Initially the focus was on ‘technical’ changes, as some interviewees called them, such as changes in organizational structure and financial management. These changes were now often regarded as having little effect on the functioning of an organization. Most interviewees were, for example, quite critical of the quality and effects of output budgets, including performance indicators, which were introduced. However, some interviewees emphasized that one positive effect of output budgets was that officials and politicians had learnt to think in terms of products and quality of services. These interviewees considered this kind of thinking to be a basic condition for the introduction of such management instruments as quality models, integral management, and performance-based HRM, which were introduced from the late 1990s. Since then the main focus has gradually shifted to ‘softer’ changes, i.e. changes relating to organizational culture and employees, e.g. attitude and competence. The interviewees generally regarded these changes as having positive effects on the functioning of their organizations (cf. Gibb and Knox, 1998; Wright Muldrow et al., 2002).

As for the intended effects of PMI and other NPM-like initiatives, it seems that the aim to improve efficiency and effectiveness did play a part in their introduction. Budget cuts in the 1980s and the early 1990s and in recent years, were mentioned as factors playing a part in the introduction of management changes. In addition, politicians were quite concerned about the sharply falling turnout rates in local elections in the early 1990s, the rise of ‘populist’ parties, and the rather volatile political preferences of considerable groups of voters in recent years (see van Holsteyn and Irwin, 2003, pp. 41-43). This political volatility raised a feeling of uncertainty among politicians and perhaps among professional managers too. This may have intensified the need they feel to improve the performance of their organizations. On the other hand, the interviewees clearly indicated that, for example, consultant’s advice, initiatives in other municipalities or provinces, and new trends also influenced the introduction of management changes.

Changes in performance measurement, too, seemed to arise from economic rationality as well as a striving for a ‘modern image’. On the one hand, for example, it seems that the organizations of all interviewees were seriously involved in various benchmarking projects. Despite problems with comparability, several interviewees considered the projects to be helpful in obtaining an insight into the relative efficiency of their organizations and in improving performances (see also Ammons et al., 2001; van Helden and Tillema, 2005, p. 357). Further, many municipalities and provinces initiated systematic research on citizens’ opinions on public services, which may give some indications of the effectiveness of local government.

On the other hand, most of the interviewees said that their organizations did not comprehensively and regularly evaluate their efficiency and effectiveness, and the effects of changes. They gave as one of their reasons that it is often hard to measure efficiency and effectiveness in government organizations and the effects of management changes (see also, for example, Pollitt, 2000, pp. 191-193; Boyne et al., 2003, pp. 38-48).
However, as one professional manager put it, it also seems that most government organizations were still more interested in making plans and ‘looking ahead’ than in critically evaluating the effects of past decisions.

Nevertheless, most interviewees said that they had the impression that, all in all, the various management changes slightly improved the services and the functioning of their organizations. They did realize that it was not possible to clearly substantiate this opinion. Reports on citizens’ opinions on public services did not provide clear answers either (see also ter Bogt, 2005, pp. 75-80). Several of the organizations' reports show that most citizens are more or less satisfied with many of the concrete services provided and that for the years examined the satisfaction levels are quite stable (despite Dutch citizens' decreasing appreciation of politicians and government in general; see Becker and Dekker, 2005, p. 344). However, most of the municipalities and provinces that have such reports drawn up, have done so for only a few years, so it is difficult to assess any effects of management changes. Although the interviewees' feelings may have been positive, the lack of factual data implies that there is no real evidence of the effects of various management changes in the past fifteen to twenty years.

The interviewees’ critical observations may raise the question as to why many organizations still frequently introduced major management changes. This question seems to be even more relevant, given that the literature on change processes suggests that it may take much effort and up to five years to fully implement major changes in the financial management and other control aspects of organizations (see e.g. Shields and Young, 1989; Kong, 2005, pp. 99-101).

An answer might be found in new trends and fads or the idea that politicians and professional managers in local government are 'addicted' to change (cf. Brunsson, 1989). It might be advisable, however, to first take a closer look at the interviewees' various reasons for introducing changes. Politicians and professional managers in government organizations do not work in isolation, but are influenced by all kinds of experiences that could be relevant to an explanation of their behaviour. Politicians and professional managers are in a position to reshape society to some extent, but, on the other hand, they are affected by what happens in society. If they want to ‘survive’ in their position, it seems they had better pay attention to voters' preferences or at least give that impression (see also ter Bogt, 2003a).

5. Reasons for introducing management changes

According to the interviewees, there were several important reasons, i.e. ‘change initiating factors’, for introducing management changes and for the great pace at which they were introduced. Table 1 categorizes most developments and factors that were mentioned as reasons for management reforms (see also ter Bogt, 2005, p. 44). Although a consistent division is not possible, Table 1 starts with some external influences and factors, which are followed by the more internal ones (which may be influenced by the external ones).
Table 1. Overview of external and internal factors that, according to the interviewees, resulted in management changes in municipalities and provinces

| Gradually reduced social stability; constant public demand for change; so, partly due to these factors, the effects of implemented changes are less long-lasting |
| Rise of a stricter culture that is more focused on judging by performance, which makes politicians and professional managers more aware of the necessity to be receptive to citizens' opinions and to try to work fast and efficiently and to have a client-oriented approach |
| Awareness that local government is more of a partner than a leader in many developments and also that external private and public parties with which the authorities consult and negotiate have grown in size and expertise; the authorities therefore increasingly need officials to be businesslike experts as well |
| General trend towards commercialization and juridification of society; rise of claim culture |
| Better qualified and more vocal citizens who make more stringent demands on the quality and cost of services, transparency and responsibility of the authorities, partly due to some serious incidents that attracted heavy and lengthy media coverage |
| The critical attitude of many citizens and journalists to the authorities and the fluctuating political preferences of the electorate, which makes politicians more uncertain and thus more impatient to do something; they often lose interest in changes that do not quickly produce visible results |
| The central government's new rules and detailed regulations, such as stricter requirements on legitimation and responsibility |
| Increasing financial risks as a result of cooperation with external private and public parties and because the central government has transferred some responsibility for policy-making and implementation to provinces and municipalities |
| Better qualified officials; many study programmes discuss New Public Management and the importance of 'businesslike and rational management' |
| Influence of trends, congresses, articles in professional journals, accountants, and sometimes academics too, and of outwardly successful changes elsewhere |
| The arrival of new professional managers and politicians |
| The political and ideological desire to reduce the government's role in certain areas and to transfer some responsibilities to the private sector and citizens |
| The desire to increase internal cooperation and pursue an 'integral' policy so as to improve efficiency and services |
| Politicians placing greater emphasis on carrying out activities, i.e. making a visible effort, than on developing policies, partly due to citizens' more stringent demands |
| A serious problem within an organization unit is sometimes an incentive for the entire organization to change |

Many interviewees referred to, for example, a desire to further improve the quality of services supplied to citizens, a wish to raise the level of flexibility and transparency of their organizations and a need to increase efficiency and effectiveness because of budget cuts imposed by the central government (see also Table 1). The interviewees also considered the costs of government services to be relevant, because these attracted more attention, for example from the press. Moreover, the interviewees indicated that they felt a need to react to the increasing demands of citizens after a number of serious incidents that received lengthy nationwide attention and were much discussed in the press. Other factors mentioned by the interviewees are 'the ever increasing speed of developments in society', new trends and the frequent introduction of new instruments by consultants and...
academics, and, in a professional manager's words, a desire not to be considered by colleagues and the press to ‘be bottom of the class’, i.e. an organization that continues to use traditional working methods. Political impatience and the need for politicians to show 'quick results', especially since citizens have become more critical of politics and the government, were also mentioned as factors creating pressure to frequently introduce new changes.

All in all, it seems that external factors played an important part in the frequent introduction of management changes. In several cases, factors relating to the internal affairs of an organization, such as a desire to increase internal cooperation or to improve the execution of activities, may also be due to external pressures. Summarizing, it may be said that several interviewees possibly really wanted to improve the performances, efficiency and effectiveness of their organizations because of pressures resulting from the various influences and developments mentioned above. On the other hand, these pressures may also have encouraged them to pay more attention to the image of their local government organizations.

6. Some reflections on possible future management changes in local government

6.1 Introduction

It may be interesting to think about the question as to whether in the years to come Dutch municipalities and provinces will continue introducing new management instruments and methods. Judging by what Brunsson (1989) says, they probably will, if only because politicians and professional managers are 'addicted' to changes based on so-called rational decisions. When discussing rationality, Brunsson seems to focus on economic rationality in particular. As far as economic efficiency and effectiveness are concerned, i.e. aspects relating to economic rationality, there are good reasons to be sceptical about the effects of previous management changes in the interviewees' organizations. As was mentioned before, these organizations hardly collected clear data about the effects of the management changes.

However, politicians probably do not only or primarily strive for economic efficiency, particularly because it is unclear to what extent citizens focus on the economic efficiency and effectiveness of government organizations (Christensen and Lægreid, 2003, p. 5). In fact, citizens could also be interested in such aspects as equality and accountability or responsiveness and equity (Wilson, 1989, pp. 132, 347-353). That does not mean that a certain degree of economic efficiency and effectiveness are irrelevant to citizens. It does mean, however, that politicians and their political parties should not only focus on economic rationality, because it could be equally, or more, important to be 'politically rational'. Political rationality implies that politicians think and decide rationally when taking measures that will help secure them votes in elections, i.e. stay in power in the future (ter Bogt, 2003a, pp. 154-155, 160-161; see also Wildavsky, 1966, pp. 308-309).
To maximize their electoral support, politicians may have to pay attention to various desires in society, i.e. they have to be ‘socially rational’ besides propagating a general vision of society. Table 1 shows that the interviewees were of the opinion that citizens regard such aspects as transparency, costs and quality of government services, and other performance aspects as highly important. To a greater or lesser extent all interviewees took the view that citizens would appreciate further changes in this field. For politicians it seems to be a politically rational decision to work on measures to improve efficiency and effectiveness or at least to give the impression that they do so.

This introduction touches upon some aspects that seem to be particularly relevant to the second part of this paper, which is primarily concerned with possible future management changes. If citizens’ wishes, as they are perceived by the managers and politicians interviewed, really influence future actions, this might mean that a striving for economic rationalization and an increase in the efficiency and effectiveness of government organizations will also play an important part in future management reforms. This section presents some reflections on the future that are based on the interview findings mentioned above as well as interpretations of these findings, of some recent developments and literature. Although underpinned by theory and practice, this section is more essayistic and speculative in nature, expressing a more personal view than the previous parts of this paper.  

The interviewees mentioned many developments and aspects that, in their opinion, should be focused on in the years to come. Expressed in their own words, these developments and aspects included, for example, decisions on core business and the optimal scale of activities, transparency, citizens’ expectations, leadership, culture, result-orientatedness, ‘model behaviour’ of top professional managers, financial management systems, employee satisfaction, benchmarking, strategy development, quality and costs of processes and services, and innovation. Although the answers were not always clear-cut, some general trends could be detected and several aspects could be combined into more or less coherent categories, possibly reflecting important future developments. Some important categories based on the interviewees’ answers relate to cooperation and partnerships, transparency with regard to performances, performance measurement, and a performance-oriented culture in government organizations. These aspects will be elucidated briefly in the following sections.

6.2 PPP, shared service centres, and outsourcing

In the late 1980s and the 1990s, Dutch local government paid much attention to the tasks it should perform and the organizational structures through which they should be performed. Many municipalities and provinces debated ‘essential’ tasks and autonomization, e.g. internal decentralization, and various forms of external autonomization, such as the establishment of a foundation, outsourcing and privatization (see also ter Bogt, 1999, pp. 330-333). As was indicated before, many local government organizations were indeed decentralized. Moreover, several municipalities and provinces selected various tasks for external autonomization, for example in the field of welfare work, cleaning and catering in government buildings, culture, public utilities, public transport, public housing, and the
maintenance of roads and parks. Some municipalities decided to cooperate in the execution of certain tasks, for example through the establishment of a collective organization for garbage collection. Public-private partnerships (PPPs) also received much attention in the 1990s, but not many PPPs were actually implemented in Dutch local government (Van Thiel, 2002).

In the near future, a further increase in outsourcing and cooperation in the execution of tasks might be expected. Some interviewees indicated that certain activities would be outsourced to specialized private companies or public sector organizations that were able to conduct these activities on a larger scale and at lower costs. Organizations would also increase internal cooperation, for example conduct more activities in shared service centres, such as activities in call centres, archives, accounting, and IT. This could make it possible to realize an increase in efficiency and possibly quality, and also a reduction in vulnerability to, for example, sickness absence, because a larger number of employees were engaged in particular activities. Further, external cooperation between public sector organizations was expected to increase (cf. Ling, 2002, pp. 625-632). Municipalities, especially the smaller ones, would cooperate in the execution of tasks relating to salary records, social services, welfare, engineering services, and licensing procedures. Several interviewees were of the opinion that huge improvements in IT would enable them to centralize the execution of these tasks, while still making the relevant information available at the right places in real time. In this case, too, a larger scale is supposed to result in efficiency and quality gains.

Moreover, some interviewees expected an increase in PPPs, such as PPPs for road construction and other infrastructural projects, for large building projects and urban renewal projects. Although private sector financing of public sector projects might, in the long run, be more expensive than government funding, some PPPs were considered desirable because the ‘for-profit culture’ was regarded as a prerequisite for a successful project or because the private sector company involved owned some vital property. In addition, PPPs may have been created because of the desire to restrict the ‘visible’ amount of government debts, which could relate to the debt requirements of the European Monetary Union.

6.3 Performance measurement, benchmarking, and a performance-oriented culture

As was indicated before, recent experiences with output budgets and other forms of financial and non-financial performance measurement in Dutch local government were not very positive. In the interviewees’ perception, the available information, which was almost completely quantitative in nature, was often of rather low quality and did not give a good picture of the performances of the organizations and departments. Previous research also shows that many politicians and probably top professional managers, too, preferred informal and formal verbal information to written, mostly quantitative information in planning and control documents and other reports (ter Bogt, 2004; see also Mintzberg, 1972; Burchell et al., 1980, pp. 11-13).
Despite previous experiences that the interviewees found disappointing, many Dutch municipalities have got strongly involved in ‘new’ forms of performance measurement in recent years, i.e. in quality management models in general and benchmarking in particular. Through various benchmarking projects they try to compare their performances on certain aspects with those of other municipalities. Several interviewees mentioned that there were also problems attached to benchmarking, for example problems with the comparability and interpretation of information. Because so many costly benchmarking studies were initiated by different parties and often were not coordinated well and not conducted on a long-term basis, one interviewee even thought that benchmarking had become a ‘new plague’ for the public sector. It cannot be denied, however, that many interviewees regarded benchmarking as a potentially important instrument for the future. They hoped that carefully considered benchmarking would enable them to obtain certain indications of the relative performances and efficiency of their organizations. Moreover, they thought that benchmarking could help them increase their organizations’ transparency and accountability with regard to performances and therefore help them take account of citizens’ desires.

Some interviewees were of the opinion that it is very important to restrict the number of performance indicators and to be aware of their limitations. Output budgets generally contained many indicators, often indicators of ‘details’ and aspects that could not be influenced by a municipality or province. The same is true for some of the more recent outcome budgets in local government. Interviewees from large municipalities in particular said that they were striving for a limited number of performance indicators, for example 30 to 50, to gain an overview of ‘core’ performances. The main aim of such a brief outline might be to provide information rather than to keep a scorecard. The information could give some insight into the absolute and relative performances of the organization. Recently, some tentative sets of performance indicators were developed, partially in line with the Major Cities Policy (see for example Aardema and Korsten, 2005).

Many politicians and several professional managers among the interviewees were of the opinion that it is essential for their organizations to be more transparent with regard to performances, i.e. to improve the quality of their performance information (see also ter Bogt, 2004, pp. 245-246; 2005, pp. 38, 67-68). The politicians thought so because nowadays citizens and the press seem to be more interested in information about core performances and costs than they were in the past. According to some interviewees, such factors as higher average education levels, more political awareness among citizens, and the ‘fragmentation’ of society may have contributed to making individual citizens more demanding.

Recent developments in Dutch society and politics strengthened the need for politicians to improve the transparency and performance information of government organizations. Several politicians and managers indicated that there had been a sharp rise in political uncertainty and instability in the past years (see also van Holsteyn and Irwin, 2003, pp. 41-47; Pennings and Keman, 2003; de Beus et al., 2006). The relatively high level of uncertainty was considered to be partly due to the rise of the ‘Pim Fortuyn movement’ at the national level and a number of new political parties focusing on the
creation of a ‘livable society’ (in Dutch: Leefbaar-partijen), which operated at the municipal and provincial level. This development shook up the relatively stable political set-up in the Netherlands. Based in different municipalities, the new political parties differed in character. However, it seems that they could all be regarded as ‘protest parties’ or populist parties (Gamble and Wright, 2002; van Holsteyn and Irwin, 2003, pp. 44 and 59-62). In some large municipalities the new parties got a relatively large number of votes in the 2002 elections.

Several interviewees said that the level of political instability was still relatively high, which, in their opinion, made it necessary to pay more attention to citizens’ desires and to improve service levels and performances in local government. However, one alderman observed that ‘you should not have the illusion that [improvements in transparency and performance information] will mean an increase in citizens’ satisfaction. ...[T]here is always something left to be desired and once you have made clear what wishes have been fulfilled, citizens can focus all their attention on other unfulfilled wishes.’

One other reason why some interviewees were of the opinion that performance information had to be improved is that since the late 1990s Human Resources Management (HRM) in government organizations has increasingly been ‘performance-oriented’. However, this increased performance-orientedness does not seem to imply a more important role for quantitative performance information. The performance-orientedness is broader in scope and also entails a strong focus on qualitative information, which is probably sometimes subjective. Officials’ individual ‘performances’, including such aspects as competences, ‘attitude’, and client orientation, received more attention as a result of the striving for more business-like behaviour, professionalism and rational management in government organizations. Many interviewees were very positive about the effects of these changes, that in fact may intend to strengthen commitment, as well as control (see also Boselie et al., 2003, p. 1424). Superiors were supposed to evaluate their subordinates’ performances more strictly. According to some interviewees performances and salaries in their organizations, including those for employees at lower levels, were to some extent related.

Quantitative information can play a part in the evaluation of an individual’s performance. However, such factors as competences and attitude have to be evaluated on the basis of qualitative information (and probably a manager’s subjective impressions as well). According to some interviewees, they needed better and broader performance information in order to evaluate officials’ performances more strictly. In this connection, the relevance of ‘traditional’ public sector values was also touched on. Broadly-based performance measurement could involve assessing officials’ attention to such values as equality, accuracy in following procedures, integrity, and openness.

As was indicated before, most interviewees thought that there had been too many management change initiatives in recent years and their organizations should complete their ongoing performance-oriented, NPM-like initiatives first. On the other hand, they thought it was necessary to improve performance measurement and have a strong, outward-looking and performance-oriented organizational culture. This suggests that the focus will still be on performances in the near future, and that, in addition to ‘inevitable’
changes, e.g. as a result of rapid developments in information management, new performance measurement initiatives might be implemented.

7. Discussion, summary and conclusions

The 23 politicians and professional managers who were interviewed said that there was little or no available information, be it qualitative or quantitative, about the efficiency and effectiveness of their organizations and about the effects of PMI/NPM and related management changes on efficiency and effectiveness. It was therefore difficult for them to evaluate the effects of the changes in the last fifteen to twenty years. Many interviewees were critical of the high pace of management changes and the relevance of some of them, the way they were implemented and their effects. However, most interviewees were inclined to think that on the whole the various management changes did have a slightly positive effect on the functioning and effectiveness of their organizations. The available reports on the results from, for example, monitor research among citizens did not give a real insight into the development of efficiency and effectiveness either. However, it should be noted that various concrete services provided by local government were to a greater or lesser extent appreciated by citizens.

According to most interviewees, the positive effects of management changes were not mainly due to ‘technical’ reforms like changes in organizational structure and planning and control systems. They thought that stronger positive effects had been achieved with seemingly ‘softer’ management changes, such as a stronger focus on the competences and ‘attitude’ of officials and the introduction of quality models involving attention to organizational culture and leadership.

Some authors suggest that NPM and NPM-like reforms overemphasize marketization, private sector management techniques, economic efficiency, and measurable outputs to solve problems in the public sector (see for example Broadbent and Laughlin, 2002, pp. 95-99 and 104-105). Further, they sometimes indicate that the overall effects of NPM and related initiatives are far from clear. Pollitt, for example, argues that it is usually not possible to really claim a general increase in the efficiency and effectiveness of a government organization, a change in its culture, or an increase in its legitimacy. Empirical evidence of these kinds of effects may not be available and is often different in each individual case. Moreover, it is usually very difficult to measure those effects in a large-scale organization like a government organization, not to mention society (Pollitt, 2000, pp 191-196). However, Pollitt (2000, pp. 195-196) also contends that management reforms have not been merely cosmetic, that certain services did become more user-sympathetic and flexible and that measured efficiency did increase in several cases.

As was mentioned before, problems attached to measuring the effects of PMI/NPM and related initiatives were also indicated by most of the 23 politicians and professional managers who were interviewed. However, they also indicated that, although such factors as trends, mimicry, and external legitimacy certainly played an important part in several cases of organizational change, an important aim of management changes was to raise the quality of services and the efficiency and effectiveness of their organizations (research
question 1). Although several reforms were introduced and some were not well prepared in advance, it is uncertain whether the introduction of changes has become a sort of ‘automatism’, if only because it is unclear when exactly it would be justified to speak of an automatism (research question 1). However, it seems clear that the factors and aims mentioned above stimulated the introduction of changes that might well be followed by new changes, sometimes after expectations for previous changes were not completely fulfilled.

Nowadays, local government in fact may be lukewarm about NPM-like ideas. Nevertheless, it seems safe to say that these ideas, particularly the striving for economic efficiency and effectiveness, will also have an influence on future management changes in local government. Many interviewees remarked that citizens, special interest groups, and the press emphasized, more than in the past, the importance of good performances of government organizations, transparency with regard to these performances and their costs, and also efficiency and effectiveness in general. If only because of this, Dutch government organizations will probably take measures that intend to improve economic efficiency and effectiveness in the near future. This is ‘socially and politically rational’ behaviour, at least for politicians, whose position can be weakened by citizens voting in elections (research question 2).

Many interviewees felt that there had been relatively much political uncertainty and instability in recent years, which was due to, among others, some serious incidents that attracted much attention, a sharp increase in ‘political volatility’ in the Netherlands since about 2002, and new budget cuts in local government. Previous budget cuts and an earlier ‘shock’ to local politics, a sharp drop in turnout rates in local elections in the early 1990s, may also have contributed to a favourable climate for the introduction of changes based on PMI/NPM. Probably, ten years later the effect of that shock had worn off, because of Holland’s economic prosperity from 1996 to 2001 and the substantial increase in municipal and provincial budgets in those years.

The reasons given by the interviewees for the introduction of management changes (see Table 1) could probably be regarded as indications of ways of thinking and trends in society that have developed over a long period of time. The striving for ‘rational management’, for example, seems to have a long history already. It seems reasonable to expect that these tendencies will not disappear soon.

If a local government organization wants to focus on efficiency and effectiveness in the near future, it seems reasonable to speculate that it will continue to show an interest in ‘economically rational’ management. Just like in recent years, the organization might do this because it simply feels that it should follow new fashions, because previous changes were insufficiently successful (cf. Brunsson, 1989), and/or because it might really want to increase the quality of its services or efficiency. Some interviewees indicated that it will probably be important in the near future to cooperate with other organizations in the public and the private sector to benefit from economies of scale and to have activities performed at lower costs. Interviewees also said that benchmarking and other forms of performance measurement might receive much attention, as well as developing and strengthening a performance-oriented culture in government organizations (research question 2).
However, it should be noted in a critical vein that these initiatives are obviously not without problems. Problems caused by increasing the cooperation with other organizations, outsourcing, and PPP were hardly mentioned during the 23 interviews. However, problems with control of such organizational structures could be similar to earlier problems with control of autonomized organizations. It is doubtful whether such problems can be ignored (see also Wettenhall, 2003, p. 90). For example, a municipality might formally still be individually accountable for certain activities, while having only a partial or contractually determined say in the way the activities are performed. One possible operational problem could be the distribution of costs and revenues among the partners involved. This suggests that the transparency of a government organization, activities for which it is accountable, and also its accounting tasks might become more complicated and thus deserve some extra attention when there is an increase in cooperation, be it internal or external, outsourcing, and PPP. Besides, the overhead costs of the parent organization, for example, can no longer be shared in the same way, which could have consequences for the unit costs of the products which are supplied by this organization.

Similar reservations and remarks could be made with regard to initiatives to improve future performance measurement. Recent experiences show that the available performance information in planning and control documents of Dutch municipalities generally is not used and appreciated very much. In the future, proper measurement of government performances will continue to be difficult. However, it might be worthwhile and necessary for politicians to examine further possibilities of improving performance information. This could be done by increasing the quality of benchmarking, collecting information on core performance indicators, and including quantitative as well as qualitative performance information. Some interviewees said that they were striving for a concise, clear, and comparable package of performance information. However, it seems doubtful whether this sort of package would suffice.

Although it sounds attractive, it would probably be difficult to develop a concise package that really provides all stakeholders with sufficient quantitative and qualitative information on the essential performances of a government organization. It seems doubtful, for example, whether those citizens who demand better performance information and more transparency with regard to government outputs, effects and costs, or the press, would be satisfied with such a package of quantitative indicators of core performances. In addition, a concise package might not contain sufficiently detailed and broad performance information for the purposes of performance-oriented HRM either. Moreover, the relevance of performance information to decision-making and control might depend on, for example, someone’s position in an organization, topical issues or the aim of the information. It would therefore seem advisable to be frank about possible limitations of such newly developed performance information so as to encourage realistic expectations and a ‘proper’ use by various stakeholders.

With respect to recent and future management changes, it seems that the explorative research conducted points to some slightly paradoxical situations in the organizations involved, which are probably illustrative of more general recent developments in Dutch local government. For example, recent years saw an increasing
focus on ‘soft’ aspects of management, such as quality models, leadership, organizational culture, and HRM. Performance information relating to these aspects might be partly subjective. On the other hand, there still seems to be a strong focus on increasing the level of ‘rationality’ in the management of local government. Further, politicians and professional managers seem to want not only concise information on core performances, but also broader and more detailed performance information consisting of quantitative as well as qualitative information. Moreover, they would like management changes to be introduced at a slower pace, although they also want to strengthen rational management and to develop better systems for performance information and for the management of performances of individual officials. Such paradoxes may complicate control of government organizations and the introduction of new management instruments that will come up to the expectations of various stakeholders.

To summarize, the empirical research clearly shows that Dutch local government has introduced many management changes in recent years. In addition, the findings from the interviews and an interpretation of these findings suggest that local government will take further change initiatives in the near future. Although trends and external expectations played a part in the introduction of the changes, it would seem that they are not just cosmetic ones without any positive effects on the functioning of the organizations involved (cf. Christensen and Lægreid, 2003, pp. 20-24). For the near future, there seem to be indications that reforms to be introduced are emphatically intended to increase performances, efficiency, effectiveness, and economic rationality in general. This emphasis may be due to budgetary problems, but it could also part of socially and politically rational behaviour from politicians and professional managers. All this seems to suggest that in the future, too, it will be of relevance to politicians and managers to pay attention to efficiency and effectiveness, the traditional focus of PMI/NPM, although several politicians and managers have been critical of various NPM-type changes to Dutch local government in the recent past.
## Appendix 1. The interviewees and their positions as well as the numbers of inhabitants of the municipalities / provinces where they were employed (population on 1 January 2004)

<table>
<thead>
<tr>
<th>name</th>
<th>position</th>
</tr>
</thead>
<tbody>
<tr>
<td>L.M.M. Bolsius</td>
<td>alderman for social services, districts and environs, municipality of Rotterdam (599,000 inhabitants)</td>
</tr>
<tr>
<td>E. Bos</td>
<td>finance director - group controller, head of department for finance, operations and information management, municipality of Smalingerland (54,000 inhabitants)</td>
</tr>
<tr>
<td>C.H.J. Brugman</td>
<td>municipal clerk, municipality of Leeuwarden (91,000 inhabitants)</td>
</tr>
<tr>
<td>M.A.E. Calon</td>
<td>member of the Provincial Executive responsible for spatial planning, public housing, finance and major projects, province of Groningen (574,000 inhabitants)</td>
</tr>
<tr>
<td>C.T. Dekker</td>
<td>alderman for finance, human resources and organization, culture, municipality of Groningen (179,000 inhabitants)</td>
</tr>
<tr>
<td>O. Dijkstra</td>
<td>municipal clerk and general manager, municipality of Zwolle (111,000 inhabitants)</td>
</tr>
<tr>
<td>H. de Haas</td>
<td>director of town planning and management, municipality of Leeuwarden</td>
</tr>
<tr>
<td>J. Huisman</td>
<td>group controller, province of Groningen</td>
</tr>
<tr>
<td>T. Jellema</td>
<td>group controller, province of Fryslân (642,000 inhabitants)</td>
</tr>
<tr>
<td>D.M.F. Jongen</td>
<td>public service director and municipal clerk, municipality of Den Haag (469,000 inhabitants)</td>
</tr>
<tr>
<td>M. Mittendorff</td>
<td>alderman for youth and family, education, sports, major cities policy, safety, finance and the urban district of Strijp, deputy burgomaster, municipality of Eindhoven (208,000 inhabitants)</td>
</tr>
<tr>
<td>dr. R. Neij</td>
<td>adviser to the Municipal Executive, municipality of Den Haag</td>
</tr>
<tr>
<td>H.J. Nijhof</td>
<td>alderman for education, welfare, sports, recreation, district management and neighbourhood approach, municipality of Hengelo (81,000 inhabitants)</td>
</tr>
<tr>
<td>G.J.M. van Rumund</td>
<td>alderman for education, care and major cities policy, municipality of Nijmegen (157,000 inhabitants)</td>
</tr>
<tr>
<td>W.R. Sluiter</td>
<td>alderman for public housing, urban renewal, neighbourhood affairs and major cities policy, municipality of Leeuwarden</td>
</tr>
<tr>
<td>R.E. Stäbler</td>
<td>alderman for finance and human resources, automation, district and neighbourhood management, safety and sports, recreation and tourism, municipality of Hoogezezand-Sappemeer (34,000 inhabitants)</td>
</tr>
<tr>
<td>B. Trouwborst</td>
<td>finance director / group controller, municipality of Utrecht (270,000 inhabitants)</td>
</tr>
<tr>
<td>A.M.M.M. Verbakel</td>
<td>head of financial and economic policy department and acting group controller, municipality of Eindhoven</td>
</tr>
<tr>
<td>T. Vlieger</td>
<td>head of finance department / group controller, municipality of Assen (62,000 inhabitants)</td>
</tr>
<tr>
<td>H.M.Y. Wassink</td>
<td>group finance manager, municipality of Groningen</td>
</tr>
<tr>
<td>J. van der Weij</td>
<td>director of Provincial Public Works and Water Management Department, province of Fryslân</td>
</tr>
<tr>
<td>G. van der Worp</td>
<td>head of social services department, municipality of Hoogezezand-Sappemeer</td>
</tr>
<tr>
<td>J.H.C. van Zanen</td>
<td>alderman for finance, economic affairs, public space, listed buildings and the districts of Utrecht Oost and Noordoost, municipality of Utrecht</td>
</tr>
</tbody>
</table>
References


Helden, G.J. van (1999), *BBI in de praktijk* (Shaker, Maastricht).


Notes

1 On 1 January 2006 the Netherlands had 458 municipalities and 12 provinces (www.lokaalbestuur.nl).
2 In Dutch government the term performance is primarily reserved for activities, outputs and outcomes. In this paper, too, the concept of performance does not refer to inputs, but to activities, outputs (goods or services) and outcomes, and related aspects, such as data on processes, quality and service and unit costs of outputs.
3 This paper does not discuss authors examining all kinds of negative effects that may result from NPM's strong focus on efficiency and effectiveness, for example negative effects on the equal treatment of citizens (i.e. equity) and the democratic content of society (see e.g. Bowerman, 1998; Olson et al., 1998, pp. 445-460; Broadbent and Laughlin, 2002; but see also Harrow, 2002, pp. 153-156). Newbury and Pallott (2005) argue that there may have been a hidden agenda behind NPM initiatives, namely privatization.
4 According to Brunsson (1989, pp. 227-228), managers who are actually opposed to certain reforms may even keep on suggesting new, supposedly promising changes, thereby putting a stop to the introduction of current reforms and in fact changing hardly anything.
5 The interviewees were promised anonymity to encourage them to speak candidly. However, they all agreed in their name, position and organization being mentioned in an appendix.
6 As was indicated in the Introduction, the part of this paper that discusses management changes introduced in the past reflects evidence from reports, and especially the interviewees’ perceptions. Although substantiated, the part that focuses on future changes is probably more essayistic and speculative. It might contain more disputable and personal interpretations of the interviewees’ answers.
7 The average turnout rate in municipal elections fell from 73.0% in 1986 to 62.3% in 1990 (1994: 64.3%; 1998: 59.5%; 2002: 57.4%; www.decentraalbestuur.nl).
8 Most interviewees said that in their perception the combined effect of the various management changes on the effectiveness of their organizations was slightly positive. Further, they indicated that the changes also seemed to have slightly positive effects on the quality of services supplied to citizens as well as on the quality and job satisfaction of employees, and the realization of the political aims of their organizations.
9 These incidents include large-scale, almost institutionalized fraud by many construction companies at the expense of government organizations, an explosion at a fireworks factory, and a fierce fire in a pub. These two accidents claimed many lives. The press and some official reports put part of the blame on certain municipalities and provinces.
10 During the interviews, the interviewees could answer the open-ended questions in their own words. This means that a wide variety of answers was given, each with their own characteristics and shades of meaning. These answers cannot simply be reduced to some standard alternatives that can be expressed in figures and degrees of ‘intensity’. This is also true for the answers to the question on expected future developments. This need not be a problem, however, as the research aimed to qualitatively explore the interviewees’ opinions and the backgrounds to these opinions and did not include a statistical analysis of data.
11 External autonomization means that an organization is considered to be legally independent. However, the former parent organization often has an important say in the autonomized organization, for example, because it is by far the most important customer. On a local level, external autonomization can entail, for example, creating a foundation.
12 Although the provinces started such initiatives several years later, nowadays they, too, are involved in benchmarking.
13 The Major Cities Policy implies that the central government supplies additional funds to relatively large municipalities that are confronted with certain social problems. The municipalities involved have to submit annual reports on certain developments in their municipality. To get a general overview of the developments in a municipality and comparability between municipalities, the reports should focus on certain ‘key indicators’. These indicators have to be supplemented by qualitative explanations. In the case of certain aspects, more detailed quantitative information can also be added.
14 One of the Dutch interest groups focusing on this kind of information was the Stichting Rekenschap (Foundation for Public Accountability), which has been quite active in recent years.
15 For example, the province of Friesland introduced a system for evaluating employees’ performances. An employee who receives a poor evaluation does not get any salary increase or a 1% increase, while very good performances can be rewarded with a salary increase of up to 6%. 