A COMPARATIVE ANALYSIS OF PERFORMANCE MANAGEMENT SYSTEMS

The Cases of Sicily and North Carolina

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ABSTRACT: Performance management is maturing as an effective organizational approach in public organizations around the world, but the existing models have limitations that must be addressed. The international comparative case study analysis in this article presents policy recommendations and organizational strategies on how regional governments can create more robust performance management systems for higher levels of accountability and transparency in a time of global economic crisis. These include the consideration of organizational structure regarding alignment, control, and culture, the positive impact of performance management legislation, the role of executive leadership, and the need for an informational infrastructure that supports performance management.

KEYWORDS: case study analysis, infrastructure, leadership, legislation, performance management, regional government

The current economic crisis has changed the policy and management landscape for elected and administrative leaders around the world. It is no longer possible to rely on incremental decisions for policy changes and service adjustments. Public officials are faced with the necessity of making structural and functional modifications at all levels of government as they grapple with the sustainability of service delivery within an environment of tenuous economic growth. The economic crisis has occurred at a time when stakeholders of public organizations are demanding higher levels of accountability and transparency. The good news is that governments have been pursuing performance management reform to reach these higher levels since the introduction of the New Public Management (NPM) in the early 1990s. The challenge is that public organizations are struggling to move beyond the adoption of performance measurement and to embrace performance management, which is accomplished when elected and administrative leaders actually use...
the acquired information to inform their decision-making processes (de Lancer Julnes & Holzer, 2001).

Bouckaert and Halligan (2008) found from their comparative analysis of six countries that performance management is still maturing as an effective organizational approach in the public sector. Concluding that the limitations of existing models must be addressed, they recommended that more comparative analysis research is needed to identify the underlying conditions that create successful performance management systems in the public sector. There is definitely a need for more contextual research in order to discover and disseminate specific strategies that promote success. There is also a need for more research from an international comparative perspective, responding to the reality that NPM is not a country-specific phenomenon (Pollitt & Bouchaert, 2004).

The goal of the present research is to contribute to the maturity process of performance management in regional governments, drawing conclusions primarily from the strengths and limitations of existing models. The discussion begins with a literature review before justifying the comparative case study analysis of the regional governments of Sicily and North Carolina, thus focusing on a level of government that has not received the same amount of attention as its national counterparts. The presentation of the cases is followed by a discussion of the findings in hope that other regional governments can use them in maturing their systems as an effective organizational approach to performance management. There are undoubtedly many difficulties in making international comparisons of public organizations with very different cultures and values. Therefore, the intent of the analysis is not to achieve clear-cut conclusions that objectively identify best practices. It is, rather, to identify specific strategies on how to develop more robust performance management systems for higher levels of accountability and transparency in a time of global economic crisis.

**Comparative Analysis Research**

Beginning from a broader perspective, comparative public administration research is defined as the comparative study of institutions, processes, and behaviors in different contexts (Jreisat, 2002). The approach is integrative and addresses systems of government from different socioeconomic and cultural settings (Heady, 1984; Otenyo & Lind, 2006). Bradley (1999) observed how a comparative approach, including both cross-sectional and longitudinal case studies, is perhaps the most general and basic research strategy in the social sciences. It involves the examination of several comparison groups in order to distill what is universal despite the variation of context.

Cross-sectional case study analysis is often used in comparative public administration research, where the unit of analysis is focused on functional elements of
the system rather than on the system as a whole (Bradley, 1999). This approach is common for comparative studies in the Organization for Economic Cooperation and Development at the national level (Barzelay, 1997). Longitudinal case study analysis, on the other hand, tends to emphasize not only what elements are different across systems, but also how changes among the elements unfold over time (Bradley, 1999). While comparative public administration research has by no means attained paradigmatic status, its potential contribution to knowledge of practice within the New Public Management framework is considerable. This justifies an effort toward more comparative analysis research on how legal, administrative, and informational structures within different institutions of different countries affect the evolutionary process of performance management.

Pollitt and Bouckaert (2004) provided an excellent foundation for conducting comparative analysis research on the multiple aspects of public management reform at the national level. Their analysis involved a comparison of 12 countries, including Italy and the United States. While their research clearly demonstrated progress in selected areas of public management reform, including performance management, they found that governments tend to use an ad hoc or partial approach rather than a strategic one. They also noted that public management reform often contains as much rhetoric as rigor, which sets the stage for more comparative analysis research on the specific contextual strategies that help overcome reform barriers. Pollitt (2006) responded by focusing specifically on performance management reform across four countries. He found, for example, that the centralized governmental structure of the United Kingdom allowed it to push for more rapid performance management reform, as compared to its counterparts in Finland, Netherlands, and the United States. Pollit concluded that performance management reform remains contingent on institutional patterns, institutional norms, and specific task characteristics.

Bouckaert and Halligan (2008) outlined a comprehensive framework for international comparative analysis research that specifically explores how performance management has evolved in six countries. Their study provides guidance for comparative performance management research on other levels of government. They defined four types of models: performance administration, management of performance, performance management, and performance governance. They used their framework to illustrate how the Netherlands and Sweden portray a performance management system that is more related to management of performance, which implies a focus on different and disconnected performance subsystems (e.g., personnel, finance, strategy, customers, communication). Australia, Canada, the United Kingdom, and the United States have embraced characteristics that are more aligned to performance management, where a solid performance management system is adapted in accordance with the principles of coherence, integration, consistency, and convergence.
Other comprehensive comparative studies on performance management at the national level have been conducted by Varma, Budhwar, & DeNisi (2008) and by Faletehan (2010). Varma et al. (2008) conducted case research on a wide range of countries, including Germany, Japan, Turkey, China, India, Mexico, and the United States. They adopted a contingent approach in describing performance management systems in different countries. They particularly stressed the concept that when one operates across different countries and continents with different cultural values, performance management strategies cannot be one-dimensional. Faletehan (2010) conducted a comparative study of the Australian and Indonesian performance management systems, advocating the need of a double-loop learning approach.

Moving from the national level to the regional level, Moynihan (2006) explored public management reform in the United States and found that state governments had only partially adopted the doctrine of managing for results. He found that state governments were more successful with the management tools of strategic planning and performance measurement, but less successful at providing public managers with more authority and flexibility. As for variables that promote success, Bourdeaux and Chikoto (2008) found that legislative bodies can play an important role in the evolution of performance management reform among state governments. Ongaro and Valotti (2008), in a study of regional governments in Italy, found that administrative tradition and managerial capacity were among the key variables that explained implementation gaps in public management reform. They also noted that Italian regional governments were often an unfavorable environment for managerial reforms inspired by NPM.

Legislative influences, as described by Bourdeaux and Chikoto (2008), are important to comparative analysis research because prior studies provide conflicting views on the utility of performance management legislation in the United States. One study found that states with strong performance budgeting systems in place are more likely to have legislation that requires performance measures that each agency must track and specifies how the performance measures are to be used for decision-making (Lu & Willoughby, 2008). Another study found that state legislation on performance management does not ensure success (Aristigueta & Zarook-Sikkander?, in press). This study also suggested that states with performance legislation encounter problems of sustainability unless there are champions of performance management in the executive branch.

The comparative analysis literature has tended to focus on countries rather than on regional governments. The literature that does address regional governments tends to compare them within selected countries rather than across countries. One explanation for this phenomenon can be found in the difficulties associated with the search for homogeneous conditions in comparing different contexts. From the institutional standpoint, it is necessary to control for the structural differences
between Italy’s regions (which are located in the second layer of the country’s public administration system) if they are to be compared with American states (the institutions located in the corresponding layer of the U.S. system). This poses, obviously, a number of inconsistencies and methodological problems in conducting comparative research between the region of Sicily and the state of North Carolina.

However, if the analysis is broadened from a purely juridical and institutional perspective to a more managerial view, there are significant commonalities between regional governments in Italy and the United States. In fact, Italian regions and American states, as second-level actors in their respective institutional systems, but with a considerable degree of financial and political autonomy, play an important role in policies related to different fields of community service (e.g., culture, environment, transportation, health care). Keeping this in mind, one may infer that the lack of attention to learning from comparative research about the design and implementation of performance management systems in intermediate-level institutions across different countries is a potential loss of opportunities in terms of building new knowledge on how to attain higher levels of accountability and transparency.

**Comparative Case Study Analysis**

The two approaches most commonly used to analyze the design and implementation of performance management systems in public organizations are survey research and case study analysis. The advantage of survey research is the number of public organizations that participate in the study, allowing statistical inferences for advancing the broader understanding of performance management. The limitation of survey research is the lack of detail that can be obtained from a survey response, which prevents more technical findings for advancing the actual practice of performance management. The comparative case study approach was selected here to explore the underlying conditions that generate the strengths and limitations of performance management systems in public organizations, which corresponds to the research goal of contributing to the maturation process of performance management in regional governments.

The regional governments of Sicily and North Carolina were selected as the two cases on performance management. One reason for selecting these regional governments is that both have struggled with the design and implementation of their performance management systems. Pollitt (2006) found that performance measurement is universal in selected countries, that performance management is growing steadily, and that performance steering is the next step in the evolutionary process. Ongaro and Valotti (2008) provided evidence, on the other hand, that regional governments are still struggling with the infrastructure of performance
measurement, which must be in place before performance management and steering can occur. Therefore, comparative analysis research is needed on all phases of performance management reform to overcome the limitations of existing models. Another reason for selecting these two regional governments is that both have used legal and administrative requirements to implement their performance management systems over the past 20 years, and this makes it possible for the discussion in this article to expand on the conflict in the literature on mandating organizational reform through legislation. A final reason for selecting the regional governments of Sicily and North Carolina is the knowledge of the authors.

**Sicily Case**

The region of Sicily, an island in the southern part of Italy with a population of approximately 5 million, has produced a significant effort to design and implement performance management systems over the past decade. Under Article 116 of the Italian constitution, Sicily (together with Sardinia, Trentino, Aosta Valley, and Friuli) is recognized as a “special statutory” region. This means that it has a high level of autonomy within the Italian Republic in relation to legislation, administration, and finance. In spite of its regional status, Sicily’s legislation on performance management has always followed national legislative trends.

Figure 1 shows an abbreviated organizational chart of the Sicilian regional government, containing the legislative branch (Assembly) and the executive branch (Government). Judicial authority is not institutionally structured in the Sicilian Region; it operates through regional sections of the state court system (Regional Administrative Court and Court of Auditors). The governor, who is elected by voters and assembly members, is responsible for the executive branch and appoints the 12 regional ministers (assessori). Each minister is responsible for an assessorato (branch) of the regional government, overseeing the (1) department heads within the assessorato, (2) the intermediate structures that support each department, and (3) the specific units of service delivery.

The first significant effort on performance management in Sicily is associated with Regional Legislative Act No. 47, dated July 8, 1977. The law primarily addresses accounting and balance sheet activities, but constitutes an important basis in terms of planning. It requires the governor to submit an annual budget proposal, along with a three-year financial plan, to the legislature for each fiscal year beginning October 1. The budget proposal is the result of a synthesis of the budget proposals submitted to the governor by the 12 regional ministers. The finance director in the Ministry of Economy facilitates and manages this process. While the budget proposals can be characterized as more of a financial exercise than an evaluation of goals and outcomes, the three-year financial plan requires a level of strategic thinking beyond the forthcoming fiscal year.
The structure of the proposed budget submitted to the legislature, however, does not facilitate performance management. For example, the proposed budget contains, for each ministry, the financial resources allocated to each department (unità previsionale di base). It then disaggregates departmental budgets by the specific units of service delivery. The annual allocation for personnel, which constitutes the major portion of regional current expenditures, is allocated to a “general service” account rather than assigned to the specific units of service delivery. This system hinders decision-making in two ways. First, it makes it difficult to track budget-to-actual variances for the total cost of service delivery. Second, it does not support planning and performance management where performance measures are properly aligned with resource consumption.

Another significant effort on performance management in Sicily occurred in the late 1990s, corresponding to a national reform of the design and implementation of strategic and managerial control systems (Bianchi, 2007). Regional law now requires a dual regional budgeting and planning system. One part of the system is the process of preparing the proposed budget and three-year financial plan. The other part of the system, known as the directive, is the process through which the governor and each of the ministries issue a political document formalizing the next fiscal year’s strategic goals. These parts together are derived from an aggregated document called the Documento di Programmazione Economica e Finanziaria (DPEF), containing the proposed budget and three-year financial plan and the macro-goals that public policies have to achieve over the same period (Regional Law No. 10, April 27, 1999). The DPEF must be submitted to the Regional Assembly by the governor on or before July 15 of each fiscal year.

Each ministerial directive also contains a series of action plans, which are the documents through which the resources allocated to the various departments are specified and associated with activities to achieve their respective goals and objec-
An action plan formalizes the performance measures and targets agreed on between the minister and the department heads, as well as the timeframe for which performance will be assessed. While action plans and corresponding performance reports are supposed to define the amount of resources allocated for each action and objective in relation to each department, this does not happen in practice.

There are several reasons for this disconnect between departmental budgets and action plans. One is associated with weak financial management systems, while another can be attributed to the weak performance management culture. Disputes between political parties also have hindered progress in the area of system development and cultural change, and this has been exacerbated by the scarcity of public resources due to the economic crisis and by the rigidity of current expenditures. A very peculiar anomaly in the Sicilian system, which should be noted, is related to the dual planning process associated with the considerable volume of funds available from the European Union and the Italian Republic. Under the current system, only funds from the Italian Republic are included in the financial act (Lo Tennero, 2010).

The regional law that created the directive system also requires an association between performance management systems and annual personnel evaluations. This relationship helps determine the financial bonuses that are given to managers within each ministry. A formal evaluation system is adopted, including a major consideration of the technical expertise of the manager to handle the activities embodied in the action plan (weighted for about 70% of the evaluation) and for organizational leadership portrayed by the manager in the observed time span (weighted for about the remaining 30%). The evaluation of each manager is performed by the incumbent of the next-higher hierarchical position, with the support of strategic planning and control staff members. These analysts also play a role in the dual regional budgeting and planning system. Unfortunately, the planning and control staffs do not have enough personnel and possess limited skills regarding performance management; this leads to difficulties in producing the ministerial budgets and in the true integration of performance management and personnel evaluations.

Another outcome of the weak performance management culture and the limited technical support can be found in the vagueness that often characterizes the strategic goals and operational objectives included in the directives of the various ministries. It is not uncommon for operational objectives to be defined merely as activity descriptions rather than measurable objectives and outcomes. The need to implement a formal performance management system within a relatively short period of time in a large public sector organization, whose culture has been always quite remote from performance improvement and service principles, is a major reason for these inconsistencies. Although the described problems are still
far from being resolved, there has been a widespread cultural improvement in the Sicilian regional administration system toward the adoption of efficiency and effectiveness-based principles in management. Strategic and managerial control systems are still separated from each other, but at least it is possible to envision a more diffused culture (also because of the effect of professional training courses in collaboration with the University of Palermo) toward new fundamental concepts of performance management, such as administrative products, management processes, policy levers, strategic resources, internal and external customers, and customer satisfaction.

A massive trend of new reforms is now taking place in the entire country of Italy and, consequently, in the region of Sicily regarding performance management and evaluation. Italian State Legislative Decree No. 150, October 2009, poses new challenges for the public sector. The main issues confronted by this reform can be summarized according to the following principles:

• Planning, performance, and evaluation are a continuous process rather than a succession of fragmented and isolated events. Therefore, a performance management cycle is emphasized.
• Performance must be measured and evaluated at two stages: organizational and individual. The former concerns the implementation of outcome measures on a departmental level. The latter refers to the contribution of individual employees.
• Performance management implies the proper use of objectives and performance indicators. Monitoring performance and implementing periodic corrective action also are required.
• Planning must cover a three-year time span, involving elected officials and administrators.
• Independent program evaluations are required by oversight units outside of political and managerial control.

While the principles included in this national law are not applicable to all regional governments—and particularly to those having special statutory status—the Sicilian Region has adopted principles 1 through 4 by law. As for the fifth principle, the same law has given the region time to design a new system for conducting the independent program evaluations. The region has appointed an oversight committee to design the new system, which faces the critical challenge of finding professional analysts with the necessary skills to conduct evaluations and to function within a politically charged system. While these and other challenges place the Sicilian Region in the early stages of the maturity process of performance management, the new law continues to push the regional government down the road toward a learning-oriented performance management system. Therefore, one may argue that laws and rules, together with continuous training, have produced a few (maybe still marginal) improvements that have created hope about possible future developments in the Sicilian Region.
North Carolina Case

The state of North Carolina, located on the east coast of the United States with a population of approximately 9 million, has experienced two major efforts to design and implement a meaningful performance management system since the early 1990s. The first effort occurred in 1993, when the legislature adopted a law that required state agencies to embrace performance management. However, the law was repealed in 2001. The second effort occurred more recently when the director of the Office of State Budget and Management (OSBM) redesigned the 2007–2009 biennial budget process to accommodate results-based budgeting.

While this case presents an overview of these two efforts for comparative analysis with the Sicilian regional government, it should be noted that the hierarchical system of the Italian Republic is different from the federal system of the United States. The impact of federalism on performance management in the United States is that each government, regardless of level, is responsible for the design and implementation of its own system (Redburn, Shea, & Buss, 2008). Possible exceptions include governments that voluntarily follow the same professional standards of performance management, which is common in local government, and governments that agree to follow predetermined approaches to performance management in exchange for intergovernmental revenue.

Figure 2 shows an abbreviated organizational chart for North Carolina. The voters elect the members of the legislature, the judges of the Supreme Court, and the governor of the state, who is responsible for the executive branch and for appointing the majority of the agency directors. Other agency directors, like the secretary of state, the state treasurer, the attorney general, and the state auditor, are elected. The elected agency directors report directly to the voters on policy issues and work with the governor on administrative functions like the biennial budget process. They are not subject to the same administrative control as the agency directors appointed by the governor. As Figure 1 also shows, the director of OSBM is appointed by the governor, who has played a major role in the two efforts at performance management in North Carolina.

The state legislature initiated the first effort at performance management, passing legislation that required all state agencies to engage in strategic planning and performance measurement (General Statutes 143-10.3–143-10.6) in 1993, corresponding to the reinventing government movement in the United States (Osborne & Gaebler, 1992). Part of the legislation directed state agencies to develop specific goals and objectives to guide their respective organizations. Another part of the legislation required state agencies, with the assistance of the director of the OSBM, to develop performance measures for monitoring progress toward the goals and objectives. The measures also would be used as part of the biennial budget process to help make difficult budgetary decisions. While the legislation on
goals and objectives was broad, the legislation on the development of performance measures was more specific. General Statute 143-10.5 required that each agency’s performance measurement system include output, efficiency, and outcome measures, performance targets, methodologies for tracking and reporting measures, and methodologies for assessing and evaluating performance.

Over the next several years, North Carolina worked on the design and implementation of performance management with the goal of moving toward performance budgeting. In other words, the state wanted to make allocation decisions, in part, on the efficiency and effectiveness of service delivery, moving beyond line-item budgeting, whereby most decisions represent incremental adjustments to the current year’s budget. While the legislature supported performance management with the adoption of a specific law and placed the responsibility of monitoring its implementation on the director of OSBM, the state experienced many of the same problems that any large organization encounters when implementing a paradigm shift of management reform. Adequate resources were not invested in the training and technical expertise needed to help state agencies with the transformation. Adequate lead-time was not provided for building the necessary internal infrastructure to support performance management on an agency-by-agency approach. The result was that while some state agencies developed meaningful strategic plans and outcome measures, other state agencies relied on strategic plans that documented what they were currently doing and produced measures of activities and outputs.

The legislation that mandated performance management in North Carolina (General Statutes 143-10.3–143-10.6) was repealed in 2001 (Session Law 2001–
424), virtually eliminating the state’s performance budgeting process. One reason for the change was the national recession of the early 2000s, which shifted the legislature’s focus from management reform to making difficult budget decisions. The law also was appealed because the informational infrastructure was not in place to produce meaningful and systematic performance data across all state agencies in support of ongoing budgetary decisions.

Over the next several years, the state’s performance management system functioned on an ad hoc basis. Some state agencies continued to track outcome measures for internal management purposes on a voluntary basis. The Department of State Treasurer, for example, developed a number of measures for tracking the success of the state retirement system, using them for trend analysis and for benchmarking against other states. It should be noted, however, that the state retirement system within the Department of State Treasurer is a program with clear goals and performance outcomes. Other state agencies abandoned their efforts regarding strategic planning and performance measurement.

The second effort for the design and implementation of a performance management system was initiated when the director of OSBM promoted results-based budgeting as part of the 2007–2009 and 2009–2011 biennial budget processes. During this time period, budget instructions were expanded to require state agencies to submit goals, objectives, and performance measures along with their budget requests. This effort became a more formal part of state budgeting in January 2009, when the governor signed Executive Order No. 3, requiring state agencies to identify their programs of service delivery, develop strategic plans for their programs, and implement and track performance measures.

Some state agencies had already moved in this direction as part of results-based budgeting initiated by the director of OSBM. Others are still in the process of designing and implementing their systems. It should be noted, however, that an executive order is not the same as legislation. State agencies outside the direct control of the governor are invited and encouraged to participate in performance management. They are not required to so, and thus there is need for strong executive leadership from the governor and the director of OSBM for the design and implementation of a statewide performance management system.

In March 2010 the OSBM issued specific planning guidelines to state agencies on designing and implementing their strategic plans and performance measures around programs of service delivery. These very detailed guidelines are intended to build an informational infrastructure documenting current performance results and performance targets, a strategic plan for closing the performance gap, and an evaluation system on monitoring and reporting progress. The OSBM also consulted with the School of Government at the University of North Carolina at Chapel Hill on the implementation of performance management and on training assistance for budget analysts.
The OSBM issued budget instructions to state agencies in September 2010 to begin the FY 2011–13 budget process, which includes how to use strategic plans and performance measures to help justify budget requests. While this second effort to design and implement performance management is still in progress, and its ultimate outcome remains unclear as of this writing, the possibility of success, as in the case of the first effort, will be affected by the current economic crisis. In preparation of the FY 2011–13 budget, the governor has created a plan to consolidate selected state agencies under her control, moving from 14 state agencies to eight. For example, the agencies of administration, controller’s office, information technology services, and the office of state personnel would become a new agency of management and administration. The current challenge is to maintain the momentum toward performance management reform in a time of organizational realignment driven by resource constraints.

The good news is that North Carolina has a robust infrastructure in place for its biennial budget process, providing the necessary system for collecting and reporting performance information. Performance management advocates, therefore, will continue to have an opportunity to expand this process with strategic planning and performance measurement and to use these management tools for decision-making. Research has clearly shown that the degree to which measures are incorporated in key management systems like the budget process increases the likelihood of results-based decision-making (Ammons & Rivenbark, 2008).

Comparative Findings

The comparative case study analysis of the regional governments of Sicily and North Carolina produced a number of interesting findings on how different organizational structures, legal mandates, administrations, and informational infrastructures produce different results regarding performance management systems. These findings are presented below within the context of lessons learned, thereby enabling a discussion of policy recommendations and organizational strategies on how to create more robust performance management systems for higher levels of accountability and transparency.

ORGANIZATIONAL STRUCTURE

The first lesson learned is that the design and implementation of performance management systems in regional governments must recognize the difficulty of transforming organizational structures and cultures dominated by elected officials and politically appointed officials. While public officials understand the need for efficient and effective government, they also understand the demands of their constituents and seek opportunities to satisfy them.

The advantage of Sicily’s organizational structure over North Carolina’s is the
ability of the governor to create administrative policy for all 12 regional ministers. However, the critical issue regarding the organizational structure in Sicily is not the span of control. It relates to the sheer politics that hinder the governor’s ability to coordinate policies across ministries and to implement policies in environments that are often opposed to performance management reform (Ongaro & Valotti, 2008). This is further complicated when regional ministries must build consensus among local institutions in order to carry out public policy, which includes performance management.

The governor in North Carolina, on the other hand, is faced with the problem of span of control regardless of such matters as politics and willingness to embrace performance management reform. This is so because of the state’s organizational structure, whereby certain agency directors are elected rather than appointed. Agencies headed by elected directors have more discretion over whether or not to participate in organizational reforms like performance management. Pollitt (2006), in his study at the national level, found that decentralized governments struggled more with performance management as compared to centralized governments.

An outcome of this finding, which builds on prior research, is that performance management reform must take into consideration the variables of alignment, control, and culture in the organizational structure of the regional government. One strategy is to begin by making fundamental changes to current systems like finance and personnel, which tend to undermine performance management by emphasizing compliance and error avoidance (Moynihan, 2006). In other words, ad hoc approaches to any type of public management reform limit overall success (Pollitt & Bouchaert, 2004).

LEGAL MANDATE

The second lesson learned from the comparative case study analysis is that while a legal mandate to design and implement a performance management system does not guarantee success, it does help in that all agencies are required to embrace accountability and transparency to some degree. While performance management legislation did not produce the intended results in North Carolina, the legal approach of mandating performance management in Sicily has produced some favorable improvements regarding planning and control systems. These improvements can only be described as marginal, but the reality is that they would not exist without the legislation passed by the Italian Republic and the Sicilian Region.

As for the conflict in the literature, most studies support legislative involvement in performance management reform. Lu and Willoughby (2008) found a positive relationship between legislation and performance-based budgeting in their comprehensive study on state government. Bourdeaux and Chikoto (2008), in another study on state government, found that legislative involvement helps promote effective performance management reform. The state of Washington, cited
as one of the most successful states regarding performance budgeting (Barrett & Greene, 2008), has specific legislation that requires state agencies to integrate their performance management systems with the annual budget process. In light of all this, one may conclude from the comparative analysis and from the literature that legislation can have a positive impact on performance management reform in regional governments.

**ADMINISTRATION**

Regardless of whether or not performance management legislation has been passed, a third lesson learned is the need for administrative leadership when designing and implementing an effective performance management system. The reality is that administrators play the key role in managing the planning process, creating the informational infrastructure, selecting the performance measures, and evaluating the results. As concluded by Aristigueta and Zarook-Sikkander (in press), even states with performance management legislation must have champions of public management reform in the executive branch.

Both case studies provide evidence in this regard. Several ministries in the Sicilian regional government have obtained training and technical assistance from the University of Palermo on such management tools as strategic planning, performance measurement, and benchmarking in an attempt to transform their respective agencies. The North Carolina case is even stronger. The state has made progress toward performance management over the past several years because the director of OSBM embraced the management tool as part of results-based budgeting, which occurred even before the governor signed the executive order on performance management.

The outcome from this finding is that regional governments must identify and cultivate champions of performance management. The need for leadership from agency directors on creating meaningful performance measures and promoting program evaluation is well documented (Kelly & Rivenbark, 2011). The same research also identifies training and ongoing technical support as elements for success. The Sicily and North Carolina case studies only reinforce the reality that leadership is fundamental to organizational transformation.

**INFORMATIONAL INFRASTRUCTURE**

A fourth lesson learned is the need for an informational infrastructure that supports performance management. One reason why the management tool is often referred to as performance budgeting in the United States is that it is designed and implemented to support budget development, implementation, and evaluation. However, there is another reason for labeling the management tool as performance budgeting. The annual or biennial budgeting processes found in state government
provide the necessary infrastructure for how performance data are collected from state agencies, how they are used to support decision-making, and how they are reported to citizens for accountability and transparency.

The comparative case study analysis shows that North Carolina has made more progress with designing and implementing its performance management system. A major reason for this outcome is that North Carolina is ahead of Sicily in the adoption of professional budgeting and financial management practices. This difference has enabled administrators in North Carolina to focus on expanding the budgeting system to accommodate performance management, whereas the administrators in Sicily are still struggling with basic financial infrastructure. Therefore, the successes of performance management in Sicily are located in silos across the government rather than supported by a region-wide system.

It is recommended that regional governments begin with financial accountability, using standard budgeting and financial management practices to support the financial systems of the organization. The advantage of this strategy is twofold. First, it ensures that a system-wide informational infrastructure is in place to support the financial transactions of the organization and to accommodate the collecting and reporting of performance information from all agencies and departments. Second, the level of professionalism increases in any organization as it moves from ad hoc systems to standard budgeting and financial management practices. This lesson learned is clearly built on the management capacity issue as described by Ongaro and Valotti (2008).

Summary

The necessity for robust performance management systems is elevated in times of economic crisis. One reason for this reality is that elected officials and administrators need results-based information to guide structural and functional policy changes within an environment that prevents incremental adjustments. Another reason is that performance management systems help public officials reach higher levels of accountability and transparency in times of political unrest. The goal of research, as a result, is to contribute to the maturation process of performance management in regional governments. The present study, using comparative case study analysis to explore the underlying conditions that generate the strengths and limitations of performance management systems in Sicily and North Carolina, produced several interesting findings for advancing performance management systems in regional governments.

These findings include the need to identify specific strategies for addressing the complexities of organizational structure, the positive impact that performance management legislation can have on regional governments, and the need for leadership from agency directors on creating sustainable performance manage-
ment systems. Of particular importance to regional governments is the impact of standard financial management practices on performance management systems. More specifically, robust financial management systems help provide an integrated infrastructure across state agencies to support performance management systems and increase the level of professionalism within organizations.

The next step is to conduct additional comparative case study analysis to identify more details on the specific elements that advance performance management within these broader functional areas of structure, law, and administration, advancing the comparative approach described by Barzelay (1997) and Bradley (1999). This line of research also advances the work of Bouchaert and Halligan (2008), where more international studies are needed to advance beyond the limitations of existing performance management models.

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