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**The relevance of council–administration relations for the adoption of New Public Management concepts**

**Introduction**

Even though it is one of the most prominent issues of both political and administrative science, the relation between elected politicians and professional administrative staff (Wilson, 1887; Goodnow, 1900; Weingast, 1984; van Thiel and Yesilkagit, 2011), has only rarely been used to explain processes of transformation or reform in political-administrative systems on the local level. This paper presents some results and research ideas of a work in progress that will contribute to the discussion about public management reforms on the local level. It focuses on the implementation of performance measurement and strategic management, especially in German municipalities. Based on these results, a framework for future comparative research is outlined.

**Theoretical Framework**

*Performance measurement and performance management*

As one of the main themes of New Public Management (Hood, 1995), performance measurement uses financial and non-financial indicators for measuring inputs, processes, outputs, outcomes and impacts of administrative action (Ballantine et al., 1998; Poister and Streib, 1999a; Brignall and Modell, 2000; Poister, 2003; Heinrich, 2012). Performance management is usually understood as management using performance information for decision-making focused on future improvements (Osborne et al., 1995; Bouckaert and Halligan, 2007; Sanger, 2008; Heinrich, 2012).

The implementation of performance measurement and performance management has been investigated broadly in recent decades, especially with respect to the availability and use of performance information by managers as well as politicians (Julnes and Holzer, 2001; Wang and Berman, 2001; Taylor, 2006; Askim, 2007; Ammons and Riv-enbark, 2008; Moynihan, 2008; Askim, 2009; Taylor, 2011; Kroll, 2012; Nielsen and Baekgaard, 2015). Evidence generally points to an underuse of performance information, particularly by elected officials (Pollitt, 2006; Proeller, 2007; McDavid and Huse, 2012). Also, unintended effects caused by gaming, blame avoidance and other

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forms of opportunistic behavior have been observed (Bevan and Hood, 2006; Bevan and Hamblin, 2009; McDavid and Huse, 2012; Nielsen and Baekgaard, 2015).

In a systematic review of 25 publications, Kroll (2015) identified six factors which have repeatedly been found to provide a positive impact on performance information use: measurement system maturity, stakeholder involvement, leadership support, support capacity, innovative culture, and goal clarity. In one of his propositions for future research, Kroll (2015: 478) presumes that ‘purposeful use’ of performance information ‘might be a function of the involvement of managers in the measurement process long before performance reports have reached their desks’.

Hildebrand and McDavid (2011) have shown the relevance of trust for operating a useful performance management in the case of a Canadian municipality. Credibility of performance information seems to be a precondition for its use in decision-making. Additionally, politicians have to trust the administration that performance information will not be used against them—and vice versa. The relevance of blame avoidance for the implementation of performance management has been also pointed out by Nielsen and Baekgaard (2015). Giacomini et al. (2016) have shown how performance information is used by politicians tactically—as ‘reassurance or ammunition’—within different stages of the policy process.

In sum, it is clear that the implementation of performance management and performance measurement is dependent on special preconditions and influenced by multiple factors. There is some evidence that the process of implementation and the relation between politicians and administration, which may change through the implementation process, is relevant for a successful practice.

### *Strategic management*

Strategic management links performance management to cultural aspects of an organization, tool-based assessments of external and internal preconditions for future development, leadership roles and procedures of decision-making (Poister and Streib, 1999b, 2005; Bryson et al., 2010; Poister, 2010; Poister et al., 2010; Bryson, 2011; Poister et al., 2013). While there may be doubts as to whether practitioners in public organizations do have a clear view of the distinction between performance management and strategic management, research on these issues is mostly separate. There is some evidence that within a country and a public sector some public organizations apply aspects of strategic management while others do not. For municipalities in the US, there are indications that about 40% or even up to 60% of survey participants do have, in their own view, some kind of strategic management (Poister and Streib, 2005; Jimenez, 2012; Kwon et al., 2014). Some major findings and ideas about the future of strategic management in public organizations have recently been summed up by Joyce et al. (2014b) and Ferlie and Ongaro (2015). Undoubtedly, there is a ‘call for governments as institutions to become strategic’, but it could also be stated that ‘the reality of government and public sector organizations resist the development of a more strategic approach’ (Joyce et al., 2014a, 285). Of course, strategic management in public organizations accountable for delivering services in a democratic society must rely on formal plans with explicitly formulated strategic goals (Joyce et al., 2014c). Working out these goals is not only a demanding task with regard to the effort necessary to reach a consensus on these goals (Buchanan and Tullock,

1965). The explicit formulation of strategic goals is also a very risky endeavor both for the administration and for elected politicians because it makes outcomes and impacts of the political-administrative system more measurable. Weiss (2016) showed the relevance of trust for the implementation of strategic management in German municipalities and how it is built up in empirical cases, pointing to the relevance of council-administration relations.

### *The council-administration relation*

The interface between politics and administration can be discussed either with regard to normative and constitutive questions or analytically by empirical research and theoretical reflections on separation and integration of both spheres (Stene, 1975; Svara, 1998; Svara, 2001; Demir and Nyhan, 2008, 2012; Audette-Chapdelaine, 2016). While it may be possible to distinguish between politicians who have been directly elected by the sovereign on one side and employed staff on the other side, there is no reason to assume that political and administrative tasks can be systematically distinguished in an objective manner. The *complementarity view* understands the politics-administration relationship as a continuum with an intermediate zone of indeterminacy (Browne, 1985; Stene, 1975; Svara, 1991, 1998, 2001, 2006; Demir and Nyhan, 2008; Demir and Reddick, 2012; Audette-Chapdelaine, 2016).

The distinction between politics and administration used in this paper is based on the question of whether a decision is seen as a political decision to be made by the council (political issue) or as a technical decision to be dealt with by the administration (administrative issue). Of course, this distinction cannot be made in an objective manner either. But it can easily be understood that councils and administrations holding a common view on this topic is a precondition for stable cooperation and adequate performance of the political-administrative systems.

If focusing on council members and administrative staff, with its own belief systems and goals, the council-administration relation can be understood as a principal-agent problem with highly asymmetric information (Miller, 2005; van Thiel and Yesilkagit, 2011; Weiss, 2016). The relevance of dealing with asymmetrical information, risk and blame avoidance in council-administration relations has been discussed in the public service bargain literature (Hood, 2000, 2002; Hood and Lodge, 2006; van der Meer et al., 2013; Elston, 2016) and council managers' salaries (Connolly, 2016). It is clear that public managers do have much more detailed information about administrative performance and alternatives for administrative actions (Audette-Chapdelaine, 2016). This asymmetry of information creates incentives for politicians to intensify the control of administrative action, to intervene in operational action and to politicize administrative issues. Vice versa, administrative staff members may develop the perception that politicians do not adequately take administrative advice in account, which might lead to attempts to depoliticize political issues and to present them as questions which should be answered by administrative experts. Dysfunctional conflicts resulting from attempts to politicize technical issues and depoliticize political issues can be avoided if politicians and administrative staff share a common view about the distinction between political and administrative issues. Holding similar views on this point seems to be a precondition for the development of trusting in the fairness of the other party to deal with the distinction adequately.

Analyzing the relevance of different forms of government in US municipalities regarding cooperation and conflict in local governments, Nelson and Nollenberger (2011) found that communities with the mayor-administrator-council and mayor-council forms report significantly higher levels of conflict and lower levels of cooperation than communities with the council-manager form of government. On the other hand, they did not find a significant impact of partisanship regarding conflict and cooperation in the analyzed municipalities.

Based on arguments by Buchanan and Tullock (1965) as well as Olson (1971), the consequences of council sizes for public management performance have been discussed regarding, for example, public spending (MacDonald, 2008; Coate and Knight, 2011). In a study on municipalities in Germany, Bogumil et al. (2014) have shown that council sizes and the intensity of partisan-based are positively correlated with higher budget deficits.

Giaque et al. (2009) have analyzed the impact of NPM reforms on the council-administration relations in three Swiss cantons. In their research, the expected strengthening of the separation between politics and administration was not observable. They state a continuing strong interdependence and connectedness of the political and the administrative spheres. A similar result is documented for German municipalities by Bogumil et al. (2007).

#### *Trust in council-administration relations*

Trust is an aspect of a relationship between actors and is understood here as the expectation of an actor A that another actor B will not exploit A for its own benefit (Schoorman et al., 1995; Das and Teng, 2001). This allows A to act in a way that gives B an opportunity to harm it. In special circumstances, for example, in a typical dilemma situation, the interaction might result in a cooperative gain if B shows itself trustworthy and cooperates (Coleman, 1990; for an overview of definitions of trust, see Oomsels and Bouckaert, 2014).

Bouckaert and Oomsels (Bouckaert, 2012; Oomsels and Bouckaert, 2014) have analyzed the relevance of interorganisational trust for public administrations. Since NPM has tried to create more autonomy for administrations by implementing an 'arm's-length' management (Hood, 1991), a loss of control can only be prevented by new kinds of control using performance management or an increase in trust. Bouckaert (2012) has identified three types of trust relevant in this context: (1) trust of citizens/customers in public sector organizations; (2) trust of public sector organization in citizens/customers; (3) trust within the public sector, i.e., between administrations and politicians. NPM has brought a major change to the third type: 'The adage *trust is good, control is better* was replaced by *distrust is better, audit is best*' through its implementation (Bouckaert, 2012, 99). For this reason, Bouckaert (2012) sees a decline of trust within the public sector, caused by the introduction of NPM ideas. On the other hand, based on some key literature on trust, Oomsels and Bouckaert (2014) pointed out that some type of institutionally forced cooperation—as that between councils and administration—can also take place under conditions of general distrust, thus generating incentives to optimize mechanisms of control. Consequently, distrust may be an incentive for the implementation of NPM management ideas, especially performance management.

On the other hand, politicians' trust in the quality and accuracy of performance information is a necessary precondition for its use in decision-making (Moynihan and Pandey, 2010; Hildebrand and McDavid, 2011; Kroll, 2015). And, furthermore, administrative staff's trust in politicians, that they will not use performance information for excessive blame shifting, is a necessary precondition for an exact and open reporting of performance information (Hood, 2011).

An additional view is developed by van Thiel and Yesilkagit (2011), who suggest understanding trust as a 'new mode of governance' and show how it can be built up by politicians in order to manage agencies. From their view, 'monitoring is not always perceived as a sign of mistrust' (van Thiel and Yesilkagit, 2011, 783). Recently, Percoco (2015) has emphasized the importance of trust and social capital for the cooperation of urban governments, administrations, and other public actors in developing and adopting common strategic plans. As it has already been pointed out, the relevance of trust for the implementation of performance management (Hildebrand and McDavid, 2011) and strategic management (Weiss, 2016) has also been demonstrated.

The relevance of (shared) mental models (Jones et al., 2011) for the emergence of trust and cooperation has broadly been discussed in institutional economics (North, 1987; North, 1990; Denzau and North, 1994). Since, in settings with iterated interaction, trust can only be built up if the expectations of the actors become realized, there is a strong connection between the mental models of council members and administrative staff about how both should interact and how responsibilities should be allocated. So, the degree to which council members and administrative managers share a similar view on normative and actual aspects of their relations should affect trust and cooperation. Bouckaert and Halligan (2007, 17) address the connection between outcomes of administrative action and citizens' trust in public organizations as a 'Grand Canyon' of the public sector, i.e., one of the major difficulties to be dealt with in modern societies. Interestingly, research has shown that the relation between performance and citizens' trust is weak (Bouckaert et al., 2002; Bouckaert and van de Walle, 2003; van de Walle and Bouckaert, 2003). An interesting question is whether this finding holds for politicians' trust in administrations as well.

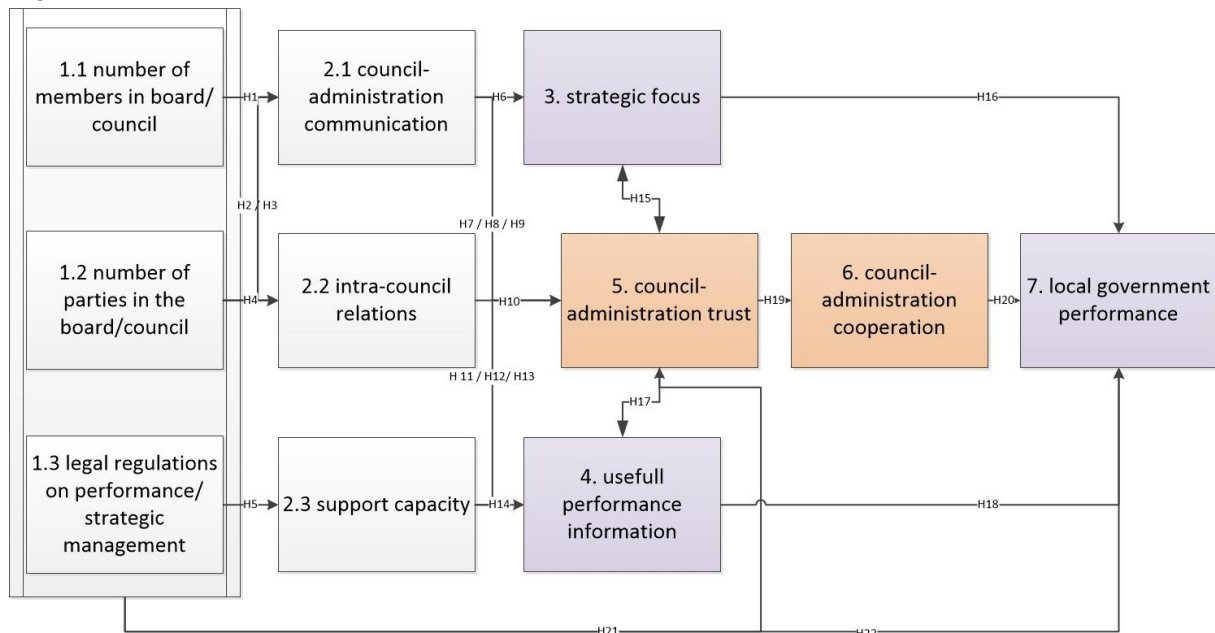
## Model

Based on the theoretical framework, a general model for a prospective comparative research project has been worked out (Figure 1). This model includes the following constructs:

1. Institutional setting determined by:
  - 1.1 *Number of council members* as an indicator of the size of the council.
  - 1.2 *Number of different parties in the council* as an indicator of political competition in the council.
  - 1.3 The existence of *legal regulations* enforcing the implementation of performance management or strategic management.
2. Intermediate constructs shaping council-administration relations
  - 2.1 *Council-administration communication* as the perceived quality of communication between council and administration.

- 2.2 *Intra-council relations* as a measure of the perceived competition in the council
- 2.3 *Support capacity* which describes the availability of information technology for management issues based on resources an organization has committed for this purpose.
- 3. *Strategic focus* which indicates the existence of strategic goals.
- 4. *Useful performance information* which indicates the availability of performance information which is used for decision-making in the council.
- 5. *Council-administration trust* as a first measure of the relationship between council and administration as illustrated above.
- 6. *Council-administration cooperation* as a second measure of the relationship between council and administration for which council-administration trust should be a necessary precondition.
- 7. *Local government performance* as perceived by council members and administrative staff.

**Figure 1: General Model**



The values of construct 1 follow from the data of the municipalities under research and the legal rules applicable to the them. The calculation method can be found in appendix I. The other constructs are measured in a survey, with its items presented in table 2 using a five-point Likert scale (disagree – mostly disagree – undecided – mostly agree – agree, with ordinal values from 1 to 5).

Table 2: Items for constructs measured in the survey

Constructs:	Items:
2.1 Council-Administration communication	<ul style="list-style-type: none"> <li>▪ The administration is well informed about discussion and different views in the council.</li> <li>▪ Important decisions by the council are clearly communicated to the administration.</li> <li>▪ Day-to-day communication between council members and the administration is strong.</li> </ul>
2.2 Intra-council relations	<ul style="list-style-type: none"> <li>▪ Council decisions are mainly consensual.</li> <li>▪ All board members cooperate on managing the big issues.</li> </ul>
2.3 Support capacity	<ul style="list-style-type: none"> <li>▪ Generally, performance information is available to support decision-making.</li> <li>▪ The administration has the resources (people, training) to provide information for council decision-making.</li> <li>▪ Overall, our information systems are adequate for producing information to support council decision-making.</li> </ul>
3. Strategic focus	<ul style="list-style-type: none"> <li>▪ The strategic goals for our city are clearly defined.</li> <li>▪ Activities designed to reach the strategic goals are clearly defined.</li> </ul>
4. Useful performance information	<ul style="list-style-type: none"> <li>▪ Information on performance and activities delivered by the administration to the council is relevant for policy decisions.</li> <li>▪ Information on performance and activities delivered by the administration to the council is useful for understanding impacts of council decisions.</li> <li>▪ Information on performance and activities delivered by the administration to the council is useful for identifying strategic priorities.</li> </ul>
5. Council-Administration trust	<ul style="list-style-type: none"> <li>▪ Generally, the council and the administration can count on each other to do their jobs well.</li> <li>▪ Overall, the council and the administration trust each other.</li> </ul>
6. Council-Administration cooperation	<ul style="list-style-type: none"> <li>▪ Overall, I am satisfied with the working relationship between the council and the administration.</li> <li>▪ When policy issues require resolution, there is a two-way dialogue between the council and the administration.</li> <li>▪ In their interactions, the council and the administration keep their commitments.</li> </ul>
7. Local Government Performance	<ul style="list-style-type: none"> <li>▪ Our city has developed quite well over the last 10 years.</li> <li>▪ Over the last several years we have achieved important strategic goals.</li> <li>▪ In comparison with other communities, we have a well-performing administration.</li> <li>▪ In comparison with other communities, our community is well served by its local government.</li> </ul>

Based on the theoretical framework, the hypotheses set out in table 3 have been developed to describe the relevant effects between the constructs. **These hypotheses can be tested on the aggregate level of municipalities so that, for example, a stronger council-administration trust will be expected in municipalities in which intra-council relations are better and council-administration communication is stronger.**

According to the idea of shared mental models, there is the additional hypothesis (H23) that council-administration trust will be higher in municipalities in which the sum of the differences of indicators for constructs 2.1, 2.2, 2.3, 3, 4, 5, 6 and 7 are smaller. This would mean that the perceptions of these constructs by the council and the administration are quite similar. For the integration of this idea into the formal analysis, a *shared perceptions variable* is calculated as the sum of the values of differences between the evaluations by both groups (see appendix II).

Table 3: Hypotheses

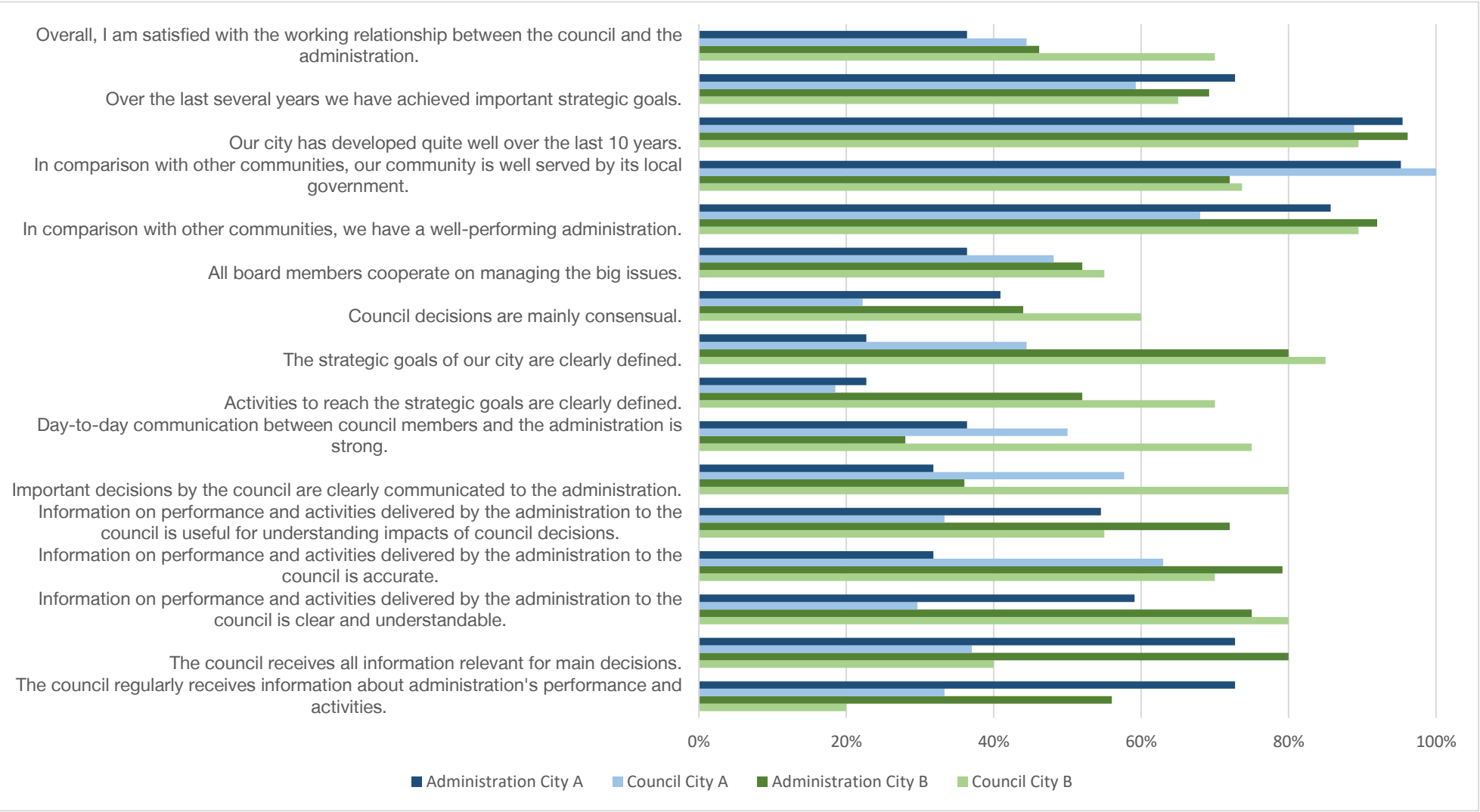
No.	Hypothesis
H1/H2	The higher the number of council members, the worse the council-administration communications and intra-council relations
H3/H4	The higher the number of parties in the council, the worse the council-administration communications and intra-council relations
H5	The stronger the legal regulations on performance management and strategic management, the better the support capacities
H6	The better the council-administration communication, the stronger the strategic focus
H7	The better the council-administration communication, the stronger the council-administration trust
H8	The better the council-administration communication, the higher the usefulness of performance information
H9	The better the intra-council relations, the stronger the strategic focus
H10	The better the intra-council relations, the stronger the council-administration trust
H11	The better the intra-council relations, the higher the usefulness of performance information
H12	The better the support capacities, the stronger the strategic focus
H13	The better the support capacities, the stronger the council-administration trust
H14	The better the support capacities, the higher the usefulness of performance information
H15	The stronger the strategic focus, the stronger the council-administration trust (or vice versa)
H16	The stronger the strategic focus, the better the local government performance
H17	The greater the usefulness of performance information, the stronger the council-administration trust (or vice versa)
H18	The greater the usefulness of performance information, the better the local government performance
H19	The stronger the council administration trust, the stronger the council-administration cooperation
H20	The stronger the council-administration cooperation, the better the local government performance
H21	The higher the institutional setting index, the stronger the council-administration trust
H22	The higher the institutional setting index, the better the local government performance
H23	The smaller the differences between council and administration perceptions, the stronger the council-administration trust.

### Results from pretests

The survey battery was pretested in two German municipalities. The first pretest was conducted in February 2016 in *City A*. This town has approximately 35,000 residents who are represented by 40 council members, of which 30 participated in the survey (75%). Additionally, 25 administrative managers were asked to participate. These managers were chosen top-down by organizational hierarchy and 24 of them participated in the survey (96%). Seven parties are represented in the council, which form four parliamentary groups. The institutional setting index was calculated with  $I_m = 2$ ,  $I_p = 2$  (with regard to the parliamentary groups) and  $I_l = 1$  (there is a principle to establish performance indicators in the annual budget plan) as  $I_s = 0.17$  (see appendix I). The first version of the survey battery used for this pretest did not include questions explicitly referring to the term ‘trust’. Figure 2 gives a descriptive overview of the results of both pretests.



Figure 2: Results of pretest in City A and City B, **all items, shares for 'mostly agree' to 'agree'**, draft version of survey battery



As expected, differences between the responses from council members and administrative staff were measurable, especially regarding the availability of performance information and the communication between council and administration. Furthermore, only 44% of the council members and only 36% of the administrative managers at least partly agreed with the statement 'Overall, I am satisfied with the working relationship between the council and the administration'.

In relevant publications by the local government, its budget plan and additional information collected in personal interviews, neither a performance management nor an explicitly defined strategy could be proved. Nevertheless, a third of the council members at least partially agreed with the statement 'The council regularly receives information about the administration's performance and activities' which was included as an item in the first battery. Also, 44% of the council members and 22% of the managers at least partially agreed with the statement 'The strategic goals of our city are clearly defined'. In a feedback workshop with the main council committee it became clear that this opinion is backed by the impression of implicit goals which are shared by most council members, a kind of emergent strategy in the sense of Mintzberg (2007). Even so, it is surprising that an attempt to develop explicitly formulated strategic goals, which was mainly driven by the head of the administration, failed nine months after the survey had been conducted. Table 4 shows the results of the constructs.

Table 4: Results of pretest in City A, constructs

	Council	Administration
<b><i>Local_Government_Performance</i></b>		
"Mostly agree" to "Agree"	79%	87%
Mean	4.1	4.3
<b><i>Council_Administrative_Cooperation</i></b>		
"Mostly agree" to "Agree"	44%	36%
Mean	3.3	3.0
<b><i>Availability_Performance_Information</i></b>		
"Mostly agree" to "Agree"	35%	73%
Mean	3.1	3.8
<b><i>Credibility_Performance_Information</i></b>		
"Mostly agree" to "Agree"	46%	45%
Mean	3.4	3.4
<b><i>Performance_Information_Useful</i></b>		
"Mostly agree" to "Agree"	33%	55%
Mean	3.1	3.5
<b><i>Council_Administration_Communications</i></b>		
"Mostly agree" to "Agree"	56%	33%
Mean	3.6	3.2
<b><i>Strategic_Focus</i></b>		
"Mostly agree" to "Agree"	33%	18%
Mean	3.1	2.5
<b><i>Intra_Council_Relations</i></b>		
"Mostly agree" to "Agree"	43%	35%
Mean	3.2	3.2

While the *Local Government Performance* is seen roughly similarly in the council and the administration, there is a serious difference in the rating of *Availability of Performance Information*. As mentioned, this city does not have any kind of systematic performance management. Indicators are only occasionally used in political discussions. Based on the first pretest, there is some evidence that results from surveys which are primarily self-disclosures can be misleading. Obviously, interpretations of terms like strategy, strategic management and performance management by local government practitioners can differ considerably from textbook meanings. Thus, for further investigations of the dissemination of strategic management and performance management, a critical review of government documents will be conducted in addition to the survey.

The survey battery as well as the general model were slightly modified after the first pretest. In particular, a number of items explicitly questioning trust in the relation between council and administration were added. A second pretest was conducted in November 2016 in *City B*, a town of about 67,000 inhabitants. This municipality has 44 council members organized into six parliamentary groups and an  $I_s = 0.13$  (see appendix I). Twenty council members (45%) and 26 of 33 administrative managers (79%) participated in the survey. Overall satisfaction about council-administration relations is much higher in this municipality. 70% of the council members and 46% of the administrative managers at least partly agreed with the statement ‘Overall, I am satisfied with the working relationship between the council and the administration’. Figure 2 shows the results of the second pretest and table 5 gives an overview of the results for the constructs in City B.

Table 5: Results of pretest in City B, constructs

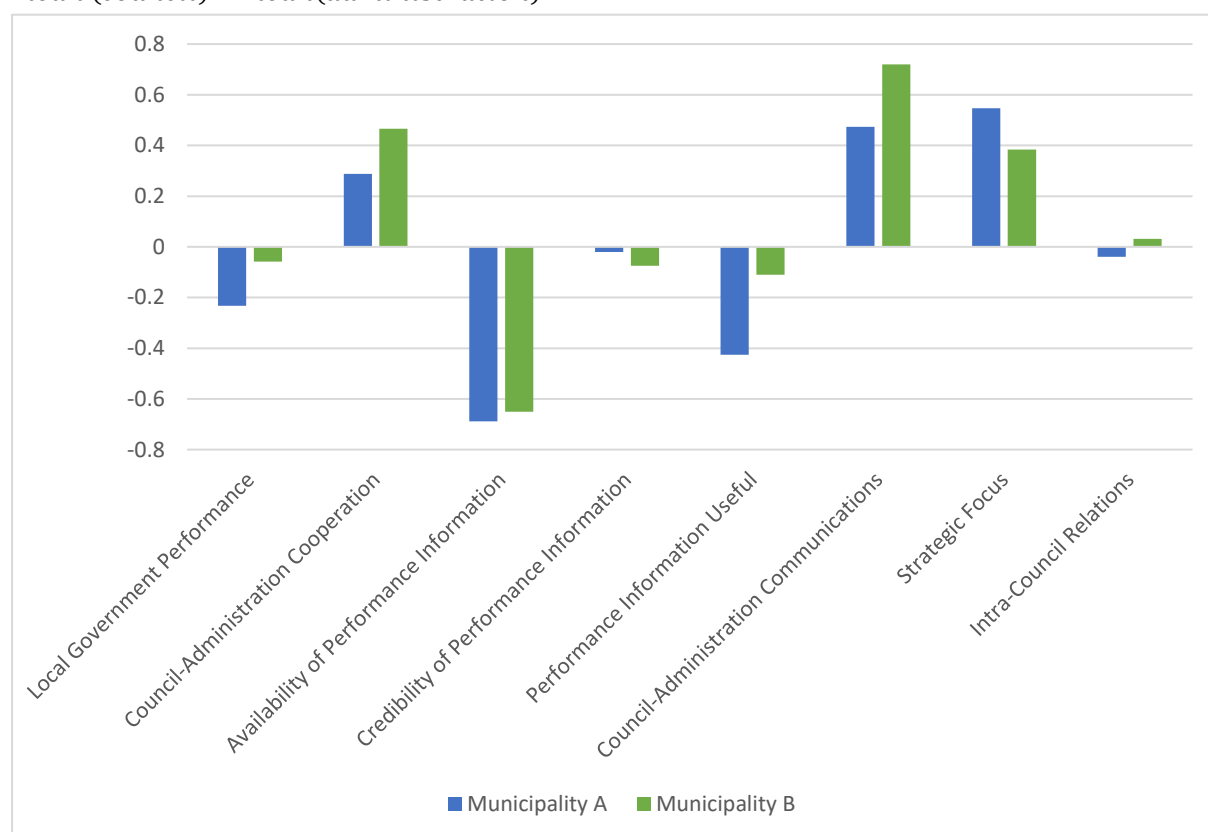
	Council	Administration
<b><i>Local_Government_Performance</i></b>		
"Mostly agree" to "Agree"	79%	82%
Mean	3.9	3.9
<b><i>Council_Administrative_Cooperation</i></b>		
"Mostly agree" to "Agree"	70%	46%
Mean	3.9	3.4
<b><i>Availability_Performance_Information</i></b>		
"Mostly agree" to "Agree"	30%	68%
Mean	3.2	3.8
<b><i>Credibility_Performance_Information</i></b>		
"Mostly agree" to "Agree"	75%	77%
Mean	3.8	3.9
<b><i>Performance_Information_Useful</i></b>		
"Mostly agree" to "Agree"	55%	72%
Mean	3.7	3.8
<b><i>Council_Administration_Communications</i></b>		
"Mostly agree" to "Agree"	72%	31%
Mean	3.8	3.1
<b><i>Strategic_Focus</i></b>		
"Mostly agree" to "Agree"	80%	68%
Mean	4.3	3.9
<b><i>Intra_Council_Relations</i></b>		
"Mostly agree" to "Agree"	58%	49%
Mean	3.6	3.6

City B has not implemented a rigid performance management; nonetheless, consent to all three items for the construct *Useful Performance Information* were above 50% ('partly agree' and 'agree'). But, on the other hand, City B has published a formal strategy which was worked out jointly by the council and administrative managers within the last few years. Consequently, 85% of the council members and 80% of administrative managers at least partially agree with the statement 'The strategic goals of our city are clearly defined'.

Figure 3 shows the differences between the responses from council members and administrative managers in both pretests.

Figure 3: Differences of perceptions by council in administration

***mean (council) – mean(administration)***



While the constructs of *council-administration cooperation*, *council-administration communication* and *strategic focus* are perceived more positively by the councils, administrations evaluated *local government performance*, *availability of performance information* and *usefulness of performance information* higher in both cities.

Table 4 shows the Cronbach's alphas for the constructs of the model using the items presented in table 2 and based on the data of the second pretest. The results indicate that the constructs and items are acceptable for analytical purposes.

Table 4: Cronbach's alphas for constructs based on results of the second pretest

Constructs	Cronbach's Alphas
2.1 Council-administration communication	$\alpha = .909$
2.2 Intra-council relations	$\alpha = .895$
2.3 Support capacity	$\alpha = .897$
3. Strategic focus	$\alpha = .918$
4. Usefulness performance information	$\alpha = .929$
5. Council-administration trust	$\alpha = .889$
6. Council-administration cooperation	$\alpha = .941$
7. Local government performance	$\alpha = .882$

### Outline for data collection and methods

Data for further research will be collected by a structured survey of council members and administrative staff, following the approach of the pretest. It is planned to survey municipalities in the Canadian province of British Columbia, in Germany and in Switzerland. This approach is of particular interest because the institutional settings for local governments vary significantly between these countries.

Municipalities in British Columbia have a mayor-council-manager form with a 'weak' mayor who is directly elected by the citizens (Bish and Clemens, 2008; Tindal and Tindal, 2009). Local councils have up to ten members who can be organized in local voter's associations. Tindal and Tindal (2009, 253) report that 'Canadians usually respond quite negatively' to attempts to introduce political parties to the local level. Following section 147 of British Columbia's Community Charter, a chief administration officer may be established. Section 98 of the Community Charter defines an obligation to annually define measurable municipal objectives and report progress on them.

Intensive attempts to implement NPM ideas started in the middle of the 1980s on the national level (Pollitt and Bouckaert, 2011) and British Columbia was a leader of reforms on the provincial level (McDavid and Huse, 2012). While a lot of municipalities seem to have implemented performance management, studies show the typical underuse of performance information available (Pollanen, 2005). Fischer (2007) found about 70% of British Columbia's municipalities that participated in her survey to have implemented performance management. Another 60% of these municipalities had established a connection between performance management and the corporate strategic plans which existed in nearly all larger and mid-sized municipalities (Fischer, 2007). In Switzerland, municipalities usually have a council-manager form and councils consist of about five to fifteen councilors who are usually members of one of the Swiss political parties. Regulations for local governments differ slightly between the cantons. NPM reforms have been taking place in local governments since the mid-1990s, even on the local level (Lienhard, 2005; Steiner, 2001). Still, there are considerable differences in the degree of NPM implementation across Swiss municipalities. Swiss-German municipalities have actively engaged in management and organizational reforms whereas Swiss-French municipalities have been more reluctant with respect to NPM reforms (Giauque and Emery, 2008; Ladner and Soguel, 2015).

There are no legal regulations forcing local governments to implement performance management or strategic management. However, both the federal and the cantonal administrations have implemented administrative systems rooted in performance

management and strategic management, which means that municipalities have to deal with these new managerial instruments in their day-to-day relationships with upper levels (Steiner, 2001). Performance contracts have been widely used to increase administrative performance in public administrations. However, according to Proeller (2007), only about a third of performance contracts contain indicators for performance specification, and only about 20% contain indicators aiming at measuring performance outcomes.

There is a clear lack of knowledge about the actual implementation of performance management and strategic management in Swiss municipalities. There is some evidence that perhaps administrative efficiency has increased at the expense of other important outcomes, such as the effectiveness of public policies (Knoepfel and Varone, 1999; Knoepfel, 2002; Ladner et al., 2013).

In *Germany*, regulations for local governments differ slightly between the federal states. Municipalities usually have a typical mayor-council form. In most federal states, mayors are directly elected by the citizens. The mayor is head of the administration and in most federal states also head of the council. Municipal councils in Germany have up to 50 members, usually volunteers. Council members are usually members of Germany's national parties, and some are organized in local voter initiatives. Parliamentary groups, based on partisanship, are the main collective actors in the councils (Bogumil and Holtkamp, 2006; Bogumil and Holtkamp, 2016).

While the federal government and the federal states mostly abstained from the implementation of NPM ideas, reforms in Germany mostly took place on the local level (Pollitt and Bouckaert, 2011). Since the 1990s the implementation of NPM ideas was mainly driven by voluntary adoption in the municipalities. To date, there are only very few regulations forcing local governments to implement ideas of performance management or strategic management (Weiss, 2016). Only principles of double-entry bookkeeping and full-accrual accounting systems were implemented through a regulatory reform in most German municipalities in the last 15 years. While in some federal states the publication of performance information has become formally obligatory, the real impact of the reform on management in local governments is quite modest and there is strong evidence that much of the scant performance information available is not useful for decision-making (Ridder et al., 2005; Weiß, 2014; Grossi et al., 2016). There will be some German municipalities included in the study which have some kind of performance management by law and another group which is free of legal regulations about performance management or strategic management.

Thus, small councils without relevance to national parties in Canada, small councils with party relevance in Switzerland and large councils with party relevance in Germany will be included in the survey. Also, different levels of regulation regarding the implementation of NPM instruments, between the countries and with variations between municipalities of the same country, can be studied.

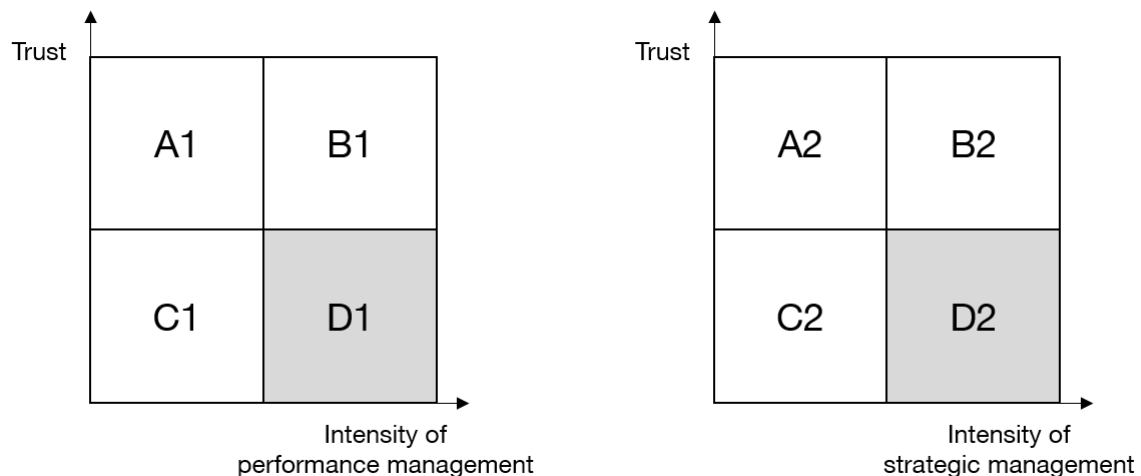
## Outlook

Bouckaert (2012) has presumed that comparing trust in the public sector between different countries may be a difficult exercise. The suggested survey battery will be tested with pretests in Canada and Switzerland. These pretests should be combined with interviews and an analysis of budget plans, indicator systems and strategies in the pretest municipalities.

It is planned to use structural equation modeling (SEM; Kline, 2011; Westland, 2015; Loehlin and Beaujean, 2017) to examine the hypotheses. Additionally, regression analyses will be utilized. It is also planned to flank the quantitative research with qualitative interviews in all three countries, focusing on local governments which have special experiences with performance management or strategic management.

Based on the available literature, it is expected to find a relation between trust and the implementation of performance management and strategic management that may be twofold. The implementation of performance management and strategic management is probably not possible without a certain level of trust between council and administration. However, if council and administration do have a sufficiently trusting relationship, it is not clear why they should implement additional instruments of control such performance management. Figure 4 shows probable and improbable combinations of the appearance of trust and the analyzed NPM concepts from the present point of conceptual work and research.

Figure 4: Trust-Performance Management and Trust-Strategic Management Typology



Expectations are that the level of trust correlates with the implementation of systematic performance management and strategic management and that no local governments with a low level of trust can be found that have implemented one of these concepts. A1 and A2 would include municipalities in which the council-administration relation is trusting but which have not implemented performance management or strategic management. This may be due to the fact that these municipalities do not see a requirement to measure performance because councils and administrations trust in each other's performance. As mentioned before, City B is a case of A1/B2 because it

has no performance management but a strategic management. More municipalities of this type are expected to be found in Germany.

All municipalities that have implemented strategic management or performance management are expected to have a trusting relationship between their council and administration (B1/B2). Therefore, the prediction would be to find no municipalities in quadrants D1/D2. Municipalities which do not report a trustful relationship are expected not to have implemented one or both of the discussed NPM ideas (C1/C2). Of course, this may be due to the fact that the level of trust is not sufficient for an implementation of these instruments.

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## Appendix I: Calculation method for index of institutional setting

For a first quantitative analysis, an index for the institutional setting ( $I_s$ ) has been defined that can take values between 0 and 5. The rules for the calculation of this index are documented in the following table.

Table: Index for institutional setting

Value of sub-index	$I_m$ / Number of council members	$I_p$ / Number of different parties/parliamentary groups	$I_l$ / legal regulations
10	2	0	Performance and strategic management must be implemented
9	3	1	
8	7	2	Either performance or strategic management must be implemented and the other should be
7	10		
6	13	3	
5	17		Either performance or strategic management must be implemented
4	22	4	
3	30	5	
2	40	6	Either performance or strategic management should be implemented
1	50	7	
0	>50	>7	No regulations

The index for the institutional setting ( $I_s$ ) is calculated as  $I_s = \frac{I_m + I_p + I_l}{30}$ . For one of our pretest communities, municipality B, the index is calculated as follows:

- 44 council members:  $I_m = 2$
- 6 different parties/parliamentary groups:  $I_p = 2$
- No formal regulations on performance management or strategic management:  $I_l = 0$
- $I_s = 0.13$

## Appendix II: Calculation method for shared perception variable

The shared perception variable for a construct  $n$  is calculated as  $SP_n = \sqrt{(c_n - a_n)^2}$  with  $c_n$  and  $a_n$  as the values of councils and administration for constructs  $n$ .

The shared perception variable for a municipality is calculated as  $SP = \sum_{2.1}^7 \sqrt{(c_n - a_n)^2}$  with  $c_n$  and  $a_n$  as the values of councils and administration for constructs 2.1 to 7.



