

The Use of Performance Information by Local Government Managers: Indonesian Case Studies

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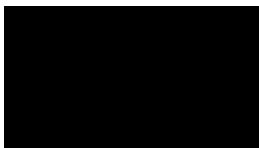
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Statement of Originality

I, Nur Ana Sejati, declare that the PhD thesis entitled 'The Use of Performance Information by Local Government Managers: Indonesian Case Studies' is no more than 100,000 words in length including quotes and exclusive of tables, figures, appendices, text boxes, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis my own work.



Nur Ana Sejati
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Abstract

Collecting and reporting performance has become common practice in public sector organisations worldwide. The effort to use performance information for reporting has potential benefits to improve performance and enhance accountability. Since 1999, the Indonesian government has adopted a new reporting framework, which requires public sector organisations to collect and report performance information. Despite the use of performance information for reporting performance being mandated, few studies have been conducted to investigate its actual use in public sector organisations in Indonesia. The aim of this study is to narrow the gap in the understanding of how and why managers in local governments, specifically in Indonesia as a developing country, use performance information to improve performance and enhance accountability.

This study employed a case study approach with a purposive sample of three local government agencies in two local governments in Indonesia as cases. The data collection method utilized in this study was in-depth interviews with eight managers in the three agencies, three managers of the planning agencies in the two local government jurisdictions, and two consultants. Also, information contained in documents used in local government was also gathered to examine the performance information that was used. A variation of the well-known management cycle (planning, implementation, review, improvement, and accountability) was employed in analysing the results.

The findings suggest that the use of performance information has been progressing since the issuance of the regulation concerning the guidelines for preparing and evaluating development planning. The improvement in planning documents, which demonstrate the use of the Key Performance Indicators (KPIs), laid a foundation for using performance for enhancing performance and accountability. The presence of the KPIs, along with performance targets, drove managers in the three cases examined in this study to improve their performance. Despite the progress of the use of performance information in planning, this study found that managers had limited use of performance information in monitoring and evaluating performance. The focus of monitoring and evaluation mostly targeted the completion of activities (outputs) rather than the results or outcomes of those activities.

This study proposes a model for the effective use of performance information. To achieve the benefits of using performance information, nine influencing factors, which can act as barriers or enablers, should be considered: having a clear and comprehensive legal mandate, adequate leadership support, suitable technical capacity, supportive organisational culture, existence of performance measurement systems, availability of resources, adequate information and communication technology, involvement of citizens, and managerial authority to act. The presence of these factors, as enablers, provides groundwork for managers to use performance information in each stage of the management cycle to improve performance and accountability.

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Abbreviations

ANAO	Australian National Audit Office
ASEAN	Association of Southeast Asian Nations
Bappeda	Badan Perencanaan Pembangunan Daerah/Regional Development Planning Agency
BSC	Balanced Scorecards
CASIS	Center for the Advancement of Science in Space
CSF	Critical Success Factors
CSR	Corporate Social Responsibility
DoF	Department of Finance
FMI	Financial Management Initiative
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GPRA	Government Performance and Results Act
ICT	Information and Communication Technology
KPI	Key Performance Indicator
LAKIP	Laporan Akuntabilitas Kinerja Instansi Pemerintah/ Performance Reports for Public Sector Organisations
LGA	Local Government A
LGB	Local Government B
LGBPA	Local Government B Planning Agency
LGAPA	Local Government A Planning Agency
LGA	Local Government A
MFR	Managing for Results
MMBR	Ministry of Manpower and Bureaucracy Reform
MoIA	Ministry of Internal Affairs
NGO	Non-Government Organisations
NPM	New Public Management
PDCA	Plan, Do, Check, Act
PMS	Performance Measurement System
PSA	Public Service Agreement
RKPD	Rencana Kegiatan Pembangunan Daerah/ Regional Development Plan (Yearly)
RPJMD	Rencana Pembangunan Jangka Menengah Daerah/ Regional Mid-term Development Plan
SAKIP	Sistem Akuntabilitas Kinerja Instansi Pemerintah/ Performance-Based Accountability Systems for Public Sector Organisations

SOP	Standard Operating Procedure
WRS	Warehouse Receipt Systems

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1 INTRODUCTION

This chapter introduces this study on the use of performance information by public sector managers in their efforts to provide service delivery and accountability.

Initially the background to the research will be presented and a justification for the study made in terms of the contribution to knowledge and significance. Then attention will be focused on the nature of the research questions, the methodology chosen, and the structure of the thesis.

1.1 Background of this study

In response to the public demand for improved results over the past three decades, governments worldwide have adopted public administration reforms designed to remedy inefficiency and ineffectiveness in delivering services (Andrews & Moynihan, 2002; Nolan, 2001). Part of the so-called 'New Public Management' reform agenda is the development of new reporting frameworks, which allow governments to deliver on performance and accountability. In this framework, governments are required to provide performance information to use in management decision-making and stakeholder assessment (Arnaboldi & Azzone, 2010; Aubert & Bourdeau, 2012; Guthrie, Olson, & Humphrey, 1999). Performance information constitutes data and evidence that is produced, collected, and used to shape, drive and judge the performance of an organisation (Pollitt, 2006; Saliterer & Korac, 2013).

Performance information is central to the performance management regimes that have been adopted by public sector organisations worldwide (Bouckaert & Halligan, 2008; Kroll, 2015), but there is limited evidence to suggest the actual use of performance information (Ammons & Rivenbark, 2008). The practice of performance management is typically predominantly focused on collecting and reporting performance measures, while the actual use of the information remains questionable (Ammons, Liston, & Jones, 2013; Julnes & Holzer, 2001; Sanger, 2013). Indeed, some studies reveal that managers rarely use performance information in their decision-making processes (Behn, 2003; Ho, 2011; Julnes & Holzer, 2001).

Despite the lack of evidence for the use of performance information, several initiatives demonstrate that the implementation of performance management is progressing (Ammons, 2008). While others have focused on reporting the numbers, Ammons et al. (2013) revealed that a small number of local governments in the United States (US) had seriously engaged in the efforts to practice performance management. The authors maintained that city and county governments that consider performance management as their management philosophy, rather than simply as a system or tool, enjoy the benefits of using performance information. Poister, Pasha, et al. (2013) found that more extensive

use of performance management practice has contributed to the effectiveness in the transit industry in the US. The scant evidence on the actual use of performance information has shifted the research in this area into investigating factors driving its use (Berman & Wang, 2000; Goh, Elliot, & Richards, 2015; Ho & Coates, 2006; Julnes & Holzer, 2001; McGeough, 2015; Melkers & Willoughby, 2005; Moynihan, 2008; Moynihan & Ingraham, 2003). Relatively few studies have been undertaken to gain an understanding of how public sector managers in developing countries use performance information to improve results and provide enhanced accountability.

A reporting framework allows governments to enhance their accountability because it requires agencies to report not only financial information but also non-financial information (GASB, 2003). Financial information provides a tool to examine how governments efficiently manage taxpayers' money, while the availability of information about non-financial matters allows the public to understand and judge how governments achieve improved output and outcome targets and justify their programs (Hatry, 2006; Streib & Poister, 1999).

As well as their potential for enhancing accountability, and consequently building legitimacy and trust, the new reporting frameworks that are integral to reform agendas also lay a foundation for governments to deliver on performance (Guthrie et al., 1999). The new frameworks require public organisations to generate performance information to enable better decision-making and improve managerial effectiveness (Yang & Hsieh, 2007).

To support governments in delivering on better performance and stronger accountability, performance information should be integrated into every stage of the management cycle - planning, implementation, review, improvement; and accountability (Ammons, 2013). For example, linking performance information with planning and budgeting can drive managers to prioritize vital programs (Beckett-Camarata, 2009). Also, determining proper performance indicators and their targets in planning processes can direct and motivate managers to exert their capacity to achieve their organisation's goals and provide data necessary to demonstrate accountability (Moynihan & Pandey, 2007).

The potential benefits of using performance information to improve performance and enhance accountability have encouraged governments worldwide to adopt new reporting frameworks that collect, report and analyse performance information throughout the stages in the management cycle. Kaplan and Norton (1996) argue that performance information used in private and public sector organisations to guide performance and provide accountability needs to be 'balanced' in terms of describing four perspectives through which to view an organisation's performance: customer, internal business process, learning and growth, and financial. The Balanced Scorecard

(BSC) incorporates these perspectives and has been used as a tool to improve performance and accountability (Baird, Scoch, & Chen, 2012; Maltz, Reilly, & Shenhar, 2003). For each perspective, organisations implementing the BSC framework need to formulate clear objectives along with their measures, and this use of performance information will help guide and determine progress and enhance accountability (Kaplan & Norton, 2007). Attracted by the potential benefits offered by the BSC, public organisations across the world have sought to adopt and adapt it (Chan, 2004; Greatbanks & Tapp, 2007; Sharma & Gadenne, 2011).

The Indonesian government at the central level has also initiated new reporting frameworks as part of the financial reform agenda, which gained its momentum in 1998 (Mir & Sutiyono, 2013). This agenda has led to the implementation of performance-based budgeting and reporting, accountability reporting, and double-entry accounting, which require both central and local government agencies to use performance information. A series of regulations, as follows, were issued to legalise the reform agenda:

- Presidential Instruction No. 7, 1999 on performance-based accountability for public sector
- Law No. 17, 2003 on State Finance
- Law No 15, 2004 on State Treasury
- Law No 25, 2004 on National Development Planning Systems
- Law No. 32, 2004 on Local Government
- Ministry of Internal Affairs Regulation (MoIA) No. 54 2010 on the Steps for Preparing, Controlling and Evaluating Regional Development
- Presidential Regulation No. 29, 2014 on performance-based accountability systems

Despite the mandatory requirement for using performance information in informing improvements in performance and accountability, only two studies have been conducted to investigate their use in Indonesia (Akbar et al., 2012; Mimba et al., 2013). These studies, which revealed that the use of performance information is limited to fulfilling stakeholders' demands and formal obligations mandated by the Indonesian government, were conducted before the MoIA's No 54 2010 was issued. This regulation provided detailed guidelines in using performance information for local governments. Examining the use of performance information allowed this new study to shed light on the progress of the use of performance information in Indonesia after the implementation of this significant regulation. This study also enriched the literature on how the legal mandate influenced the way managers use performance information, which is an area needing more exploration (refer to Lu & Willoughby, 2008; Talbot, 2008).

In this study, the four perspectives of the BSC have been melded with the stages in the management cycle to provide a framework for interrogating and analysing the type, balance, and accessibility of performance information that is used by public sector managers in their decision-making and accountability activities. The integration of the BSC and the stages of the management cycle, as undertaken in this study, remained unexplored in the literature. Furthermore, the investigation of the enablers and barriers to the use of performance information by managers in this study enriched the literature on the context within which performance information is used in developing countries, since most research in this area predominantly used cases from developed countries.

1.2 Contribution to knowledge

Based on a review and synthesis of the existing literature, this study has developed a research framework to interrogate the use of performance information by managers. This framework merges the stages of the management cycle with the BSC, and has been used to investigate the use of performance information through the three cases examined in the study. As an outcome of applying the framework to exploring practice, a model for the use of performance information has been constructed. This model can provide insights for practice, research and theory development on the use of performance information in each stage of the management cycle. While derived from a limited number of case studies in Indonesia, the model could also be applied and tested in other developing countries.

This study enriches the literature by describing how performance information is used and can be better used by public sector managers in Indonesia. Understanding this use reveals the problems and opportunities when implementing reporting reforms in public service in broader areas, either in developing or developed countries.

1.3 Statement of significance

Understanding the context and factors that influence the use of performance information is expected to pave the way for managers and policy-makers, especially in developing countries like Indonesia, to improve their reporting frameworks and provide an environment in which better service delivery and enhanced accountability can be achieved.

The model developed provides insights for managers in the public sector about how to improve the use of performance information in their decision-making, ultimately leading to better performance and transparency. In addition, the model enriches the literature by adding to existing knowledge about how performance information can be used to satisfy the public demand for improved performance and accountability, and provide a platform and directions for further research.

1.4 Research questions and methodology

The aims of this study were to develop and test a research framework that examines the use of performance information by public sector managers. The study was guided by four research questions (RQs):

- RQ1. Which categories of performance information do public sector managers use to deliver on performance and accountability?
- RQ2. How is performance information used?
- RQ3. Why is the performance information used? (Identifying barriers and enablers); and
- RQ4. How can performance information be more useful to managers in delivering on performance and accountability? (To inform the development of a model for effective use of performance information).

There are other ways to organise the ordering of the research questions above, for example by examining RQ3, why question, as the first research questions followed by other questions (RQ1, RQ2, and RQ4). This research chose to investigate RQ1 (which), before examining RQ3 (why). Since this is an under-researched area, it is logical to settle descriptions of which practice is occurring before exploring the rationale for those happenings. The order of the RQs reflects this approach.

In investigating the use of performance information by local government managers in Indonesia as a developing country, this study has the potential to inform and improve practice and contribute to theory development.

The four research questions were examined using a research framework developed from a synthesis of the literature. This study focuses on understanding the existing practice of the population in the case study (RQ1-RQ3) and to interrogate what should be done in these contexts to improve existing practice (RQ4). RQ1 is represented in the research framework by a categorisation of performance information based on BSC perspectives: customers, internal business processes, learning and growth, and financial (Kaplan & Norton, 1996). RQ2 was addressed based on a management cycle consisting of planning, implementing, reviewing, improving, and accountability (Hatry, 2006; Kopczynski & Lombardo, 1999; Wholey, 2001). Addressing RQ1 and RQ2 led to examining RQ3, which sought to determine the degree of performance information use in each case examined. An analysis of the data uncovered in the components of the research framework provided insights for RQ4.

This research on the use of performance information by local government agency managers in Indonesia employed a case study approach. This method can provide a deep and rich conception of a real world phenomenon (Yin, 2014). In this study, this enabled a contextual understanding of the

actual problems and responses of local government agency managers in using performance information to deliver on performance and accountability. A mixed methods approach to data collection was taken, involving interviews and secondary data analysis. The multiple sources of data allowed for some triangulation of results. The use of case studies that are not statistically representative of a whole population is an appropriate approach for deductive theory-developing research into nascent areas of current debate and practice, as is the case in this study, and can inform future studies and practitioners (De Vaus, 2001; Jonsson, 1996).

This study chose local governments, rather than central, because it is the level of government closest to the people. Since 1999, the Indonesian government has laid a foundation for decentralising most of its authority to local governments by issuing Law number 22 and 23, 1999. As a result, local governments in Indonesia are influential institutions as they have multiple responsibilities in delivering services to the public. Understanding the context within which performance information is used at local government level would provide greater benefits to the people-centred policies and service delivery.

1.5 Structure of the thesis

This thesis is organised into ten parts. Chapter 1 has introduced the research topic, background, contribution to knowledge, statement of significance, research questions and methodology. It has also briefly outlined previous studies to highlight the identified research gap. Chapter 2 discusses the literature on the use of performance information, encompassing four areas: performance management in theory and practice; the BSC; the use of performance information in the management cycle; and enablers and barriers to the use of performance information. Based on this literature review, a conceptual framework for this study was developed to investigate the use of performance information in the cases examined. Chapter 3 explores the methodology used. Information regarding the structure of local government in Indonesia is also presented in this chapter to provide the context within which the cases examined delivered their services. General information about the implementation of performance-based accountability in the public sector is also addressed in this chapter, providing background about the use of performance information in the Indonesian government.

Chapters 4 to 8 present the findings on the use of performance information in the three case study offices in the five stages of the management cycle: planning, implementation, review, improvement, and accountability. In these chapters, each case is compared and discussed using the framework presented in Chapter 2. In these chapters, two research questions: which information is used (RQ1) and how the information is used (RQ2), are investigated. Chapter 9 focuses on addressing factors –

barriers and enablers - influencing the use of performance information (RQ3). Chapter 10 draws conclusions from the research and advances a model for effective use of performance information, (RQ4).

2 LITERATURE REVIEW

The previous chapter has described the scope of this research and broadly addressed the body of literature that situates this study. This chapter provides a review of the literature in order to understand key aspects of the use of performance information by public sector managers. Firstly, the nature of performance information in the current context is described. Secondly, the concepts of the balanced scorecard and the management cycle are examined as devices that can deconstruct attributes of performance information use. Thirdly, barriers and enablers to the use of performance information are discussed. Fourthly, a research framework has been developed from a synthesis of the literature to assist in conceptualizing and interrogating the four specific research questions (RQs) to be answered within the general problem. Finally, a summary is provided.

2.1 Performance information in the public sector

The shortcomings of bureaucracies have encouraged elected officials worldwide to adopt new public management (NPM) reforms, which promise to enhance accountability and performance (Behn, 2003; Guthrie et al., 1999; Sanger, 2008; Yang & Holzer, 2006). An important part of the reforms in the public sector is the application of new reporting frameworks to alleviate the drawbacks of reporting focused mainly on financial information (Guthrie et al., 1999). Financial reports may satisfy the demands of accountability to funding bodies. However, reporting merely financial information fails to provide a tool for managers, politicians, citizens, and elected officials to measure the efficiency and effectiveness of government programs and policies (Kloot, 2009).

The new reporting frameworks advocated in NPM enable government organisations to better track the extent to which governments have achieved their objectives through the incorporation of a wider range of financial and non-financial information (Guthrie & English, 1997). The challenge is to have measurement and reporting of performance information that serves two purposes – improved performance in service delivery and improved accountability (Bromberg, 2009; DOF, 2015).

Studies suggest that the use of performance information can provide a tool for public officials (managers and politicians) in government organisations to better plan, implement, monitor and evaluate their programs, and so deliver on performance (Ammons, 1995; Behn, 2003; Sanger, 2013; Streib & Poister, 1999). In this sense, delivering on *performance* is about governments achieving results by meeting objectives for inputs, processes, outputs, and outcomes (Demediuk, 2004; Guthrie et al., 1999; Industry Commission, 1997). The significance of using performance information to improve results in the delivery of service was also pointed out by Van Dooren (2008), who argued that the successes and failures of performance movements rely on its use.

Besides facilitating improvement in the delivery of services, performance information also paves the way for governments and public officials to deliver on *accountability*, by giving the public and other stakeholders access to information that shows how responsibilities were discharged (Behn, 2003; GASB, 2003; Holzer & Yang, 2004; Sanger, 2008). Performance information which is not only financial can open up areas of debate by highlighting issues over multiple dimensions of government responsibility in delivering services. Reporting this information, in turn, can serve both internal and external accountability and potentially bridge and nourish communication with broader stakeholders (Kloot, 2009).

A wide range of literature has been devoted to studying the use of performance information in public sector organisations. In general terms, for the public sector, *performance information* represents intelligence, such as data and knowledge, that can facilitate the execution of a government's mandate; and is key to effective management that includes planning, implementation, monitoring, reporting and improvement (DOF, 2015; National Treasury, 2007). So performance information shapes and drives the efforts of politicians and managers in the public sector to deliver on performance and accountability.

Researchers typically view performance information as the product of a formal performance measurement process. For example, Van Dooren, Bouckaert, and Halligan (2010, p. 25) asserted that performance information emanates from performance measurement activities, which encompass defining a measurement object, the formulation of indicators, data collection, data analysis, and reporting. This definition is in line with that of Moynihan (2008), who maintained that performance information is generated from a system involving strategic planning and performance measurement routines and, in order to influence decision-making processes, it should focus on results (outputs and outcomes) rather than inputs or processes. While these definitions indicate that performance information can improve decision-making, they focus on formal numerical measures. Van Dooren and Walle (2008) clearly referred to quantitative performance information in discussing the use of performance information for improving performance and accountability, and studies in the use of performance information predominantly define it as performance indicators or performance measures (refer to ANAO, 1996; Baird et al., 2012; Hatry, 2006; Julnes & Holzer, 2001).

Performance information is considered to be data and evidence that is produced, collected, and used to judge the performance of an organisation (Pollitt, 2006; Saliterer & Korac, 2013). A slightly different definition was proposed by the Department of Finance (2004) of the Australian Government, which considered performance information to be evidence collected and used systematically to judge the performance of a program. These definitions emphasise the use of information to judge performance, enabling stakeholders to understand whether: government

resources are managed properly and used in compliance with laws and regulations; government programs are achieving their objectives and desired outcomes; and government programs are being provided efficiently, economically, and effectively (GASB, 2003). Askim (2009) defined performance information as numerical information (indicators) about the results achieved by a municipality within service provision. Examples include indicators of efficiency, quality, and case processing times. The source of performance information can stem from the municipality, such as user surveys and different forms of counting, or from public databases.

Other researchers emphasise a broad dimension to the nature and sources of performance information. Pollitt (2006), for example, included data generated by performance monitoring systems operated by operational managers, as well as data flows from evaluations (internal or external), performance audits (internal or external) and other special exercises and reviews that were intended to analyse performance information. Kroll (2013b) used another term to include ad hoc data collection. He maintained that non-routine information, or feedback on performance, which is likely to be overlooked in studying performance information, should be included. Non-routine information is often not actively pursued but rather passively received, and is not collected or reported through a systematic management routine. Examples of non-routine information include customer complaints; interest groups concerns; letters or e-mails from other public entities; media reports; or politician comments about the service provided (2013b). This type of information is often used because managers find that systematic information tends to be too limited in helping them make decisions (Mintzberg, 1975).

Systematic information has long been considered to be incomplete, unreliable, untimely, too general or of limited use to managers (Pitkanen & Lukka, 2011). In selecting information to make decisions, managers are likely to find the best information, which in many cases is not fully addressed by formal information systems produced internally (Bruns & McKinnon, 1993). Mintzberg (1975) pointed out that formal systems are often weak in the area of gathering the external information that managers find so useful. Furthermore, a study conducted by Saunders and Jones (1990) on the use of information suggests that this use varies across management levels. Lower-level managers favoured the use of information-rich media, such as information generated from observations and social activities. They also depend on external sources. Mid-level managers relied on media such as the telephone and written documents to discharge their responsibilities, while a large volume of written, non-verbal information is processed by senior executives (Jones, Saunders, & McLeod, 1989). Hence, it is necessary to include informal information, such as letters, memos, telephone calls, observations, unscheduled meetings, and even gossip, in defining performance information due to its influence on managers' decision-making processes.

This study divides performance information into two types: formal and informal. Formal information refers to the performance indicators that have been extensively used by other researchers. This includes inputs, outputs, outcomes, efficiency, service quality, impact, and explanatory information (Hatry, 2006; Julnes & Holzer, 2001). Informal information includes information gathered from talks, media coverage, letters, social media, and observations. This information is included as part of the definition to address the limitations in the use of formal information, as highlighted in previous studies (refer to Helbig, 2009; Mintzberg, 1975; Pitkanen & Lukka, 2011).

For this study, ‘the *use of performance information*’ is about the *generation* (seeking, collection and reporting) and *application* of quantitative or qualitative intelligence in public sector management (DOF 2015, p. 50); and includes information that is routine and systematically produced, as well as non-routine (Kroll 2013).

Table 2-1 **Error! Reference source not found.** illustrates the classification of the source of performance information. It was developed from a synthesis of the literature, to map performance information based on its types (formal and informal) and source (internal and external). This was used to guide the analysis and examination of the data in this study.

Table 2-1: Source of performance information

	Internal	External
Formal	Internal reports (e.g., financial statements, performance reports) (Pollitt, 2006)	External reports (e.g., audits, evaluations, studies from external organisations, statistics, regulations, policy) (Pollitt, 2006)
Informal	Gossip within organisations, meetings with staff, informal talks with civil servants (e.g., unscheduled inspections, observations) (Kroll, 2013)	Meetings with stakeholders, scheduled talks with the media, observational tours, media coverage (Kroll, 2013b)

Source: Developed from a synthesis of the literature

2.1.1 Performance information in practice

An understanding of the potential benefits of performance information has encouraged public sector organisations to produce various types of information. A survey on the use of performance information in the public sector in Australia in 2008 revealed that outcomes and narrative analysis of performance were perceived as valuable information, although they had not been developed to a great extent (Lee, 2008). Another survey in the US conducted by Melkers and Willoughby (2005) found that about one-fifth of city respondents, and more than one-quarter of rural respondents indicated that more than half of the departments in their government used quality and customer satisfaction measures. Also about half of those surveyed strongly agreed or agreed that departments in their government had developed multiple levels of measures, from outputs to outcomes, to

societal benchmarks. In addition, a survey conducted by Folz, Abdelrazek, and Chung (2009) in the US found that municipalities used workload or output indicators (57.4%), efficiency or unit cost (40.4%), outcome or effectiveness (48.1%), service quality (50.6%) and citizen satisfaction (50.9%) to measure their performance.

However, as indicated in Chapter 1, despite the growing interest of public sector organisations in collecting and reporting performance information, its usefulness in improving service delivery and enhancing accountability remains questionable (Ammons et al., 2013; Moynihan & Kroll, 2016). A survey conducted by the US Government Accountability Office (GAO, 2008) revealed that the enhancements in the collection of performance information over a decade had not significantly changed the way managers in the US federal government used performance information in decision-making. Akbar et al. (2012) disclosed that the production of performance information in Indonesian local governments is used principally to comply with the central government's regulations. Sanger (2013) also found that in organisations where performance information is well-developed and collected, managers do not use it to improve performance. A more recent study conducted by Grossi, Reichard, and Ruggiero (2016) found that the use of performance information in German and Italian municipalities was generally quite modest, being used mainly in the planning phase of the budget cycle, and rather less in the monitoring phase.

2.2 The Balanced Scorecard and the management cycle

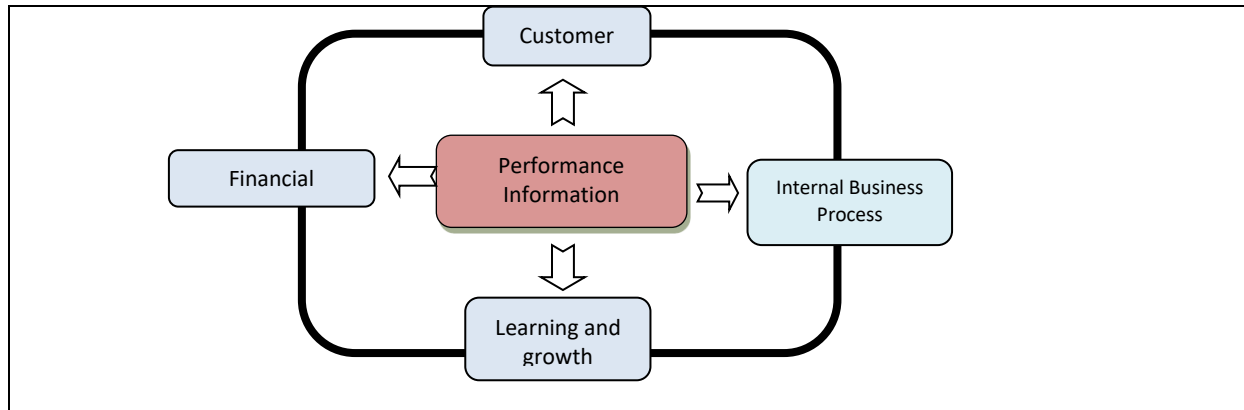
The previous paragraphs indicated that there can be problems with how performance information is used in practice for public sector management. The BSC is advanced as a tool that can facilitate better use of performance information to gauge, improve and communicate organisational performance in both the private and public sector (refer to Baird et al., 2012; Chan, 2004; Greatbanks & Tapp, 2007; Maltz et al., 2003). The BSC originators, Kaplan and Norton (2001), asserted that unlike the typical practice of collecting performance information for use as performance checklists, the BSC emphasises the linkage of performance information to strategy. This promotes the generation and application of a more balanced and relevant mix of performance information that can facilitate improved performance and accountability. By emphasising the need to collect a range of performance information that is relevant to different strategic dimensions, or a 'balanced' set of performance information, the BSC can signal and interrogate major sources for competitive advantage, results achievement and performance improvement.

2.2.1 BSC perspectives

The BSC provides a range of dimensions - termed 'perspectives' - against which an organisation can apply robust performance information to enable managers to view their organisations in a

comprehensive manner. This will help them translate strategy into action (Kaplan & Norton, 1996). The four BSC perspectives - customers, internal business processes, learning and growth, and financial - are shown in Figure 2.1.

Figure 2-1: Performance information based on the four perspectives of the BSC



Source: Adapted from Kaplan and Norton (1999)

The idea behind the BSC of having a balance of performance information across four perspectives, provides a useful model against which to interrogate what is being generated and applied in a particular local government organisation (see for example Kloot & Martin, 2000). In this study, performance information used at local government agencies is discussed in terms of its fit with the four perspectives of the BSC in order to interrogate and analyse the type, balance, and accessibility of information that is used by public sector managers in their decision-making and accountability activities.

The customer perspective considers information on which stakeholders are the organisation's customers and should enable them to answer the following: What do these customers expect or demand and what is our value proposition and provision in serving them? (Niven, 2008). Defining customers in the public sector is more challenging than the private sector due to the diverse array of stakeholders (Wisniewski & Ollafson, 2004).

The internal business process perspective considers the critical internal processes in which the organisation must excel in order to create value for producing, delivering and servicing their customers (Kaplan & Norton, 1996). This might include service development and delivery, partnering with the community, and reporting (Niven, 2008).

The learning and growth perspective underpins all other perspectives in the BSC as it explores the capacity of the organisation's people, systems, and organisational procedures to develop and deliver services (Kaplan & Norton, 1996; Niven, 2008). Learning and growth are the foundation of the whole BSC framework as employees play a crucial role in producing excellent internal processes to satisfy customers.

The financial perspective captures revenue and cost considerations. For the private sector, the focus is on profitability, whereas in the public sector the emphasis is on the effectiveness of the organisation in managing and allocating resources to maximize impacts (Niven, 2008).

2.2.2 The benefits of the BSC

Studies have reported a range of benefits in using the BSC (Farneti & Guthrie, 2008; Sharma & Gadenne, 2011; Wisniewski & Ollafson, 2004). First, the BSC facilitates an organisation to develop better strategic planning. The development of vision, strategy, objectives, and the measures that capture the four perspectives of the BSC in a strategy map, encourage managers to think about cause-and-effect relationships, such as how to improve service quality by improving staff training (Wisniewski & Ollafson, 2004).

Second, the BSC offers better management information. The BSC framework forces organisations to design key performance indicators (KPIs) for their various strategic objectives. These KPIs can be used by managers to monitor and report on what actually matters. A study on the adoption of BSC in Italia conducted by Farneti and Guthrie (2008) found that organisations implementing BSC reap the benefits of having better quality information that can be used to improve decision-making.

Third, the BSC enables organisations to establish better strategic alignment. Cascading the BSC allows organisations to communicate their strategic objectives up and down. The BSC assists managers to ensure that all levels of the organisation understand the long-term strategy and that both departments and individual objectives are aligned with it (Kaplan & Norton, 2007). Sharma and Gadenne (2011) found that the implementation of the BSC has led improvement in cascading of strategy an communication within local government authorities in Australia.

Fourth, the BSC assists managers to create better organisational alignment. The implementation of the BSC helps managers to build an organisation that focuses on critical management processes such as business planning, strategic initiatives, feedback and learning, budgeting, risk management and analytics aligned with their strategic priorities (Kaplan & Norton, 2007).

As a tool for improving performance, the BSC should be used as: a measurement system; a strategic management system; and a communication tool. Former performance measurement systems focus on financial measure alone. Reliance on such systems may sacrifice long-term value creation for short-term performance (Kaplan & Norton, 2001, 2007). This deficiency gave rise to the development of non-financial measures, enabling managers to view their organisations in a more comprehensive way. The BSC complements the traditional financial measures with operational measures on customer satisfaction, internal processes and organisational innovation and improvement activities (Kaplan & Norton, 1992). The BSC performance measurement systems are grounded in an

organisation's strategic objectives and competitive demands, which assist managers to focus on achieving those objectives (Kaplan & Norton, 1993). The development and use of comprehensive and interconnected measures also help managers to monitor and assess the achievement of strategic objectives based on four perspectives: customer; internal business processes; learning and growth; and financial.

While it essential to have performance measurement systems, they must actually be used in the management cycle for improving performance and accountability (Van Dooren et al., 2010). Studies reveal that while organisations may develop, collect, and analyse performance measures, many fail to use this information in decision-making (Behn, 2003). The BSC has shifted from measurement systems to strategic management systems to improve decision-making. The recent development of the BSC has integrated the four performance measures into strategic management systems (Kaplan & Norton, 2001). Using the BSC as a strategic management system requires an organisation to align the measures into its management processes and focus the entire organisation on implementing long-term strategy (Kaplan & Norton, 2007). Kaplan and Norton (1996) also asserted that financial and non-financial measures should be part of the information system for employees at all levels of the organisation. Front-line employees must understand the financial consequences of their decisions and actions, and senior executives must understand the drivers of long-term financial success (1996, p. 8).

Apart from its function as a measurement tool and strategic management system, the BSC provides a basis for improving communication with internal and external stakeholders. The development of strategic objectives along with their associated measures encourages a dialogue about the formulation and implementation of strategies for improving performance in the future (Kaplan & Norton, 1996, p. 13). The use of performance indicators to improve communication has also been highlighted by previous studies (Ammons, 2013; Behn, 2003, 2005; Holzer & Yang, 2004). Behn (2003) maintained that performance information can be a powerful tool in communicating program value and accomplishment to stakeholders. Ammons (2013) maintained that the use of outcome measures can contribute to improved policy communications among government officials.

For the BSC to function as a measurement system, a strategic management system, and a communication tool, an organisation must consider its mission statement, why its exists, and its core values and beliefs (Kaplan & Norton, 2001). These lay a foundation for the organisation to develop its vision, indicating what the organisation wants to become in the future, along with its strategy to achieve this (Kaplan & Norton, 2001; Niven, 2008). The BSC framework translates the vision and strategy to specific objectives and performance measures, which are focused and integrated (Parera, Schoch, & Saba, 2007).

The development of vision and strategy lays the foundation for organisations to identify the critical success factors (CSFs) needed to achieve their goals. CSFs can be used to identify critical issues for implementing a plan and to ensure that resources are directed appropriately. The BSC framework, which translates vision and strategy into specific actions, provides useful information for organisations to analyse their CSFs based on the four perspectives. This provides the groundwork for formulating operational plans and developing actions to achieve vision.

2.2.3 The BSC in the public sector

Public organisations face greater challenges compared to their private counterparts in implementing the BSC. The first challenge is the difficulty in defining customers as public organisations have various stakeholders (Moullin et al., 2007; Neely, 2002; Wisniewski & Olafsson, 2004; Wisniewski & Stewart, 2004). In a study on the use of scorecards in public health, Moullin et al. (2007) identified stakeholders as service users and interest groups. Meanwhile, Wisniewski and Olafsson (2004) contended that local authority stakeholders constituted a community in general, including taxpayers, central government, and inspection and audit agencies. Wisniewski and Stewart (2004) cautioned that each stakeholder needed to be served differently. Therefore, providing performance information for multiple end users with a one-size-fits-all approach is unlikely to be successful.

The second challenge lies in the diversity of programs run to serve stakeholders. This increases the complexity and thus the ability of public organisations to determine non-financial measures within the BSC perspectives (Sharma & Gadenne, 2011). Northcott and Taulapapa (2012) argued that the key success factors in implementing BSC are: deciding on the appropriate BSC perspectives, defining the customer, and identifying a manageable number of appropriate KPIs given the range and complexity of organisational activities. In this regard, KPIs refer to the measures that help an organisation to track the achievement of their goals. Evidence from municipal governments in Canada and the US suggest that defining an organisation's strategy and tying incentives for the implementation of BSC with the achievement of KPIs, are critical factors to addressing the difficulty of adopting BSC (Chan, 2004).

Despite the difficulty in defining customers and the various programs provided, building organisational capability to construct a BSC is essential (Parera et al., 2007). In practice, developing non-financial measures and keeping the BSC effective is difficult and takes a considerable amount of time and resources. Gautreau and Kleiner (2001) argued that shortfalls can be overcome with proper planning and awareness, especially with recent development in BSC software systems. They also suggested focusing on a few key measures and using measures that can control and keep the lines of communications open. Northcott and Taulapapa (2012) suggested that public organisations start

with a BSC template that has been adapted for the characteristics of their sector, rather than adopting the standard Kaplan and Norton (1992) model as a point of departure.

Although the implementation of the BSC in the public sector is not as pervasive as in the private sector, studies reveal that the BSC has attracted public organisations across the world (Chan, 2004; Greatbanks & Tapp, 2007; Sharma & Gadenne, 2011). A survey on the use of the BSC in city and district councils in New Zealand revealed that eight councils among 48 were current BSC users (Northcott & Taulapapa, 2012). Furthermore, a survey on the effectiveness of performance management systems in Australian local governments, conducted by Baird et al. (2012), found that among 184 respondents, 25 local governments had implemented the BSC. A survey on the adoption of the BSC in the Sydney metropolitan area suggested that although only two out of 18 local councils had adopted the BSC, eight were considering its adoption (Parera et al., 2007). Chan's survey (2004) on the adoption of the BSC among local governments in the US and municipal governments in Canada found that 184 respondents reported that measures of customer satisfaction, operating efficiency, and employee performance were used to support various management activities.

Examining these cases in more detail reveals that modifications in the BSC were required to meet organisational strategy. A case study of the BSC use in New Zealand suggests that the BSC model outlined by Kaplan and Norton (1992) had been extensively modified to reflect the unique characteristics of organisations in the study (Griffith, 2003). An empirical study conducted by Greatbanks and Tapp (2007) at Dunedin City Council in New Zealand also suggested that the agencies within the jurisdiction did not take directly from the Kaplan and Norton model. The agencies have developed their scorecards specifically for application within and did not closely resemble the four dimensions as originally developed by Kaplan and Norton (1996). These agencies' BSCs covered strategic, financial, customer, operational, and development measures. Another case study conducted by Farneti and Guthrie (2008) showed that in order to understand the specific needs of stakeholders, Italian local governments set targets for developing measures related to the customer perspective of the BSC.

Studies suggest that the BSC assists managers in improving services (Farneti & Guthrie, 2008; Sharma & Gadenne, 2011; Wisniewski & Olafsson, 2004). Farneti and Guthrie (2008) found that the implementation of the BSC improved the capacity of managers and other employees to focus on achieving the planned goals and improving service for citizens, due to the identification and quantification of targets in local governments. Furthermore, the adoption of the BSC in the United Kingdom (UK) is in line with the implementation of 'best value' initiatives, which demonstrate how local councils provide value for money to communities (Wisniewski & Olafsson, 2004). Local government authorities in Australia, in a case study conducted by Sharma and Gadenne (2011),

admitted that the adoption of the BSC encouraged managers to place greater effort on delivering favorable outcomes through surveys and dialogue with key internal and external stakeholders.

Apart from the benefits of the BSC in improving service delivery, only a few studies published in international journals use evidence from Indonesia - and none of them addressed its implementation in public sectors. For example, Nurjannah (2018) examined the use of BSC for measuring competitive advantage of infrastructure assets of state-owned ports. The exploration of the use of performance information in the stages of the management cycle, as discussed in the following sections, enriches the analysis of the practice of the BSC as part of performance management.

2.2.4 The management cycle

Gathering performance information lays a foundation for improved performance and enhanced accountability of public organisations. The Australian National Audit Office (ANAO, 1996) highlights three primary functions of performance information: as a tool for management, for accountability, and for reporting. As a tool for management, performance information allows managers at all levels to develop a common understanding of program objectives. This can help them develop strategy; plan, set targets, allocate resources and establish milestones; generate feedback and learning; and prepare reports.

With regard to accountability, performance information facilitates governments to measure and report program achievements to their stakeholders. Hatry (2006) pointed out that performance information can be used: to manage an agency to delegate greater authority and flexibility in return for greater accountability; to create non-financial incentives for improved program performance; to create financial incentives for effective organisational performance; to provide training and technical assistance and build expertise; to redesign central management systems; to incorporate goals, performance indicators and performance incentives into contracts and grant programs; to reallocate resources; to redirect program activities; and to develop partnerships.

Studies have found that those who have used performance information have benefitted from it. For example, GAO (2008) found that US federal managers used performance information for:

- Setting program priorities.
- Allocating resources.
- Adopting new program approaches or changing work processes.
- Coordinating program efforts with other internal or external organisations.
- Refining program performance measures.
- Setting new or revisiting existing performance goals.
- Setting individual job expectations for government employees.

- Rewarding government employees and developing and managing contracts.

A mail survey of chief executives in mid-sized US cities revealed that the reason for adopting the use of performance information was: to improve management decisions; to support budget recommendations/decisions; to respond to citizen demands for greater accountability; to comply with the wishes of city officials; to comply with state or federal reporting requirements; or to respond to pressure from various community groups (Folz et al., 2009).

As well as examining its use in managerial processes, researchers have categorised the level of performance information used by public organisations. A study in six countries conducted by Bouckaert and Halligan (2008), for example, outlined four models of performance information use: performance administration; management of performance; performance management; and performance governance. These models are based on the type of measures used, the level of government activity and societal outcomes addressed, and the degree of integration of performance management across government agencies and social institutions (Rhodes et al., 2012). Performance administration refers to the use of performance information at the first stage, when public organisations focus on process, inputs, and outputs rather than outcomes. Its use is limited. Studies found that France, Germany, Ireland, Italy, Spain, and Portugal typically used this model (Rhodes et al., 2012; Van Dooren et al., 2010). Performance governance, on the other hand, is conceived as the ideal type. It is characterised by the possession of a broad range of organisational collaboration governed by performance mechanisms, active citizen participation and engagement with performance improvement as their agendas, incorporating measures of social impact or well-being, and the integration of various performance activities, agendas and policies across all levels.

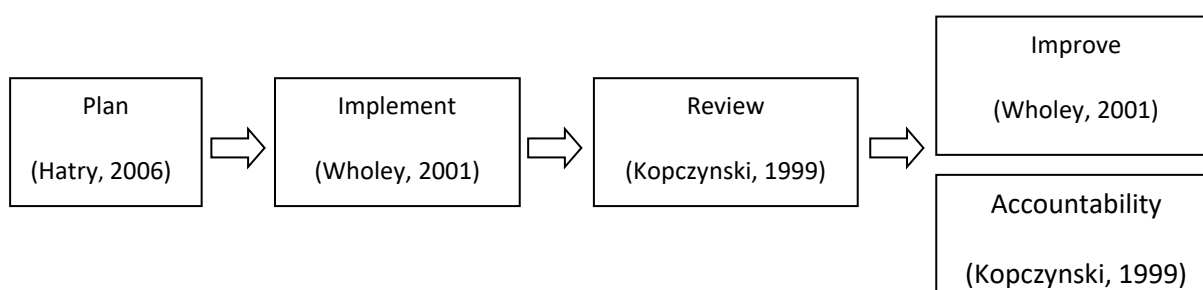
Another list of categories was proposed by Moynihan (2009) who clustered the use of performance information into: purposeful, passive, political, and perverse use (Moynihan, 2009). Purposeful use represents the central hope of the performance management doctrine, with public employees using data to improve program performance through goal-based learning, better targeting of resources, informed strategic decisions, and linking indicators to rewards/sanctions. Passive use can be found when public managers provide performance information to comply with requirements to create and disseminate information without actually using this information. Political use refers to the use of the information to present evidence that public agencies are performing. Finally, perverse use considers the use of the information in negative ways, such as making up data, cheating, or manipulating measures.

It is clear from the preceding discussion that there are numerous purposes for using performance information. Behn (2003) highlights eight purposes: to evaluate, to control, to budget, to motivate, to

promote, to celebrate, to learn, and to improve. Van Dooren et al. (2010) emphasises the use of performance information to learn, to steer and control, and to give account. These key uses of performance information can be captured by the concept of the 'management cycle'. This was promoted by Deming (2000) and has been used in Japan since 1950 (Dahlgard, Kristensen, & Kanji, 1995). The cycle constitutes a plan, do, check, act (PDCA) approach and lays the foundation for quality improvements. This cycle starts with preparing a plan; conducting activities necessary to achieve the plan; checking the results to understand the causes of the results; and taking action to improve the processes (Dahlgard, Kristensen, & Kanji, 2002; Matsuo & Nakahara, 2013). This cycle is also commonly used as a problem-solving model in the context of quality management. In relation to the use of performance information, the PDCA cycle provides a tool for managers to deliver on performance. Adopting the four phases of the PDCA cycle ensures that performance information will be used in the whole managerial process.

This study adopts a variant of the PDCA management cycle (MAB MIAC, 1993) that incorporates five stages: plan, implement, review, improve, and accountability (refer Figure 2-2). The adaptation of this version of the cycle is based on the identified use of performance information to improve performance and accountability as discussed in the literature and explored in the previous paragraphs (Hatry, 2006; The Edwards Deming Institute@, 2015; Wholey, 2001).

Figure 2-2: The use of performance information in the management cycle



Source: Adapted from MAB-MIAC (1993) and through a synthesis of the literature

The accountability stage which was missing from the PDCA version of the management cycle has been included in this study because of the potential benefits of using performance information to demonstrate progress and the discharge of responsibilities. The five stages in the management cycle provides a robust model for interrogating and analysing how performance information is used.

Table 2-2, developed from analysing and mapping the literature, shows the use of performance information in specific activities conducted at each stage of the management cycle. The five stages are examined in the following sections.

Table 2-2: Activities in which performance information is used

Management cycle	The use of performance information
Planning (Plan)	To set targets, to allocate resources, to set program priorities (ANAO, 1996; GAO, 2008)
Implementation (Do)	To delegate greater authority and flexibility; to create non-financial incentives; to create financial incentives for effective organisational performance; to provide training and technical assistance and build expertise (Hatry, 2006); to motivate (Behn, 2003); to coordinate program efforts with other internal or external organisations; to reward government employees (GAO, 2008); to appraise, and sanction (De Bruijn, 2007)
Review (Study)	To evaluate (Behn, 2003), to control (Behn, 2003; Van Dooren et.al, 2010), to review (Ammons et al., 2013; Kravchuk & Schack, 1996)
Improvement (Act)	To provide feedback and to learn (ANAO, 1996); to improve (Behn, 2003); to improve the management of program operations (Moynihan, 2009); adopt new approaches or change work processes; set new or revisit existing performance goals (GAO, 2008)
Accountability	Prepare reports (ANAO, 1996); to give account (Van Dooren 2010); to create transparency (De Bruijn, 2007); to present evidence that public agencies are performing (Moynihan, 2009)

2.2.5 Performance information in the planning stage

Planning allows organisations to make a disciplined effort to produce fundamental decisions and actions to shape and guide what an organisation is, what it does, and why it does it (Bryson, 1995; Poister & Streib, 2005). One of the critical activities in the planning stage of the management cycle is strategic planning (Su Jung & Lee, 2013). As highlighted by Bryson (1995), strategic planning involves: setting up vision, mission, and goals; formulating strategy; and implementing the strategy. Denhardt (1985) ascertained that strategic planning activities are designed to help members of an organisation match their objectives and capabilities with the anticipated demand of the environment, to produce a plan of action that will assure the achievement of its objectives. The importance of setting a strategic plan was also highlighted by Locke and Latham (2013). They stressed that an organisation that sets goals to motivate people to perform better on work-related tasks achieves better results than entities that do not.

To achieve goals, organisations need to formulate KPIs to help them determine how well they are performing (Marr, 2010). Kairuz, Andries, Nickloes, and Truter (2016) defined KPIs as quantifiable measures that reflect factors critical to success, and these can be used to gauge organisational performance in relation to strategic and operational goals. Taylor (2007) also maintained that KPIs are the primary public management tools for accounting for performance to the public and authorities, such as parliament and government auditors. To generate their benefits, KPIs should be linked to the predetermined strategic objectives, which must be aligned with the organisation's mission and vision statements (Wall & Martin, 2003).

The development of KPIs in the planning stage of the management cycle allows public managers to set targets, to determine program priorities, to allocate resources, and to steer service delivery (refer to the planning row in Table 2-2). As the KPIs are developed, specific, quantifiable targets should be set as an indication of the strategic objectives to be achieved. The formulation of KPIs and their targets enable managers to identify potential problems and to articulate priorities for designing programs and activities that contribute to the achievement of strategic objectives (Hatry, 2006). The use of efficiency measures in selecting KPIs also assist managers in allocating resources based on the priority of their programs (Behn, 2003).

The benefits of using performance information in strategic planning have been reported in previous studies. The survey of US municipalities conducted by Folz et al. (2009) revealed that among those respondents who were preparing performance information, 71.9% claimed that the information supported budget recommendations and decisions. The authors also found that the rationale for the adoption of performance information in the US municipalities was its usefulness in directing chief executives to focus on program priorities. Poister and Streib (2005) found that a substantial number of city governments in the US were using strategic planning to establish long-term directions, determine priorities, and guide decision-making. Among the cities engaged in strategic planning, a high percentage of these also reported the use of particular budgeting, performance management, and measurement practices aimed at implementing strategic plans effectively.

2.2.6 Performance information in the implementation stage

A performance management regime provides a foundation for managers to focus their attention on achieving performance targets as set out in their planning documents. The presence of specific, quantifiable performance targets in planning has a directional effect, as highlighted by Locke and Latham (1990), to stimulate managers in public organisations to exert their knowledge and skills to achieve targets. In the implementation stage of the management cycle, the incorporation of KPIs along with their targets in strategic plans can be used to motivate staff and to encourage learning. This leads to improving service delivery (refer to Behn, 2003). Furthermore, the implementation of a performance measurement system enables managers to measure results and encourages them to be innovative in delivering programs (Julnes, 2006).

Once planning has been completed, the next stage of the management cycle is implementation. In the implementation stage, public organisations execute their plans in order to achieve their strategic objectives. Bryson (2010) defined implementation as an ongoing effort to realise in practice an organisation's mission, goals, and strategies. Dahlgaard et al. (2002) argued that implementation

usually involves conducting the plan based on some standards (standard operations), which must be followed.

In the implementation stage of the management cycle, as illustrated in Table 2-2, performance information can be used in various ways. Hatry (2006) maintained that performance information facilitates an organisation to delegate greater authority and flexibility; create non-financial incentives for improved program performance and financial incentives for effective organisational performance; provide training and technical assistance, and build expertise. Behn (2003) argued that performance information has proven to be very useful to motivate managers to learn how to perform better. The development of goals along with indicators will drive managers to concentrate on accomplishing performance targets. The usefulness of performance information in the implementation stage was also highlighted by the GAO (2008), which asserted that it can be used to coordinate program efforts with other internal or external organisations and to reward government employees. The use of outcome indicators in planning can motivate people to look outside their organisation by pursuing ways to collaborate with other individuals and organisations (Bardach, 1998; Behn, 2003).

Epstein et al. (2006) even suggested that governments can involve citizens not only in performance measurement but also in problem-solving and governing the results. In this regard, citizens can play their role as collaborators who participate in producing services or solutions. De Bruijn (2007) and the GAO (2008) highlighted that performance information can also be used to appraise and give sanctions to employees. The formulation of goals along with performance indicators can be used to assess how managers achieve targets and lay a foundation for rewarding or punishing them. However, recent studies suggest that promoting learning through dialogue is more effective in motivating managers to use performance information, rather than introducing punishment, which can encourage managers to manipulate the achievement of performance targets (Bevan & Hood, 2006b; Moynihan & Lavertu, 2012). In short, in the implementation stage of the management cycle, as highlighted by Bryson (2010), public organisations focus their attention on implementing their programs and activities to achieve performance targets that have been set in planning documents and to meet their mandate.

2.2.7 Performance information in the review stage

As the plan has been executed, a review is required to ensure that policy and program implementation is in accordance with both strategic and operational planning. A number of studies have found that public organisations need to monitor and evaluate program implementation (Kearney & Berman, 2003; Kravchuk & Schack, 1996; Wholey, Hatry, & Newcomer, 2010). As noted in Table 2-2, the use of performance information in the review stage involves: evaluation (Behn, 2003),

control (Behn, 2003; Van Dooren et.al, 2010), and review (Ammons et al., 2013; Kravchuk & Schack, 1996). Behn (2003) asserted that performance information allows managers to learn how well a government agency is performing. To perform well, the agency requires some measures or indicators of outcomes to enable the agency to measure the effectiveness of programs. Besides evaluation, performance information can also be used as a tool to control behavior (Behn, 2003). In this respect, input indicators facilitate the measuring of compliance of officials against certain requirements.

Another activity conducted in the review stage of the management cycle is monitoring. Julnes (2006) maintained that performance information under the new reporting frameworks allows managers in public organisations to improve performance by using the information for monitoring the efficiency and effectiveness of a program. This might include monitoring the quality of service delivery and outcome results achieved in public programs. Liu and Van Dooren (2013) ascertained that the use of performance information by managers lays a foundation for conducting monitoring and providing feedback for influencing their behavior. The authors pointed out that monitoring performance, in the long run, is part of a continuous learning process, which contributes to improving organisational performance. Wholey and Newcomer (1992) highlighted that performance monitoring systems regularly measure the quality of service delivery and the outcomes (results) achieved in public programs, which can be conducted annually, quarterly or even more frequently. Similarly, Liu and Van Dooren (2013) advocated the use of performance information in organisational routines, which could be used on a day-to-day basis. Moynihan and Landuyt (2009) proposed the creation of learning forums, in which employees could seek to examine and discuss performance data. Regular discussion about performance information would contribute to fostering a learning culture, encouraging the use of performance information to improve performance.

Most studies on the use of performance information are devoted to interrogating the use of that information in the review stage of the management cycle (Julnes, 2006; refer to Kearney & Berman, 2003; Kravchuk & Schack, 1996; Wholey, 2010; Wholey & Hatry, 1992). Behn (2003) maintained that evaluation is the usual reason for measuring performance. Some studies suggest that monitoring and evaluation are the two predominant reasons for using performance information (Julnes, 2006; Kearney & Berman, 2003; Wholey, 2010). Ammons et al. (2013) suggested that the presence of routine reviews of senior managers on the performance of programs results in greater performance benefits than when reviews are conducted ad hoc (e.g., when problems occur). For the purposes of this study, the review stage includes monitoring, evaluation, controlling, and auditing.

2.2.8 Performance information in the improvement stage

Improvement in the delivery of services is the core purpose of performance measurement (Behn, 2003). Using performance information in the review stage of the management cycle paves the way for the final stage of the management cycle – improving performance and providing accountability. Managers in public sector organisations can generate feedback through monitoring and evaluation. This feedback is essential for: recognizing the level of performance; identifying areas for improvement; learning and adaptation; and providing accountability to internal and external stakeholders (Folz et al., 2009; Kopczynski & Lombardo, 1999; Wholey, 2001; Wholey & Hatry, 1992). When problems arise, the feedback provided by performance data can also help executives and line managers take corrective and timely action to get things back on track and improve performance in the long run (Poister, Pasha, et al., 2013; Walker, Damanpour, & Devece, 2011).

To foster improvement in service delivery, public organisations need to formulate proper performance measures. Ammons and Rivenbark (2008) asserted that different types of measures generate different feedback. The authors argued that focusing only on workload measures produces little managerial or policy value. Raw workload information does not inspire much managerial thinking. On the other hand, measures addressing service quality, effectiveness, and efficiency can cause officials and employees to rethink service delivery strategy.

Apart from the benefits offered by performance information for improving service delivery, the process of how performance information improves service delivery is rarely discussed in the literature. Behn (2003) tried to find the connection between measurement and improvement and investigated how to convert measurement into improvement. The author highlighted that improvement requires attention to feedback. Performance information facilitates learning that enables public organisations to identify good or poor performance so that they can modify factors to improve performance. A different logical model for improvement was proposed by Melkers (2006). He maintained that integration of performance information in decision processes and systems fosters communication about programs and activities with agency staff, as well as external stakeholders and policy-makers. Improved communication will lead to better program design and more informed fiscal allocation decisions. In return, improved program quality and responsiveness to the citizen demands would result, leading to greater effectiveness. Julnes (2006) maintained that improvement in management and policy decision-making is accomplished by using performance information for budget formulation and resource allocation, employee motivation, setting goals and objectives, planning, evaluation, control, and for improving service quality and enhancing citizen trust.

Studies on the use of performance information point out that setting performance targets is crucial to stimulate improvement. Boyne and Chen (2006) argued that setting targets can lead to public service improvement. In their study, local authorities with a target against an indicator of educational performance achieved higher scores than those without a target. The presence of targets appears to represent a mechanism for achieving public service improvement.

2.2.9 Performance information in the accountability stage

The benefits of performance information in enhancing accountability has been highlighted in previous studies (Julnes, 2006; Moynihan, 2009; Tilbury, 2006; Van Dooren et al., 2010). The use of performance information allows public organisations to present evidence of achievement against performance targets to external stakeholders, instead of focusing only on producing financial information (Kloot, 2009; Moynihan, 2009). Tilbury (2006) argued that reporting performance information over a range of outcomes, not only financial, can open up areas for debate by highlighting concerns and prioritizing areas for action over multiple dimensions. The focus on performance in the reporting systems has shifted financial accountability to a broader notion of management accountability. The utilization of performance information allows public organisations to improve communication to their stakeholders and to gain their trust. This communication paves the way for public managers to convince political superiors, legislators, stakeholders, journalists, and citizens that their agency is doing a good job (Behn, 2003).

To enhance accountability, public organisations need to develop proper performance indicators (Ammons et al., 2013). Outcome indicators are considered appropriate to fulfill the demand of accountability (Julnes, 2006). The Governmental Accounting Standards Board (GASB, 2003) also recommended that state and local governments in the US implement service efforts and accomplishment (SEA), which emphasise reporting results or outcomes of program activities. The Victorian Government in Australia also established a local government performance reporting framework (LGPRF), which emphasised reporting outcomes as they provide information about the impact of a program. However, considering the difficulty in collecting outcomes, the Victorian Government encouraged public organisations to use outputs, with an understanding that there is a relationship between those outputs and desired outcomes, and that the measures of outputs are the proxies of measures of outcomes (DTPLI, 2014). The use of outcomes is also in line with the recommendations of ANAO (1996), which maintains that performance indicators should enable judgments to be made on the extent to which program activities are achieving desired results.

Performance indicators (as stated in the previous paragraph) should be linked to goals, objectives, indicators, and targets in order to enhance accountability (Askim & Christensen, 2015; Julnes, 2006).

Ensuring the alignment of goals and objectives with indicators is critical for assessing how public organisations have achieved their performance targets. The GASB (2003) stressed that performance indicators should be relevant to the outcome being measured and the decision being made. This alignment allows managers, legislators, and other stakeholders to assess and measure how the use of certain resources are contributing to achieving intended results or outcomes of a particular program or service (Koteen, 1989).

Apart from outcomes, previous studies have suggested that public organisations also need to provide explanatory information in reporting performance (DTPLI, 2014; Hatry, 2006; Julnes, 2006). Explanatory information allows the reader to understand the context in order to interpret data, especially for outcomes that are worse or much better than expected (Julnes, 2006). Public managers can use this type of information to justify the success and/or failure in achieving targets by providing arguments about factors contributing to their performance (Hatry, 2006). The GASB (2003) also clearly required public organisations to include a discussion of identified external and internal factors that have had a significant effect on performance and would provide a context for understanding an organisation's performance.

To improve accountability, comparison, including trend analysis, should also be considered in reporting performance. The ANAO (1996) asserted that performance reports should include information on performance trends and comparisons over time rather than just a snapshot at a point in time, which may mislead readers. Comparative information enables stakeholders to justify whether performance has improved or worsened over a period. Ammons and Rivenbark (2008) advocated benchmarking, allowing governments to compare their performance with other jurisdictions. In their study, the authors found that the willingness of officials to embrace comparisons encourages the use of performance information for improving performance and enhancing accountability.

Regardless of the potential benefits of using performance information to enhance accountability, there are also considerable challenges. A study of performance reporting in Ireland conducted by McGeough (2015) revealed that Irish public service organisations published a reasonable performance indicators, but most of these indicators were not compared to target. The majority of organisations did not publish any targets in their annual reports. The failure to present targets creates difficulties in assessing how the organisation is doing. Pollanen (2005) also found that financial, rather than non-financial, performance information still constituted the major focus in most municipal annual reports in the Canadian provinces, regardless of the presence of the regulation mandating performance reporting. A study conducted in Ontario in Canada by Schatteman (2008) found that despite the goal of increased accountability, public managers were not investing

time or resources in creating high-quality and useful performance reports. The study conducted by Carlin and Guthrie (2001) in Victorian local governments also found that, in many cases, no actual data was ever reported and the only data presented was in the form of targets. The authors also found that the inability to construct consistent performance time series, as data on outcomes may not become available for up to two years, was a serious weakness in the budget accountability regime in Victoria.

Apart from the quality of information, another challenge in the use of performance information to enhance accountability is the lack of public access to the information. Performance accountability requires public managers to report performance to different stakeholders, including chief executives, legislators, and the public (Wang, 2002). Providing the public access to performance information is a requirement for establishing accountability so that the information can be discussed, assessed, and evaluated by a broader group of stakeholders (Halachmi & Holzer, 2010). However, studies have found that the practice of opening up information to the public is limited (Pollanen, 2014). Pollanen (2014) revealed that only 56% of large British Columbia municipalities published annual reports consistently for both 2008 and 2009; in Ontario only about 20% of municipalities published annual reports, or the equivalent, consistently for both years.

2.3 Enablers and barriers to the use of performance information

Despite the usefulness of performance information to improve service delivery, studies indicate that, in reality, performance information is generally not used to its full potential (Ammons, 2002; Ho & Coates, 2006; Nielsen, 2013; Yang & Hsieh, 2007). Current practice in performance management shows that collecting and reporting performance measures is widespread while the use of the information is limited (Ammons et al., 2013; Julnes & Holzer, 2001; Sanger, 2008, 2013). The extent to which performance information is used in policy-making, and budgetary decision-making is also contested (Jordan & Hackbart, 1999; Joyce, 1993; Larkey & Devereux, 1999; Poister & Streib, 2005; Wang, 2000). Julnes and Holzer (2001) found that efficiency measures and outcome measures were less extensively developed than output measures for programs in public organisations in the US. Efficiency and outcome measures are used less often compared to those of output for strategic planning, resource allocation, program management, monitoring and evaluation, and reporting to internal management, elected officials, and citizens or the media. Poister and Streib (2005) also revealed that just under half (48%) of respondents in their study, who were chief administrators of municipal governments in the US, reported that performance information was aligned with strategic goals and that the information was used for determining resource allocation.

Since the use of performance measurement and reporting systems is influenced by the context within which an organisation operates (Chenhall, 2003), a key issue for research is to explore the barriers and enablers that operate at the interface between the ideal and reality of a manager's use of performance information for delivering on performance and accountability. Contingency theory provides a useful lens for the issue of why performance information is used in the way it is, as it targets the isolation and examination of how internal and external factors influence the way things are done in a particular organisational context (Tucker, 2010). The central feature of contingency theory is that it intends to identify activities of an organisation that are aligned with the context of the wider environment in which it is set (Rejc, 2004). Contingency theory applied to the use of performance information is based on the argument that there are no universal factors that fit all organisations in all conditions. Rather, specific organisational and contextual factors influence the effectiveness in using performance information (Wadongo & Abdel-Kader, 2014).

Studies have investigated factors influencing the effective use of performance information by management (Angiola & Piervito, 2015; Berman & Wang, 2000; Ho & Coates, 2006; Julnes & Holzer, 2001; Melkers & Willoughby, 2005; Moynihan, 2008; Moynihan & Ingraham, 2003). Angiola and Piervito (2015) found that competencies to use performance measures is crucial in encouraging managers to apply performance information to decision making and accountability. The GAO (GAO, 2008) highlighted three important factors to improve the utilization of performance information: leadership commitment to results-oriented management; a clear link between individual performance and organisational results; and building agency capacity to collect and improve the use of performance information. A study conducted by Berman and Wang (2000) found that an organisation's capacity, meaning their ability to achieve their aims, is a key factor in understanding the use of performance information. The organisation's need to increase its capacity was also highlighted by Moynihan and Pandey (2004) in their study of performance information use. They considered capacity to be a form of organisational behavior that is influenced by the individual job, as well as organisational and environmental factors. A survey of 72 US local governments found that those organisations that regarded performance management as their management philosophy perceived greater benefits on particular dimensions of performance than those regarding it to be a subsidiary system or simply a means of upgrading performance measurement. Embracing performance measurement as a performance management device also made the local government perform better than those whose executives routinely reviewed the performance of operating units (Ammons et al., 2013). Melkers (2006) argued that leadership support, a participative process in the development of performance measures, and changing attitudes of long-term administrators about the value of performance, contributes to improving the use of performance information. Table 2-3

shows the enablers and barriers in using performance information to improve performance and enhance accountability. This table was developed through a synthesis of the literature and by mapping the enablers and barriers into nine factors. The following paragraphs discuss each factor in detail.

Table 2-3: Enablers and barriers to the effective use of performance information

No.	Factors	Authors
1	2.3.1 Leadership support	(Amons & Rivenbark, 2008; Andrews & Moynihan, 2002; Aristigueta & Zarook, 2011b; Kim & Hoontis, 2012; Moynihan, Pandey, & Wright, 2011)
2	2.3.2 Performance measurement systems (PMS) design	(Ammons et al., 2013; Ammons & Rivenbark, 2008; ANAO, 1996; Berman & Wang, 2000; Bouckaert, 1993a; Boyne & Chen, 2006; Hatry, 2006; Ho & Ni, 2005; Julnes & Holzer, 2001; Marr, 2012b; Moynihan & Landuyt, 2009; Poister, Aristigueta, & Hall, 2014; Sanger, 2008; Van Dooren, 2005)
3	2.3.3 Resource availability	(Ammons, 1995; Berman & Wang, 2000; Julnes & Holzer, 2001; Kim & Hoontis, 2012)
4	2.3.4 Information and communication technology (ICT)	(Barbosa, Pozzebon, & Diniz, 2013; DLGC, 2013; Eggers, 2005; Halachmi & Holzer, 2010; Nasim, 2010; Porumbescu, 2016)
5	2.3.5 Technical capacity	(Berman & Wang, 2000; Broom & Jackson, 1997; Cavalluzzo & Ittner, 2004; Hatry, 2006; Kim & Hoontis, 2012; Rivenbark & Bianchi, 2012; Yang & Hsieh, 2007)
6	2.3.6 Organisational culture	(Marr, 2012b; Moynihan & Landuyt, 2009; Moynihan & Pandey, 2010; Sanger, 2008)
7	2.3.7 Citizen involvement	(Epstein et al., 2006; Halachmi & Holzer, 2010; Holzer & Kloby, 2005)
8	2.3.8 Legal mandate	(Cavalluzzo & Ittner, 2004; GAO, 2008; Lee, 2008; Lu & Willoughby, 2008; Rivenbark & Bianchi, 2012; Talbot, 2008)
9	2.3.9 Managerial authority	(Moynihan, 2006; Moynihan & Pandey, 2004; Nielsen, 2013; Osborne & Gaebler, 1992; Rainey & Steinbauer, 1999)

2.3.1 Leadership support

Leadership plays a crucial role as an antecedent of effective performance information use (Ammons & Rivenbark, 2008; Aristigueta & Zarook, 2011b; Hoontis & Kim, 2012; Melkers & Willoughby, 2005; Moynihan et al., 2011). Leaders have the capacity to inspire and influence their subordinates by fostering goal clarity and conducting routine reviews, which can shape a supportive culture for using the information to improve performance and service delivery (Moynihan et al., 2011). Melkers and Willoughby (2005) found that the use of performance information by a manager is contingent on the level of support from leadership (senior management and elected officials), lower level managers, and advisory boards. A study conducted by Hoontis and Kim (2012) found that one of the important factors in explaining the use of performance information is leadership commitment to showing employees the value of using performance measurement. Such commitment can also be seen in how leaders communicate the goals and the expected results of using performance information to

employees and the public. Another study on the use of performance information in six states in the US conducted by Aristigueta and Zarook (2011b), reiterated the crucial role of leadership in linking information systems, management controls and governance procedures to promote performance management. The authors found that the use of performance information to improve effectiveness in Florida, Oregon, and Virginia was highly influenced by the support of the governor and legislators.

Apart from the importance of leadership support, the way leaders are involved in managing performance is also essential. Moynihan and Ingraham (2004) proposed an integrative approach to guide public officials to use performance information to improve performance. They argued that effective leaders can enhance the use of performance information through building critical organisational capacities. Leaders also need to compare their achievements with other agencies in order to motivate employees to utilize performance information since they are held accountable for results (Ammons & Rivenbark, 2008; Andrews & Moynihan, 2002).

2.3.2 Performance measurement systems (PMS) design

Performance measurement systems (PMS) are tools to assess performance, to demonstrate accountability through performance reporting, and to improve the performance of an organisation (Goh, 2012). Current practice in measuring performance indicates that, regardless of the wide adoption of PMS by public organisations, its effectiveness in enhancing performance and accountability attracts criticism (Ammons et al., 2013; Berman & Wang, 2000; Sanger, 2008). Public organisations face considerable challenges to design effective performance measurement, ranging from the selection of measures, to their integration into key management practice, including strategic planning and budgeting (Berman & Wang, 2000). The following paragraphs summarise three aspects of performance measurement that contribute to improving performance and accountability: types of indicators, performance targets, and integration with key management practice.

Type of indicators

The quality of measures or indicators significantly influences the use of performance information (Ammons & Rivenbark, 2008; Van Dooren, 2005). Non-financial performance information contains outputs, workloads, outcomes, efficiency, and service quality measures (Hatry, 2006; Julnes & Holzer, 2001). Evidence from a North Carolina benchmarking project on the use of performance information suggests that good measures of efficiency and effectiveness are more likely to inspire managerial thinking about service improvement than output measures (Ammons & Rivenbark, 2008). Project coordinators of the participating cities declared that organisations that focused their attention on efficiency and effectiveness and did not mention workload measures, experienced service

improvement due to the application of performance measurement. In contrast, those that focused on workload measures reaped less benefit from performance measurement. Hence, selecting outcomes, rather than workload measures or outputs is likely to increase the effectiveness of performance measurement.

Apart from the importance of selecting outcomes, rather than outputs, performance information should also be valid, reliable and legitimate (Bouckaert, 1993a). Defining valid measures in public organisations is challenging compared to that of private organisations. The intangible forms of product or service provided by public organisations are difficult to measure, especially when the service relates to people, such as education, care for children, and assisting disadvantaged people. To ensure validity, performance measures have to be checked, improved and adapted to the different situations in which they are applied. Public organisations are challenged with developing valid data, specifically with regard to outcome measures (Bouckaert, 1993b; Moynihan & Landuyt, 2009). The need to provide relevant and useful information is not supported by existing systems to collect the information (Poister et al., 2014). As a result, managers rely on available data, regardless of its validity and legitimacy in preparing performance information. Bouckaert (1993b) ascertained that it is necessary to set up a new procedure for data collection and new data techniques of data processing to produce desired data, rather than to rely on available data. The lack of validity, reliability, timeliness, and prescriptive information may not generate useful information (Poister, Edwards, Pasha, & Edwards, 2013).

Aside from validity, another strategy to encourage the use of performance information is increasing the legitimacy of measures. Involving stakeholders, as well as all management levels of an organisation, in developing measures can encourage managers to make better use of their performance information. Bouckaert (1993a) maintained that the development of a performance measurement systems should adopt both a top-down and bottom-up approach, rather than just top-down. Incorporating a bottom-up approach requires all levels (bottom and middle management) to be involved in the system development. Developing performance measures using both top-down and bottom-up systems motivates and encourages managers to commit to using the measures in their decision-making processes. In addition, considering external stakeholders in developing measures also matters. Ammons (1995) underscored the importance of developing measures that can capture the interest of local media and the public. The experience of a few Iowa (US) cities and a survey of Iowa local officials suggested that citizen involvement has impacted the practice of performance measurement and increased the likelihood of elected officials integrating performance information in the decision-making and planning process. Involving citizens in defining measures opened up new opportunities to build a stronger partnership between the government and the citizenry (Ho, 2007).

Target setting

To enable assessment, targets should be set along with KPIs (ANAO, 1996; Kaplan & Norton, 2007; Mendes, Nunes, & Teixeira, 2014). Targets express quantifiable performance levels or changes of level to be attained at a future date, as opposed to the minimum level of performance (ANAO, 1996). The formulation of targets provides a basis for public managers to measure the achievement of their strategic objectives and goals. In turn, measuring the achievement of the targets allows managers to learn and identify factors that influence success and failure. Poister, Edwards, et al. (2013) asserted that the presence of targets enables public managers to make better decisions and manage programs and agencies more effectively. The presence of targets helps: to keep the focus of managers on performance; to motivate managers to achieve goals; provide insights regarding performance problems and potential solutions; and helps to hold lower level managers and organisational units accountable for maintaining or improving performance. Using data from 147 English local education authorities between 1998 and 2003, Boyne and Chen (2006) found that performance improvement was influenced positively by the presence of targets. Local authorities with a target on an indicator of educational performance achieved higher scores for exam results than those without a target.

However, despite its usefulness, target setting can also have negative effects on service delivery (Bevan & Hood, 2006b; Boyne & Chen, 2006; Radnor, 2008). Fryer, Antony, and Ogden (2009) classified these effects into the following: setting undemanding targets and working to only just achieve them; performance clustering around the target either through deliberately underperforming or manipulating the data; concentrating on meeting targets at the expense of other (unmeasured) factors; and choosing indicators and targets to influence the results/manipulating the measures. Bevan and Hood (2006a) consider these negative effects as gaming, which is defined as reactive subversion such as hitting the target and missing the point or reducing performance where targets do not apply. Bird, Coz, Farewell, CB, and Smith (2005) also warned that managers should set rational targets, since unrealistic standards may demoralize.

To enable improved performance and accountability, it is essential to be cautious in setting targets to minimise gaming. This motivates managers to achieve individual targets at the expense of overall performance (ANAO, 1996; Boyne, Gould-Williams, Law, & Walker, 2004). The ANAO (1996) pointed out that complementing targets with the quality of service performance is useful for discouraging 'wrong' or 'inappropriate' outcomes. Poister et al. (2014) argued that the intention to set targets should be ambitious and realistic in order to motivate managers and employees to improve performance. If performance targets are to be set, they need to have a sound basis and to take account of prior (and emerging) knowledge about essential variation (Bird et al., 2005).

Integration of key management activities

In order to gain benefits, performance information should be incorporated into key management activities, such as strategic planning, performance contracts, departmental or individual work plans, performance targets, performance audit, program evaluation, service improvement strategies, cost-benefit analysis, or budget proposals (Ammons & Rivenbark, 2008). A survey of US Midwest city mayors suggested that the impact of performance information on decision-making depends on whether the information is integrated into strategic planning and goal setting (Ho, 2005). Conversely, the failure to integrate the measures with strategic planning, budgeting, and reporting will undermine the intended outcomes of the approach (Marr, 2012). An online survey of agency managers in the public transit service industry in the US, conducted by Poister, Edwards, et al. (2013), showed that designing strategic planning, as part of performance measurement systems, has a positive effect on some dimensions of performance. Using data from a national survey of city and county administrators and budgeters, Melkers and Willoughby (2005) found that active integration of measures throughout the budget process is important in determining real budget and communication effects on local governments. Determining targets, which are incorporated with strategic planning as well as budgeting, will also motivate managers to use performance information.

2.3.3 Resource availability

The availability of resources, money, and staff, has an impact on the effective use of performance information (Ammons, 1995; Berman & Wang, 2000; Julnes & Holzer, 2001; Kim & Hoontis, 2012). The availability of funds enables public organisations to hire experts and other staff to analyse, interpret, and use performance information (Kim & Hoontis, 2012). By way of contrast, Ammons (1996) argued that the unavailability of resources prevented department officials from being involved in performance measurements. A case study of two New Jersey (US) municipalities conducted by Kim and Hoontis (2012) found that the allocation of resources was one of the antecedents for successful implementation of performance measurement that contribute to improving performance and enhancing accountability. Similarly, Berman and Wang (2000) highlighted that resources are important for increasing the capacity to develop performance goals and measures and to distinguish outcomes from outputs. The authors stressed that high capacity is a prerequisite for widespread use of performance measurement in the US counties.

2.3.4 Information and communication technology (ICT)

One criterion of high-performance government agencies is the adaptation and exploitation of the benefits of ICT (DLGC, 2013; Halachmi & Holzer, 2010). The advancement of technology not only offers benefits for a public organisation to improve service delivery but also to enhance

accountability. The use of ICT in delivering services can also foster a higher level of satisfaction and trust in government among citizens (Porumbescu, 2016). Barbosa et al. (2013) emphasised the use of ICT to support the transformation in the delivery of public services, especially in improving the interaction between governments and their citizens. Eggers (2005) argued that technological development, particularly the Internet, has had a considerable impact on shifting public service delivery. Halachmi and Holzer (2010) ascertained that ICT enables increased productivity in public organisations through the use of real-time access to performance data that can be accessed by either the managers or the public.

Apart from improving service delivery, ICT enables government agencies to generate and use reliable information and provide access channels for stakeholders. This increases public participation in governance, building more democratic governments (Halachmi & Holzer, 2010; Nasim, 2010). The involvement of citizens in managing government resources is believed to contribute to improving the effectiveness of government programs. Advancements in technology can facilitate governments to take advantage of its inexpensiveness, feasibility, and convenience in building interactive e-government (Halachmi & Holzer, 2010).

The evolution of technology has improved the way that government communicates with citizens. With regard to the use of performance information, ICT helps keep the public and media informed, allowing them to scrutinise and debate about the effectiveness of service delivery. In turn, the development of ICT provides public managers with feedback on the information provided to external stakeholders.

2.3.5 Technical capacity

Technical capacity refers to the extent to which public organisations are able to develop and apply performance measurement. This is one of the antecedents of effective use of performance information (Kim & Hoontis, 2012; Rivenbark & Bianchi, 2012). Berman and Wang (2000) argued that technical capacity includes the ability to: develop outcome measures; relate the output to program operations; compare actual results with program goals; distinguish outputs and outcomes; collect performance-measurement data in a timely way; assess the validity of performance measures; compare performance measure with those of other jurisdictions; and conduct valid surveys. In many cases, public organisations do not have the analytical capacity to learn from the information generated from performance measurement systems (Yang & Hsieh, 2007). As a result, performance information is under-utilized by managers.

Given this, researchers argue that it is important to develop management technical capacity in order to improve service delivery and enhance accountability. Using data from a government-wide survey

administered by the US GAO, Cavalluzzo and Ittner (2004) found that technical issues, such as information system problems and difficulties associated with selecting and interpreting appropriate performance metrics, play an important role in performance measurement system implementation and use. A survey on the capacity to use performance measurement in US counties conducted by Berman and Wang (2000) also suggested an significant association between technical capacity and increased use of performance measurement. In order to support technical capacity, organisations are required to allocate resources for training. A survey of Taiwan government units on the use performance information conducted by Yang and Hsieh (2007) suggested that technical training was important in explaining the use of performance information. The authors also revealed that technical training programs in Taipei focused largely on the technical knowledge about how to design indicators and how to set up performance measurement system as opposed to implement and oversee performance-related changes.

In short, to reap the benefits of using performance information, adequate training is needed (Hatry, 2006; Yang & Hsieh, 2007). Yang and Hsieh (2007) maintained that effective performance measurement requires not only technical know-how but also extensive training in strategic planning, program evaluation, and the use of performance information. To support the use of performance information, managers also need training on subjects such as change management, cultural transformation, and stakeholder involvement. Broom and Jackson (1997) advocated for the training of different stakeholder groups that use performance information. This includes policy-makers, agency staff, and government analysts. Agency staff need training for developing, implementing, and monitoring performance measures for their organisations. Analysts should also have the ability to develop a sound performance measure and to assess the appropriateness of such measures. Policy-makers need a basis for understanding good performance information in order to achieve organisational strategic objectives.

2.3.6 Organisational culture

Organisational culture plays an important role in encouraging the use of performance information (Marr, 2012b; Moynihan & Landuyt, 2009; Moynihan & Pandey, 2010; Sanger, 2008). It represents the shared underlying organisational beliefs, norms, values, and expectations, which influence certain behavior and performance Abernethy, Chua, Lukett, and Selto (1999). A supportive organisational culture will encourage managers to use performance information. Ammons et al. (2013) argued that an organisational culture or management philosophy emphasising data-driven decisions and the importance of performance improvement provides a stronger foundation for successful performance management than reliance on structures and systems for performance data collection, compilation and use. Marr (2012b) stressed the need to create a performance-driven

culture in which performance is recognized as a priority that can have a tangible impact on success. Furthermore, Moynihan and Landuyt (2009) promoted a learning culture in which performance becomes central to discussion among managers. Goh (2012) encouraged the development of an evaluative culture to stimulate managers to use performance information. The author maintained that evaluative culture involves building strong learning capacity, including encouraging knowledge sharing, learning through experience, making time for learning and also learning from mistakes.

To achieve these benefits, considerable effort should be made to create a supportive culture to use performance information for improving services and enhancing accountability. A study of the New York City Department of Finance on performance management and organisational culture conducted by Sanger (2008) revealed that transforming public organisations into results-based organisations requires a fundamental change in their culture. This involves changing the hearts and minds of both managers and employees rather than simply changing structures and practice. Changes to heart and mind require managers and employees to focus on results and values, to mobilize initiative, to encourage learning, and to promote experimentation to achieve performance (Goh, 2012; Sanger 2008) . Such cultural change demands a transformation from a public organisation to a 'learning' public organisation (Ammons et al., 2013). The presence of learning is a precursor for improved performance. Moreover, changing behavior to create a performance culture requires leadership that seeks to empower employees by reducing rules and increasing discretion, rewarding innovation, and tolerating well-conceived failures (Sanger, 2008).

Leaders can create an enabling environment for developing a performance-based culture. Leaders who are involved in benchmarking processes are found to be more open to initiate change in their organisations. Moynihan and Landuyt (2009) proposed offering actual or symbolic rewards for behavior, decentralizing decision authority to those closest to the decision, and providing timely, relevant information for the appropriate decision processes as activities that can strengthen learning processes. Furthermore, initiating routine performance reviews of operations will also encourage employees to improve their capacity to learn (Ammons et al., 2013; Moynihan & Landuyt, 2009). Goh (2012) also asserted that without a strong evaluative and learning culture, performance information will remain underutilized as a process to improve performance in public organisations.

2.3.7 Citizen involvement

Previous studies suggest that involving citizens in managing performance in government improves the quality of services and enhances accountability (Epstein et al., 2006; Halachmi & Holzer, 2010; Holzer & Kloby, 2005). Epstein et al. (2006) pointed out that citizens are not only stakeholders, they can be advocates, issue framers, evaluators and collaborators. Public managers often consider

citizens as customers who become the targets of programs and activities. In fact, citizens can be the co-producers of goods and services provided by public organisations. Holzer and Kloby (2005) asserted that citizen participation can include: conducting focus group and other citizen surveys; organising communities; and developing performance measures in conjunction with public managers.

To be more specific, involving citizens in the design of performance measurement can also encourage public managers to use performance information more effectively. Halachmi and Holzer (2010) highlighted that citizens can be involved in the design of the collection, analysis, dissemination, and consumption of performance information. Goh (2012) stated that the involvement of citizens in this process is not limited to asking for their input, but also to allowing them to have a significant influence on service delivery. This involvement enables citizens to use their local knowledge of what needs to be measured. Ho (2005) maintained that citizens can enhance the political relevancy and credibility of performance measurement. Getting citizens involved in the process of developing performance measures means that elected officials will be more likely to pay attention to the information and use it to make a difference in decision-making. Halachmi and Holzer (2010) argued that citizen participation may enhance public understanding of the reasons for an agency's ability (or) inability to attain higher levels of effectiveness, efficiency, legitimacy, or a more prudent use of resources. This participation allows managers in public organisations to fine-tune operations and develop a better understanding of how their agencies and programs are perceived from outside.

Empirical studies have found that involving citizens in performance measurement contributes to the use of performance information. Ho (2005) revealed that citizen involvement is a significant factor influencing the use of performance information in US Midwest cities. Regardless of the potential benefits of the involvement, only 17% of Midwest mayors reported that their cities involved citizens in performance measurement. A survey conducted by Ho (2007) found that citizen involvement impacted on the practice of performance measurement, increased the likelihood of integrating performance information in the decision-making and planning processes of elected officials, stimulated different thinking about public service delivery, and opened up new opportunities to build stronger partnerships between government and the citizenry. A case study conducted by Woolum (2011) revealed that citizens are interested in learning more about their government and how their government impacts community conditions. The author also revealed that involving citizens in performance measurement enables managers to learn about the views of citizens not only in terms of service delivery issues but also about broader local government issues.

2.3.8 Legal mandate

To improve the delivery of service and accountability, governments issue regulations that can be used to support public organisations in implementing performance measurement systems (Talbot, 2008). These regulations may include the development of missions, goals, objectives, and the types of performance measures that should be used. In the US, the Congress issued the Government Performance and Results Act (GPRA) in 1993. This requires managers of each government activity to clarify their missions and strategic objectives and to measure relevant outputs, service levels, and outcomes for each activity in order to evaluate performance against these objectives (Cavalluzzo & Ittner, 2004; GAO, 2008). In the UK, the Financial Management Initiative (FMI) recommends that local governments establish their objectives and assess and measure performance in relation to those objectives. This initiative requires governments to use performance indicators and annual reports as key accountability mechanisms (Lee, 2008). Surveys of performance practices across the UK public sector found that public managers considered legislation as one of the main drivers for change, besides audits and inspections, benchmarking, and peer performance reviews (Talbot, 2008). Lu and Willoughby (2008) found that legislation provides a 'roadmap' for the use of performance information in budgeting. A comparative study of the implementation of performance management systems in Sicily and North Carolina also noted the importance of legal mandate (Rivenbark & Bianchi, 2012).

Despite government policy initiatives to enforce public organisations to implement performance management systems, studies have found that legal mandate does not always motivate public managers to use performance information (Aristigueta & Zarook, 2011b; Cavalluzzo & Ittner, 2004). A case study in US state governments found that legislation did not ensure success or sustainability, as shown by the governors who did not take performance information into account in setting budgets (Cavalluzzo & Ittner, 2004). Similarly, despite recommendations to use performance indicators and performance reports to enhance accountability, research in the UK revealed that most executive agencies reported little information on efficiency effectiveness, and various aspects of performance, regardless of the improvement in reporting performance (Hyndman & Anderson, 1998; Lee, 2008). A study of the six states considered front-runners in implementing a managing for results (MFR) initiative in the US also found that legislation does not ensure success or the sustainability of performance management efforts (Aristigueta & Zarook, 2011b).

2.3.9 Managerial authority

Increasing managerial authority is another prerequisite for implementing MFR, which demands that public organisations focus on results (Moynihan, 2006; Moynihan & Pandey, 2004). Enhancing

managerial authority gives managers in public organisations more flexibility in managing organisational resources, both money and people. Granting more flexibility to managers enables them to respond quickly to changing circumstances and their stakeholders' needs (Osborne & Gaebler, 1992; Rainey & Steinbauer, 1999). Enhancing managerial authority also paves the way for more innovation, as good ideas blossom from employees who work and deal with their stakeholders (Osborne & Gaebler, 1992). Moynihan and Pandey (2004) argued that decision authority should be devolved to the lowest practical level. This would empower managers with firsthand knowledge of tasks and the process-expertise to make informed decisions. In contrast, a lack of flexibility constrains managers to implement feedback they gather from reviewing and analysing performance.

A survey assessing organisational performance in US Federal Agencies in 1996 suggested that agencies that empower employees show higher performance than those that rely on autocratic or top-down management strategies (Brewer & Selden, 2000). Another study conducted by Moynihan and Pandey (2010) found that managerial flexibility increases reported performance information use among senior managers in US local government. In an earlier study, Moynihan and Pandey (2004) found that the decentralization of decision-making authority was one of the factors positively associated with employee perceptions of organisational effectiveness.

Nielsen (2013) proposed four areas of managerial authority that are crucial for the effectiveness of performance management: human resources, financial, task, and goal setting. Human resource managerial authority emphasises the capacity of managers to manage employees, including hiring, firing, and managing payment schemes. Financial managerial authority involves the flexibility of managers in allocating resources to delivering programs and activities to achieve goals. Task managerial authority relates to the ability of managers to use certain methods or procedures to achieve goals. Finally, goal-setting authority relates to the capacity of managers to determine organisational goals (2013).

Despite the importance of managerial authority to exert skills and knowledge, not all managers are granted operational authority to manage either financial resources - to switch money between programs - or human resources – recruiting or rewarding high performers (Moynihan, 2006). A study of three police agencies conducted by Willis, Mastrofski, and Weisburd (2007) found that these organisations struggled with creating a more flexible environment. Nielsen (2013) found that a lack of managerial authority over resources, especially people, can cause failure in achieving strategic planning and careful tracking of performance development. Limited managerial authority may prevent managers from producing important changes and cause them to ignore any beneficial uses of performance information to improve performance (2013).

2.4 Research framework

This study investigates how managers in Indonesian local government agencies use performance information to deliver on performance and accountability. Research frameworks are useful in: representing the main aspects, concepts, factors or variables; tabling prior knowledge; and clarifying and delimiting the focus of investigation and can provide a point of departure for guiding research (Punch, 2005). A research framework is a collection of interrelated concepts that can be used to direct studies with the purpose of predicting and balancing the result of research (LeCompte, Preissle, & Tesch, 1993).

A research framework (see Figure 2-3) was developed from a synthesis of the literature to assist in conceptualising and interrogating the four specific research questions (RQs) to be answered within the general problem. The framework merges the BSC (refer to Section 2.2.1) with the stages of the management cycle (refer to Section 2.2.4), and has been used to investigate the use of performance information through the three cases examined in this study. Understanding which information used, based on the four BSC perspectives, in the management stage, provided a context for investigating factors influencing the use of performance information. This theoretical framework laid a foundation to answer the four RQs as follows:

- RQ1. Which categories of performance information do public sector managers use to deliver on performance and accountability?
- RQ2. How is performance information used?
- RQ3. Why is the performance information is used? (Identifying barriers and enablers); and
- RQ4. How can performance information be more useful to managers in delivering on performance and accountability? (To inform the development of a model for effective use of performance information).

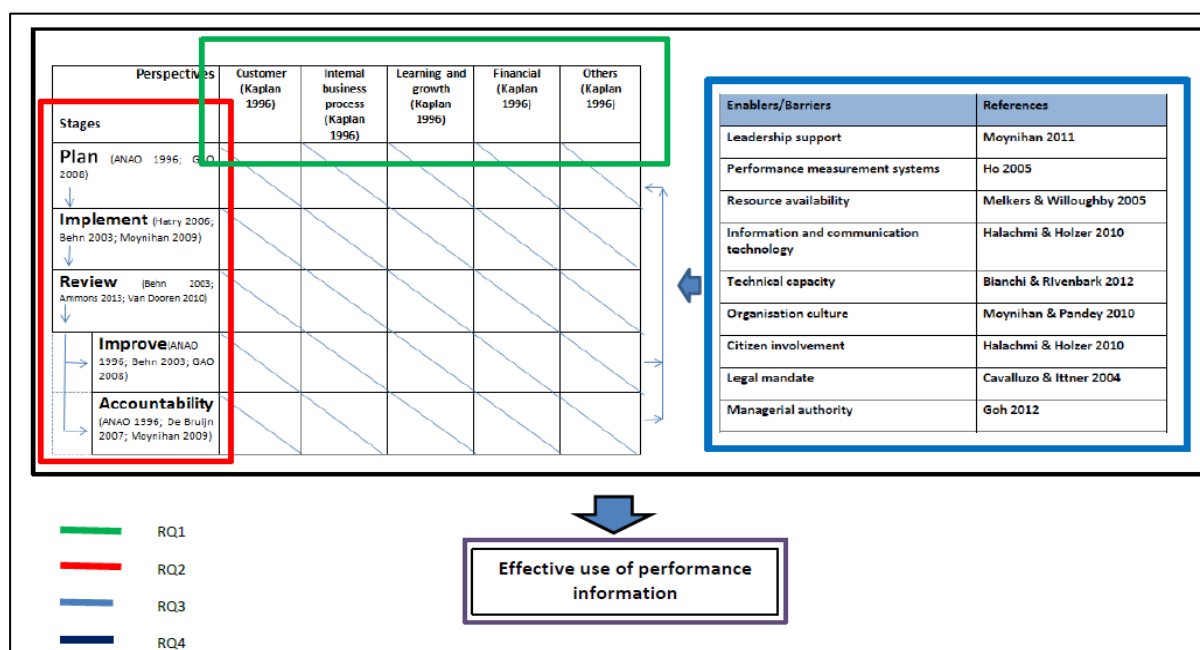
This study focuses on understanding the existing practice of the case study population (RQ1-RQ3) and interrogates what should be done in these contexts to improve existing practice (RQ4).

RQ1 is represented in the research framework (refer to the green boundary in Figure 2-3) by a categorisation of performance information in the top horizontal line of the grid. This is based on BSC perspectives: customers, internal business processes, learning and growth, and financial (Kaplan & Norton, 1996). Examining the type of information used by managers in Indonesia was expected to identify good practice or problems in the content of performance reports.

The 'others' column indicates that other perspectives such as social responsibility and networking might emerge as RQ1 was investigated (Marr, 2012a). As had been discussed in Section 2.2.3, to

implement the BSC in the public sector, organisations need to modify the model proposed by Kaplan and Norton (1992). Public sector organisations run various programs which are different from those of the private sector. Efforts to modify the BSC have been made in order to reap the benefits of its application. Greatbanks and Tapp (2007), for example, revealed that agencies in Dunedin City Council in New Zealand modified the four perspectives of the BSC into strategic; financial, customer, operational, and development. A study conducted by Adams, Muir, and Hoque (2014) in fifty-one state/territory and federal government department in Australia revealed that these organisations predominantly used measures of employee diversity and non-financial economic aspects, while others embraced sustainability, environmental or social responsibility as the measures. In this study, to analyse the type of measures, the four conventional perspectives of the BSC – customer, internal business process, learning and growth, financial – and others were used. The use of ‘others’ in the framework (Figure 2-3) allowed this study to capture other perspectives, such as sustainability, environmental or social responsibility, from the cases examined.

Figure 2-3 Research framework: The use of performance information in delivering on performance and accountability



RQ2 (refer to the red boundary in Figure 2-3) is addressed in the research framework by the application of a performance management framework in the left-hand column. This is based on a management cycle consisting of planning, implementing, reviewing, improving, and accountability (Hatry, 2006; Kopczynski & Lombardo, 1999; Wholey, 2001).

The formal/informal grid boxes within the research framework (Figure 2-3) differentiate between alternative sources of performance information (as has been identified in Table 2-1) and focus the investigation on enablers and barriers to performance information use. These sources were

developed from a synthesis of the literature, as presented in Section 2.3, and address RQ3. It was expected that investigating RQ3 might disclose factors such as leadership support, performance measurement systems, resource availability, ICT, access to information, technical capacity, organisational culture and technical capacity. These are represented by the blue boundary (enablers and barriers) in Figure 2-3.

An analysis of the data uncovered in the components of the research framework provided insights for examining RQ4, as illustrated in the purple boundary in Figure 2-3.

2.5 Gaps in the literature

Studies on the use of performance information reveal that public organisations worldwide have adopted new reporting frameworks that incorporate non-financial performance information alongside the traditional focus on financials. The new reporting frameworks are believed to facilitate improvements in service delivery and enhanced accountability in public organisations. This potential benefit has motivated public sector organisations at local government level to collect performance information as a product of performance management systems (refer to Ammons et al., 2013; Ammons & Roenigk, 2015; Bianchi & Rivenbark, 2014; Ferry, Eckersley, & Zakaria, 2015; Kalgin, 2016; Sanjeevi & Shahabudeen, 2015). Bianchi and Rivenbark (2014) examined the implementation of performance management in Winston-Salem, USA, and found that the local government had used performance information for making critical policy decisions. A study conducted by Ammons and Roenigk (2015) also provided evidence of sixty-six U.S. cities and counties which adopted performance management systems.

Despite the pervasive efforts of public organisations to collect more performance information, such as outputs and outcomes, there is a lack of evidence to show that managers are effectively using performance information in decision-making (Ammons, 2002; Ammons & Roenigk, 2015; Ho & Coates, 2006; McGeough, 2015; Nielsen, 2013; Sanger, 2013; Yang & Hsieh, 2007). Ammons and Roenigk (2015) found that a lack of action by local government in the US to link performance information with incentives and sanctions. Sanger's (2013) investigation on the use of performance information revealed that among twenty-four, only seven cities responded that they robustly used performance data to manage.

Amidst the ineffectiveness of efforts to harness the benefits of using performance information, the BSC offers a tool for improving performance in both the private and public sector (Baird et al., 2012; Chan, 2004; Greatbanks & Tapp, 2007; Maltz, Reilly, & Shenhar, 2003). The research to date has tended to focus on examining the benefits of BSC. In this study, the four perspectives of the BSC are used to provide a groundwork for analysing which information is used by public sector organisations

in the five stages of the management cycle: planning, implementation, review, improve, and accountability. Few studies address the examination of performance information based on the four perspectives of the BSC in the five stages of the management cycle.

This research also expands the definition of performance information as explored in section 2.1. Performance information, in this study, includes information gathered from informal sources, which tends to be ignored by previous studies (refer to Section 2.1.). Furthermore, research on the use of performance information in Indonesia, which has been published in international journals, is also very rare. This study fills a research gap and enriches our knowledge on the use of performance information in public sector organisations, especially in the overlooked context of developing countries.

3 METHODOLOGY

This chapter builds on the introduction to the methodology provided in Chapter 1, presenting the justification for the adopted research strategy and procedures. The purpose of this chapter is to outline the overall approach to the research process ideals, practices and rules of inquiry and to justify the methodological assumptions and research designs underpinning the study. Firstly, the choice of a paradigm is discussed in relation to the researcher's orientation. Secondly, the choice of methodology and research design that are compatible with the research agenda and paradigm are outlined. Thirdly, as an extension of the discussion on the design phase, details are provided about how data collection and analysis were operationalized and research quality issues of reliability and validity were handled. A discussion about ethics and a summary concludes the chapter.

3.1 Basic beliefs for this study

The adoption of a particular paradigm by a researcher shapes the methodology chosen (Creswell, 2002; Schwandt, 2003). Methodology is the overall approach to the research process - the strategy and action, including choices such as survey, experiment or case approaches and research design issues of data collection, analysis and writes up (Cavana et al., 2001; Collis & Hussey, 2003; Creswell, 2002).

The prior interest and intent of this researcher across previous work experience and academic studies have been to consider how phenomena develop in certain social contexts. The paradigm that framed this research and experience can be described as in the interpretivist zone - in that it is comfortable with ontologically accepting multiple realities and an epistemology centered on subjectivism. The fundamental research problem for this study is to explore the use of performance information in decision-making and accountability. The objective is to construct an understanding of the social world from the viewpoint of actors within it (senior public officials), since these reporting initiatives and decision processes are human activities that people create, respond to, and recount through stories based on their perceptions. Therefore, this research takes subjectivity to be a valid space in which such an investigation can take place and adopts an interpretivist approach in order to explore the needs, values, beliefs, and meanings, that public officials fashion around the use of performance information - one that allows for understandings through multiple participant meanings (Creswell, 2002, p.6) in a social world that "constitutes some form of open-ended process" (Morgan & Smircich, 1980, p. 493, p. 493)

An interpretivist approach acknowledges the likelihood that people will have different experiences of physical and social reality so the world is taken to be whatever individual people perceive it to be, rather than a set of facts or truths. The assumption of common “meaning systems” in a positivist approach is rejected in favor of an interest “... in understanding the lived experience of human beings” (Cavana et al., 2001, p. 8, p. 8). An interpretivist approach can provide a rich and complex picture of how people think and act in relation to phenomena in a particular context - rather than striving for precise objective measures of a situation or, as Collis and Hussey (2013, p. 57, p. 57) put it, a focus “... on the meaning, rather than the measurement, of a social phenomena”. Taking an interpretivist stance can aid the researcher in understanding human thought and behaviour in organisational and social settings and provide rich information on how phenomena such as management practices and systems develop (Klein & Myers, 1999).

3.2 Research method

This study on the use of performance information by local government managers in Indonesia to improve service delivery and enhance accountability employs a case study approach. This approach is useful for providing a deep and rich conception of a real world phenomenon (Yin, 2014, p. 49). Applying a case study approach enables the researcher to investigate the contextual understanding of the actual problems and responses of local government managers in using performance information to deliver on performance and accountability. The following sections discuss the case study approach, the number of cases examined, the analytical levels, unit of analysis, and case selection.

3.2.1 The case study approach

Various definitions of case study are proposed in the literature on qualitative research methodology. Yin (2014, p. 40) defined case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not evident. A similar definition was proposed by Moore, Lapan, and Quartaroli (2012, p. 244)), who argued that case study research is an investigative approach used to thoroughly describe complex phenomena, such as events, important issues or programs, in ways that unearth new and deeper understanding of these phenomena. Both definitions stress the process of investigating phenomenon. Thomas (2011) described the phenomenon as the thing that a researcher concentrates on, looking at it in detail, and not seeking to generalize from it. The thing or the phenomenon can be a person, a group, an institution, a country, an event, a period in time, or whatever. Creswell et al. (2007) included the way the data are collected in their definition:

Case study is a qualitative approach, in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time through detailed in-depth data collection involving multiple sources of information and reports a case description and case-based themes (p. 246).

The phenomenon investigated in this research is the use of performance information by local government managers in Indonesia. The Indonesian Government has adopted reporting reforms since 1999 when the government issued a regulation on performance-based accountability systems for public sectors. These systems encourage public sector organisations to use performance information to improve service delivery and enhance accountability. As discussed in Chapter 2, little is known about the implementation of these systems despite it being almost two decades since the regulation was issued.

This research investigated the way that local government managers used performance information, which involved inquiring about the type of information used, how the managers used the information, why the managers used it, and how they might make better use of the information (refer to the research questions (RQs) as discussed in Chapter 2). The research questions provide a boundary to limit the exploration of the case study, an approach suggested by Moore et al. (2012, 245). In line with the definition proposed by Thomas (2011), this study used a case study in order to understand what happens in particular contexts rather than to construct generalizations of practice.

A case study approach enabled the researcher to examine the use of performance information in more detail than possible through other approaches. As highlighted by Merriam (1998), a case study results in a rich and holistic account of a phenomenon. The author also maintained that a case study offers insight and illuminates meanings that expand the readers' experience. This study is aimed at providing deeper understanding of the use of performance information in Indonesia within the context in which influence the managers to use it. In this regard, De Vaus (2001) pointed out that case studies emphasise understanding of the whole case and seeing the case within its wider context. Understanding the context is essential to reveal important explanatory information about the phenomenon, as suggested by Yin (2014). Employing a case study approach to examine the use of performance information enabled an understanding of the context within which managers use the information.

Despite the benefits of revealing details of a phenomenon, case studies in social sciences, argued De Vaus (2001, p. 223)), must have a theoretical dimension in order to add value. One of the ways to add value is through a theory building approach to develop and refine the propositions and adopt a theory that fits the cases we study. In this study, the aim was to develop a model on the use of performance information by local government managers in Indonesia. A literature review was conducted, as presented in Chapter 2, to examine what had been done in previous studies and to

develop a framework as a basis for refining and enriching the theory of the use of performance information. Involving a theoretical dimension in this study therefore aligns with De Vaus' (2001) suggestion of adding value when conducting a case study approach.

Employing a case study approach also enables the use of multiple data, as highlighted by J. W. Creswell et al. (2007). De Vaus (2001) maintained that any method of data collection can be used within a case study design so long as it is practical and ethical. This multiple method of data collection has become one of the strengths of case studies (2001, p. 231).

A case study approach involves consideration of the number of cases, the analytical levels sought, the units of analysis, and case selection. These four issues are discussed in the following sections in relation to choices made for this study.

3.2.2 Number of cases examined

Scapens (2004) asserted that cases should be selected so that the researcher can focus on the questions to be addressed in the research. This study used a multiple case study approach (focused on three local government offices) in order to develop a model for the use of performance information and provide an understanding of a broader context. Yin (2014, p. 57) ascertained that multiple cases are often considered more compelling and the overall study is therefore regarded as more robust, regardless of the need to use extensive resources and time compared to employing a single case design. De Vaus (2001) agreed that multiple case designs are normally more powerful and convincing, providing more insight than single case designs. However, caution must be taken to ensure that each case is treated as a single case so that the researcher can establish a full picture of that case before conducting cross-case comparisons.

3.2.3 Analytical levels

Creswell (2013) highlighted that three variations of case study exist in terms of intent: the single instrumental case study, the collective or multiple case study, and the intrinsic case study. In the single instrumental case study, the researcher concentrates on an issue or concern, and then selects one bounded case to illustrate this issue. Moore et al. (2012) asserted that instrumental case studies use case results to support a theory or construct a new way of explaining some phenomenon. In a collective case study, one issue or concern is again selected, but the inquirer selects multiple case studies to illustrate the issue. An intrinsic case study focuses on the case itself because the case presents an unusual or unique situation Creswell (2013, pp. 99-100). Similarly, Moore et al. (2012) maintained that intrinsic case studies focus on the case being studied, answering questions about that entity only to communicate the illuminated operations to its participants and other stakeholders.

This study on the use of performance information employed a collective case study approach, in which multiple (three) cases were selected. In line with Moore et al. (2012), this approach allowed this study to conduct comparisons across the cases being investigated. Merriam (1998, p. 49) contended that a collective case study involves collecting and analysing data from several cases and can be distinguished from the single case study, which may have sub-unit or sub-cases embedded within it. The use of multiple cases can strengthen the precision, the validity, and the stability of the findings (Miles & Hubermas, 1994, p. 29)

3.2.4 Unit of analysis

In case study designs, the unit of analysis is the unit by which a researcher seeks to understand the whole case (De Vaus, 2001). Merriam (1998, p. 40)) maintained that the unit of analysis characterises a case study. The unit of analysis can be a person, place, organisation, event, a decision, or time period (De Vaus, 2001, p. 220). This definition of the unit of analysis in case study design is similar to Thomas (2011) description of phenomenon as a person, group, a country, event, a period of time, or whatever.

The aim of defining clear units of analysis in a case study approach is to guide how the research questions are to be answered and sets boundaries to avoid examining everything (De Vaus, 2001; Yin, 2014). This study used an embedded multiple-case approach with the main unit of analysis being Indonesian local government agencies, and the embedded unit of analysis being the use of performance information by managers within each local government agency (illustrated in Figure 3-1). In this study, the cases examined were three local government agencies, within two local government jurisdictions. Investigating the use of performance information by managers at the three agencies, as the embedded case, provides the context and nature of performance information used in each local government agency.

Figure 3-1: Unit of analysis

Main unit of analysis

Indonesian local government agencies

Embedded unit of analysis

The use of performance information by local government agency managers

3.2.5 Case selection for this study

Strategic selection of cases was employed in this study. De Vaus (2001) ascertained that strategic selection means that cases are selected because they meet specific requirements (as opposed to being randomly selected). Cases for this study on the use of performance information by local government managers in Indonesia were selected based on the level of implementation of the performance-based accountability systems introduced by the central government since 1999. These systems demand that public sector organisations, including local government agencies, use performance information in their planning, monitoring and evaluating programs, and reporting performance (refer to MMBR, 2014).

Indonesia is a country with a population of over 237 million people, based on the national 2010 census, and in which much of the responsibilities of government have been devolved to the local government level as part of public sector reforms (Indonesian Bureau of Statistic, 2013). Local governments in Indonesia are large, complex and influential institutions that house multiple sections (agencies), each responsible for delivering on performance and accountability and each overseen by an agency manager. So, improving performance and accountability in local governments is of utmost importance to the country and community. Despite two preliminary studies by Akbar et al. (2012) and Mimba et al. (2013), there is insufficient knowledge about how performance information is or can be used to improve performance delivery and accountability.

Three agencies were selected from two local government jurisdictions in Province X: Local Government A and B. City A is the capital city of South Sulawesi Province with a population of 1,408,072 in 2013 (MPA, 2014). As the capital city, it is assumed that City A has implemented performance-based accountability systems more comprehensively when compared with other districts in the province. City B had a population of 179,505 in 2012 (BPA, 2012) and is known as a district that has been experiencing improvement in its regional development since the new mayor came to power. The mayor has implemented several innovative programs that affect service delivery (Tamimi, 2015).

In addition to the characteristics of the local governments (A and B), the selection of the cases in this study was based on data availability. The researcher had access to the data of the three local government agencies in Indonesia selected in this study. Having this access is critical to avoid failure in attempting to conduct research (Yin, 2014). The selection of the case is also based on the researcher's background as an Indonesian citizen and as an Indonesian Government employee, who has excellent knowledge about local culture, values, language, and regulation regarding the use of performance information.

The aim of this study was to provide learnings for practice and further research from an exploration of the use of performance information by managers in Indonesia. The selection of a non-representative sample of entities provided the opportunity for deep contextual learnings rather than for generalizations from a wider sample (Stake (1995)). The selection of three cases across two local governments enabled the researcher to answer the four research questions (RQs):

- RQ1. Which categories of performance information do public sector managers use to deliver on performance and accountability?
- RQ2. How is performance information used?
- RQ3. Why is the performance information used? (Identifying barriers and enablers); and
- RQ4. How can performance information be more useful to managers in delivering on performance and accountability? (To inform the development of a model for effective use of performance information).

It was intended that answers to the four RQs would inform practice and theory in the use of performance information. This study did not intend to produce statistically generalizable findings. Exploring the use of performance information in the agencies in two local governments provides insights on that use and the context within which the information is used. The use of a multiple case approach, with three cases selected, enabled the examination of different types of cases under different conditions as has been highlighted by (De Vaus, 2001, p. 238).

Prior to selecting the unit of analysis, the researcher discussed the use of performance information by local government managers with two local experts in the field. These experts provided consultation on the use of performance information in preparing planning documents and performance reports in local governments in South Sulawesi Province. As well as discussing the selection of agencies with the experts, the researcher conducted a preliminary analysis of the recent performance reports and strategic plans of twenty agencies in the City B and Local Government A jurisdictions (ten agencies in each). The researcher also conducted a preliminary analysis of the recent performance reports and strategic plans of the two local governments. This preliminary analysis laid a foundation for identifying the program priorities of the two local governments. It is important to note that in the Indonesian local government structure, agencies are unit organisations, led by a Chief, and are responsible for delivering local government programs as stipulated in their planning documents. The implementation of the programs contributes to achieving the vision of the local governments as stated in the mid-term regional development plans (that is, strategic plans).

The discussion with experts and the preliminary analysis provided a basis for selecting three agencies that had strategic roles in achieving the objectives of the program priorities in the two local

governments. In the Local Government A, the researcher selected the City A Office for Landscaping and Cleanliness (ALPHA) and the City A Office for Tourism and Creative Economy (BETA). ALPHA is a unit organisation of the Local Government A (LGA). It is responsible for delivering cleanliness and developing and implementing policy regarding landscaping. The recent LGA strategic plan indicated that cleanliness has become the priority for the City A Mayor in order to achieve the vision of a comfortable city (MoLC, 2014; MPA, 2014). BETA also plays a critical role in achieving one of the objectives of LGA, which is to improve the people's prosperity by enhancing the competitiveness of tourism in City A (MPA, 2014).

Among the agencies in Local Government B, the researcher selected GAMMA. The Local Government B (LGB) has a vision to become the center of economic activities in the southern part of Province X. As the center of economic activities, LGB intends to attract investors, tourists, and people to the city (BPA, 2012). GAMMA has an important role in achieving the vision of LGB to increase the economic activities in the region.

The selection of the cases in this study is based on the important role of the agencies — ALPHA, BETA, and GAMMA — in achieving the vision of the two local governments. This crucial role potentially motivates managers in these agencies to use performance information more effectively than other agencies.

3.3 Data collection

3.3.1 Source of evidence

There is no rule about which types of data to use in case study research (Moore et al., 2012). De Vaus (2001) asserted that any data collection method can be used within case study research so long as it is practical and ethical. Case study research enables a researcher to use multiple data collection methods to build up a comprehensive picture of a case. The use of multiple data collection sources is also beneficial as it increases the validity and trustworthiness of the findings (Moore et al., 2012). Gagnon (2010) also suggested the use of multiple sources of data in employing case study research to enable the researcher to analyse a variety of information and to strengthen construct validity.

Scholz and Tietje (2002) maintained that the source and the type of data in case study research depends on the case and its nature. Scapens (2004) pointed out the importance of linking research questions with the source of evidence. The author highlighted four types of source of evidence in conducting case study research: artefacts, questionnaires, interviews, and observing actions and meetings. Yin (2014) divided observations into two types: direct and participant observations. Yin (2014) also distinguished archival records from physical artefacts. Scapens (2004), on the other hand,

included any tangible items – such as formal reports and statements, minutes of meetings, informal records, and personal notes and memos made during meetings – as artefacts. Scholz and Tietje (2002) included four other sources of evidence in case study research: surveys, experiments, simulation studies, and other sampling techniques. Thomas (2011, p. 37)) maintained that case study research allows researchers to have limitless options for gathering data.

For this study on the use of performance information by local government agency managers in Indonesia, the researcher collected data from documentary evidence, a questionnaire, and interviews. Details of the data collection processes are as follows.

3.3.2 Documents

Regulation documentation regarding the use of performance information issued by the Indonesian Government was gathered and examined to provide the context within which the managers of agencies in local governments in Indonesia used that information. This examination was also useful for understanding the progress in the implementation of the new reporting framework in Indonesia, which affects the way local governments adopt the framework.

Regional development plans of Local Government A and B from the last two mid-term periods were also collected and analysed to examine the vision, missions, goals, objectives, and program priorities to be achieved. This analysis was important not only for selecting the agencies as the cases in this study, but also for investigating the alignment of the agencies' plans with their local government jurisdictions.

In addition, the last two years' performance reports and the recent strategic plans for twenty agencies from the two local governments were examined to identify and compare the performance information presented. This examination was also used as a means of selecting the agencies which would be selected as the cases. As the cases were selected, three agencies' (ALPHA, BETA, and GAMMA) performance reports, their last two strategic plans, and their 2014 and 2016 annual plans and performance agreements were gathered and investigated more closely. This document examination (using content analysis) contributed to the contextual understanding of the types of information that were available for the use by managers in each phase of the management cycle, as well as corroborate and augment evidence from other data sources (Yin, 2014). Content analysis enables the researcher to analyse textual information and systematically identify its properties, such as the presence of certain words, concepts, characters, themes, or sentences (Sekaran & Bougie, 2010, p. 386)

3.3.3 Interviews

As the participants of this study were managers of agencies in two local governments in South Sulawesi Province, the researcher was required to gain approval to conduct research from an agency of the province responsible for issuing research approval. Once the letter of approval from the provincial agency was obtained, the researcher then sought further approval from agencies in the local governments in charge of issuing research approval. Letters of approval to conduct research allowed the researcher to gain access to the agencies selected in this study.

The researcher then approached the managers for interviews. Conducting interviews with managers at the agency level was important, as the aim of this study was to explore which categories of performance information were used and how (RQ1 and RQ2). Managers of the agencies selected as the cases in this study would have deep understanding of the information used in the five stages of the management cycle as identified in Chapter 2 (planning, implementation, review, improvement, and accountability). Therefore, gathering information from these managers was critical. Interviewing the managers was also important for identifying the enablers and barriers within which the information is used, such as leadership support and the availability of resources (RQ3).

Apart from the agency managers, the researcher also interviewed the managers of planning agencies in the two local governments: Local Government A Planning Agency (LGAPA) and Local Government B Planning Agency (LGBPA). Planning agencies are responsible for assisting units or agencies at local governments to prepare planning documents and conduct monitoring and evaluating programs. LGAPA is also responsible for assisting agencies in the Local Government A jurisdiction to prepare performance reports. Units or agencies in the Local Government B, however, receive assistance from the Organisation Division of the Regional Secretary. Interviewing managers of planning agencies in the two local governments enabled the researcher to gain information about the technical capacity of managers at the three agencies in this study. As the agencies responsible for coordinating and assisting in the preparation of planning documents, the planning agencies conducted workshops and consultations with the managers of the three agencies about using performance information.

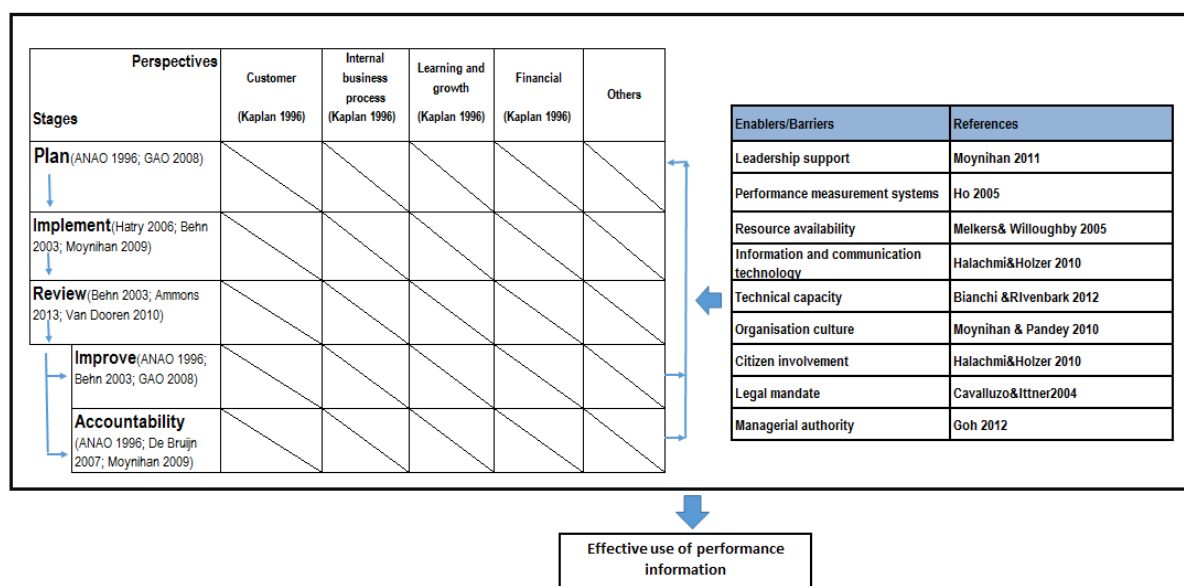
The researcher also interviewed consultants who assisted the case study agencies in their use of performance information. Interviewing the consultants not only provided information about the process of consultation, but also provides insights about enablers and barriers faced by the agency managers in using performance information. Details of the interviews are provided in Table 3-1. Interviews were recorded digitally with the permission of participants.

Table 3-1: List of interviews on the use of performance information by local government managers

Title	Description	Length
The Office Secretary of ALPHA	The main tasks of the Secretary are to provide administrative services to all divisions and office units in ALPHA. The Secretary has three sub-divisions: Internal affairs and employment, finance, and supplies.	45 minutes
The Head of the City A Planning Agency	The main task is assisting the Mayor in developing policies regarding regional development planning and carrying out assessment, monitoring, and evaluation of the outcome of the plan.	40 minutes
The Manager of City Cleanliness Management Division of ALPHA	The main tasks are to develop city cleanliness management, to monitor and evaluate programs, and to maintain facilities and equipment.	45 minutes
The Manager of Research and Development Division of the Local Government A Planning Agency	The main task is to prepare long-term, mid-term, and annual plans. The Manager is also in charge of coordinating activities to support research and development as part of an effort to improve regional development planning	90 minutes
The Manager of Promotion and Marketing Division of BETA	The main tasks are to prepare materials for promotion and investment in tourism, to conduct market analysis, to build networks in tourism, and prepare data for promotion and marketing.	100 minutes
The Manager of Human Resources and Community Participation	The main task is to conduct activities to develop the workforce as well as strengthen community participation in tourism and the creative economy.	53 minutes
The Middle Manager of programs at Local Government B Planning Agency	The main task is coordinating and assisting working unit in preparing their strategic and annual plans as well as preparing similar plans at the local government level in City B.	120 minutes
The Secretary of GAMMA	The main task of the Secretary is to provide administrative services to all divisions and office units in GAMMA.	20 minutes
The Manager of Trading at GAMMA	The main tasks are to prepare policies in promoting export; empower small and medium businesses; protect consumer rights; ensure products distribution, and approve permits.	40 minutes
The Manager of Industry at GAMMA	The main tasks are to prepare technical policies in the industry sector in City B; to approve permits; and to provide workshops, to help small businesses access financial support to promote their businesses.	40 minutes
The Manager of Mining and Energy at GAMMA	The main tasks are to prepare technical policies in mining and energy, including approving permits; and conducting monitoring and evaluation of conserving environment resulted from mining and energy exploitation	40 minutes
Consultants for LGA	The main task is to assist working units in local government in preparing strategic plans, annual plans, performance agreements, and performance reports.	110 minutes

The interviews were conducted as semi-structured in-depth interviews, guided with the elements of the research framework. In exploring the use of performance information, the researcher did not directly ask which information was used and how (refer to RQ1 and RQ2), but adopted an open-ended indirect questioning approach focused on the program priorities of the City A Mayor and the City B Regent in relation to the contribution of agencies to the achievement of their local government's vision. Questions included: "I am interested in the Mayor/Regent flagship programs, which programs are the responsibility of your agency? How do you achieve your agencies performance targets?" These questions led the interviewees to discuss the strategic plans of both their local government and their agency, including the visions, missions, objectives, and program priorities. These questions also drove the interviewees to talk about the challenges in achieving their performance targets. During the interviews, the researcher used the research framework (shown in Figure 3-2 and discussed in Chapter 2) to guide questions to gather more detailed information about the performance information used. For example: "To what extent do performance reports assist you in achieving your performance targets?" Raising this question revealed the type of information used, whether formal or informal (as discussed in Chapter 2). Formal refers to information generated from formal documents, such as strategic plans and performance reports, while informal performance information refers to information gathered through discussions or observations.

Figure 3-2: Research framework of the use of performance information



3.4 Data analysis

Case study analysis is a 'process' for collecting, organising, and analysing data in order to provide "comprehensive, systematic, and in-depth information about each case of interest" (Patton, 2001, p. 447, p. 447). There is no universally accepted convention for presenting and analysing the qualitative

data (Robson, 1993), and this provides a more “fluid position” for the researcher (Miles & Huberman, 1994, p. 14).

Themes and patterns induced from cases are threads or elements in the data that provide central ideas and core meanings. As more data is examined or different levels of abstraction are sought, they may be aggregated, disaggregated, discarded, renamed, or melded into categories (Miles & Huberman, 1994; Patton, 2001). By using themes and relevant quotations, “the unique context of each case is retained, and the data are interpreted within that context to provide an account of a particular instance, setting, person or event” (Maxwell & Miller, 2008, p. 467, p. 467). Thematic analysis was undertaken in order to reveal themes and patterns that allow concepts, insights, and understandings to emerge (Bazeley, 2007; Patton, 2001). Direct quotations were blended into the description and analysis since they “permit the reader to enter the respondents’ situation, thoughts, basic perceptions and experiences (Patton, 2001, p. 23, p.23). The study took a manual matrix-based approach to data analysis (data displays, data reduction, and conclusion drawing and verification) within and between cases. Using this approach, key aspects of data collected were highlighted in transcripts, then selections were sorted and resorted into groups with similar ideas and meanings (Ryan & Bernard, 2003).

The interviews were conducted in the Indonesian language. However, the researcher did not directly translate the transcripts into English, but went through the transcripts and identified themes and patterns. These themes and patterns were then translated into English by the researcher (who understands the Indonesian language well). This method is more effective than translating all the transcript before selecting themes and patterns. As suggested by Scapens (2004), the researcher chose to transcribe the recordings rather than listen to the tapes and note interesting sections and relevant issues. Although this was time consuming, this method enabled the researcher to return to the interviews as required, rather than finding certain issues by repeatedly listening to the recording.

Once the sources of evidence were collected, the next step was to analyse the three cases — ALPHA, BETA, and GAMMA. The researcher searched for themes or patterns found in the data and classified them based on the research framework developed in Chapter 2 (refer Figure 3-2). For example, the performance information used in the planning documents was classified based on the four perspectives of the BSC: customers, internal business process, learning and growth, and financial. If the information did not meet the four perspectives, it was categorised as ‘other’. In relation to the stages of the management cycle (refer to the red boundary in Figure 3-2), data from the interviews was used to analyse how the managers in the three cases used the performance information.

Once an examination of each individual case, in each stage, was completed, the researcher conducted cross-case analysis. Analysing the cases simultaneously using cross-case analysis lays a foundation for examining common patterns or significant variations across the cases (Maylor & Blackmon, 2005, p. 252).

3.5 Quality issues in case study design

Case study design is often seen to have issues in relation to maintaining internal and external validity, producing reliable results, and being able to replicate these results (De Vaus, 2001). Four research tests can be used to alleviate the weakness of this design: construct validity, internal validity, external validity, and reliability.

Construct validity refers to establishing correct operational measures for the concepts being studied (Yin, 2003, p. 35). To increase construct validity in this study, the researcher used multiple sources of evidence and established a chain of evidence, as suggested by Yin (2003). The use of multiple sources of evidence (or triangulation) provides multiple measures of the same issues (Scapens, 2004). In this study, the researcher used notes and transcripts of the interviews. Archival documents, such as strategic plans and performance reports, were also collected to increase the validity of the findings from the interviews. The chain of evidence depicts the alignment between the collection of raw data and the case study report (Gray, 2004). The chain of evidence enables external observers to follow the derivation of any evidence and to allow them to trace the steps in conducting research (Yin, 2003). Gray (2004) asserted that the chain of evidence allows re-interpretation or questioning of the data and improves construct validity (and reliability). In this study, secure electronic storage and retrieval of all printed and electronic materials were used to maintain the chain of evidence. Another way to improve construct validity is to develop research instruments from the literature, as recommended by . The researcher developed the research framework (refer to Figure 3-2), which was used in the interviews to investigate the phenomena being studied.

Internal validity indicates the concern for causal (explanatory) case study, examining whether an event led to other events (Yin, 2003). Challenges to internal validity stem from the danger that factors other than key variables identified by researchers are producing any changes that are observed (De Vaus, 2001). Since this study did not intend to investigate cause-effect findings, with its focus on exploring a phenomenon, it was not necessary for the researcher to address internal validity issues.

External validity concerns relate to the issue of the generalization of findings to another situation (Baker, 1999; Bryman, 2004; Scapens, 2004; Yin, 2003). Case study design can be criticized for lacking external validity as it does not provide a basis for generalization to a wider population (De Vaus,

2001; Stake, 1995). Generalization is problematic in case study research, especially where the objective is to develop theoretically informed explanations of the observed phenomena (Scapens, 2004). De Vaus (2001) contended that in a case study approach, rather than relying on statistical generalization, theoretical generalization is more appropriate. Similarly, Yin (2003) maintained that an 'analytical' approach can be employed so that findings may be generalized to the domain of a theory or model, rather than to the population. In this regard, the ideas, concepts or patterns found from investigating comprehensive cases in a certain environment can be applied to different situations (Collins & Hussey, 2003; Collis & Hussey, 2013). The aim of this study was to gather, analyse, and interpret data to inform debate, practice and further research. This aim is compatible with the concept of analytical generalizations in which ideas and models are developed.

Reliability means that another researcher would get the same findings if the study was repeated (Maylor & Blackmon, 2005, p. 159). The goal of reliability is to minimise the errors and biases in the study (Yin, 2003, p. 37). To improve reliability, researchers need to document procedures to enable the repeating of their work. This documentation can be in the form of a research protocol that outlines sound policies and procedures to ensure the replicability and reliability of a case study (Yin, 2003, p. 38). The research protocol for this study is summarised in Table 3-2. This protocol enhances the reliability of the case study research since it enables the researcher, readers, reviewers or replicators of the research to trace steps from conclusions backwards or in the opposite direction, and considers issues such as whether evidence was properly examined and used (Yin, 1994).

3.6 Ethical considerations

Approval from Victoria University's Human Research Ethics Committee (HREC) was obtained before the study was commenced. The approval guided the following important research considerations: gaining consent from the interviewees; ensuring the anonymity of all public officials and institutions involved in the research; providing subjects with the option to decline the taping of conversations; and giving interviewees the opportunity to identify any information provided as being 'off the record'.

Table 3-2: Summary of research protocol for data collection and analysis

Preamble	Deductive theory-developing research using a case study approach to investigate the use of performance information by local government managers
Objective	Obtain an in-depth, rich, contextual understanding of the interaction (in the day-to-day practice of managers) and develop a model that will inform discourse, practice and further research
Nature of evidence	Perceptions of senior public officials with knowledge of policies and processes
Evidence collection	Semi-structured open-ended face-to-face interviews with senior public officials at multiple case studies of local government offices and examination of policies, regulations and other secondary data
Access to local government authorities	Referrals to the researcher and issues of confidentiality and anonymity communicated
Schedule of interviews	A schedule of interviews constructed for mutually agreed times and locations
Language support	Interviews conducted in the native language
Informed consent	Consent attested by interviewees prior to data being collected through interviews, and anonymity confirmed
Interview	Open-ended questions followed up with probes centered on the research framework
Data form	All interviews digitally taped, transcribed and securely stored and interview notes copied and securely stored
Data analysis	Manual matrix-based approach to data analysis (data displays, data reduction and conclusion drawing/verification) within and between cases; and analysis leading to the development of a model of the use of performance information by managers in local governments
Preliminary findings	Preliminary findings presented at internal and external conferences and workshops
Data triangulation	Multiple data sources attempted at each case study site. Themes of these interviews compared to preliminary findings and model developed
Final findings and follow-up	When the thesis is completed, a copy of the model and summary to be sent to each public official who was interviewed

3.7 Summary

This research used a case study approach to examine Indonesian local government experiences in the use of performance information. It was intended that this would help improve service delivery and accountability, issues that face municipalities and other levels of government world-wide. The embedded units of analysis were interrogated to discern themes and patterns that would add to the understanding of how to improve the use of performance information to improve performance and better communicate achievements.

This research has sought, captured and analysed qualitative data obtained from a series of interviews, as well as examining secondary data. Data collection spanned multiple case sites. In

pursuit of deep, contextual and comparative information from multiple cases within a case study that can inform discourse, research and practice, care has been taken to reduce the risks in terms of reliability, validity and generalizability. This has been achieved through a research design with transparent and structured processes for data collection and analysis. Knowledge of the potential limitations of case-based approaches to research have been kept 'front-of-mind', and addressed by the overall methodological design as to not compromise the integrity of this research.

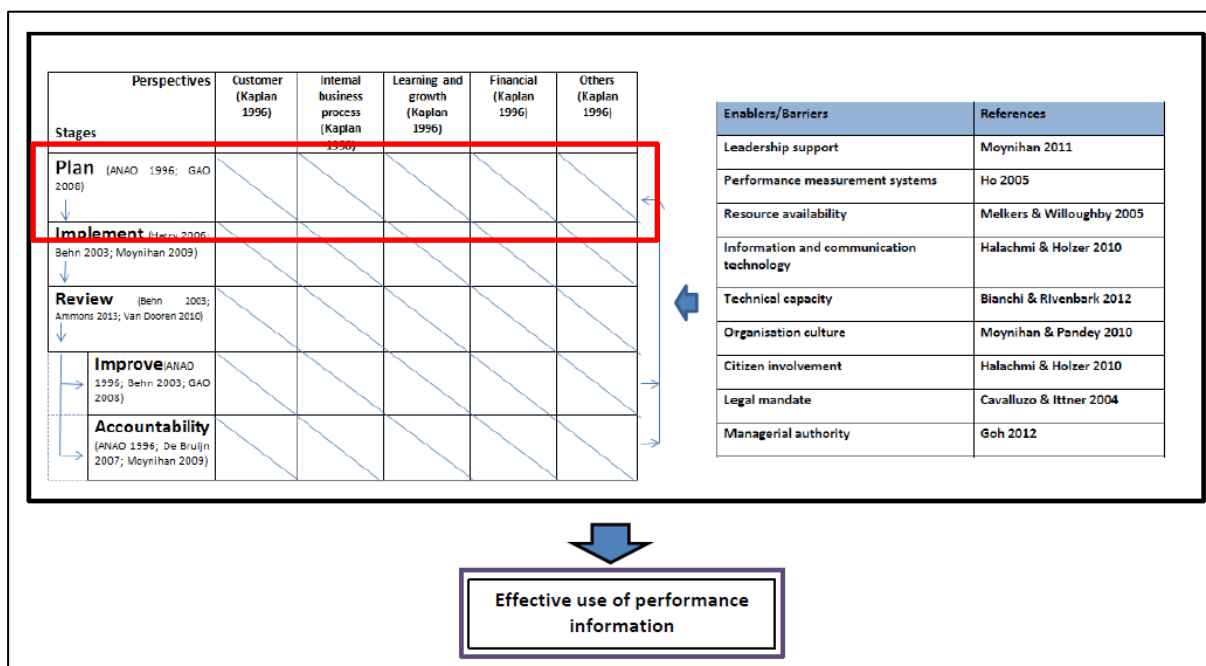
The next six chapters provide discussions of performance information in each of the five elements in the management cycle, along with the barriers and enablers detected. This is followed by the final chapter, which discusses the implications for professional practice and presents an emergent model to guide practice and further research.

4 THE USE OF PERFORMANCE INFORMATION IN PLANNING

This chapter provides a cross-case comparison of performance information use in the planning stage of the management cycle as evidenced in three individual case studies: City A Office for Landscaping and Cleanliness (ALPHA), City A Office for Tourism and Creative Economy (BETA), and City B Office for Industry, Trade, and Mining (GAMMA). Two out of the four research questions (RQ1 and RQ2) encompassed in the framework presented in Chapter 2 are discussed in this chapter, to interrogate and compare what information is used in planning – and how it is used. The chapter provides insights to inform thinking, debate, and action around the use of performance information in planning by managers and business units in local governments.

The structure of the chapter aligns with the research framework reproduced in Figure 4-1 below. Sections 0 to 4.3 address both RQ1 (*which* categories of performance information public sector managers use to deliver on performance and accountability) and RQ2 (*how* performance information is used) by examining the different types of performance information (as classified by the BSC perspectives) used in planning in the three offices. RQ1 is framed around the BSC typology of perspectives: customer, learning and growth, financial, and other (represented within the red boundary in Figure 4-1). This chapter deals with the first stage in the management cycle, while the implementation, review, improvement, and accountability stages, as well as enablers and barriers, are discussed in Chapters 5 to 10. Section 4.4 compares and contrasts the findings in the use of performance information in planning across the three offices.

Figure 4-1: Framework for the effective use of performance information



In exploring the use of performance information in the three offices, data was collected from archival documents – two periods of strategic plans (2009-2014 and 2014-2019), annual plans (2014 and 2016), performance agreements (2014), and performance reports (2013 and 2015) – and through interviews with the secretary and managers of the three offices and the managers of planning agencies, as well as consultants.

Table 4-1 presents a list of interviewees, their job descriptions, and the references used when quoting their views.

Table 4-1: List of interviewees

Title	Reference abbreviation
The Office Secretary of ALPHA	Secretary
The Head of the Local Government A Planning Agency	Headplan
The Manager of City Cleanliness Management Division of ALPHA	Manager A
The Manager of Research and Development Division of the Local Government A Planning Agency	Manager B
The Manager of Promotion and Marketing Division of BETA	Manager C
The Manager of Human Resources and Community Participation	Manager D
The Middle Manager of Programs at Local Government B Planning Agency	Manager E
The Secretary of GAMMA	Manager F
The Manager of Trading at GAMMA	Manager G
The Manager of Industry at GAMMA	Manager H
The Manager of Mining and Energy at GAMMA	Manager I
Consultants for LGA	Consultant A (from 2014-2016) Consultant B (from 2010-2013)

In the presentation of results throughout this thesis, key insights will be in highlighted in an orange box like this:

Example: This chapter provides a cross-case comparison of performance information use in planning as evident in three individual case studies: City A Office for Landscaping and Cleanliness (ALPHA), City A Office for Tourism and Creative Economy (BETA), and City A Office for Industry, Trade, and Mining (GAMMA).

4.1 The use of performance information in ALPHA

In examining the use of performance information in planning, this study analysed ALPHA's strategic plans for 2014-2019 and 2009-2014. In addition, interviews were conducted with Manager A (2015), Manager B (2015), Secretary (2015), and the consultants.

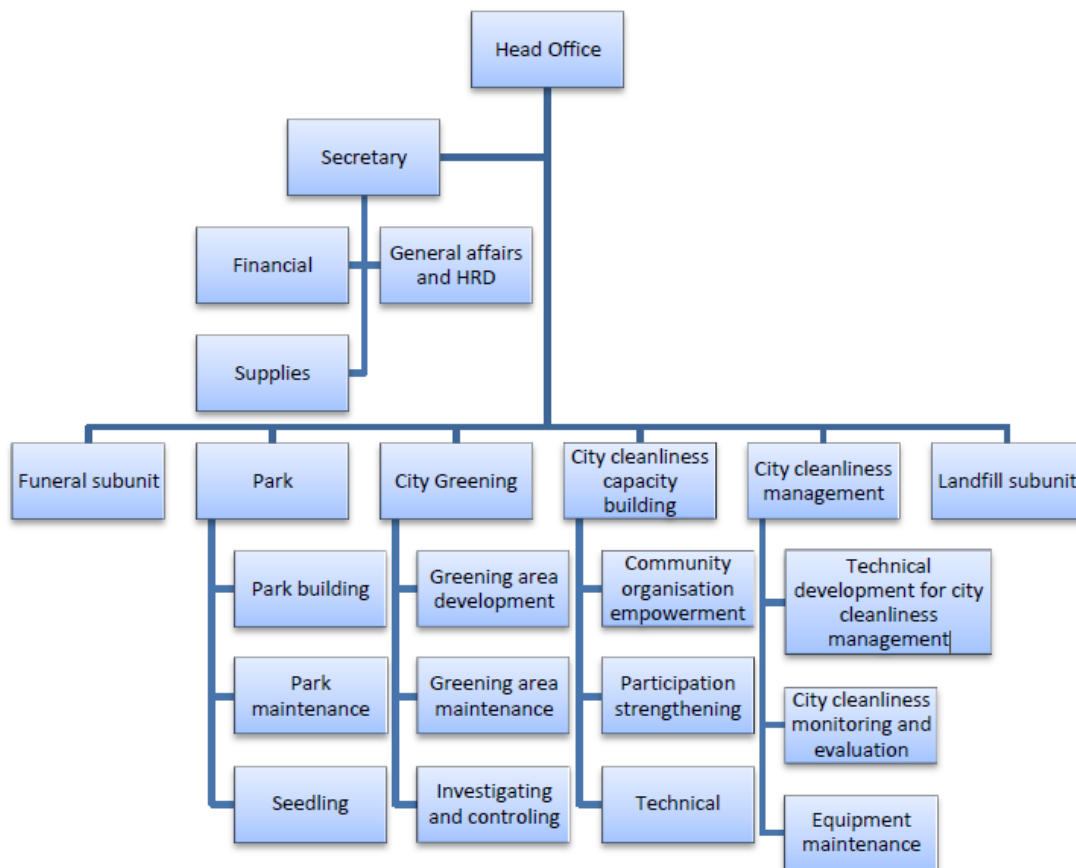
This section begins with an examination of the context in which the information was used by ALPHA. In this regard, the organisational profile is elaborate, covering the main tasks and the organisational structure of ALPHA. Then, one by one, the nature and use of performance information in four planning processes – strategic planning, annual planning, budgeting, and performance agreements – are presented. In investigating the nature of planning, this section addresses how ALPHA plans its programs and actions, including preparing its strategic plan, annual plan, and performance agreements, and examines the content of the documents produced in the planning.

4.1.1 ALPHA's profile

ALPHA is a local government unit with the leading responsibility for maintaining cleanliness and managing green space and cemeteries in City A, as mandated by Local Government A regulation number 3 2009. The Office has authority to prepare policies, to carry out programs, and to coordinate with its stakeholders (MoLC, 2014).

The Office is led by a chairman, with a secretary, two sub-units, and four divisions: Park, City Greening, City Cleanliness Capacity Building, and City Cleanliness Management (see Figure 4-2). In running its administration, the Head of ALPHA delegates his responsibility for managing the Office's financial resources, fixed assets and supplies, and human resources to the Secretary. Each division in the Office has three sub-divisions, which are responsible for running their programs and actions based on their job descriptions. The Park Division is responsible for building and maintaining parks as well as producing and planting seeds. The City Greening Division is held accountable to the Office's head for establishing and maintaining green areas, as well as investigating any violations in these areas. The City Cleanliness Capacity Building Division is responsible for strengthening community engagement in managing waste. Finally, the City Cleanliness Management Division is responsible for developing techniques for maintaining, monitoring, and evaluating city cleanliness and maintaining equipment. In addition, the Office has two technical units held accountable for managing cemeteries and landfills (MoLC, 2014).

Figure 4-2: ALPHA's Organisational structure



Source: ALPHA's strategic plan, 2014-2019 (MoLC, 2014)

4.1.2 Strategic planning

ALPHA has adopted a strategic thinking approach, which can be seen in its planning documents. The Office produced its newest strategic plan, 2014-2019, as a guideline for the Office in drawing up its annual plans and budgets. The strategic plan was prepared once the new Mayor was elected. The plan articulates the programs, activities, and performance indicators to be used in measuring how ALPHA has achieved intended outcomes. Exploring the structure of ALPHA's strategic plan informs the examination of the quality of performance information collected and used, and more specifically, whether the information is relevant to the vision and mission.

ALPHA's strategic plan entails vision, missions, goals, objectives, performance indicators, strategy, policies, programs, and activities. The Office has the vision to establish City A as a world-class, beautiful and comfortable city. This vision is the translation of the Mayor's vision to make City A a world-class livable city for all (Bappeda, 2015b; MoLC, 2014). ALPHA has translated its missions into specific goals, objectives, and strategies. The Office also identifies performance indicators and sets targets to measure how the objectives have been achieved (MoLC, 2014). In addition, ALPHA has

drawn up specific programs and actions, including the projected budget for the five year period from 2014 to 2019, to achieve the targeted performance (MoLC, 2014).

Three aspects of the strategic plan examined in this section are: the strategic issues and objectives; the performance indicators; and the performance targets. These are critical in preparing strategic plans. Strategic issues are the basis for formulating vision, missions, objectives, and strategies as mandated by the regulations for regional development planning (MoIA, 2010). Therefore, it is essential to examine the source of information and how the issues have captured the four perspectives of the BSC. Analysing the objectives is also necessary to understand whether the offices have addressed the strategic issues appropriately. Performance indicators receive greater analysis in this section as these are a central tenet in the literature on the use of performance information. Performance targets are also important. While performance indicators are the measure of the degree to which organisations have achieved their objectives, the presence of targets can motivate staff to improve their performance (Behn, 2003; Locke & Latham, 2013).

The strategic issues and objectives

In formulating its strategic plans, ALPHA has considered issues that challenge the Office. These are conditions or factors that should be considered in regional development planning as they have a significant impact on the region. These issues have the following characteristics: essential, fundamental, urgent, long-term, and they influence the objectives of the local government (MoIA, 2010). ALPHA identifies the external and internal factors that affect its performance. As the reference point in conducting analysis for formulation of strategy, ALPHA uses the Ministry of Internal Affairs regulation number 54/2010 and Government regulation number 8/2008 as guidelines for preparing, controlling, and evaluating its regional development plan.

Table 4-2 (below) has been developed to show ALPHA's strategic issues, as identified in its strategic plan 2014-2019 (MoLC, 2014). These are mapped against the four perspectives of the BSC. This table is compared and contrasted with those of the other case studies in Section 4.4, in order to understand how the three offices have identified their strategic issues.

Table 4-2: Strategic Issues

Perspectives	Issues
Customer	The increase in solid waste production
Internal business process	The poor quality of waste management
	The limitation of landfills
	The low community participation in waste management
Learning and growth	Poor organisational capability
	Poor law enforcement
	The low capacity to manage green spaces
Financial	Limited financial resources
	The low investment generated from businesses

Source: ALPHA's strategic plan, 2014-2019 (MoLC, 2014)

Although ALPHA does not explicitly use the four perspectives of the BSC methodology, its strategic issues have addressed all the perspectives. As defining the strategic issues lays a foundation to develop vision, missions, objectives, programs, and activities, it is expected that ALPHA generates and uses better balanced performance information than those that do not consider the BSC.

It is clear from the table that the BSC perspectives have been implicitly manifested in the ALPHA's strategic issues. The nature of the issues and their classification into BSC perspectives are discussed below.

Customer perspective

The customer perspective embodies the issue: increase in solid waste production. The ability of the Office to manage this increase will determine the city's cleanliness levels which, in turn, will impact on the level of citizen satisfaction. To cope with this issue, ALPHA has formulated an objective: to control the rate of waste production.

Internal business process

The internal business perspective captures three issues: the poor quality of waste management, the limitation of landfills, and the low community participation in waste management. These three issues illustrate the problems regarding facilities and infrastructure that needed to be improved and maintained. The ability of ALPHA to deal with these issues will potentially enhance the capacity of the Office to manage waste production which, in turn, would contribute to effectively managing the increase in solid waste production. Highlighting these issues indicates the commitment of the Office to addressing the internal business process perspective. ALPHA is addressing these issues through

the following two objectives: to improve facilities and infrastructure for waste management; and to optimise the use of facilities and infrastructure for managing waste.

Learning and growth

Issues relating to the learning and growth perspective are: poor organisational capability; poor law enforcement; and the low capacity to manage green spaces. These issues demonstrate an awareness of the need for improvement in delivering services related to organisational and individual capacity. To cope with these issues, ALPHA has developed the following objectives: to develop policies and to achieve waste and green space management standards; and to enforce laws consistently to those who violate the local government regulation regarding waste and green space management.

Financial

Issues related to the financial perspective are: limited financial sources and the low investment generated from businesses. To address these issues, ALPHA has formulated two objectives: to optimise financial resources generated from the local government budget, national government budget, and corporate social responsibility (CSR); and to maximize efficiency in waste/cleanliness management.

Performance indicators

ALPHA has used outputs, outcomes and KPIs in its strategic plan. In the current plan (MoLC, 2014), the Office created a table providing evidence for the translation of vision into missions, goals, objectives, programs, actions, and performance indicators – outputs for measuring activities and outcomes for measuring objectives and programs. Table 4-3, which is an excerpt from the Office's strategic plan 2014-2019, shows examples of two programs carried out in ALPHA together with the outcome indicators, the activities conducted for achieving the objective of the programs, and output indicators to measure the products of the activities.

Table 4-3 indicates that each program has one outcome indicator. To achieve the intended outcomes, ALPHA conducts several activities and determines their output indicators. In a later section (Section 4.4.1), this table will be compared and contrasted with those of the other cases in order to investigate the conformity of indicators against the criteria of useful performance information.

Table 4-3: Type of information used in the management cycle

Program	Outcome	Activities	Output
Improving waste management	The percentage of waste transported to landfill (%)	Increasing the capability of the staff in managing waste	The number of staff who have capability in managing waste
		Procuring infrastructure and facilities for managing waste	The number of trucks procured The number of trucks maintained
		Preparing policies and regulations for managing waste	The number of regulations and standard operating procedures for managing waste produced
Increasing the capacity of waste management	Community satisfaction index in waste management	Promoting a city cleanliness movement	The number of community members attending training for establishing and operating community solid waste banks
		Disseminating information about the policy for managing waste	The number of people to whom information is disseminated
		Conducting workshops for integrated waste management	The number of participants in the workshops

Source: ALPHA's strategic plan, 2014-2019 (MoLC, 2014)

Apart from the output and outcome indicators, ALPHA's strategic plan also presents additional performance information in the form of KPIs. The KPIs are used to show how the Office has achieved its goals and objectives over a five-year period. As part of the Local Government A (LGA) jurisdiction, these KPIs are linked with the LGA strategic plan. These KPIs are presented in the Office's strategic plan in an independent matrix that links goals, objectives, KPIs, and the yearly targets for 2014-2019 (MoLC, 2014).

ALPHA does not explicitly use the BSC in selecting its KPIs, but an examination suggests that the KPIs presented in its strategic plan have addressed each of the BSC perspectives. ALPHA's translation of the vision into missions, goals, objectives and the KPIs is in accordance with the BSC's function of providing a balanced measurement of performance (Niven, 2008). The presence of KPIs allows ALPHA to measure to what extent the objectives have been achieved.

Table 4-4 has been developed from an examination of how the objectives and KPIs identified in the Office's strategic plans 2014-2019, align with the BSC perspectives. The objectives and the KPIs noted in Table 4-4 and their alignment to the BSC perspectives are discussed below.

Table 4-4: ALPHA's KPIs

Perspective	Objectives	KPIs
Customer	To control waste production	The reduction of waste generation
	Maintain park and middle road pathways	An increase in the quality and quantity of greenspace
Internal business process	Fulfill the need for cemeteries for City A citizens	The availability of public cemeteries
		An increase in the ratio of facilities and infrastructure to employees
Learning and growth	Improve governance in managing waste	An increase in the employee satisfaction index
		Absentee index
		The number of staff who are capable in managing environmental issues
Financial	Improving financial and performance reporting systems	The availability of the financial and performance report

Source: ALPHA's strategic plan, 2014-2019 (MoLC, 2014)

Customer perspective

The two indicators aligned to the customer perspectives of the BSC reflect the demand of customers on ALPHA's services. In this respect, the notion of 'customer' refers to the communities in which ALPHA provides city cleanliness. The ability of the Office to transport solid waste will result in minimising 'dirty areas' in the city and the communities would thus benefit from an increase in the quality and quantity of greenspace (MoLC, 2014).

Internal business process perspective

ALPHA's KPIs related to the internal business perspective of the BSC (refer to Figure 4-2) shows that these KPIs only represent the responsibility of the heads of the cemetery sub-unit and the Secretary. The other divisions (Park, City Greening, City Cleanliness Capacity Building, and City Cleanliness Management) have not developed their KPIs. Discussion on the adequacy of this indicator will be explored in section 4.2.2 regarding the KPIs ownership and the KPIs' causal effect among BSC perspectives.

Learning and growth perspective

The three indicators listed in Table 4-4 against learning and growth are used to measure: improvements in office administration services; maintaining staff discipline; and enhancing the capacity of staff. An investigation of the performance reports for 2014, however, revealed that the program for increasing the capacity of staff received a meagre budget. The activity identified to

achieve the outcome of increased staff capacity was training, but the current strategic plan also indicates that the budget allocation for this program is tight.

Financial perspective

ALPHA's KPI against the financial perspective is the availability of financial and performance reports. This indicator is used to measure the objective of improving financial and performance reporting systems (refer to Table 4-4). However, this indicator simply looks at the availability of the information, not the quality.

Performance targets

Along with KPIs, ALPHA set yearly targets, which are disclosed in its strategic plan, both for outputs and outcomes indicators (MoLC, 2014). The presence of targets complies with Government regulation number 54 2010, which provides a guideline for preparing strategic plans, as mandated by the Head of the Planning Agency.

Comparing ALPHA's current strategic plan (2014-2019) to its previous plan (2009-2014) confirms the benefits of using specific performance targets. The previous strategic plan presents information about the percentage of solid waste transported to landfills between 2004-2008 (MoLC, 2009). However, rather than setting a target as a tool for controlling waste generation, based on the information, ALPHA simply illustrates the historical data of the waste transportation to landfill. The absence of targets offers no incentive for managers to perform better as there is no obligation to show their accountability in achieving specific targets.

The absence of targets in the previous strategic plan has resulted in the failure to measure ALPHA's performance. An investigation of the ALPHA's 2013 performance report shows that the office failed to present outcome indicators. This report only provides information about ALPHA's outputs, such as conducting integrated solid waste management in 14 sub-districts and conducting cleanliness competitions among 112 villages (MoLC, 2012). The presence of targets in the new strategic plan allows ALPHA to measure the progress of solid waste transportation. The nature of the Office targets was discussed in Section 4.4.1.

4.1.3 Annual planning

ALPHA prepares an annual plan to be used as a reference for proposing a budget. To arrive at the plan, the Office performs several steps. First, the Office prepares the draft and submits it to the Planning Agency, which is responsible for coordinating all working units in drawing up the units' annual plan and the local government's working plan. The Planning Agency integrates all the working unit plans to write up an annual plan draft at the local government level (RKPD). The Planning Agency

then discusses the draft in a forum with all working units to accommodate the results of the community consultations at a sub-district level (Bappeda, 2015a). The Planning Agency needs to ensure that the plan is aligned with its Office strategic plan and the City A's mid-term development plan (see Figure 4-2). Before the annual planning is finalised, the Planning Agency conducts a community consultation at the city level. As the draft for the local government working plan is approved by the legislators, working units (including the Office) then revise the draft based on the legislators' recommendations when they examine the RKPD (Bappeda, 2015a, 2015b). Understanding the mechanism (activities and steps) in preparing annual plans is vital for examining the enablers and barriers on the use of performance information that will be discussed in Chapter 10.

The new strategic plan, which shows performance indicators and targets, lays a foundation for utilizing performance information to develop a better annual plan. Manager B (2015) pointed out that in writing up annual plans, working units must refer to their strategic plans. Manager B stressed that in preparing the plan, the Planning Agency developed an information system that provides assurance of the conformity of the working units' strategic plan and the annual plan. To this end, he highlighted that:

The working units have to ensure that the programs, the activities, and the targets set in the annual plans should be the same as those on their strategic plans. This issue should be taken into account seriously. Otherwise, they will not be able to carry out their activities due to the rejection of the new planning information systems (Manager B, 2015).

LAKIP is a performance report which should be prepared by government institutions both at central government and local government level. ALPHA mainly uses LAKIP 2014 and the current strategic plan as a reference for drawing up the annual plan 2016. This can be seen from the table of yearly targets, regarding the output indicators and the KPIs, set in the strategic plan, which appears in the annual plans. ALPHA's annual plan 2016 evaluates programs achieved in 2014 and the first quarter of 2015. Also, ALPHA analyses the gap between the targets and actual performance for all programs carried out during these periods. The analysis arrives at identifying the barriers in achieving targeted performance. Apart from LAKIP 2014, ALPHA refers to its strategic plan 2014-2019 in preparing the annual plan. The annual plan 2016 highlights the goals, objectives, performance indicators and targets, programs, and activities presented in its new strategic plan.

The annual plans lay a foundation for ALPHA to draw up its budget proposal. Performance information used in preparing the budget draft comes mainly from formal sources. The budget proposal includes a set of documents that specify details of money generated from any sources of income or spent on funding activities that have been planned in the local government annual plan (MIA, 2006). In general, the budget documents provide information about: activities conducted in a

financial year; input, output, and outcomes for each activity; detailed budget calculations based on standard costs developed by the budget team; and a summary of the budget.

4.1.4 Performance agreement

Once the budget has been approved, ALPHA prepares a performance agreement at the beginning of the year. ALPHA's performance agreement informs the primary programs, objectives, performance indicators (inputs and outputs), and performance targets. In preparing the agreement, the Office uses the budget document for information about the programs, indicators, both inputs and outputs, and their targets.

The central flaw of the Office's performance agreement is the absence of KPIs to measure the strategic objectives that should be presented in its strategic plan. Based on the criteria of good KPIs, the Office fails to comply with the Ministry of Manpower and Bureaucracy Reform's regulation number Per/20/MENPAN/11/2008. This regulation provides guidelines for establishing good KPIs that should be specific, attainable, measurable, relevant, and quantified.

The failure to present KPIs in the agreement also indicates that ALPHA does not comply with the current regulations. Examining the agreement suggests that rather than referring to the current regulation, MMRB 29 2010, the Office used MMP 31/M.PAN/XII/2004 as its guideline. The current regulation guides public sector organisation in Indonesia to use the KPIs in preparing performance agreements, not output indicators. ALPHA's 2014 performance agreement use output indicators as recommended by the previous regulation.

The problems in the agreement could also be attributed to the drawbacks in the previous strategic plan, which failed to present KPIs. ALPHA's 2014 performance agreement was prepared based on the current strategic plan 2014-2019 because the new plans will be effective for the 2015 performance agreement. Further discussion on the performance agreement is provided in Section 4.4.3.

4.1.5 Summary of ALPHA's performance information use in planning

ALPHA's planning has improved significantly since its previous strategic planning period. The presence of performance indicators — outputs, outcomes, and KPIs — provides evidence for the use of performance information at the agency level of local government in developing countries. The use of performance information in the planning processes, from preparing a strategic plan to drawing up a performance agreement, indicates the level of integration. Another interesting result is that ALPHA's KPIs are embodied in the four perspectives of the BSC, although the Office does not explicitly state this. The manifestation of the four BSC perspectives in the KPIs provides an opportunity for the ALPHA to exploit a balanced measurement of its performance.

Despite its progress, ALPHA still faces several challenges in making better use of performance information. Firstly, ALPHA does not formulate KPIs that can be used specifically to improve service delivery. Secondly, the KPIs are not adequate, especially those related to internal business perspectives. Thirdly, the KPI for addressing the financial perspective is not well-developed as it does not deal with quality.

4.2 The use of performance information in BETA

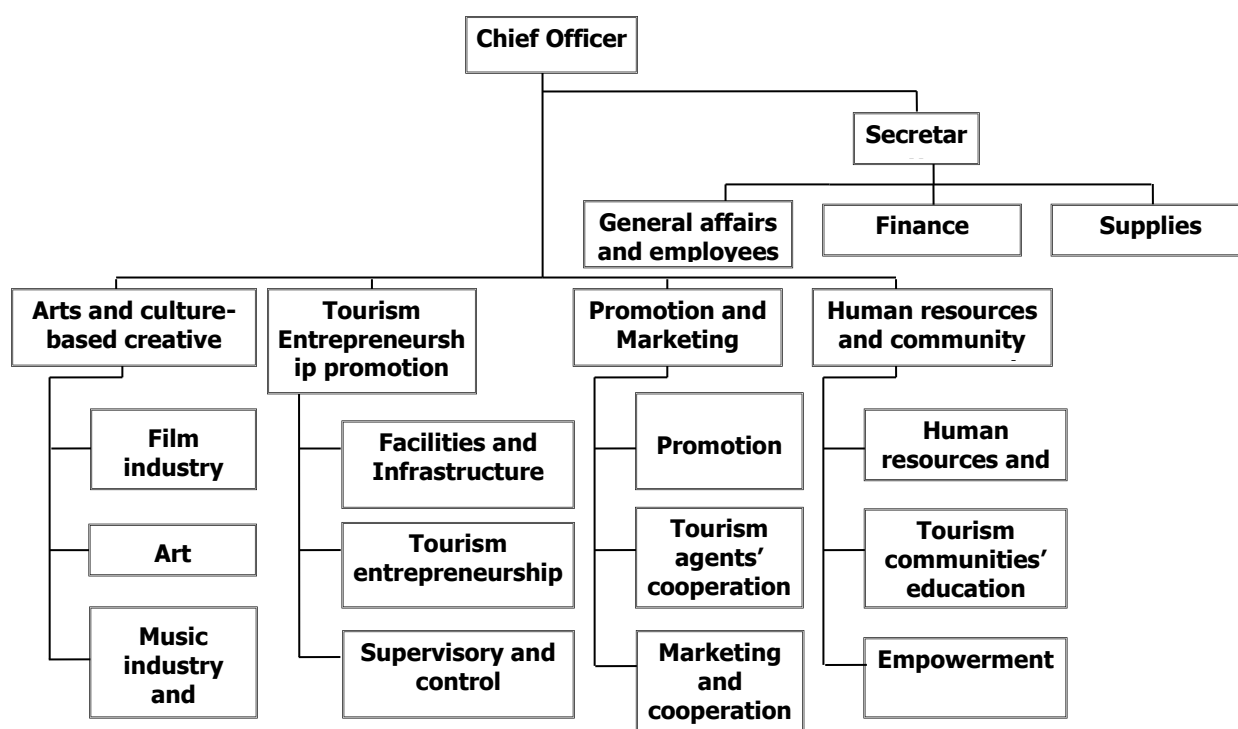
In investigating the use of performance information in planning, this study examined two of ALPHA's strategic planning periods, 2009-2014 and 2014-2019. Interviews were also conducted with Manager B (2015), Manager C (2015), Manager D (2015), and the consultants (2015).

4.2.1 BETA's profile

BETA is an LGA unit held accountable to the Mayor through the local government secretary. The Office was established in 2013 through City A regulation 7/2013. The Office is a fusion of several divisions of the Culture and Tourism Office and one division of the Office for Industry and Trade. Before the BETA was established, the LGA performed the function of promoting tourism and the creative economy. The change in organisational structure was part of the reform adopted by the Indonesian Government following the President instruction 6 2009 on developing the creative economy. This instruction provides a basis for coordinating into one ministry the creative economy industry, which was formerly managed by 28 ministries/agencies (MoTCE, 2014).

BETA is mandated to assist the Mayor in designing and evaluating policies regarding tourism and the creative economy; in promoting local culture tourism; in increasing the capacity of human resources in tourism; and in strengthening community engagement (MoTCE, 2014). The Office is led by a Chairman with a Secretary, an Office for Technical Operating Unit, and four divisions – Art and Culture-Based Creative Economy, Tourism Entrepreneurship Promotion, Promotion and Marketing, and Human Resources and Community Empowerment (see Figure 4-3). The Art and Culture-based Creative Economy Division is responsible for developing the film, performing arts, music, and visual arts industry. The Tourism Businesses Promotion Division is responsible for developing tourism businesses, improving tourist facilities, developing tourist destinations, and supervising tourism businesses. The Promotion and Marketing Division is responsible for preparing materials for promotion, tourism investment, market analysis, conventions, strengthening networking with the national and international organisations regarding tourism, and preparing data for promoting culture and tourism. Finally, the Human Resources and Communities Empowerment Division is responsible for the development of tourism and creative economy human resources, as well as encouraging community participation in these areas (MoTCE, 2014).

Figure 4-3: BETA's Organisational structure



Source: Translated from BETA's Strategic Plan 2014-2019 (BETA, 2014)

This section only elaborates on BETA's strategic plan and performance agreement. The nature of the annual plan, and the budget is similar to that of ALPHA (refer to section 4.3.2 and 4.3.3 in Chapter 4). Details of the analysis of the BETA's strategic plan and the performance agreement are as follows.

4.2.2 Strategic planning

Like ALPHA, BETA has adopted strategic thinking in its planning. Examining the BETA's strategic plan 2014-2009 suggests that the Office has envisaged its vision, missions, objectives and strategy. Also, the Office has designed programs and activities to achieve its performance targets as set out in the plan. The following paragraphs outline BETA's strategic issues and objectives, performance indicators, and targets.

The strategic issues and objectives

BETA identified five strategic issues to be addressed over the period of the strategic plan (2014-2019). Table 4-5 maps BETA's strategic issues against the BSC perspectives, generated from the ALPHA's strategic plan 2014-2019 (MoLC, 2014). Understanding how the BSC perspectives capture

the strategic issues provides a basis for investigating the strengths and weaknesses of the objective and strategy identification, which in turn lays the foundation for improvement.

Table 4-5: BETA's strategic issues

Perspectives	Issues
Customer	The insignificant impact of promotion and marketing tourism on the increasing number of visitors
	The undeveloped art and culture-based creative economy
Internal business process	The low competitiveness of the tourist destinations
	The weakness in the synergy and partnerships with stakeholders.
Learning and growth	The poor competency and lack of capability among tourism human resources

Source: BETA strategic plan, 2014-2019 (MoTCE, 2014)

Customer perspective

The BETA issues aligned to the customer perspective address expectations or demands, as suggested by Niven (2008) in his examination of the BSC. The issue concerning the increasing number of visitors may not directly address the visitors' interests as the focus of the customer perspective. However, this issue is certainly crucial, as tourism is one of the sectors contributing to the City A economy. As such, the customers in this context are City A communities, rather than tourists. Hence, defining the insignificant impact of promotion and marketing as a strategic issue is part of the initiative of the Office to boost City A's economy. The lack of sound promotion and marketing, as a result of the inability of BETA to use advertising media effectively, as well as to prepare quality materials for promotion, influences visitor decisions to come to the city (MoTCE, 2014). To address this issue, BETA has developed a strategic objective: to increase the number of domestic and international tourists. To achieve this, ALPHA has formulated two strategies: increasing the quality and scope of the media for promotion; and improving the accessibility of tourism promotion.

The issue of an underdeveloped art and cultural-based creative economy reflects the Office's awareness that it must address stakeholder needs. The creative economy has only recently gained impetus, with the Indonesian Government issuing Presidential Instruction number 6 2009 on the development of the creative economy. Based on the data released by the Ministry of Tourism and Creative Economy, the creative economy has contributed significantly to the overall Indonesian economy. This not only increases gross national product but also accelerates tourism workforce participation and the number of businesses being established (MoTCE, 2014). Therefore, developing art and the creative economy represents a significant opportunity for BETA to have an impact on the communities in City A.

BETA responds to the issue of the undeveloped creative economy by defining an objective: increasing the number and the value of creative economy. To achieve this objective, BETA developed three strategies: develop a database for creative economy actors; encourage the creativity of the creative industry workers professionally; and improve the synergy in improving the community's works of art (MoTCE, 2014).

Internal business process

City A offers various tourists attractions such as beautiful beaches, rivers, culinary tours, and entertainment. Unfortunately, these attractions have not been supported with adequate facilities and infrastructure, especially regarding the accessibility to tourist destinations and the availability of accommodation (MoTCE, 2014). To address this, BETA identified two objectives: to increase the infrastructure in supporting tourism competitiveness and enhance awareness of the tourism industry in developing regional tourism.

The second identified issue relating to weaknesses in synergies and partnerships with stakeholders has been addressed with an objective aimed at increasing the participation of communities in promoting culinary tourism.

Learning and growth perspective

BETA's strategic plan highlights that the lack of competency and capability of staff is caused by high employee turnover and the mismatch between staff educational backgrounds and their responsibilities. In addition, in its 2014's performance report, BETA highlights that the vague job descriptions have produced unclear divisions of tasks. As a result, some staff are overloaded, while others do less work (MoTCE, 2014). To cope with the issue, BETA developed an objective: to increase the human resources professionalism by widening access to education and training.

Performance indicators

BETA's strategic plan 2014-2019 provides evidence that the Office has used output and outcome indicators as well as KPIs to measure its performance. The use of the indicators suggests that BETA has improved its strategic planning as the Office did not use indicators in its previous strategic plan (MoTCE, 2009). In the current strategic plan, BETA presents the indicators in a table which includes goals, objectives, programs, activities, performance indicators (both for programs and activities), targets for five-year period, and the budget to fund the programs and activities (MoTCE, 2014).

Table 4-6 provides examples of the outcome and output indicators used by BETA. This table illustrates the linkage of the programs, the outcome indicators, the activities, and the output indicators. The Office formulated outcome indicators for each program. To achieve the outcomes,

specific activities were designed, together with the output indicators to measure the number of products resulting from the activities.

Table 4-6: Type of Information used in the management cycle

Programs	Outcome	Activities	Output
Expand tourism marketing	An increase in the number of domestic and international tourist (%)	Conducting City A Travel Fair	The number of events and attendees
		Coordinating/consulting with tourism institutions	The number of networks among tourism institutions
Improve tourist destinations	The number of competitive tourist destinations	Rehabilitate facilities and infrastructure in the tourist destinations	The number of tourist destinations rehabilitated
		Preparing tourism blueprint	The number of documents
Improve tourism human resources	The number of certified tourism human resources	Disseminating regulations regarding tourism	The number of participant attending dissemination of information regarding government regulation on tourism
		Conducting workshops for tourism journalism	The number of participants in tourism journalism
Develop creative economy	The number of creative businesses and the value of their production	Disseminating regulations regarding film	The number of participants who understand about regulations for filmmaking
		Holding art performances	The number of art attractions
		Conducting workshops for handcraft	The number of participants in the workshops

Source: BETA's strategic plan, 2014-2019 (BETA, 2014)

Apart from the output and outcome indicators, BETA's strategic plan also presents KPIs. As part of the LGA jurisdiction, these KPIs were linked with the LGA's strategic plan (LGA RPJMD). These KPIs are presented in the Office's strategic plan in an independent matrix that links goals, objectives, KPIs, and the yearly targets for the five-year period 2014-2019 (MoTCE, 2014).

BETA does not explicitly use the BSC in preparing their strategic plans. However, interrogating BETA's strategic plan 2014-2019 suggests that the KPIs presented in its strategic plan have covered the BSC perspectives. BETA's translation of the vision into missions, goals, objectives and the KPIs is in accordance with the BSC's function, which can be used to measure performance (Niven, 2008). The presence of KPIs allows BETA to measure to what extent the objectives have been achieved.

Table 4-7 was developed from an investigation of how the objectives and the KPIs capture the BSC perspectives. These are discussed in more detail below the table.

Table 4-7: KPIs classification based on the BSC

Perspectives	Objectives	KPIs
Customer	Increase the number of domestic and international tourists	The number of tourists (domestic and international)
	Improve the quality and quantity of the tourism workforce by implementing recruitment based on standards certification and education	The number of qualified (certified) tourism staff
	Increase the number and the value of creative businesses	The number and the value of creative economy production
Internal Business Processes	Increase the infrastructure in supporting tourism competitiveness	The number of competitive tourist destinations
	Increase the community participation in developing culinary tourism	The number of culinary tourism businesses on the riverside
	Improve the quality of managing programs, budgets, and assets by evaluating reports and developing information systems	The percentage of facilities and infrastructure to support the Office
Learning and Growth	Increase the human resources professionalism by widening access to education and training	The number of employees receiving training and attending workshops
		The Increase in the employees' work-related discipline
Financial	Increase the quality of managing programs, budgets, and assets by evaluating reports and developing information systems	The percentage of programs and financial performance achieved

Source: BETA's strategic plan, 2014-2019 (BETA, 2014)

Customer perspective

The customer perspective, as shown in Table 4-7, captures three KPIs used to measure how BETA has achieved its three strategic objectives. These represent the mandate of the Office to formulate and control policies regarding tourism and the creative economy, to develop local culture, and to strengthen community empowerment in tourism (LAKIP, 2014).

In relation to the KPI to increase tourist numbers, Manager C (2015) confirmed that this was the proper measure to evaluate his performance in running promotion and marketing. However, he

admitted that the number of tourists visiting City A is not only influenced by BETA's performance, especially in tourism marketing and promotion, but also other forces. The safety and convenience of the city also influenced tourist decisions to visit City A. To increase the number of tourists, the Office holds events, exhibitions, and festivals, to attract them to visit the city.

The second KPI, which is used as a measure for improving the quality and quantity of the tourism workforce, might be assumed as a measure for improvement in the learning and growth perspective. However, examining the function of the BETA to build tourism businesses confirms that tourism human resources involve stakeholders. In this respect, tourism human resources refer to the communities that support tourism, instead of BETA's human resources. Therefore, this KPI should be classified in the customer perspective. The final KPI relating to the customer perspective is used to measure increases in the number and value of creative businesses. This KPI is aimed at improving the economy of creative businesses.

Internal business process perspective

As shown in Table 4-7, the internal business process perspective captures three KPIs used to measure the strategic objectives. The effort to improve the capacity of the Office to attract tourists provides a direct link to the customer perspective. The rationale behind this argument is that as the number of competitive destinations increase, more tourists are expected to visit City A. To do this, the Office has put some effort into improving tourist destination infrastructure. Examination of its strategic plan 2014-2019 indicates that BETA has designed activities, such as rehabilitating tourism facilities and providing tourists with tour buses, in order to achieve its intended performance goals (MoTCE, 2014).

Learning and growth perspective

The learning and growth perspective captures two KPIs, which are intended to measure the objective of increasing the human resources professionalism by widening access to education and training (refer Table 4-7). Increasing the number of employees receiving training and attending workshops is aimed at achieving a professional workforce that has the capability to manage programs, budgets, and assets efficiently and effectively.

Financial perspective

In its strategic plan, BETA defines two KPIs for the objective of increasing the quality of managing program budgets and assets by evaluating reports and developing information systems. Investigating the KPIs based on the four perspectives of the BSC, these two KPIs can be classified as the internal business process and the financial perspective consecutively.

Performance targets

The disclosure of targets shows that the Office's strategic plan has significantly improved. In its current strategic plan, BETA has set performance targets, both yearly and cumulative for the five-year period (2014-2019). This was not done in its previous strategic plan (refer to MoTCE, 2009). In this earlier plan, BETA presented data regarding the trend of visitors over the period of five years. In fact, this data provides historical evidence of the Office's achievement. However, BETA did not utilize this data to set performance targets for the next five years. In the new strategic plan, the Office not only set targets for the output and outcome of every program, but also for the KPIs. Regarding its vision to attract tourists, BETA aims at increasing the number of visitors from 3.8M in 2014 to 20M in 2019 for domestic tourists and from 50K to 282K for international tourists (MoTCE, 2014).

4.2.3 Annual planning

Once the strategic plan has been written and approved by the Mayor, BETA prepares an annual plan. The process for preparing the plan is similar to that used by ALPHA (refer to 4.1.3), as they are located within the same local government jurisdiction. BETA uses Ministry of Internal Affairs (MOIA) regulation 54 2010 and receives assistance from the Local Government A Planning Agency (LGAPA) and the consultants in preparing the plan.

In interrogating the use of performance information, two periods of annual plans were used: 2014 and 2016. The 2014 annual plan was written based on the previous strategic plan (2009-2014), while the 2016 annual plan references the current strategic plan (2014-2019). To obtain more in-depth information, an interview was also conducted with Manager B, who is responsible for coordinating the preparation of annual plans at LGA. Manager B (2015) indicated that he put effort into making better use of performance information, with workshops and consultation provided to enlighten the preparers of the plan in this respect.

4.2.4 Performance agreement

BETA's new strategic plan (2014-2019) is effectively used for preparing planning documents for the 2015 financial year. As the data collection for this study was conducted in the first quarter of 2015, the archival data used to examine the use of performance information in preparing performance agreements was based on the previous strategic plan (2009-2014).

Regardless of the drawbacks in the previous strategic plan 2009-2014, BETA developed a performance agreement that allowed it to measure its performance. BETA made an effort to present strategic objectives, KPIs, and performance targets (refer to MoTCE, 2015). This conforms with the Ministry of Manpower and Bureaucracy Reform regulation number 29, 2010.

BETA's objectives, stated in its 2014's performance agreement, are derived from its strategic plan 2009-2014, while the KPIs are defined based on the BETA's KPIs document, mandated by the Mayor's regulation number 11, 2013. Programs and activities presented in the agreement were derived from the budget documents.

4.2.5 Summary of BETA's performance information use in planning

BETA has improved its use of performance information significantly. The use of output, outcome and KPIs in the current strategic plan shows this progress. Regardless of the failure to present useful performance information in the previous strategic plan, BETA's 2014 annual plan and performance agreement show that BETA complied with the guidelines issued by the central government in using performance information in its planning documents.

4.3 The use of performance information in GAMMA

This section examines the use of performance information in planning at GAMMA. Two periods of strategic plans (2008-2013 and 2013-2018) were investigated to interrogate the use of performance information. Data from interviews with Manager F, Manager G, Manager H, and Manager I was also analysed. Similar to the examination of the other offices, this section begins by exploring the profile of GAMMA to understand the context in which the information is used. Then, one by one, the nature and the use of performance information in three planning processes – strategic planning, annual planning, and performance agreement – are presented.

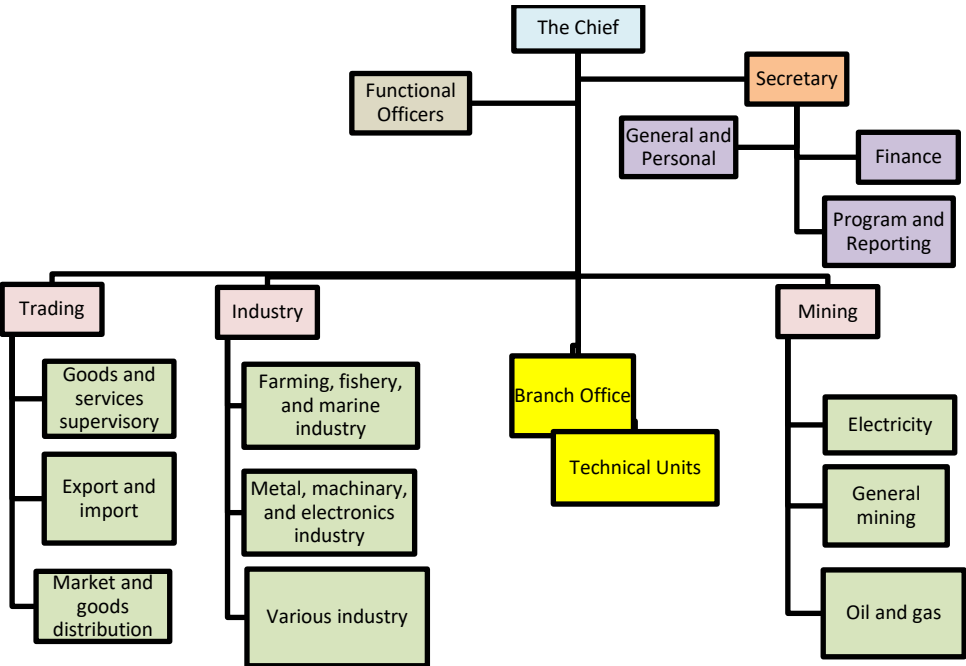
4.3.1 GAMMA's Profile

GAMMA has a main task to carry out the responsibility of the Local Government B (LGB) in managing industry, trading, mining, and energy. In performing the task, GAMMA has four functions: (1) making technical policies in industry, trading, mining, and energy; (2) governing industry, trading, mining, and energy; (3) strengthening industry, trading, mining, and energy; and (4) conducting other tasks given by the Regent.

GAMMA is led by a chairman with a secretary, three divisions, and two sub-units (refer to Figure 4-4). The Trade Division has the following functions: to prepare technical policies to promote and control exports; to prepare policies for supervising consumer protection; to issue permits and to carry general services; and to conduct technical assistance, evaluation, monitoring, and facilitation on the distribution of staple commodities. The Industry Division has the following functions: to prepare technical policies for the farming and marine products industry; to prepare materials for making policies in various industries; to prepare materials for making policies in controlling industrial pollution; to issue permits and to carry out service delivery; to hold workshops, to conduct

evaluation and reporting on industrial policies; and to facilitate small industries to have access to capital for developing their businesses. The Mining and Energy Division has the following functions: to prepare materials for making policies in mining; to prepare materials for making technical policies on issuing permits; to prepare materials for making policies on electrification and energy utilization; to deliver service; and to conduct workshops, to evaluate and report on mining businesses, including technical, safety, and environmental aspects.

Figure 4-4: Organisational structure at GAMMA



4.3.2 Strategic planning

Strategic planning thinking has been adopted by GAMMA. GAMMA has translated its missions into specific goals, objectives, and strategies. This translation is part of the way for the Office to achieve LGB’s vision (BOITM, 2013b). In the current strategic plan (2013-2018), the Office also identifies performance indicators and sets up performance targets to measure how the objectives have been achieved. In preparing its strategic plan, GAMMA also uses MOIA regulation number 54 2010 and Government regulation number 8 2008 as guidelines. Three aspects of GAMMA’s strategic plan are examined in the following sections: the strategic issues and objectives, performance indicators, and performance targets (MoLC, 2014)(MoLC, 2014)(MoLC, 2014)(MoLC, 2014)(MoLC, 2014)(ALPHA, 2014).

The strategic issues and objectives

GAMMA’s strategic plan 2013-2018 identifies its strategic issues. Following the guidelines (refer to MoIA, 2010) for preparing its strategic plan, these issues allow GAMMA to examine external and

internal factors in order to formulate its vision, mission, goals, and strategic objectives. The following paragraphs examine how the BSC perspectives capture GAMMA's strategic issues.

Table 4-8 shows the strategic issues of GAMMA generated from its current strategic plan. Each issue is analysed and mapped against the four perspectives of the BSC.

Table 4-8: GAMMA Strategic Issues

Perspectives	Issues
Customer	Low competitiveness of City B's products either at regional or national markets
	Poor quality of management in small and medium size enterprises in City B
	Large number of households without electricity
	Large number of miners ignoring environmental issues
Internal business process	Inability of the product innovation to balance the market demands
	Lack of cooperation among businesses
	Poor distribution of staple/strategic products
	Poor infrastructure of traditional markets

Source: GAMMA strategic plan 2013-2018 (GAMMA, 2013)

Table 4-8 shows that only two perspectives, the customer and the internal business process, are embodied in GAMMA's strategic issues.

Customer perspective

The customer perspective captures four of GAMMA's strategic issues. Improving the competitiveness of City B's commodities is strongly associated with the community's expectations for achieving prosperity. GAMMA has established an objective to tackle this issue: increase competitive export commodities in the global market.

The poor quality of management in small and medium size enterprises (SMEs) in City B represents the customer demands because it relates to fulfilling the stakeholders' (SMEs) need to improve their managerial capacity. As the business owners are stakeholders, improving their management skills represents the GAMMA's commitment to improving the economy (BOITM, 2013a). However, GAMMA has not developed objectives to address the management of the SMEs directly.

Customer perspectives also capture two issues raised by the Mining Division, relating to the number of households without electricity and miners ignoring environmental issues. To address these issues, GAMMA has set two objectives: to increase the new and renewable energy sources of electricity generation for the villagers' lighting and the industry's operation; and to reduce environmental degradation resulting from mining. These objectives are supported by a strategy that focuses on implementing regulations regarding mining and energy resources (BOITM, 2013a).

Internal business process perspective

The internal business process perspective of the BSC is embodied in the four strategic issues identified by GAMMA. Among the three divisions and the secretary, only the Trading Division and Industry Division identified issues. The Trading Division considered the poor distribution of staple/strategic products and the poor infrastructure of traditional markets to be its strategic issues. GAMMA has responded to these issues by setting the following objective: to increase the facilities and infrastructure for trading and business. However, GAMMA has not developed an objective to resolve the issue of poor distribution of staple/strategic products.

The Industry Division identified issues related to product innovation and cooperation. GAMMA addressed the issue of product innovation by developing an objective to grow raw material-based industrial products that create job opportunities. However, GAMMA has not developed an objective to address the lack of cooperation among businesses.

Performance indicators

GAMMA has used outputs, outcomes and KPIs. The presence of the indicators in GAMMA's current strategic plan indicates its progress on the use of performance information. Table 4-9 presents examples of GAMMA's output and outcome indicators as generated from its strategic plan 2013-2018.

Table 4-9: Type of performance indicators used in GAMMA's strategic plan

Program	Outcome	Activities	Outputs
Increase and boost export	An increase in the value and the volume of export	Coordination for settling issues on the industrial production and distribution sectors	Dissemination of information about warehouse receipts is conducted
		Building networks with exporters	Exhibitions of the exporter's product are conducted
		Coordination on expanding export with relevant institutions/ associations/ businesses	Export cooperation with other relevant institutions/ associations /and businesses are conducted
		Developing a database on the potential of competitive products	The availability of the database for competitive commodities in City B
Improve efficiency in national trading	Economic improvement for people	Facilitating businesses to process permits	Ease of doing business achieved
		Building marketplaces and distributing commodities	The availability of facilities and infrastructure for trading

Source: GAMMA's strategic plan 2013-2019 (GAMMA, 2013)

Apart from the output and outcome indicators, GAMMA also developed KPIs for its strategic plan 2013-2018. GAMMA does not explicitly consider BSC methodology in formulating its KPIs. However, this study finds that three BSC perspectives align with its KPIs: customer, internal business process and financial. The KPIs addressing customer receive greater attention compared to internal business process and the financial perspectives, which only capture one KPI for each.

Table 4-10 was developed from an examination of the alignment of BSC perspectives with the strategic objectives and the KPIs. A discussion for each perspective is as follows.

Table 4-10: Performance indicator classification based on the BSC

Perspective	Objectives	KPIs
Customer	Protecting consumers' rights, achieving price stability and assuring goods and services availability	The growth of traders
	Increasing competitive export commodities in the global market	The number of farmers who use the warehouse receipts
		The number of investors
	Increasing the facilities and infrastructure for trading and businesses	The number of permits for traders
		Gross domestic product (GDP) from trading
	Growing raw material-based industrial products, which create job opportunities	The value of investment from the industry sector
		The growth of the industry sector
		GDP from the industry sector
	Increasing regional income from permits and local tax from mining	The percentage of mining businesses having permits
	Increasing mining products	The percentage of mining companies' production compared to their targets
		The increase in the percentage of mining products
Internal business processes	Increasing the number of mining businesses having permits and reducing the number of mining businesses that do not have permits	The number of mining business without permits given permits
	Reducing environmental degradation resulting from mining	The percentage of mining companies conducting reclamation
Financial	Increasing the new and renewable energy sources of electricity generation for the villagers' lighting and the industry's operation	The percentage of remote areas using electricity for lighting
	Increasing the facilities and infrastructure for trading and businesses	The percentage of villages having markets
Financial	Increasing competitive export commodities in the global market	Regional income from industry, trade and mining sectors

Source: GAMMA's strategic plan 2013-2019 (GAMMA, 2013)

Customer perspective

Fourteen out of 16 of GAMMA's KPIs align with the customer perspective (refer to

Table 4-10). These KPIs are used to measure nine strategic objectives. Each strategic objective has relevant KPIs, except for the objective of protecting consumers' rights, achieving price stability, and assuring goods and services availability. The KPI against this objective – the growth of traders - indicates the intention of GAMMA to involve more people in trading to potentially improve their prosperity. However, this KPI is not relevant as it cannot be used to measure how GAMMA protects consumer rights.

The number of farmers who use the warehouse receipt system (WRS), the number of investors, and the number of permits issued for traders also illustrate the presence of customer perspective of the BSC. WRS is an instrument that can be used by farmers to access bank credit with inventories or commodities as a guarantee (KEMENKUMHAM, 2006). In terms of investors, the indicator to increase numbers relates to the desire for more economic activities in the region and more people employed, potentially improving the economy. Furthermore, the KPI referencing the number of permits issued for traders also exemplifies the desire for more vibrant economic activities in this region, with more traders running businesses.

Internal business processes perspective

The internal business processes perspective is embodied in one KPI: the percentage of villages having traditional markets (refer to

Table 4-10). This KPI is used to measure the increased facilities and infrastructure for trading and businesses. Increasing the number of traditional markets for villagers in this region ensures product distribution across the whole community.

Learning and growth perspective

GAMMA did not develop KPIs relating to learning and growth. According to Manager H (2015), GAMMA has an acute problem with the quantity and the quality of staff. Based the organisation structure (refer to Figure 4-4), GAMMA's Secretary is responsible for administering GAMMA's human resources. The Secretary's responsibility is limited to conducting staff administration, such as: preparing data about the staff; processing staff promotion, leave, and retirement; and developing proposals requesting more employees (BOITM, 2013a). However, there are no guidelines for who is responsible for improving the capability of staff.

Financial perspective

The financial perspective of the BSC manifests in the KPI: the regional income from industry, trade and mining sectors. As part of the LGB, the Office does not have authority to use the income generated from the services delivered. GAMMA's expenditure is funded by the budget approved by the legislators and the City B Office for Finance and Assets. GAMMA is responsible for generating local income, which is then returned to LGB to finance its activities (GAMMA, 2015). In relation to this indicator, Manager G (2015) also asserted that one of the performance indicators for his division (i.e Trading) is the regional income generated from market tax, calibration fees, and warehouse fees (refer to the last row in Table 4-10).

Performance target

Another improvement in the GAMMA strategic plan 2013-2018 is the presence of targets, which were absent in the previous plan. GAMMA not only sets yearly targets for their KPIs, but also for outcomes and the outputs. For the KPIs, for example, GAMMA set targets for the growth of the trading sector from 87% in 2014 to 95% in 2018. The Office also intends to achieve an increase in the issuance of trading permits from 600 in 2014 to 900 in 2018 (BOITM, 2013a).

In determining the targets, GAMMA not only considers past performance data, but also considers the characteristic of the districts. For example, in setting the target for the number of villages having a marketplace, managers do not simply set a target for all villages; they consider the demand of the communities as well as the supporting infrastructure to build the marketplace. In this regard, Manager H (2015) asserted:

We admit that we do not set a target for all villages having a marketplace. Not all. We set the target for the marketplace at the village based on the demand of the community. As long as the community want and have an area for the market, we will try to fund building the marketplace. Also, there are criteria that should be met when we build a marketplace, such as transportation which provides access to several villages. We also consider the impact of building a market. Recently we delayed the building of a market place in a sub-district as we think it will affect the economic activity in the city.

In its strategic plan 2013-2018, GAMMA set a target for the percentage of villages having marketplaces from 25% in 2014 to 50% in 2018. Each year, GAMMA has a target to increase the number of marketplaces at the village level by 5%.

4.3.3 Annual planning

The process for preparing annual plans in GAMMA was similar to that used by ALPHA and BETA. Once the strategic plan was approved, GAMMA prepared its annual plan under the coordination of the Local Government B Planning Agency (LGBPA) as the leading sector. GAMMA's annual plan 2016 was

also prepared based on MOIA regulation number 54 2010 on the guidelines preparation, control and evaluation of regional development plans.

GAMMA's annual plan 2016 contains: the organisation structure, including the main tasks and the functions; achievements and targets for 2016; potential problems and barriers faced in the 2016 financial year; and the objectives, the programs, and activities that were conducted in 2016. GAMMA's annual plan 2016 also presents a table, which covers the priorities of the region, the objectives, the programs, the activities, the outputs and the targets for the activities, and the budget (BOITM, 2015b). GAMMA's 2016 annual plan indicates that the office did not present the KPIs which had been identified in its current strategic plan (2013-2018). Another drawback of GAMMA's 2016 annual plan is similar to that in its 2014 plan. The failure to define output indicators in the strategic plan is carried over in writing up its annual plan.

4.3.4 Performance agreement

Once the budget for the 2014 financial year was approved by the legislators, GAMMA prepared a performance agreement. In drawing up this agreement, GAMMA referred to the strategic plan 2013-2018 and its budget documents. GAMMA presented its performance agreement in a table consisting of objectives, KPIs, targets, programs, activities, and the budget generated from its strategic plan.

Apart from the consistency in using the KPIs in preparing the annual plan, three strategic objectives were not presented in the annual plan and the performance agreement. These objectives, which were all the responsibility of the Mining Division, were: to increase the regional income from permits and regional tax for mining; to increase mining products; and to reduce environmental degradation resulting from mining. Manager I (2015) conceded that up to the time of the interview (2015), Manager I's division mainly conducted supervision. For the local resource mobilization from mining, she contended:

We cannot collect fees from the mining tax. We have not had a formal regulation to legitimize us to collect the tax. We have just submitted the drafts. We also cannot raise money from the permits that we process. All of the permits are free of charge (Manager I, 2015)

The comment might explain why the objective related to increasing the regional income was absent from the 2014 performance agreement. The inability to collect tax has resulted to the failure to measure the performance of Manager I.

The failure to present the other two objectives objective – an increase in the capacity to use information technology in production systems; and supervision and patrolling the community mining activities that are potentially degrading the environment – is because the programs to realise these objectives did not received budget support. This failure can be seen from juxtaposing GAMMA's 2014

performance agreement and the strategic plan 2013-2018, revealing that the legislators did not approve two programs. Unlike the strategic plan, performance agreements presented programs which have received budget approval from the legislators. These were:

4.3.5 Summary of GAMMA's performance information use in planning

A comparison between the two strategic planning periods (2008-2013 and 2013-2018) provides evidence to suggest the GAMMA has made significant improvements in using performance information, including the development of output and outcome indicators, as well as KPIs. However, despite this progress, several problems were found in the formulation of the output, outcome, and KPI measures. These measures are simply statements that describe detailed activities; they do not indicate the products of those activities. Furthermore, examination of the alignment of the four BSC perspectives and the KPIs suggest that the GAMMA only considered the customer and internal business process perspectives.

4.4 Case comparisons and discussion

This section compares and contrasts the use of performance information in planning in the three case study offices. The discussion addresses three steps in the management cycle: strategic planning, annual planning, and performance agreements, and relates to the two research questions:

RQ1: Which categories of performance information do public sector managers use to deliver on performance and accountability?

RQ2: How is performance information used?

4.4.1 Strategic planning

The strategic plans of the three offices – ALPHA, BETA, and GAMMA – are compared and contrasted using the same the structure used for the individual cases: strategic issues and objectives; performance indicators; and targets.

The strategic issues and objectives

In analysing the strategic issues, the four BSC perspectives are used to interrogate how ALPHA, BETA, and GAMMA have captured the critical factors influencing their performance. This will help determine in which stage of the management cycle the problems in the use of performance information may occur. The ability of the three offices to capture the four BSC perspectives in identifying strategic issues determines how they define strategic objectives, which, in turn, may enable the formulation of better performance indicators.

Table 4-11 shows how the four BSC perspectives captured the strategic issues in the three offices (marked by X). This table was developed from an examination of the alignment of the strategic issues with BSC perspectives as have been discussed in the individual cases previously. It is apparent that all four perspectives could be aligned to the strategic issues identified by ALPHA, three to those of BETA and two to GAMMA. This table also indicates that the three offices all embraced the customer and the internal business process perspectives.

Table 4-11: Strategic issues of the three cases mapped against the BSC perspectives

	Offices		
Perspectives	ALPHA	BETA	GAMMA
Customer	X	X	X
Internal business process	X	X	X
Learning and growth	X	X	
Financial	X		

Developed from the findings of the individual cases

Despite the failure to address the learning and growth and/or financial perspectives of the BSC, the presence of the customer and internal business process perspectives in the planning documents of BETA and GAMMA still indicate a level of improvement in the use of performance information. The identification of the strategic issues appeared in the current strategic plans of the three offices. In the previous strategic plans, the three offices defined vision, mission, goals, objectives, and strategy without conducting an analysis of their strategic issues. Consequently, the presence of some issues is an improvement.

This finding is consistent with previous studies, as discussed in the literature review. While implementation in the private sector is widespread, the growth in the number of public organisations adopting the BSC principles has been slow (Chan, 2004; Greatbanks & Tapp, 2007; Sharma & Gadenne, 2011).

The failure to address all the BSC perspectives does not mean that BETA and GAMMA do not face issues related to the learning and growth and/or the financial perspectives. In fact, the Manager of Promotion and Marketing at BETA highlighted that the lack of budget had prevented him from conducting effective promotion to attract tourists (Manager C, 2015). The Manager of Community Empowerment at BETA also stated that her inability to increase the number of certified tourism workshops was due to the limited budget (Manager D, 2015). GAMMA also encountered similar problems in identifying its strategic issues. The shortage of staff had resulted in the inability of the manager to provide assistance to more SMEs in City B (Manager G, 2015). However, neither of the offices included these problems in their strategic issues.

The failure to address all four perspectives in identifying strategic issues also demonstrates that the offices did not fully comprehend MOIA regulation number 54 2010. The regulation clearly mandates that local government working units in Indonesia should consider not only external factors in identifying their strategic issues, but also internal factors. The regulation indicates that the external aspects should involve the relevant ministries' and local governments' strategic plans; spatial plan analysis; and a strategic environment analysis (as depicted in) the offices' strategic plans. The presence of strategic issues relating to the customer perspectives of the BSC suggests that the three offices did consider external factors in their strategic plan. In terms of internal aspects, the MOIA regulation demands that working units conduct an analysis based on their tasks and functions, including standard operating procedures and the quantity and quality of staff. These internal factors should also be considered in identifying their strategic issues (i.e. learning and growth, and financial perspectives). In their strategic plans, the three offices presented their organisational profiles and structures, as well as information on their main tasks, functions, infrastructure, and staff. However, except for ALPHA, the offices did not use their profiles to analyses issues regarding employees and financial perspectives.

Identifying strategic issues regarding the internal business processes, learning and growth and financial perspectives is crucial for delivering performance and enhancing accountability. Employees are the intangible assets of an organisation. They are critical for driving performance. Most executives around the world believe that intangible assets, defined as non-physical resources such as knowledge and skills of employees (Marr, 2012b, p. 41), are critical for the future success of their business. However, Marr's study found that the approach to managing intangibles is either poor or non-existent. Niven (2008) contended that public sector agencies rely heavily on the skills, dedication, and alignment of their staff to achieve their socially important goals. Consistent with Marr's (2007) findings, Niven (2008) also revealed that the learning and growth perspective is often overlooked in designing the BSC as the driving force of process improvement. Finance also plays a critical role in improving performance. Niven (2008) maintained that in the BSC model, the financial perspective can be either an enabler of, or barrier to, customer success. The findings suggest that employees and finance are crucial to improving internal processes that lead to better services for stakeholders.

Interviews with BETA managers confirmed the importance of including financial perspectives in their strategic plans. Two BETA managers admitted that part of the challenge in enhancing its performance was the lack of financial resources. Manager D (2015) stressed that the main problem in collecting data regarding certified tourism businesses was the poor budget allocation. She stated that among 14 segments in the tourism industry, the Office only had a hotel and travel database.

Furthermore, Manager C (2015) complained about the limited budget received for conducting promotion and marketing, particularly in the communication of BETA's programs. This limitation, he believed, was a barrier for BETA in improving its performance. Yet, BETA did not explicitly enunciate the lack of budget as part of the financial issues addressed in the strategic plan 2014-2019.

Similarly, interviews with GAMMA managers confirmed the belief that learning and growth and financial perspectives should be included among its strategic issues. Manager G (2015) highlighted that the shortage of staff had prevented her from monitoring the progress of some of the small business enterprises. The manager elaborated:

We try to keep going with the monitoring although the coverage is very little. It's better than never. On average, we just can monitor around 3% of the total small industries in this region. In my division, I have three subdivisions and one staff member. So, to manage this division we only have five people. I am also not sure about the validity of my data regarding the profile of small and medium enterprise in this region since we do not have the staff to collect the data (Manager G, 2015).

Manager G (2015) also highlighted that each sub-division was supposed to have at least two staff. In reality, the three sub-divisions in Manager G's division only had one staff member. This suggests that the sub-division heads should be able to manage their responsibility even without staff. The Manager also maintained that, to tackle the lack of staff, the manager outsourced her tasks, such as collecting data, to other institutions. Regarding financial perspectives, Manager G (2015) maintained that the lack of budget had inhibited her from achieving higher performance targets. Manager G also stated that while the quality of small industry products has improved, Manager G did not have a generous enough budget to market these products. Manager G asserted that:

Firstly, people have not considered City B as a tourist destination. This region differs from Jogja, where people will buy every good and service produced by its industry. Another barrier is the packaging of our products. Most of the small manufacturers produce their products in their home. In many cases, they cannot afford the cost of packaging to enter new markets. GAMMA now has a technical unit which engages in providing assistance for the small industry to pack their product. But again, we cannot support the industry more than helping to print the label of their companies (Manager G, 2015).

Manager G added that the small manufacturers should also hold halal certificates for their food, enabling them to compete with other national producers selling in supermarkets (Manager G, 2015).

Manager G elaborated:

If the small businesses want to be able to sell their products in the supermarket, they have to hold halal certificates. But if the labor is only three people, the family members, it will be very hard for them. They cannot afford the cost of obtaining the certificate.

Manager G (2015) admitted that GAMMA could only allocate a budget to fund halal certification for five small and medium industries.

Strategic objectives

Once the goals have been clarified, MOIA regulation number 54 2010 demands working units develop objectives, that indicate the outcome of a program or the output of an activity (MoIA, 2010). The investigation of the three offices' strategic objectives reinforces the importance of defining adequate strategic issues as the point of departure in preparing strategic plans. The three offices' strategic plans provide evidence to suggest that they have developed strategic objectives as a response to the strategic issues faced by the three offices. The findings suggest that in formulating the strategic objectives, the offices tend to capture similar perspectives to those identified in their strategic issues.

The similarity of the perspectives in the strategic objectives and issues can be seen in GAMMA's strategic plan, in which its objectives only address the customer and the internal business process perspectives, as those of its strategic issues. Interestingly, BETA introduced the learning and growth perspective in its objectives, which was not addressed in defining its strategic issues. By contrast, ALPHA formulated strategic issues capturing all four BSC perspectives, but failed to formulate objectives to address issues regarding the financial perspective.

The effect of developing strategic issues that cover the four BSC perspectives can be seen in the ALPHA case. While not explicitly declaring the use of the BSC, ALPHA's identification of issues relating to the financial perspective encouraged them to generate another source of funding, rather than relying on the budget. ALPHA has developed strategies to mobilize funds through CSR and by promoting community-based waste banks (MoLC, 2014)). The operation of the banks is similar to the conventional banks, except for the use of solid waste, instead of money. In these banks, communities are encouraged to send their solid waste to the waste facility. Several programs have also been conducted, such as planting trees, with support from CSR funds (MoLC, 2015).

The identification of adequate objectives that capture the four BSC perspectives is crucial to shaping the development and implementation of performance information. In the Indonesian context, working units, including the three offices, are required to develop KPIs (discussed later). The availability of strategic objectives aligned to the four BSC perspectives lays a foundation for the development of better KPIs. Niven (2002) highlighted that objectives act as a bridge from the high-level strategy selected by an organisation to the specific performance measures used to determine progress toward overall goals.

Performance indicators

Performance indicators are central to discussions on the use of performance information. In many cases, performance information is used interchangeably with performance indicators (Kroll, 2013a; Van Dooren & Walle, 2008), which include inputs, outputs, outcomes, workload, and efficiency (see Hatry, 2006). The importance of defining proper performance information has also been investigated by previous studies (Ammons & Rivenbark, 2008; Van Dooren, 2005). Bouckaert (1993b), for example, highlighted the significance of determining valid, reliable, and legitimate performance indicators in order to achieve effective use of performance measurement systems. Evidence from a North Carolina Benchmarking project suggests that good measures of efficiency and effectiveness are more likely than output measures to inspire managerial thinking about service improvement (Ammons & Rivenbark, 2008). Therefore, this section receives greater analysis than the others.

The three offices have used output and outcome indicators in their strategic plans and also formulated KPIs. This finding addresses the first and the second research questions (RQ1 and RQ2) regarding which and how the information is used. The presence of indicators in their current strategic plans also indicates the progress on the use of performance information, which was overlooked in their last plans.

The presence of output and outcome indicators is consistent with the trend in the use of performance information highlighted in the literature as discussed in Chapter 2 (refer to Folz et al., 2009; Ho & Ni, 2005; Melkers & Willoughby, 2005). The fact that the offices presented indicators in their strategic plans also suggests the integration of performance information into the managerial processes. Such integration is underscored by previous studies (Liner, Dusenbury, & Vinson, 2000). Ammons (2013) asserted that performance information should be incorporated into an organisation's strategic planning to reap its benefits. The finding that the three offices integrated performance indicators into their strategic plans adds to the growing body of literature on the use of performance information. Previous literature has suggested that the use of performance information is limited, while collecting and reporting performance measures is widespread.

Despite the integration of performance information in their strategic plans, the three offices faced a challenge in defining useful performance indicators. First, several indicators did not meet the criteria for useful performance information. Second, the KPIs were not fully consistent with their strategic objectives. Third, several KPIs failed to clarify who was responsible for achieving the intended performance. Fourth, the indicators did not capture the four BSC perspectives. These findings support those of previous studies (Rivenbark & Bianchi, 2012; Sanger, 2008; Wholey & Hatry, 1992) which suggest that the availability of useful information is important for encouraging its use. These findings are discussed in more detail in the following paragraphs.

First finding: Several indicators did not meet the criteria of useful performance information

Earlier studies have confirmed the importance of developing useful performance information (Ammons, 1995; Bouckaert, 1993a; Halachmi & Holzer, 2010; Poister et al., 2014; Poister, Edwards, et al., 2013). Poister et al. (2014) highlighted that despite the importance of defining useful information, public organisations face difficulties in the collection of information. A great deal of effort needs be put into collecting the right information, including involving citizens in defining indicators (Bouckaert, 1993a).

Although defining output indicators is relatively simple, GAMMA failed to meet the criteria proposed by the regulations and as evident in the literature. Output indicators focus on the number of products and services delivered, not on the results (Hatry, 2006; Modell & Gronlund, 2007; MoIA, 2010). Based on MOIA regulation number 54 2010 and MMBR regulation number 53 2014, which guide the preparation of strategic plans for local government units, including GAMMA, the output is defined as goods or services produced as a result of carrying out an activity to achieve the objective and the goals of a program. This definition goes hand-in-hand with that proposed by Hatry (2006), who maintained that output information indicates the number of products and services delivered (completed) during the reporting period. Rather than illustrating the goods or services produced, GAMMA's output indicators show the activities to be conducted during a year. For example, the output indicator for performing coordination in handling issues in production and distribution is: dissemination of information about warehouse receipts is conducted. If outputs are goods or services produced, the indicator for this activity should be the number of issues in production and distribution that have been handled.

Table 4-12: Comparison of output indicators in the three offices

ALPHA	BETA	GAMMA
The number of staff who have capability in managing waste	The number of events organised	Dissemination of information about warehouse receipts is conducted
The number of trucks procured The number of trucks maintained	The number of event attendees	Exhibitions of the exporter's product are conducted
The number of sub-districts using integrated waste management	The number of tourist destinations rehabilitated	Export cooperation with other relevant institutions/associations/ and businesses are conducted
The number of communities attending solid waste bank training	The number of participants in government regulation dissemination on tourism	The availability of a database for the competitive commodities in City B
The number of parks maintained	The number of participants in tourism journalism	Ease of doing business achieved
The number of laneways that have vertical gardens	The number of participants who understand about regulations in filmmaker	The availability of facilities and infrastructure for trading
The number of thematic gardens built	The number of art attractions	Ease in selling commodities through local auction market achieved
The number of trees planted and maintained	The number of artists who participate in an event	Access information for strategic product is available in the market

Table 4-12 compares the output indicators of the three offices, generated from their strategic plans. As shown in this table, there is a significant difference in the formulation of the output indicators in the three offices. ALPHA's and BETA's indicators clearly reference the number of products and services delivered; GAMMA's indicators show the activities, not the outputs.

As previous studies have shown, outcome indicators are more meaningful than outputs when using performance information (Melkers & Willoughby, 2005) as this promotes accountability. Levetan (2000) argued that outcome measures are more important than output measures, as the former provide insights on the ability of governments to better serve their customers. However, formulating proper output indicators is useful for motivating people to achieve targets. Behn (2003) asserted that public managers use output indicators to compare with production targets. He also maintained that although public managers use outcome data to evaluate their agency's performance, they need output data to motivate *better* performance. As has been shown in Table 4-12, unlike ALPHA and BETA, GAMMA's output indicators are problematic. GAMMA's output indicators depict activities conducted to achieve programs, not indicate the amount of products and services delivered or completed in a financial year as defined by Hatry (2006). For example, one of GAMMA activity was dissemination of information with output indicator as dissemination of information about warehouse receipt. This indicator does not represent the amount of product or services delivered as suggested by Hatry (2006). Determining 'dissemination of information' as an indicator does not encourage the managers to handle the issues efficiently.

Defining outcome indicators was also a challenge for the three offices, with this study providing evidence that several outcome indicators were not defined properly. The three offices developed

outcomes indicators and presented them in tables that linked the goals, objectives, KPIs, programs, outcomes, activities, outputs, and budget. MOIA regulation number 54 2010 states that outcomes indicate the functionality of the outputs of activities in programs. The regulation puts forward the criteria that outcome indicators should be specific and measurable so that they can be used to measure the results of a program. In relation to the elements of strategic plans, outcome indicators are used to measure the effectiveness of a program.

Among the three Offices, GAMMA's outcomes were the most problematic as they did not meet the regulation definition or what has been recommended in the literature (refer to Hatry, 2006). GAMMA's outcome indicators for measuring the effectiveness of their programs were too simple. For example, GAMMA defined the outcome indicators for increasing the capability of industrial technology as facilitating small and medium business to increase their ability to improve their businesses (BOITM, 2013a). This outcome indicator simply describes the activity to run the program, not the result of the program.

The improper formulation of outcomes can also be found in several of ALPHA's indicators. ALPHA defined indicators that can be used to measure results, such as a citizen satisfaction index, an employee satisfaction index, an absences index, and the ratio of infrastructure and facilities against employees. However, several crucial indicators cannot be categorised as outcomes, but as outputs. For example, ALPHA used the number of thematic gardens built to measure the result of the program for increasing the quality of parks. Outcome indicators should depict the number of products and services delivered (completed) during the reporting period. Consequently, the number of thematic gardens built meets the definition of output, rather than outcome, as identified by Hatry (2006).

Past studies also suggest that public organisations have difficulties developing valid data specifically with regard to outcome indicators (Bouckaert, 1993a; Moynihan & Landuyt, 2009). Sanger (2013) reported that many jurisdictions she examined simply reported on workload input (number of workers or person-hours expended). Poister et al. (2014) maintained that in many cases indicators are selected on the basis of what data are readily available, rather than on providing a well-rounded picture of program performance. They added that managers sometimes focus on the indicator that concerns them, not on what they really need. The three cases examined show that several indicators, which were useful for the managers, were not collected yet. For example, GAMMA did not identify the amount of products and services delivered (refer to Table 4-12), rather this office focused on the activities that they do. Similarly, ALPHA also concentrated on the number of thematic gardens built as their outcome, rather than developing outcome indicators to measure the results of maintaining gardens. Bermand & Wang (2000) highlighted that the failure to develop useful data is due to inadequate technical abilities to collect data and the reluctance of elected officials to come on board.

The failure to define proper outcome indicators may undermine the potential use of performance information. Behn (2003) argued that outcome indicators are useful to evaluate a public agency, and, more specifically, to determine whether the public purpose has been achieved. Outcome indicators are important for measuring the effectiveness question. Outcome indicators motivate managers to look outside their agency by finding ways to collaborate with other individuals and organisations whose activities may affect their outcomes (Bardach, 1998; Behn, 2003). Ammons (1995) suggested that outcome indicators help public organisations understand how well they run their programs. The importance of outcome indicators are also highlighted by Wholey and Newcomer (1997), who promote their benefits for improving management, program effectiveness, policy decision-making and public trusts. Furthermore, reporting outcomes is vital for public organisations to communicate to their stakeholders how they have deployed the taxpayer's money and other resources.

Second finding: The KPIs were not consistent with their strategic objectives

The Indonesian government now gives greater attention to the development and use of KPIs in implementing performance-based accountability systems in Indonesia than before. President's regulation number 29 2014 and MMBR regulation number 53 2014 emphasised the importance of KPIs in this respect. MMBR (2014) defined KPIs as the key indicators that can be used to illustrate the key performance of government organisations in delivering their tasks and functions. These KPIs should be used by working units to prepare performance agreements and performance reports. The performance agreements provide a basis for the units to set targets for performance that will be achieved in any year. The performance reports provide the mechanism to hold working units to account for the targets that have been set in the agreements. Defining KPIs is crucial, as they provide the most important performance information for enabling organisations or their stakeholders to understand how well strategic goals and objectives have been achieved (Marr, 2010). To be able to reap their benefits, organisations need to carefully define meaningful KPIs.

The three offices have formulated KPIs that address their main tasks. ALPHA has included the reduction of waste generation, which indicates the relevance of this KPI to measure cleanliness, the core business of ALPHA. BETA has formulated a KPI for the number of domestic and international visitors, which represents the objective to deliver tourism. GAMMA has also developed appropriate KPIs that can be used to measure its main task in promoting industry, trading, and mining. For example, the KPIs to measure the growth of raw material-based industrial product cover the value of investment from the industry sector; the growth of the industry sector; and the GDP from the industry sector.

Despite their efforts to capture their core businesses, several of the offices' KPIs are irrelevant to their strategic objectives.

Two of ALPHA's KPIs cannot be appropriately used for measuring the two objectives. Governance in managing solid waste is not only a matter of employee satisfaction, but also involves the capability of ALPHA to achieve efficiency and effectiveness (refer to

Table 4-13). ALPHA can use the information gathered from the audit findings conducted by the LGA's inspector to indicate how the Office has used its resources to manage solid waste. The KPI, financial and performance report completed, is also not adequate to measure improvements in the reporting systems. Appropriate KPIs to measure improvement should include such things as the timeliness of the reports and their conformity with reporting standards.

Table 4-13 summarises the findings in Chapter 4, 5, and 6 regarding this irrelevance. This table is useful to highlight the irrelevance of the KPIs and the strategic objectives of the three offices. The presence of irrelevant KPIs in the three offices may have led to them not following the strategic objectives that they intended to achieve.

Two of ALPHA's KPIs cannot be appropriately used for measuring the two objectives. Governance in managing solid waste is not only a matter of employee satisfaction, but also involves the capability of ALPHA to achieve efficiency and effectiveness (refer to

Table 4-13). ALPHA can use the information gathered from the audit findings conducted by the LGA's inspector to indicate how the Office has used its resources to manage solid waste. The KPI, financial and performance report completed, is also not adequate to measure improvements in the reporting systems. Appropriate KPIs to measure improvement should include such things as the timeliness of the reports and their conformity with reporting standards.

Table 4-13: Irrelevant KPIs and their objectives

OFFICES	OBJECTIVES	KPIs
ALPHA	Improve governance in managing solid waste	The increase in employees satisfaction index
	Improve the reporting system for financial and performance aspects	The financial and performance report completed
BETA	Improve the quality of managing programs, budget, and assets by evaluating reports and developing information systems	The percentage of facilities and infrastructure to support the Office is available; and the percentage of program and financial performance achieved
GAMMA	Protecting consumers' rights, achieving price stability and assuring goods and services availability	The growth in the number of traders
	Increasing competitive export commodities in global markets	Regional income from industry, trade and mining sectors
		The number of farmers who use the warehouse receipts

		The number of investors
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BETA's KPIs also show similar problems. Instead of indicating the improvement in managing program, budget, and assets, BETA's KPI simply represents the availability of the assets and the completion of programs. In other words, BETA's KPIs have not indicated the quality of any improvements in program, budget, and asset management.

The failure to formulate relevant KPIs can also be seen in GAMMA. To increase the competitiveness of exports, GAMMA fails to recognize the value of exports or the quantity of export commodities in a particular year. The regional income, and the number of farmers using warehouse receipts, and the number of investors meet the criteria of KPIs as they represent the main tasks, functions, and the core businesses of GAMMA. However, these three KPIs are irrelevant against the intended objective.

Third finding: Several KPIs fail to identify those responsible for achieving the intended performance

One of the criteria for defining effective KPIs is ownership (Eckerson, 2006; Franceschini, Galetto, & Maisano, 2007; Marr, 2010; Parmenter, 2015). Marr (2010) asserted that KPIs should indicate the person or the group who is responsible and accountable for the achievement of the intended performance. Similarly, Franceschini et al. (2007) maintained that identifying the one who is in charge of collecting and reporting is crucial in defining indicators. Developing KPIs that are consistent with the main tasks, functions, and core business also ensures the accountability of managers. In turn, the presence of KPIs that meet the criteria of ownership will motivate managers to achieve their results, for which they have clear responsibility.

An examination of the three offices KPIs found that two of ALPHA's KPIs are shared between divisions in one of the cases examined. For example, the percentage of waste transported to landfills, which is used to measure the tasks of ALPHA to provide cleanliness, is the shared KPI of two divisions: City Cleanliness Capacity Building and City Cleanliness Management. Another shared KPI is an increase in the quality and quantity of greenspace. These KPIs may lead to the difficulty of holding managers to account, as well collecting and reporting data.

Fourth finding: The four BSC perspectives are not aligned with the KPIs properly

The three cases examined in this study did not explicitly declare that they used the BSC in preparing their strategic plans. However, using the BSC as the lens to examine the comprehensiveness of the KPIs provides a foundation for identifying the areas of improvement in the effective use of performance information. The regulation used by the three offices as a reference for preparing strategic plans (see MoIA, 2010) also suggests that working units in the Indonesian local government jurisdictions, including the three offices, use a BSC approach. MOIA regulation number 54 2010 demands working units map their strategy based on four perspectives: community/services; internal

business processes; organisational; and financial. These perspectives are similar to those of the BSC. The organisational perspective in the regulations is the same as learning and growth in the BSC. Hence, it is imperative to examine how the BSC perspectives captured the KPIs of the three offices.

Three problems were found in relation to how the four BSC perspectives captured the KPIs. First, KPIs relating to the customer perspective did not address service quality indicators or consider key stakeholders. Secondly, KPIs relating to the internal business process perspective did not have causal links with the KPIs for the customer perspective. Third, the KPIs relating the learning and growth and financial perspectives were not developed properly. Details of these problems are discussed below.

First: KPIs relating to the customer perspective do not address service quality

Despite their efforts to consider customers, none of the three offices used the quality of services to measure their performance or to assess how they delivered services. The three offices not only provide goods for the public, they also deliver services to the individual customer. For the ALPHA this involves providing cemeteries and collecting garbage. BETA promotes tourist destinations and holds events to attract tourists. GAMMA conducts monitoring to empower small and medium businesses. However, the three offices have no KPIs that are useful for understanding the voice of their customers.

Such KPIs are important for assisting in the design of programs and activities that improve the connection with, and participation of, the customers. Niven (2008) maintained that service quality indicators should refer to the quality of the services customers receive, including how well a program delivered its service based on characteristics important to the customer. These characteristics include timeliness, accessibility and convenience, the accuracy of assistance, adequacy of information, and customer satisfaction with the services. To this end, the presence of KPIs focused on service quality enable managers to track the perceptions of customers toward their organisation's services.

The absence of this type of indicator has also been noted in previous studies. For example, a case study conducted in Scottish local authorities by Wisniewski and Stewart (2004) highlighted that little attention was paid to the performance information needs of stakeholders. They found that the local authorities had done little to assess stakeholder satisfaction with the performance information provided. Folz et al. (2009) revealed that compared to workload and outputs, service quality indicators were less prevalent in US local authorities, used in just under half of the cities surveyed. However, some studies indicate the growing interest of public organisations in the use of service

quality as an indicator to measure the satisfaction of customers. In the study of a Local Government Authority (LGA) in Australia, Sharma and Gadenne (2011) found that the indicator, a satisfied community, was used as a measure of customer perspectives.

To meet stakeholder demand, the offices in this study could conduct customer surveys to determine the level of satisfaction among their customers. In fact, ALPHA defined a citizens' satisfaction index on waste management at the village level as the outcome of a program for improving waste management. However, ALPHA did not include these outcome indicators as KPIs to measure how the strategic objectives had been achieved. Although ALPHA reported this outcome in its performance report, this may not have captured significant attention as the guidelines for preparing the reports only focused on discussing KPIs (MMBR, 2014).

Regardless of the three performance indicators, which are in line with the customer perspective of the BSC, it is worth taking customer satisfaction into account to understand customer expectations. Niven (2008) maintained that customer satisfaction has been used successfully in both public and non-profit sectors for many years. Dupeyras and MacCallum (2013) explicitly included visitor satisfaction as one of the components in measuring a tourism competitiveness index. They asserted that gaining visitor feedback is important to inform decision-making about improving the competitiveness and the design of promotion. Furthermore, BETA of Indonesia (KoTCE, 2015) also considered visitor satisfaction as one of the criteria to measure its performance. In the context of BETA, the Office's customers are not only the visitors, but also the tourism communities and creative economy businesses. Gaining feedback for its services will assist in improving BETA's services, which, in turn, will satisfy customer demands.

While ALPHA demonstrated its commitment to satisfying community needs by developing indicators and targets for increasing the percentage of waste transported to landfill, the indicator for cemetery management was not well developed. The current indicator for measuring ALPHA's cemetery services, meters square of public cemeteries, can be used only to measure the total area of cemeteries provided. However, the indicator fails to address the overall tasks, which include providing free of charge services to transport corpses to the cemetery and to arrange burials. ALPHA has basically presented information about the services for transporting corpses over the last five years in its LAKIP 2014. However, the information has only measured the output of the services rather than the intended outcome. To meet BSC's customer perspective indicators for measuring cemetery services, ALPHA should develop an outcome indicator that can be used to measure the quality of the service provided. ALPHA could survey the communities that use the service, covering aspects such as timeliness and costs.

Another problem in aligning the customer perspective with the KPIs in the three offices was the failure to address several stakeholder groups. One of the major issues in the implementation of the BSC is the difficulty in defining stakeholders (Moullin et al., 2007; Wisniewski & Olafsson, 2004; Wisniewski & Stewart, 2004). Public sector organisations have a variety of stakeholders, which entails: local citizens, clients, consumers, users, customers of the services provided, the media, elected representatives, central government, regulatory, inspection and audit agencies, managers within the authority, and employees (Wisniewski & Stewart, 2004). Each stakeholder needs different services. Wisniewski and Stewart (2004) advised that defining a one-size-fits-all approach to performance information for stakeholders is unlikely to achieve success. This failure may become a barrier for managers seeking to improve their performance. This argument is consistent with the work of Behn (2003), who maintained that performance indicators not only have an evaluation function, but also serve to motivate workers and promote services.

The failure to address key stakeholders can be seen in the case of ALPHA, even though they had developed KPIs which captured customer perspectives. Mapping the KPIs based on ALPHA's customers suggests that the office overlooked one of their key stakeholder groups. The office developed three KPIs to represent their stakeholder categories: The public who enjoy cleanliness services; the community that receives the benefits of cemetery services; and the public who enjoy the green space of the city. The three KPIs, however, have not captured the effectiveness of the service for the communities involved in the Office's activities, such as community-based solid waste banks and the communities that participate in greening the city. In fact, the aim of ALPHA to engage these communities in delivering services is also to create cleanliness of the city. This engagement, in return, will benefit the public as ALPHA's stakeholders. The failure to address KPIs for these types of stakeholders would potentially result in the inability of ALPHA to evaluate and promote their programs.

The failure to address certain customers can also be seen in BETA. Their KPIs against the customer perspective involve the number of tourists, the number of qualified (certified) tourism human resources, and the value of the creative economy industry. However, juxtaposing these KPIs with BETA's organisational structure indicates that one category of customers is not considered in the development of its indicators. Tourists are the main customer of the Marketing and Promotion Division. The number of qualified (certified) tourism human resources indicates the customers served by the Human Resources and Community Participation Division. The value of the creative economy industry describes the responsibility of the Art and Culture-based Creative Economy Division to promote artists in City A. The customer that is overlooked in considering the KPIs is the tourism entrepreneurs who play a role in supporting tourism. The failure to address the KPIs for this type of

customer may result in the failure to hold the Tourism Entrepreneurship Promotion Division accountable.

GAMMA's KPIs indicated the inclusion of all its stakeholder categories, as well as representing the performance of the three divisions: Industry, trade, and mining. For example, they used the growth in numbers of traders and the growth in the number of investors as the KPIs to measure how the Office had promoted trading and investment in City B. In the mining sector, the Office not only considered miners as customers but also took the public into account in developing its policies. The presence of the number of mining business without permits given permits, and the percentage of mining companies conducting reclamation, sheds light on the commitment of the Office to protect the environment which, in turn, impacts on the public's life.

The inclusion of all stakeholders in defining GAMMA's KPIs can be attributed to MOIA's regulation 54 2010 which required the office to use indicators addressing the impact of mining on the environment. On the other hand, the regulation did not explicitly mention indicators addressing customer satisfaction for ALPHA and BETA. Further discussion about the role of regulation, i.e. legal mandate, will be explored in Section 9.8.

Second: KPIs relating to the internal business process perspective do not have causal links with the customer perspective.

The fourth issue in the development of the KPIs in the three offices is the lack of causal links between the BSC perspectives. Well-designed performance information based on the BSC approach should be able to tell the story of the strategy of an organisation. An effective strategy should be able to relate to objectives (and measures) in the various perspectives explicitly so that they can be managed and validated. This relationship can be seen in the study conducted by Kaplan and Norton (2007), which revealed that the employee's morale, a measure in the learning and growth perspective, and customer satisfaction, an important customer perspective measure, are correlated significantly. They also found that the employee's morale and the number of suggestions made by employees (learning and growth measures), as well as between an increase in the number of suggestions and lower rework (an internal business process measure) were linked.

The three offices' KPIs have not indicated the causal link between the perspectives of the BSC. This finding aligns with the study of Malmi (2001), who found weak causal links between BSC perspectives in Finnish companies. She argued that causal links between indicators facilitate strategic learning and the use of feed-forward control in practice.

Table 4-14 shows the lack of causal links between the internal business process and the customer perspective in the KPIs of the three offices. This table was developed by analysing KPIs and mapping them based on the four BSC perspectives. This table sheds light on the inadequacy of the KPIs relating to the internal business process as a driving force to achieve the ultimate objectives to serve their customers. However, these KPIs have not been linked to those for measuring the customer perspective.

Table 4-14: The causal link of the KPIs relating to the customer and the internal business processes perspectives

Offices	KPIs	
	Customer	Internal business processes
ALPHA	Percentage of solid waste transported to landfills	The ratio of trucks over solid waste production
	The availability of public cemeteries and the capacity for corpses to be buried	No KPIs linked to support the customer perspective
	An increase in the quality and quantity of green space	
BETA	The number of tourists	The number of competitive tourist destinations built
		The number of culinary tourism businesses on the riversides
	The number of qualified tourism human resources	No KPIs linked to support the customer perspective
	The value of the creative economy industry	
GAMMA	The growth in the number of traders and investors	The percentage of villages having marketplaces
	The number of mining business without permits	No KPIs linked to support the customer perspective
	The percentage of mining companies conducting reclamation	

Developed from the findings in this Chapter

ALPHA's KPI, the ratio of trucks over solid waste production, indicates that the Office developed a tool for measuring its capability to deliver solid waste to landfills. This KPI also confirms the views of Manager A (2015) that the barrier to improving the performance of the Office is the lack of trucks. This KPI is crucial for providing information about how the adequacy of infrastructure and facilities influences the process of managing solid waste. BETA's KPIs regarding the internal business perspective show its effort to increase the number of visitors, which also addresses the customer perspective. To support the increasing number of visitors, BETA needs to offer attractive tourist destinations. The number of culinary tourism businesses on the riverside is also part of BETA's effort

to empower tourism businesses and revitalize the function of the riverside to attract visitors. The percentage of facilities and infrastructure to support tourism indicates the availability of facilities and infrastructure in every tourist destination in the city. This KPI can portray the adequacy of the facilities and infrastructure in the tourist destinations. GAMMA's KPI, the percentage of villages having a market seeks to measure against the objective to increase facilities and infrastructure for trading and businesses. The goal of this objective is to improve the quality of the local products and ensure their distribution in the market (BOITM, 2013a).

The KPIs relating to internal business processes only address part of the offices' core businesses. ALPHA did not develop KPIs that could be used for internal business processes to measure its performance in providing cemetery services and improving the quality and the quantity of green space. Similarly, BETA did not develop KPIs which enable the office to support the accomplishment of two KPIs addressing the customer perspective of the BSC: the number of qualified tourism human resources and the value of the creative economy industry. GAMMA's KPIs were inadequate for measuring their efforts in preventing the practice of illegal mining and protecting the environment.

The importance of indicators addressing internal business processes was highlighted by ALPHA's Secretary (2015), who admitted that the number of dumpsters and the trucks for removing waste was inadequate. As a result, the Office failed to send all the waste produced to the landfills. Furthermore, to follow up this effort to improve facilities and infrastructure, the Office designed activities to increase the number of trucks (85 units) and the number of dumpsters (135 units) in five years. The presence of these indicators and targets suggests that the use of outcomes performance information drove the Office to design relevant programs and actions so that performance targets could be achieved.

Third: the KPIs relating to the learning and growth and financial perspectives are not formulated properly

According to the literature, the use of BSC assists managers in improving services in a way that enhances their capacity, and that of their employees, to focus on achieving planned goals and improve services for citizens (Farneti & Guthrie, 2008; Sharma & Gadenne, 2011; Wisniewski & Ollafson, 2004). The appropriate selection of KPIs as performance drivers gives organisations a better idea of how to achieve their potential competitive advantage (Chan, 2004). The absence of these in the learning and growth and financial perspectives may undermine the potential benefits of the BSC to exploit intangible assets (Kaplan & Norton, 1996).

Some of the KPIs of ALPHA and BETA aligned to the learning and growth perspective, those of GAMMA did not. Niven (2002) argued that KPIs aligned to this perspective should cover such issues

as training, absenteeism and employee satisfaction, employee productivity, turnover rate, and percentage of employees with advanced degrees. Both ALPHA and BETA used KPIs that indicated the results of training and workshops and addressed the work-related discipline of employees. ALPHA enhanced its KPIs by introducing the employees' satisfaction index. GAMMA, on the other hand, did not consider programs to enhance employee capability in developing its KPIs. GAMMA faced employee shortages, one of the determinants for achieving higher performance (BOITM, 2015a). However, GAMMA did not consider this shortage to develop KPIs which could be used to measure their performance.

The failure to address learning and growth has also been highlighted in previous studies. Niven (2008) highlighted that managing employees to improve organisational performance is often overlooked. Marr (2007) concurred, arguing that measuring and managing intangibles (i.e., employees) was either poor or non-existent. In fact, the success of the offices rests on the ability of their employees to unleash their potential. Niven (2002) also pointed out that learning and growth are the enablers of the other three perspectives. He explained that motivated employees with a right mix of skills and tools are the key ingredients in driving process improvements and meeting customer satisfaction.

In general, the financial perspective was captured by the KPIs of the three Offices. ALPHA set theirs as timely financial and performance reports; BETA used the percentage of programs and financial performance achieved, and GAMMA identified regional income from the industry, trade and mining sectors as their KPIs relating to this perspective. Unlike in the private sector, the focus of public sector organisations is efficiency and effectiveness, not profit (Niven, 2008). However, none of the three offices used efficiency measures for illustrating how they managed their financial resources. ALPHA's focus on the timeliness of reports cannot be used to measure how they managed their budget. BETA's KPIs try to link between programs and the budget – whether the budget has been spent to achieve the objectives of its programs. Rather than comparing the output and input to measure the efficiency of their activities, BETA's KPI measures whether the targets of outputs have been realised. GAMMA's KPI focuses on the collection of local resources, rather than measuring the efficiency of the spending. This KPI is relevant as GAMMA is a unit with responsibility for mobilizing resources. However, relying on this KPI ignores the effectiveness of the Office to manage its budget. KPIs should consider cost reduction, efficiency enhancement, budget control, and productivity improvement, as suggested by Wu, Tsai, Shih, and Fu (2010).

Analysing its relevance to the objectives, the indicator which focuses on the collection of local resources has not covered all aspects, particularly with respect to asset management. To enable better measurement, BETA could use efficiency indicators to examine the use of its financial

resources. The use of efficiency indicators is consistent with Niven's (2008) argument that the financial objective in public organisations is conducting activities in an efficient manner that minimises cost. Hatry (2006) also highlighted that efficiency is the ratio of the amount of input to the amount of output.

Performance targets

Targets express quantifiable performance levels or changes of level to be attained at a future date, as opposed to the minimum level of performance (ANAO, 1996). The presence of targets drives performance improvement (Boyne & Chen, 2006; GAO, 2015). Boyne and Chen (2006) found that quantified targets for measurable objectives enhance the organisation's performance. Their study was based on the theory of rational planning, which points out that organisational performance will improve if targets for future achievements are set. GAO (2015) also highlighted that performance indicators should have quantifiable targets to help assess whether goals and objectives were achieved by easily comparing projected performance and actual results. Behn (2003) asserted that setting targets is effective for motivating, and thus improves performance. He also advocated that performance targets may encourage creativity in evolving better ways to achieve goals through motivating learning.

The results of this study indicate that the three offices' strategic plans included performance targets for the output, outcome, and KPIs. The three offices only recently formulated performance targets in their current strategic plans, having failed to address them in the past. The presence of targets has motivated managers to achieve the desired results. In this section, the focus of the discussion is on the relevance of targets for performance indicators and the considerations in formulating targets.

Despite the attempt to formulate performance targets, this study revealed several problems within that context. Among the three offices, GAMMA's targets were problematic, especially in setting them for its outcomes and outputs. Several of their targets were not relevant, specific, or measurable. The failure to produce proper targets could be attributed to the inability of the Office to produce qualified outputs and outcomes. For example, GAMMA conducted a program for increasing the efficiency in domestic trade. The outcome indicator of this program was an increase in the local economy with the target represented as a percentage. Although the outcome measure indicated the effectiveness of the program, it did not meet the criteria of being measurable. The target, which is quantified as a percentage, is also not reliable for measuring an increase. Considering this in more detail, GAMMA carries out activities to promote the use of local products with the output: the percentage increase in the use of the local products. This output meets the criteria of relevance, measurable, and attainable. However, in defining the targets, GAMMA set eight sub-districts, which

is inconsistent with the indicators. The output suggests the percentage, but the target denotes the number of sub-districts.

Similar issues have also been found in previous studies. In its evaluation, GAO (2015) revealed that the Center for the Advancement of Science in Space (CASIS) failed to formulate measurable targets, although this organisation had developed excellent performance indicators. GAO (2015) asserted that clearly defined measurable targets are essential for CASIS to demonstrate results, and help stakeholders assess whether the overall objectives are achieved. Looking back to the previous strategic plans of the three offices also accentuates the importance of setting targets. The absence of targets has resulted in the inability of the three offices to measure their performance, which in turn, weakened their accountability.

Setting appropriate targets is important as they can be used to motivate learning and, in turn, enhance the organisation's performance (Andrews, Boyne, & Walker, 2009; Behn, 2003). The failure to set targets may undermine the effort to identify proper performance information. The importance of setting proper targets has also been highlighted by the current MMBR regulation number 12/15 on the guidelines for evaluating performance-based accountability systems for a government institution. This regulation is used as a basis for the ministry to evaluate the implementation of the systems, including how the working units have set proper targets, which should meet the criteria of relevance, availability of data, and achievable. The failure to meet these criteria will affect the level of maturity in the implementation of the accountability systems.

The presence of quantified targets in the office strategic planning conforms with the goal setting theory proposed by Locke (1990), who asserted that to perform better on work-related tasks, an organisation needs to clarify its goals. The presence of targets in the strategic planning in ALPHA also supports a study that found local authorities with a target on an indicator of educational performance achieved higher scores than those without a target (Boyne & Chen, 2006). Clear targets help organisational members focus on outcomes rather than processes, provide a sense of direction and inspire and motivate people to work toward better performance (Boyne & Chen, 2006; Meekings, Briault, & Neely, 2011; Su Jung & Lee, 2013).

The presence of performance indicators and targets has motivated managers at BETA to improve their performance. Manager D (2015) highlighted that the target to increase the number of certified tourism human resources (that is, the number of certified employees dedicated to tourism) from 220 in 2014 to 1,290 in 2019 inspired her to improve her performance. She elaborated:

One of the targets that I have to achieve, in relation to my responsibility, is to increase the number of tourism human resources which have competency certificates. This target has been mandated by the Indonesian government regulation, by which cities

and regions have to promote the program of improving the competency of tourism human resources.

Manager D's view indicates that the presence of targets in the new strategic plan inspired her to design activities that allow her to achieve the targets. The presence of targets has encouraged her to collect data regarding certified human resources in the tourism industry. Manager D (2015) maintained that up to 2014, BETA only had data from one among the 14 sub-sectors in tourism from which data should be collected. As a result, it was difficult for her to set a target for increasing the number of human resources in tourism due to the poor data.

Summary of the use of performance information in strategic planning

In short, three main findings relating to the first and second research questions (RQ1 and RQ2: which and how the information is used) were revealed in examining the performance indicators of the three offices. First, the case studies showed progress in the use of performance information, through the development of output and outcome indicators. The three offices also formulated KPIs as the key indicators to measure their strategic objectives. Second, despite the progress, the indicators have not met the criteria of useful performance information. Finally, regardless of several drawbacks in their formulation, the KPIs have been aligned with the perspectives of the BSC.

These findings conform to the framework of the effective use of performance information developed in Chapter 2 (refer to Figure 4-1). In preparing their strategic plans, the three offices used KPIs that captured the four BSC perspectives to some extent. Two of the offices developed KPIs that captured the four perspectives, while the other considered three. In fact, the Indonesian's regulation (refer to MoIA, 2010) has suggested working units in the local government jurisdiction, including the three case study offices, use similar to the perspectives of the BSC in developing the strategies.

The findings of the present study enrich the literature on the use of performance information, especially in developing countries. Past studies on the use of performance information in Indonesia focus on exploring the forces that influence the use of the information, rather than on the type of information used and how it is used (Akbar et al., 2012; Mimba et al., 2013). Akbar et al. (2012) revealed that the implementation of performance information is due to the presence of coercive pressure from central government. Mimba et al. (2013) found that managers in the agencies they studied prepared performance reports merely to fulfil formal requirements.

The findings of the present study show significant progress on the use of performance information, not only in preparing the strategic plans but also in the management cycle (discussed in the next section). The introduction of MOIA's regulation (refer to MoIA, 2010) has changed the way working

units use performance information. This change has not been included in the analysis of previous studies as their data collection processes took place before the regulation was issued.

4.4.2 Annual planning

Annual plans can be used to define better strategies for achieving strategic goals (GAO, 1998). They play a crucial role in bridging between the strategic plan and its implementation (Poister & Streib, 2005). In the Indonesian context, MOIA regulation number 54, 2010 highlights that annual plans allow local governments and their working units to provide detailed information about activities, the locus of the activities, and intended outcomes (MIA, 2010). The following discussion examines and compares the use of performance information in the three offices when preparing annual plans.

BETA has made significant improvements in the consistent use of performance information in its strategic and annual plans. The nature of its annual plan is in line with the guidelines expressed in MOIA regulation number 54 2010. In the 2016 annual plan, BETA presented an evaluation of the previous year's performance, including the accomplishment of KPI targets. It also presented a comparison between the targets and the actual performance for the output indicators and KPIs, listing any factors that hindered the achievement of targets. Finally, BETA presented programs and activities to be conducted in 2017, including the output and outcome indicators.

ALPHA's annual plan also showed improvement in the use of performance information, although this was not as significant as that of BETA. They too provided an evaluation of the previous year's performance in their 2016 annual plan. This included an evaluation of each program. The presentation of the KPIs, however, is problematic. Besides failing to evaluate the achievement of previous year's targets, ALPHA also failed to present the KPIs and targets to be achieved in 2016. Despite the drawback in presenting the indicators, ALPHA referred to its strategic plan when formulating programs and activities.

The GAMMA use of performance information was like that of ALPHA. They referred to the strategic plan when designing the programs and activities presented in the annual plans. However, GAMMA's improvements in preparing their annual plan were not as significant as those of their two counterparts. Although GAMMA presented all the areas suggested by MOIA regulation number 54 2010, it failed to present proper KPIs, outcomes, and outputs. This failure could result in the failure to use the KPIs in the next stage of the management cycle.

To sum up, in relation to addressing the first and the second research questions (RQ1 and RQ2) in preparing annual plans, the three offices used different performance information. BETA used the same output and outcome indicators, and KPIs as used in their strategic plans. ALPHA used output indicators and KPIs, but did not include outcome indicators. GAMMA failed to present KPIs and

outcome indicators and the outputs in annual plans (2014 and 2016) were problematic. Further discussion on the factors influencing the difference uses is provided in Chapter 10.

4.4.3 Performance agreement

Performance agreements promote strengthened connection between employee performance and organisational missions and goals (GAO, 2000). Trivedi (2003) argued that a performance agreement indicates an attempt to instill accountability for results (performance) at the highest levels in government. The findings in this study suggest that the three offices developed performance agreements that were intended to show the accountability of the Chief of the offices to the Mayor who has authority to hold their accountability. The issuance of MMBR regulation number 53 2014 to guide working units in drawing up agreements was one of the enablers for the implementation of performance agreements at the three offices. This regulation aimed at improving performance and enhancing accountability. Following this regulation, working units should refer to the KPIs set in their strategic plans and their targets when drawing up their performance agreements.

Performance agreements are adopted in many countries. Trivedi (2003) studied the implementation of performance agreements in the US. He argued that performance agreements, consisting of performance indicators and targets, are an effective instrument for promoting a culture of accountability in the government. The presence of targets allows the US president to hold the cabinet department secretary to account for its performance. Srimai (2015) conducted a similar study of performance agreements, but among Thai Provincial Governments, where considerable efforts have been put in to implement performance agreements despite some challenges. The UK labor government implemented public service agreements (PSA) from 1997 as part of the earlier New Public Management reforms (Matthews, 2008). These agreements demanded that government organisations develop objectives, performance indicators and targets to improve accountability.

This study has found that the three offices used their strategic plans as their reference when preparing agreements. Based on MMBR regulation number 53 2014, performance agreements are prepared at the beginning of the financial year once the budget drafts have been approved by the legislators. In developing the agreements, working units must refer to their strategic plans and their budget documents (MMBR, 2014). In writing up their agreements for 2014, ALPHA and BETA had to refer to their previous strategic plan (in which no KPIs had been set), as the new strategic plans were not yet finalised. Regardless of the weaknesses in the previous strategic plan, BETA improved its measurement system by setting targets for its KPIs in the agreements. BETA also complied with the new guidelines by presenting objectives, generated from the strategic plan, KPIs, and targets.

GAMMA, on the other hand, used its current strategic plan, which had presented KPIs and targets, in drawing up its agreement.

The use of strategic plans as a reference for preparing performance agreements is important to align medium-term and short-term plans. This consistency of performance information use aligns with the principle of the BSC, which links the strategic objectives to long-term targets and annual budgets (refer to Kaplan & Norton, 2007). In this regard, the three offices officially reaffirmed their commitment to achieving yearly targets as set out in their strategic plans.

However, despite this progress, a problem in the use of performance information in preparing performance agreement arises. Unlike that of BETA or GAMMA, ALPHA's performance agreement is problematic. It suffers from inconsistencies with the guidelines issued by the MMRB. Admittedly, ALPHA used information from budget documents, which allowed the Office to obtain information about programs, activities, outputs and outcomes, but the guidelines (refer to MMRB, 2014) demand that ALPHA present its objectives, KPIs, and targets. In preparing the agreement, ALPHA used the previous regulation, the MMRB number 31 2004 on performance agreements, as a reference. The failure of the office to comply with the current regulation undermined its effort to improve accountability. The consultant who provided technical assistance in preparing performance agreement at LGA maintained that ALPHA's manager rarely attended consultation sessions, unlike BETA's manager. The number of consultations received by managers contributed to the quality use of the offices' performance agreement.

The literature on the use of performance information in preparing performance agreements is scarce. The literature that does exist focuses on the implementation of performance agreements in central government agencies (see Boyne & Chen, 2006; Trivedi, 2003). The implementation of public service agreements in the UK also focus on local governments, but not on agencies at the local government level. Consequently, this study and its findings on the use of performance information in preparing performance agreements in local government units enrich the current literature.

Interestingly, the Indonesian government, also issued MMRB regulation number 12 2015 to ensure the implementation of performance agreements. This regulation was designed not only for holding accountable the head of the working units to the local government heads, but also for division heads and even sub-division heads to their superior officials. The three cases examined in this study had not implemented this mandate. However, several working units in other local governments had adopted this practice to reaffirm the commitment of the sub-division level. This includes the Office for Public Employees in the Salatiga local government, and the Pasuruan Planning Agency, and Office for Forestry and Plantation in Hulu Sungai Selatan.

Holding the lower level official to account aligns with the BSC principle as promoted by Kaplan and Norton (2007). In their framework, the scorecards are also developed for measuring operating units and individuals. These scorecards enable the alignment of individual goals with organisational goals. In the context of Indonesian local government units, performance agreements at the sub-division level lay a foundation for aligning individual performance targets with those of the units. Furthermore, cascading the sub-division targets promotes communication either downward or upward in the units (Kaplan & Norton, 2007).

4.4.4 The use of informal performance information in planning

The content of the strategic plans in the three offices not only sheds light on the type of performance indicators – output, outcome, and KPIs – used, it also reveals other information that is critical to shaping their planning. The strategic issues, which were formulated based on various analyses, highlight that performance information involves more than performance indicators or any numerical information. This has been confirmed in previous studies (refer to Askim, 2009; Poister, 2003; Van Dooren, 2008). This finding also conforms the presence of data generated from evaluation, both internal or external, as is revealed by Pollitt (2006), and not only limited to the performance indicators.

The mechanism used in developing planning in this study also suggests the use of informal performance information, as highlighted by Kroll (2013b) in his study. This type of information encompasses (as discussed in Chapter 2) customer complaints, interest group calls, or email from other public entities, media reports, or political comments about the service provided. Studies on the use of performance information predominantly refer to the information as a means of enhancing accountability (Pollitt, 2006; Saliterer & Korac, 2013). The term of performance information is interchangeably with performance indicators, which are collected as part of performance measurement systems (Poister, 2003; Van Dooren et al., 2010). An examination of the mechanisms used in preparing planning documents in the three offices indicates that information from the public was also gathered to generate an understanding of the community's aspirations. This information was then processed and addressed by designing programs and activities to meet the demands of the public.

To generate this information, the three offices conducted public consultations at the village, sub-district, and city levels. These were held by the planning agencies as the leading units in planning in the two local governments. Community consultations allowed the public to convey their aspirations to the local government. In turn, these consultations enabled the offices to respond with programs and activities relevant to the community needs. In fact, the three offices developed programs which

relied on the involvement of the community to achieve their missions. ALPHA, for example, promoted solid waste banks and community participation in this initiative was critical for reducing waste generation in the city. In addition, BETA ran programs to strengthen the community's economic activities, contributing to the promotion of tourism. GAMMA's core business is to promote trading and industry for small and medium businesses. The success of the three offices' programs could be seen in the activity of the community, which contributed to their performance.

In addition to the community consultation, other informal information contributed to improving performance within the three offices. This involved communicating with the leading units in developing their planning documents. As the leading units responsible for coordinating the development of the planning documents, planning agencies were crucial in shaping the quality of the planning documents both at the working unit level and the local government level. The three offices received assistance from the planning agencies through guidance and face-to-face consultations, helping them achieve better planning documents. The three offices also received assistance from consultants, who provided feedback on their strategic plan drafts. ALPHA and BETA also received intensive assistance from the consultants in preparing their annual plans and performance agreements. GAMMA also received some assistance from consultants, but not at the same level as that received by their counterparts.

4.5 Summary of the use of performance information in the planning stage

The comparative study of performance information use in the strategic plans of the three case study offices indicates the use of outputs, outcomes, and KPIs to measure their performance. This comparative analysis lays a foundation for answering the two research questions (RQ1 and RQ2): Which categories of performance information do the managers use for improving performance and enhancing accountability? How is the information used? The three offices have improved their use of performance information significantly following the issuance of clearer regulation MOIA 54 2010, which provides step by step guidelines for preparing strategic plans. This improvement was initiated in their recent strategic plans, while the three offices mainly failed to present indicators in their previous plans.

This study revealed that formulating useful performance indicators was challenging for the three offices. Four main problems were identified. First, several output and outcome indicators did not meet the criteria for good performance indicators. Second, there was inconsistency between the strategic objectives and KPIs. Third, several KPIs failed to clearly identify the person or division responsible for meeting targets. Fourth, the KPIs were not all aligned to the four perspectives of the BSC.

The findings shed light on the conformity of the actual use of performance information in the three offices when compared with the framework developed in Chapter 2 (refer to Figure 4-1). This framework suggests that a way to promote effective performance information use is by informally aligning that information to the four BSC perspectives.

Table 4-15 summarises the conformity of the use of performance information in the three offices against the framework presented in Figure 4-1. It is clear from the table that the level of alignment of the KPIs differed among the three offices (the level of implementation can be seen from the shading). BETA's KPIs consistently captured the four BSC perspectives in its strategic plan, annual plan, and performance agreement. Although under the same local government jurisdiction, the ALPHA successfully aligned its KPIs with the four BSC perspectives in its strategic plans, but failed to follow up the use of performance information in its annual plan and performance agreement. GAMMA's KPIs also embodied the BSC, except for the absence of KPIs relating to the learning and growth perspective. GAMMA integrated KPIs in both its strategic plan and performance agreement, but not in its annual plan.

Table 4-15 also indicates that the ability of the offices to capture strategic issues related to the four BSC perspectives enabled them to formulate KPIs covering similar BSC perspectives. ALPHA's strategic issues and its KPIs, for example, aligned with the four perspectives of the BSC. BETA and GAMMA showed similar linkages between the two components of their strategic plans. However, these two offices failed to formulate balanced and comprehensive strategic issues as they failed to address several perspectives of the BSC. Nonetheless, in developing their KPIs, the two offices could improve their KPIs. BETA's KPIs aligned with the four perspectives of the BSC, although the strategic issues only captured three perspectives. Similarly, GAMMA aligned its KPIs with the financial perspectives but failed to address issues related to this perspective in its strategic plan.

Table 4-15: Summary of the conformity of the use of performance information in the three offices with the framework

OFFICES	Customer	Internal business process	Learning and growth	Financial	Others
Strategic issues					
ALPHA					
BETA					
GAMMA					
KPIs					
Strategic plans					
ALPHA					
BETA					
GAMMA					
Annual plans					
ALPHA	Use output, instead of KPIs				
BETA					
GAMMA	Use output, instead of KPIs				
Performance agreements					
ALPHA	Use output, instead of KPIs				
BETA					
GAMMA					

The different alignment of the BSC in the three offices lays a foundation for examining effects of this alignment on the use of performance information. The ability to identify strategic issues related to the financial perspectives of the BSC enabled ALPHA to develop a strategy to generate other funding, rather than relying on the local government budget. The design of programs that focus on strengthening community participation for achieving its mission were effective in overcoming the problems of funding, as identified in its strategic issues. This contrasts with the other two cases, whose failure to identify issues addressing financial perspectives meant that there were no incentives for the two offices to overcome their financial difficulties.

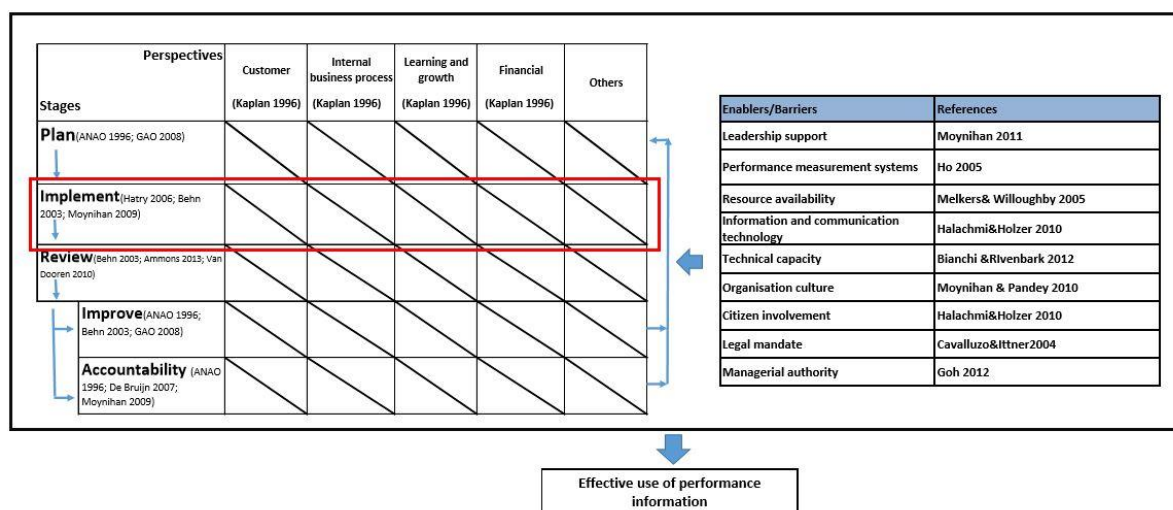
Regardless of the problems in the formulation of performance indicators, the integration of performance information in planning provides evidence of progress in its use in developing countries. The importance of this integration has been highlighted in previous studies (Ammons, 2013; Ho, 2005; Liner et al., 2000), which assert that the integration of performance information has significant impact on its use in decision-making. This finding indicates that the design (refer to MOIA regulation number 54 2010) and implementation of performance information use in planning in the Indonesian Government has laid a foundation for such integration. However, further improvement should be considered by the Indonesian Government regarding the definition of proper performance information to address the four perspectives of the BSC.

5 THE USE OF PERFORMANCE INFORMATION IN IMPLEMENTATION

This chapter provides a cross-case comparison of performance information use in the second stage of the management cycle, implementation, at the three individual case studies: ALPHA, BETA, and GAMMA. Two out of four research questions (RQ1 and RQ2) encompassed in the framework developed in Chapter 2 are discussed in this chapter to interrogate and compare which information is used in implementing their plans – and how it is used. The chapter provides insights to inform thinking, debate and action around the use of performance information in the implementation stage by managers and business units in local governments.

The structure of the chapter aligns with the research framework reproduced below. Sections 0 to 5.3 address both RQ1 (*which* categories of performance information are used) and RQ2 (*how* performance information is used) by examining the different types of performance information (as classified by the BSC perspectives) that are used in the implementation stage in each of the three offices. RQ1 is framed around the BSC perspectives: customer, internal business process, learning and growth, financial, and other (represented within the red boundary in Figure 5-1). Section 5.4 compares and contrasts the findings in the use of performance information presented in Sections 0 to 5.3. In the presentation of results throughout this thesis, key insights will be in highlighted in an orange box.

Figure 5-1: Framework for the effective use of performance information



In exploring the use of performance information in the three offices, data was collected from archival documents – two periods of strategic plans, annual plans (2014 and 2016), performance agreements 2014; and performance reports (2013 and 2014). Interviews were also conducted with the Head of LGAPA, the secretary and the managers of the three offices, managers of planning agencies, and consultants. The list of interviewees is presented in Chapter 4 (Table 4-1).

5.1 The use of performance information in ALPHA

Implementation is the second stage of the management cycle as identified in the research framework developed in Chapter 2 (refer to Figure 5-1). In this section, the use of performance information in the implementation stage at ALPHA will be explored to provide a basis for conducting a cross-case comparison with the other offices, BETA and GAMMA, which will be discussed in Section 5.4. To capture the use of performance information, ALPHA's strategic plan 2014-2019 was examined. The Head of LGAPA, the Secretary of ALPHA, Manager A, and Manager B were interviewed. The nature of the implementation stage of the management cycle is explored to examine the context within which the performance information is used. Then, the use of performance information is examined to answer RQ1 and RQ2. In investigating its use, performance information is classified into formal and informal.

5.1.1 The nature and the use of formal performance information in the implementation stage

In the implementation stage, ALPHA's managers executed their plans. As discussed in Chapter 4, ALPHA's planning involved preparing four documents: a strategic plan, an annual plan, a budget document, and a performance agreement. In the implementation stage, ALPHA's budget document, generated from their strategic plan and annual plan, is used to guide managers in running their programs and the activities. In exploring the two RQs, the use of KPIs and output indicators presented in the planning documents was investigated to examine the consistencies in the use of this information in the implementation stage. This investigation led to interrogating the way the information was used.

To illustrate the use of performance information in carrying out activities in the implementation stage, ALPHA's efforts to reduce solid waste is described. One of the strategic issues faced by ALPHA is the gradual increase in waste generation resulting from the growing city population. Their facilities and infrastructure cannot keep pace with the increase in waste (MoLC, 2014). To address this issue, ALPHA set a strategic objective to reduce solid waste and identified associated (KPIs in its current strategic plan (2014-2019). The office has set yearly targets for the five-year period of the strategic plan. Several programs and activities were formulated in ALPHA's strategic plan to achieve the objective of reducing solid waste. One of these programs was designed to improve waste management. To measure the effectiveness of the program, ALPHA identified an outcome indicator, also selected as the KPI for the strategic objective, namely the percentage of waste delivered to landfills. ALPHA also set quantifiable targets to achieve this objective yearly. To realise this program, ALPHA designed several activities, such as: strengthening community participation in managing waste; conducting a workshop for integrated waste management for the community; promoting a

city cleanliness movement, empowering the community through promoting solid waste banks; and procuring facilities to support waste management (MoLC, 2014).

In 2015, ALPHA commenced executing its current strategic plan (2015-2019). ALPHA's managers have started to implement activities within it, as discussed in the previous paragraph. The translation of the strategic objective into specific activities in its strategic plan directs managers in their day-to-day business. In relation to achieving the percentage target against solid waste transported to landfills, Manager A (2015) stated that ALPHA had conducted several activities to promote community-based solid waste banks. In this regard, he maintained:

If the banks can operate as what we expect, we can reduce not only the waste but also the cost of managing waste significantly. The mayor has issued a regulation to promote the banks. We will establish a unit which coordinates all the banks. This year, we will buy 50 waste scales and distribute them to the banks.

Besides promoting solid waste banks, ALPHA has also educated the community to manage their own solid waste. Manager A (2015) revealed that:

We have campaigned 3R (reduce, reuse, and recycle) waste management to the community to strengthen their participation in our program. We often explain to them that the waste has an economic value. The organic household waste can be transformed into compost. Compost can be used as fertilizer. Up until now, we can change the community's mindset.

Apart from conducting activities as set in the budget, the managers at ALPHA also perform supporting activities that contribute to achieving ALPHA's strategic objectives. These activities are part of their main responsibilities, such as coordination with stakeholders and motivating employees.

Coordination with stakeholders is crucial for ALPHA to achieve its strategic objectives. Examining ALPHA's job descriptions suggests that coordination is a key task for all managers of the four divisions. In managing solid waste, for example, the manager needs to coordinate with the non-government organisations (NGOs) and neighborhood association leaders to participate in ALPHA's programs. In this regard, Manager A (2015) stated:

We also work with NGOs. They are our agents of change who are ready to provide assistance to the community to manage solid waste. We also work with neighborhood association leaders. We often conduct meetings with them, and we became the facilitators.

Besides coordination with NGOs and association leaders, to gain support from the community to create city cleanliness, ALPHA also promoted its program to schools. With regards to the involvement of the schools, ALPHA's Secretary (2015) confirmed:

To implement the strategy to create cleanliness, we make a movement to create city cleanliness. This movement involves many stakeholders, including schools. Schools in

City A have a slogan called 'My school and I am not messy'. Before the class begins, students and the teacher spend ten minutes to clean their school. We also have another slogan with the acronym LISA to raise awareness of the community on city cleanliness. The meaning of the acronym is pick up rubbish that you see.

The execution of activities to achieve strategic objectives to reduce solid waste, as discussed in the previous paragraph, indicates that the KPI for the percentage of solid waste transported to landfills is used consistently from planning to the implementation stage. The translation of the strategic objectives into specific activities in the strategic plan guided and shaped the activities, which are then deployed by the managers in the implementation stage. The target for reducing solid waste focused the attention of managers on implementing activities in the strategic plan and fulfilling their main responsibilities.

Besides the use of KPIs to motivate managers, output indicators are also used in the implementation stage. The presence of output indicators in the strategic plan directs managers to realise targets. As Manager A (2015) highlighted, one of the activities to support community-based solid waste banks is to buy and distribute 50 waste scales to the community in 2015. These scales will help the community-based solid bank operators measure the weight of their customer's solid waste. This activity received a budget allocation and, at the time of this research, the purchase of scales was going through the procurement process.

The use of KPIs and output indicators can also be seen in ALPHA's activities for improving staff discipline. The Indonesian Government introduced regulation number 53 2010 for public service discipline. This regulation obliges employees in the Indonesian public service, including those at the local government level, to improve discipline in relation to employees' attendance, to provide better services to the people. Following the issuance of this regulation, LGA's Mayor wrote instructions for the working units in his jurisdiction on how to implement them. In response to the Mayor's instructions, to deal with the issue of staff discipline, ALPHA indicated in its current strategic plan (2014-2019) that it planned to procure an attendance machine (in the form of fingerprint scanning) (MoLC, 2014). The output indicator for this activity is the number of staff who attend work on time (MoLC, 2014). The presence of the output indicator encouraged the Secretary of ALPHA to motivate staff through a daily assembly and to introduce rewards and punishment. The Secretary (2015) highlighted that he is responsible for motivating the staff to comply with the regulation regarding human resource management and maintaining discipline. He added that in the process of achieving ALPHA's objectives, he kept informing the staff of the consequences of coming to work late. In this regard, the Secretary (2015) said:

We want to implement the government regulation number 53 2010. The Mayor has also sent us a letter to follow up the regulation. The regulation pays close attention to

the attendance of the staff. There were strict sanctions against absenteeism in the regulation. To implement the regulation, we have utilized an attendance machine to record employees' attendance. Our working hours are from 07.30 AM to 15.30 PM. We give sanctions for those who are late or absent. Part of the sanctions are that they cannot receive their full fringe benefits if they are late. I try to keep the staff informed with this new rule in meetings or assembly. Fortunately, as long as I observed more people attend the morning and afternoon assembly.

The Secretary's initiative to motivate employees and to introduce sanctions provides evidence to suggest that performance information formulated in the strategic plan, the KPIs and the output indicators, produce a motivational effect in the implementation stage. The presence of the KPI for improving discipline, the absentee index, not only encouraged the Secretary to execute the budget to procure an attendance machine but also motivated him to be more innovative so that his performance target could be achieved. Similarly, the presence of the KPI and target for reducing waste guided and motivated managers to implement activities identified in the strategic plan.

In short, the use of formal performance information in ALPHA suggests that in the implementation stage, ALPHA uses its KPIs (selected from the outcome indicators) and output indicators as formulated in its strategic plan. The translation of the strategic goals, together with the KPIs, into specific activities and output indicators has laid a foundation for managers to focus their attention on executing activities and achieving those outputs.

5.1.2 The use of other types of performance information in the implementation stage

In the implementation stage, performance indicators and targets function mainly as the drivers for executing programs and activities as documented in the strategic plans, annual plans, and performance agreements (refer to Section 0). Examining the implementation of planning sheds light on the use of other types of performance information, defined as informal performance information in this study (refer to Section 2.2 in Chapter 2). Informal performance information used by ALPHA in the implementation stage encompassed stakeholder feedback and observations. These two sources of information were crucial in assisting the managers in their day-to-day business in delivering their services. Details about this information are as follows.

Stakeholder feedback

Stakeholder feedback used in the implementation stage entailed citizen complaints and the Mayor's monitoring of the cleanliness of the city. These two sources of information were critical for achieving performance targets as stipulated in ALPHA's strategic plan. The ability of ALPHA's managers to respond to feedback, received on a daily basis, influenced the achievement of the yearly targets. For

instance, to improve waste management, the managers used information provided by citizens who had filed complaints. To gather such feedback, ALPHA had developed an application called UCare, which could be accessed and installed by citizens on their mobile phones. This application allows citizens to send complaints about dirty spots that they find in the city. Staff respond to these complaints. In this regard, Manager A (2015) elaborated:

To monitor the cleanliness, we have UCare. We provide access for the citizen so that they can file their complaints. Today I received a message from a citizen complaining about a dirty spot in Srigala laneway. So, citizens can just send us a message and say: please clean up the dirty spots. Most of the information I need is from UCare. With this information, I can process and respond to the problem.

Besides citizen complaints, ALPHA also receives feedback from the Mayor. LGA's Mayor has initiated a WhatsApp group called *I love City A*, which enables him to monitor the performance of all working units in his jurisdiction (Headplan, 2015). Like the mechanism for citizen complaints, the WhatsApp group allows ALPHA to receive complaints or information regarding city cleanliness directly from the Mayor, allowing them to respond to the complaints promptly. Referring to the classification of performance information as discussed in Chapter 2, the communication between the Mayor and ALPHA using this WhatsApp group is categorised as informal, rather than formal.

Observations

Information gathered from observations was also used by ALPHA's managers in the implementation stage. To ensure the cleanliness of the city, for example, ALPHA's staff are assigned to conduct observations to monitor the cleanliness of the city. Based on their observations, staff members are required to report any problems regarding the cleanliness of the city. The manager who is responsible for the cleanliness of the city then coordinates with his staff to follow up the reports generated from staff observations (Manager A, 2015).

Information generated from observations is also used by ALPHA's Secretary to assess staff discipline. To improve the discipline of staff, the Secretary not only conducts activities approved in the budget, but also holds a daily assembly with staff and observes their progress in terms of attendance, as discussed earlier.

Another example of the use of observation in improving performance in the implementation stage can be seen in the truck maintenance processes. For ALPHA, the function of the truck maintenance sub-division is crucial in supporting waste management. The availability of well-maintained trucks ensures the transportation of solid waste to landfills; dirty areas cannot be cleaned if the trucks are broken. However, the sub-division responsible for maintaining trucks did not have written standard operating procedures (SOP) in truck maintenance (Secretary, 2015). In response to this issue,

ALPHA's Secretary tried to implement a SOP, believing that this would allow the organisation to better manage its budget for maintaining trucks efficiently. The use of information gathered from observations in assisting the Secretary (2015) to achieve efficiency in maintaining trucks can be seen in his statement:

We hope that this mechanism, which will become the standard operating procedure, provides a clear job description. When a truck needs maintenance, the driver should report to the service station. Then, the service station staff member needs to check the status of the truck before he makes a recommendation letter if there is a need for changing the spare parts. The staff recommendation then should be signed by the service station head before submitting the copy to the equipment maintenance section to me. Finally, the division head approves the maintenance as long as the budget for the truck is there. We now have control cards for each truck so that we know which truck needs maintenance.

The mechanism for maintaining the trucks, as elaborated by the Secretary, gives an insight into the use of informal information. The flow of information from the driver to the service station head illustrates the information needed to approve truck maintenance. For instance, in writing up a report on the condition of a truck, the service station's staff need to conduct observations. A close examination of the truck condition is necessary to enable the staff to make a decision about the service needed. In this context, observation becomes the source of informal information for the service station staff in deciding whether a truck needs maintenance.

The use of informal performance information (stakeholder feedback and the observations) by ALPHA's managers in their daily activities contributes to the achievement of their yearly targets and improves their performance. Responding to the daily feedback promptly contributes to the achievement of the KPI for the percentage of solid waste transported to landfills, as presented in ALPHA's strategic plan. Similarly, the observation of the Secretary about staff discipline in the daily assembly enables him to achieve the yearly targets for the number of staff attending the office on time. The use of this informal performance information in the implementation stage sheds light on the relationship between the formal and informal performance information. Further discussion on this relationship is explored in Section 5.4.

5.1.3 Summary

In implementing its program and activities, ALPHA's managers used the performance information presented in the strategic plan as the guideline to direct their attention on achieving their performance targets. The use of KPIs and output indicators at ALPHA provide evidence of the use of performance information for motivating managers and staff. The presence of this information in the strategic plans not only drives managers to execute activities approved in the budget, but also focuses their attention on their responsibility to coordinate with stakeholders. This coordination is

considered crucial to achieving performance targets. The formulation of strategic objectives to control the generation of waste has encouraged managers to coordinate with communities in promoting a solid waste bank program. The performance target for increasing staff discipline set in the office's strategic plan has also been used to motivate staff.

Informal performance information was also used in the implementation stage. This is crucial to assisting managers in their day-to-day business. Citizen complaints, the Mayor's monitoring, and staff and Secretary's observations, were all sources of informal performance information used in the implementation stage of ALPHA's management cycle. ALPHA's use of performance information in the implementation stage supports the findings of existing studies, which highlight its use to motivate (Behn, 2003), to coordinate with other organisations, and to reward employees (GAO, 2008).

5.2 The use of performance information in BETA

In exploring the use of information at BETA, its strategic plan 2014-2019 and performance reports were analysed. Interviews with Managers C and D were also conducted. The structure of this section follows that of Section 0, beginning with exploring the nature of the implementation stage before examining the use of formal and informal performance information to answer RQ1 and RQ2.

5.2.1 The nature and the use of performance information in the implementation stage

BETA executes programs and activities as formulated in its planning documents in the implementation stage. In executing the plan, formal performance information – the KPIs and the output indicators – are used to guide managers in running their programs and activities. This formal performance information has driven the managers to achieve the performance targets, to coordinate with stakeholders, and to motivate staff. The following paragraphs provide details of the nature and use of this formal performance information.

To demonstrate the use of performance information in the implementation stage, the manager's program for improving the quality of tourism workers is provided as an example. One of the issues faced by BETA relates to the capacity tourism workers, both in terms of quantity and quality. Competition in tourism among Asian countries has become stronger since the introduction of the ASEAN free-trade area. Consequently, BETA needs to prepare City A tourism workers so that they can compete with overseas workers. In its current strategic plan 2014-2019, BETA has developed a strategic objective and KPI to increase the number of certified tourism workers. This strategic objective has been translated into specific activities in the strategic plan, such as: conduct workshops and training for achieving standard competencies in tourism; disseminate regulations regarding

certification for tourism workers; and monitor and supervise certification in the tourism industry (MoTCE, 2014).

Manager D (2015) stated that one of her targets was increasing the number of certified tourism workers. To achieve this target, she needed to increase the capacity of the workers by providing training and encouraging them to take certification for tourism competency standards. She also disseminated information about the importance of certification for tourism workers if they were to effectively compete with Asian countries. In this regard, she stated:

One of my performance targets is to increase the number of tourism workers having standard competencies certificates. The new regulation has mandated that tourism businesses have to employ certified tourism workers. To do so, we conduct training for increasing the capacity of the workers. Then we do tests to certify their competency. Besides, we also promote the need for certified human resources in the tourism industry to businessmen so that they also actively encourage their employees to have certificates. In many cases, the businessmen and the tourism human resources do not realise that certification is not only our challenge to face the ASEAN Economic Community competition, but also theirs. (Manager D, 2015)

Besides conducting training and disseminating information, Manager D (2015) also developed a database of competencies of workers in the tourism industry sector. At the time of interview, the manager did not have information about the percentage of workers holding certificates for standard competencies in the tourism industry. The manager argued that it was important for her to have the database so that she could monitor the progress of her performance. In 2015 she started to conduct surveys to collect data regarding certification for competency standards in the workforce. This would be used for increasing the number of certified tourism workers and for measuring her performance.

The presence of KPIs and output indicators not only produced a motivational effect on BETA's managers, it also encouraged them to conduct coordination activities as part of their main tasks. To achieve the target for increasing the number of certified tourism workers, Manager D (2015) needed to coordinate with other organisations. In relation to this coordination, she elaborated:

Besides conducting training, we also disseminate information regarding the certification to tourism business segments, such as hotels and restaurants. After we disseminate the information, several business owners ask us to facilitate certification for their workers. In general, the issue is that they do not realise the threat if the foreign workers compete and they do not know what to do.

Manager D (2015) confessed that it would be hard to increase the number of certified tourism workers significantly if she relied solely on BETA's budget. Hence, coordinating with tourism businessmen to raise their awareness for certifying their workers was a way of boosting her performance against improving the capacity of the tourism workforce (Manager D, 2015).

The strategic objective of increasing the number of certified tourism workers also drove Manager D (2015) to improve the capacity and the capability of her staff. This was due to the lack of staff having the assessment competencies needed for certifying tourism workers. She (2015) asserted:

One of our problems is that we do not have enough assessors for certifying tourism workers. In order to accelerate the number of certified tourism workers, we assigned our staff to undergo training for assessment. I hope we can speed up the number if we have assessors. Now, we have five assessors.

The description of Manager D's effort to increase the number of certified workers highlights the use performance information in the implementation stage. The formulation of the strategic objective, together with the KPI (Kaplan & Norton, 1996) in the strategic plan, has guided and shaped the activities that would be conducted in the implementation stage. The presence of targets motivated the manager not only to achieve the outputs but also to find the most effective way to achieve her target, including building coordination with businessmen to raise their awareness. Also, the presence of a quantifiable yearly target drove the manager to motivate her staff to undergo assessment training to augment the number of certified tourism workers.

The use of KPIs and output indicators can also be seen in the effort of Manager C to achieve the strategic objective of increasing the number of tourists. The presence of a quantifiable target in the strategic plan, against which his performance would be measured, motivated the manager to implement the activities as set out in the plan. Specific activities included: holding tourism events; disseminating tourism information; conducting analysis in the tourism sector; holding tourism promotion exhibitions; and coordinating with other organisations.

One of the critical activities undertaken in the implementation stage was to collect and analyse data regarding the number of tourists. Manager C (2015) admitted that in relation to measuring his performance, obtaining valid data on the number of tourists, specifically international tourists, was his main challenge. It is difficult to determine accurate data as, in many cases, international tourists do not come directly to City A, visiting other cities in Indonesia first. However, data from the City A immigration office only records those who come directly to the city from their home countries. In this regard, Manager C (2015) elaborated:

Collecting valid data is essential for me. With the data we can formulate the most effective strategy for promoting tourism. If we collect invalid data, we may produce invalid strategies for promoting tourism. We may target the wrong market. To do so, we have tried to gather data from three sources, the bureau of statistics, immigration, and from an independent academician. With this data, we also can use it for analysing the trend, why the number is increasing and why decreasing.

The presence of the target for increasing the number of tourists in the strategic plan has also encouraged Manager C to coordinate with other organisations. Manager C (2015) acknowledged that

BETA could not attract more tourists without cooperating with other organisations and admitted that although City A has tourist destinations and attractions, few international tourists know about them. To attract more tourists, the manager needed to cooperate with travel agents in Bali to promote the city, as more overseas tourists know Bali better than City A. Manager C (2015) elaborated:

This year we cooperate with travel associations which promote Bali and the surrounding areas. We cannot promote only City A by ourselves. Cooperating with them enables us to promote City A to the tourists. Bali is already famous. Tourists will come to Bali. We need to cooperate with the association to approach the tourists to come to City A. In marketing the city, we promote not only City A but also beyond. So, although they want to go beyond City A, such as go to Toraja, they will stay in City A because the best hotel in the areas is in City A.

Besides coordination with other organisations, the manager also motivated his staff to perform better in the implementation stage. Manager C (2015) acknowledged that several staff did not have the motivation to learn, especially regarding how to market and promote city tourism. However, the manager was aware that to promote tourism, the staff needed to increase their knowledge. Manager C (2015) asserted that he needed to encourage his staff to learn how to design and organise events to attract tourists. In this regard, Manager C (2015) said:

In general, my staff has capabilities to do their job. However, they are sometimes not eager to learn. To promote tourism, I encourage my staff to watch YouTube so that they get some insight how to organise events. The design of this room interior is also part of my way to oversee what the staff is doing with their computers. Watching videos about events enriches their knowledge so that they can copy or add value to the events that we want to design.

The examples of Manager C's and Manager D's efforts to achieve their performance targets provide evidence of the use of KPIs and output indicators at BETA. The translation of the strategic objectives into specific activities laid a foundation for managers to use performance information as identified in the strategic plan. The use of performance information in the implementation stage supports the propositions of (Ho, 2005; Poister, Pasha, & Edwards, 2013) that integration of performance information in the strategic plan is important for driving managers to use performance information. Furthermore, the use of performance information at BETA in the implementation stage also sheds light on the importance of translating the strategic objectives into specific activities, as this focuses the managers on achieving the outputs that lead to achievement of yearly targets.

5.2.2 The use of other types of performance information in the implementation stage

In conducting their day-to-day business, BETA's managers used not only KPIs and output indicators but also informal performance information. In the implementation stage, the sources of informal

performance information for the managers were media coverage and observation. Details of the informal information are as follows.

The media

The media has a crucial role in promoting tourism as it influences the image of the city. Therefore, building good communication with the media was important for BETA. Manager C (2015) asserted that media coverage has raised his awareness of its impact on tourism. In this regard, Manager C (2015) said:

We facilitate social media to promote our programs. If we have an event, we post the news. We upload the news on Twitter. The media plays a crucial role in building the image of the city tourism. I always talk to the media and ask the journalists to work together to promote the city tourism. In many cases, the media blows up motorcycle gang violence or student riots and demonstrations, which creates fears for those who want to visit the city. This media coverage potentially prevents people from coming to this city because to build tourism we need to build the city image.

The manager's view indicates his concern about the critical role of the media in building the city's image. His belief about the impact of the media encouraged him to cooperate with journalists to promote tourism. The target of increasing the number of tourists, as set in the strategic plan, inspired the manager to collect other information which was useful for him when making decisions in his day-to-day business. Cooperation with the media was part of his main responsibilities to improve coordination, as mandated in BETA's job descriptions (MoTCE, 2009).

Observation

The second source of informal performance information used in the implementation stage of the management cycle at BETA was observations. In fact, observations were inherent in each manager's activity (refer to MoTCE, 2014). Executing programs and activities as approved in the budget allowed the managers to learn from their observations. For example, in conducting monitoring of the capacity of community-based tourism businesses, Manager D (2015) could observe the economic activities of the businesses. Manager D (2015) pointed out that based on her observations during monitoring, she could see that the capability of the community businesses had improved. However, based on her monitoring, she identified that the main problem in promoting the businesses lay in marketing their products. In this regard, she asserted:

We have improved their capability by providing training, such as producing souvenirs. We also conduct an evaluation to examine how they implement what they have learned in training. We need to know their progress. Based on my observation, their capacity has improved. Some of them have workshops to display their souvenirs. However, I need to admit that their major challenge is to market their product. (Manager D, 2015)

Manager C (2015) agreed with Manager D that conducting observations was critical in designing attractive events to promote tourism. He also acknowledged that it is important to learn from others' tourism events. That was why he motivated his staff to watch YouTube to observe how other organisations design attractive events.

The importance of media coverage and information gathered from observations in supporting management decision-making provides evidence for the use of informal performance information in the implementation stage of the management cycle. Information collected from the media enabled Manager C to determine a strategy to build the image of the city, while information gathered from observation allowed Manager D to define her action for following up on the problem of strengthening tourism communities. The use of informal performance information, in turn, would contribute to improving the performance of BETA. This finding supports the argument of Mintzberg (1975), who maintained that informal information is perceived as a richer source of information. In BETA's context, informal information provided managers with detailed information to assist them in their day-to-day business, rather than relying solely on KPIs and output indicators.

Stakeholder feedback

As a working unit in LGA, BETA receives feedback from the Mayor as that in ALPHA. The mechanism and the type of information used in the implementation stage of the management cycle were also similar to that in ALPHA (refer to section 5.1.2).

5.2.3 Summary

The use of formal performance information in the strategic plan laid a foundation for its use in the implementation stage. The use of KPIs and output indicators, as discussed previously, informed the first and the second research questions (RQ1 and RQ2). In the implementation stage, the KPIs and output indicators were used to motivate managers to achieve their performance targets. These indicators also encouraged managers to coordinate with other organisations and to motivate staff.

In the implementation stage of the management cycle, BETA also used informal performance information as a complement to formal information. The sources of informal performance information used in the implementation stage were media coverage, the Mayor's communications, and the managers' observations during monitoring activities.

5.3 The use of performance information in GAMMA

In exploring the use of performance information, GAMMA's strategic plan 2013-2019 was investigated and interviews conducted with Managers E, F, and G. The structure of this section follows that of the previous section (0 and 5.2). The nature of the implementation stage is explored,

before examining the use of formal and informal performance information at GAMMA to answer RQ1 and RQ2.

5.3.1 The nature and the use of performance information in the implementation stage

The main activity in the implementation stage of the management cycle at GAMMA was executing its strategic plan. GAMMA also used its KPIs, selected from the outcome indicators, as a driving force for managers to achieve their yearly targets. The output indicators encouraged managers to fulfill their activities as stipulated in the budget documents.

To illustrate the use of performance information in the implementation stage of the management cycle, GAMMA's attempts to achieve its strategic objective to increase the number of traders are discussed. In its strategic plan, GAMMA identified a KPI and quantifiable target for this growth in trader numbers. The KPI to measure the achievement of this strategic objective was the number of permits issued for new businesses. To achieve this objective, GAMMA designed a program to increase the efficiency of local trading. This program involved several activities, such as simplifying business processes, and revitalizing marketplaces along with distributing commodities. GAMMA also identified output indicators for each activity (refer to BOITM, 2013a). In 2015, GAMMA promoted ease in doing business to help business activities flourish in the district. In this regard, Manager E (2015) stated:

One of the measures to assess my performance is to do with the issuance of trading permits. My performance will be evaluated by measuring my ability to provide ease in processing trading permits and to ensure that no fees are applied. So, if there is an application submitted to our team, we then check the location. We can process the application in a day. We give authority for the manager to approve the application, rather than waiting for the head office to sign the permits. The ease in processing permits is our innovation.

Another activity conducted to achieve the strategic objective of increasing the number of traders was to revitalize the marketplace. This activity had also been formulated in the strategic plan and approved in GAMMA's budget document. In 2015 GAMMA rehabilitated the market through a pilot project for 'a healthy market'. Manager E (2015) elaborated:

The 'Lamboca' market is one out of nine pilot projects for the healthy, green and convenient market in Indonesia. In this market, we provide medical staff, and we also provide smoking areas. Similar to other markets, traders do not need to pay for leasing their stalls in the market. We just want to improve the traders' prosperity. Everyone has the same opportunity to do business in City B.

Besides executing the activities approved in the budget document, GAMMA also cooperated with other organisations to achieve its strategic objectives. To increase the number of traders, Manager H (2015) said that GAMMA cooperated with the one shop service unit, another working unit in the LGB

jurisdiction with the main task of processing any permits in LGB. In this regard, Manager H (2015) said:

In 2015 we cooperated with one shop service unit in order to issue trading permits in one day. We proactively help the traders to fill their application form. The traders just need to come. As the permits have been processed, the head of one shop service unit will sign the permits.

The presence of KPIs in the strategic plan also motivated GAMMA managers to cooperate with NGOs. Manager H (2015) acknowledged that she faced a shortage of staff for monitoring small and medium enterprises. Due to the lack of staff, she cooperated with an NGO to meet her targets. Manager H (2015) asserted:

Ideally, each subdivision head has two staff. But now, we have three subdivision heads with one staff member. It is hard, but we tried to do as best as we can. It is impossible for us to collect data in eight sub-districts with limited staff. This year we cooperate with an NGO to support our task to collect data regarding the industries. What we do is to check the data from the NGO.

In short, the KPIs were used to motivate managers to achieve the targets as set out in GAMMA's strategic plan. The presence of KPIs also encouraged the managers to cooperate with other organizations to achieve their performance targets. The use of performance information by managers in the implementation stage at GAMMA also points out the importance of integrating KPIs in the strategic plan as promoted by Ho (2005). The use of performance information to focus managers' attention to implement activities confirms the significance of translating strategic objectives into specific activities in the strategic plans, as suggested by Kaplan (1996) and Niven (2008).

5.3.2 The use of other types of performance information in the implementation stage

Besides using KPIs and output indicators as presented in its strategic plan, GAMMA's managers also used informal performance information in the implementation stage of the management cycle. The source of informal performance information used was observations.

Observation was conducted in conjunction with programs and activities. Interviews with Manager G (2015) and Manager I (2015) indicated that information generated from observations during programs and activities gave them valuable insight to help them improve their performance. Manager G (2015), for example, explained that, to know the stability of the price in the market, he needed to conduct observations. He elaborated:

We have staff who are responsible for ensuring the distribution of goods and services. They also have to provide information on the price of the staple food. We conduct an

investigation together with the staff at least once in a month to check the price of the commodity in the market. We go to the market and check the availability of commodities. More specifically, we focus on the distribution of the commodity.

Manager G's (2015) explanation implies that to generate information about the stability of the price, he needed to observe the market directly, together with his staff. His views suggest that the information generated from his observations was also useful for making decisions about the distribution of commodities in City B.

Information generated from observations was also used by Manager I (2015), who was responsible for managing mining and electrification in LGB. Observations were conducted by Manager I (2015) in conjunction with monitoring mining activities. He said:

We have two sub-divisions: the mineral and gas and the mining. The responsibility of the mining sub-division is to oversee the mining activities in this district. We have the data of the miners without permits. Based on our supervision we recommend them to process the permits. If they do not want to follow up the recommendation, we will take action. In many cases, the miners do not understand that they have to hold permits before they can operate their activities.

Manager I (2015) indicated that information about the problem in mining activities was generated from observations during supervision. In this regard, the performance target set in the strategic plan, the number of mining business without permits given permits (refer to Section 4.3.2 in Chapter 4), could be achieved by conducting observations on mining activities in City B.

Apart from observations, GAMMA's informal performance information in the implementation stage of the management cycle was obtained from the conversation with the Regent. Every Monday morning City B's Regent hold face-to-face meetings, called 'coffee morning' with all working unit's heads in LGB's jurisdiction. Manager E (2015) maintained that in these meetings any issue faced by working units was discussed to find solutions. Besides the current issues, the meetings facilitated the regent and LGBPA to evaluate the achievement of performance targets of every working unit.

The use of informal performance information at GAMMA suggests that the context within which an organisation is operating shapes the type of information used. Further discussion on the factors influencing the type of information used in this stage will be discussed in Section 5.4.

5.3.3 Summary

In the implementation stage of the management cycle, GAMMA's managers used KPIs and output indicators for executing their programs and activities. The KPIs were used to direct managers to focus on implementing the strategic plan. GAMMA used KPIs and output indicators to inspire managers to achieve performance targets as set in the strategic plans. To assist managers in achieving yearly performance targets, performance information was gathered from observations. The fact that

GAMMA only used observation, and did not use make use of media coverage or feedback from stakeholders as their counterparts did, suggests the need to investigate the factors that influenced the difference. Further discussion on the different uses of performance information across cases is presented in the following section.

5.4 Case comparison and discussion

Several studies highlight that the use of performance information allows organisations to improve performance and enhance accountability (Folz et al., 2009; Julnes, 2006; Kopczynski & Lombardo, 1999; Moynihan, 2009; Poister, Pasha, et al., 2013; Van Dooren et al., 2010). Previous studies have also listed the specific use of performance information, such as: to develop strategy; to plan and set targets; to allocates resources; to draw up program priorities; to establish milestones; to provide feedback; to review; to improve the management of program operations; to change the work processes; to set new or revisit existing performance goals; to reward government employees and develop and manage contracts (ANAO, 1996; GAO, 2008). Hatry (2006) also promoted the use of performance information for: delegating greater authority and flexibility; creating non-financial incentives for improved program performance; creating financial incentives for effective organisational performance; and providing training and technical assistance.

While there is an extensive number of studies on the use of performance information, little is known about how it is used in implementing programs and activities. The existing studies predominantly address its use in planning (ANAO, 2002; GAO, 2008) and evaluation processes. Few studies examine how performance information is used in the implementation stage. Three purposes of performance information use in the implementation stage have been highlighted by Behn (2003): to motivate staff, to learn, and to celebrate. However, studies do not give detailed explanations as to how the information is used.

This section compares and contrasts the use of performance information in the implementation stage of the management cycle in the three offices. The discussion addresses RQ1 and RQ2: which information the managers used; and how the information was used.

5.4.1 Which information did managers use? (RQ1)

The individual cases presented all used KPIs and output indicators. The alignment of the use of performance information with the four BSC perspectives in the implementation stage (refer to the red line in Figure 5-1) is similar to that in the planning stage, as discussed in Chapter 4. Table 5-1 compares and contrasts the use of performance information in the three offices aligned with the four BSC perspectives. The shaded areas in the table indicate the use of performance information in the

three offices for each perspective of the BSC. This table also lays a foundation for examining the actual use of performance information in the three offices against the framework for the use of performance information in the implementation stage (refer to Figure 5-1).

Table 5-1: Summary of the use of KPIs and output indicators in the three offices

Performance information	Customer	Internal business process	Learning and growth	Financial	Others
KPIs					
ALPHA					
BETA					
GAMMA					
Output					
ALPHA					
BETA					
GAMMA					

It is clear from Table 5-1 that the three offices used KPIs in the implementation stage of the management cycle. As already stated, the KPIs used in this stage are similar to those utilized in the planning stage. In the planning stage, ALPHA's and BETA's KPIs aligned with the four perspectives of the BSC (customer, internal business process, learning and growth, and financial), while BOTM's KPIs only aligned with three BSC perspectives (customer, learning and growth, and financial). In the implementation stage of the management cycle, the three offices consistently used these KPIs. Further discussion on how the KPIs are used by the managers of the three offices is presented in Section 5.4.2.

The three offices also used output indicators in the implementation stage to execute their strategic plans. Programs and activities approved in the budget documents were carried out in this stage. In general, the three offices' output indicators addressed the four perspectives of the BSC in the planning stage, as discussed in Chapter 4. However, GAMMA did not develop KPIs relating to the learning and growth perspective, despite the office designing programs for improving the capacity and discipline of its employees. GAMMA also created activities along with their output indicators to run these programs (refer to Section 4.4.1. in Chapter 4). However, in 2014, GAMMA did not receive a budget allocation for implementing these programs and, as a result, failed to execute programs and activities contained in its strategic plan. The inability of GAMMA to complete the activities indicates that output indicators for the activities related to improving the capacity of employees were not used by the managers. Further discussion on how the managers used output indicators is presented in Section 5.4.2.

In the implementation stage of the management cycle, the three offices not only used the KPIs and output indicators as presented in their planning documents (referred to in this study as formal performance information), they also used informal performance information. This included media coverage, information from the internet and the mayor, and observations from staff and managers.

Table 5-2 summarises and compares the use of informal performance information in the three offices. Five types of informal performance information were used by the managers in the three offices in the implementation stage.

Table 5-2: The use of informal performance information in the implementation stage

Source of Information	ALPHA	BETA	GAMMA
Media coverage	N/A	The media coverage influences the visitor's decision to come to the city so managers need to cooperate with the media	N/A
Internet	Citizen complaints	Social media	N/A
Staff observations	Staff oversight of the dirty spots in the city	N/A	Staff observation on collecting data regarding the price of commodities
	Staff observation for maintaining the trucks		
Managers' observations	The Secretary conducts observations for attendance	Information gathered from monitoring is necessary to strengthen tourism businesses	Information gathered from monitoring is required to strengthen small and medium enterprises
Mayor's/Regent's communication	The use of WhatsApp to provide prompt responses		Face-to-face weekly meeting

It is clear from Table 5-2 that the three offices used different types of informal performance information. Even within the same local government, different types of informal performance information were used. Media coverage was used extensively by BETA's manager, while ALPHA and GAMMA did not consider its importance in the implementation of their plans. Also, the internet provided information for ALPHA's and BETA's managers in delivering their day-to-day services, while GAMMA's managers did not take this into account in executing their programs and activities. Staff observation was used by ALPHA, but not by BETA, despite them both being working units of LGA. GAMMA's manager also reaped the benefits of using staff observations.

All three offices used information generated by observations during programs and activities in the implementation stage. The other type of informal performance information used in common was communication with the Mayor/Regent. The Mayor's establishment of a WhatsApp group for communicating with the working unit heads in LGA provided useful information for ALPHA's and

BETA's managers to improve their service delivery. The LGB Regent also actively conducted 'coffee morning' meetings with working unit heads every Monday, producing useful information that the unit heads would pass on to managers.

A comparison on the use of performance information in the three offices suggests that KPIs, output indicators, and informal performance information were used in the implementation stage of the management cycle. However, the level of alignment of the formal performance information (KPIs and output indicators) with the four BSC perspectives differed (refer to Table 5-1). ALPHA's and BETA's managers used KPIs and output indicators aligned with the four perspectives, while GAMMA's managers aligned theirs with only three perspectives. The three offices also used different types of informal performance information.

5.4.2 How was the information used? (RQ2)

In addressing RQ2, performance information will again be divided into two: formal and informal. This classification is useful for understanding how these two broad types of information were used and how they relate each other. Existing studies predominantly emphasise analysis of formal information, while there is a lack of literature that interrogates the use of the informal (Kroll, 2013b). Hence, the exploration of these two types will contribute to the literature on performance information.

The use of formal performance information

In structuring this section, the way the managers used the information is divided according to the findings from the three offices on the use of performance information in the implementation stage:

1. *The use of KPIs for motivating managers.*
2. *The use of KPIs for coordinating with stakeholders.*
3. *The use of output indicators for motivating managers.*

The use of the KPIs for motivating managers

Examining the individual cases, as discussed in the previous section, suggests that KPIs were used to motivate managers and to allow them to coordinate with stakeholders to achieve their strategic objectives.

Table 5-3 illustrates how the managers of the three offices used their KPIs. This table allows for an examination of the differences and similarities in the use of performance information across the three offices.

Table 5-3: Comparing how the managers used performance information

	ALPHA	BETA	GAMMA
Motivating managers to achieve strategic objectives addressing the customer perspective			
The KPIs (1)	The percentage of solid waste transported to landfills	The number of certified tourism workers	The growth of industry
How the KPIs are used	The managers and the secretary campaigned for the 3Rs, procured waste scales, and refined truck maintenance SOP	The manager tried to disseminate information to tourism businesses, to conduct training and workshops, and to develop a database	The manager has attempted to promote ease in obtaining permits for setting up businesses
Motivating managers to achieve strategic objectives addressing the learning and growth perspective			
The KPIs (2)	Absentee index	The number of staff receiving training	None
How the KPIs are used	The secretary has procured fingerprint machine and has encouraged the staff to attend on time	The manager has encouraged the staff to learn from other organisations' events	None

The use of KPIs for motivating managers can be seen in how the managers achieved the three different strategic objectives: reducing waste; increasing the number of certified tourism; and growing industry.

For ALPHA, the formulation of KPIs and the target to increase the percentage of solid waste transported to landfill, motivated the manager to achieve the target. The office aligned this target by putting effort into reducing waste generation. To do so, ALPHA created activities involving the community, including their 3R campaign (reduce, reuse, and recycle) and community-based waste banks. The formulation of the specific activities in the strategic plan provided a clear guideline for the managers in the implementation stage.

The use of KPIs to motivate managers was also found at BETA. The presence of a KPI to increase the number of certified tourism workers encouraged the manager to achieve their performance targets. BETA set specific activities in its strategic plan to increase the number of certified tourism workers, such as disseminating regulations and providing training. Another critical activity conducted by the BETA's manager was to create a database for the workforce to design further strategies to respond to increasing competition from foreign workers. Manager D's efforts to disseminate information to tourism businesses, to conduct training and workshops, and to develop a database for the tourism industry indicated her commitment to achieving the target set in the strategic plan.

A similar use of KPIs to motivate managers could also be seen at GAMMA. For example, to grow the industry sector, GAMMA designed an activity to promote ease in obtaining permits for setting up

businesses (BOITM, 2013a). Manager H's (2015) initiative to proactively help businessmen fill out their application forms (at no cost) to boost the number of permits issued (refer to Section 5.3.1) is evidence of her attempt to achieve the targets for growing of industry sector.

The use of formal performance information to motivate managers indicates a similarity amongst the three case study offices. The three strategic objectives and their KPIs, as shown in Table 5-3, are aligned with the customer perspective of the BSC. As discussed in Section 5.4.1, the three offices formulated their KPIs and output indicators in alignment with the customer perspective of the BSC in their strategic plans.

The presence of KPIs in the strategic plans motivated managers to use information in the implementation stage of the management cycle. In contrast, the absence of KPIs meant that managers were not motivated to carry out activities that may have contributed to improved performance. Table 5-3 shows that ALPHA's and BETA's managers used KPIs to achieve their strategic objectives to improve staff discipline and to enhance the capability and the capacity of staff (refer to KPIs (2)). These KPIs, were formulated in the offices' strategic plans, and are aligned with the learning and growth perspectives of the BSC. ALPHA's manager procured a fingerprint machine and encouraged staff to attend work on time, aligning staff attendance with fringe benefits to improve discipline. BETA's manager encouraged his staff to watch other organisations' tourism events to improve their capability and capacity to produce excellent tourism events. In contrast, the absence of strategic objectives and KPIs against the learning and growth perspective meant that GAMMA's manager had no incentive to conduct activities to improve the capability and the capacity of staff. In fact, as discussed in Chapter 4, GAMMA suffered from staff shortages.

The use of performance information to motivate managers at the three offices confirms the proposition of Behn (2003), who argued that the development of significant goals to achieve targets focuses people's thinking and work, and provides a sense of accomplishment. Furthermore, Behn (2003) also highlighted that indicators that motivate improve performance and drive learning. The use of performance information in the three offices also supports earlier studies (see Boyne & Chen, 2006; see Su Jung & Lee, 2013) which suggest that the presence of clear and reasonably challenging performance goals and measures encourages employees to improve their performance. Poister, Pasha, et al. (2013) also maintained that performance targets keep the focus of managers on ensuring that these are achieved. The presence of performance measures and targets in the three offices has provided evidence of this. Similarly, Behn (2003) also maintained that the formulation of goals draws people's attention and concentrates their thinking and work on accomplishing performance targets.

The use of KPIs in the implementation stage in the three offices also reveals the importance of using the information in planning documents. The presence of the three strategic objectives and the KPIs aligned with the customer perspective of the BSC encouraged the managers to carry out activities stated in the plan. In contrast, the absence of a KPI aligned to the learning and growth perspective discouraged GAMMA's manager from developing activities in this area.

The use of performance information in the implementation stage also confirms the goal-setting theory promoted by Locke and Latham (1990). This theory explains what causes some people to perform better on work-related tasks than others. Locke and Latham (2013) later elaborated on this point, arguing that one of the mechanisms for determining how goals affect individuals is the directional effect, by which specific goals activate the knowledge and skills of a person seeking to attain those goals. The three cases confirm this directional effect. The KPIs and the quantifiable targets presented in the strategic plans stimulated the managers to exert their knowledge and skills. For example, the strategic objective to reduce waste generation motivated ALPHA's managers not only to campaign for waste banks but also to involve schools in the city cleanliness movement (see Section 5.1.2).

The use of KPIs for coordinating with stakeholders

As well as using KPIs for motivating managers and staff, the three offices also used them for strengthening coordination with stakeholders. ALPHA included coordination in its strategic plan as one of the strategies to achieve its vision (MoLC, 2014). This strategy was also translated into specific activities in the plan, including promoting solid waste banks and training the community to manage waste using the 3Rs. The presence of targets to reduce solid waste motivated the managers to involve communities in ALPHA's program and activities.

The use of performance information to enhance coordination can also be found at BETA and GAMMA. In delivering services, BETA coordinated with stakeholders to promote tourism. These stakeholders included travel agents, event organisers, artists, and tourism businesses. The need for coordination was highlighted by Manager D (2015), who was responsible for promoting small tourism businesses. She said:

We have a role in strengthening the community participation in tourism. We established groups to strengthen tourism small businesses in 14 sub-districts. Some groups run culinary and souvenirs businesses. We support the groups by connecting them with institutions which enable them to provide funds to support their businesses. However, to some extent, we have barriers in marketing their products.

Similarly, GAMMA's managers also needed to coordinate with other organisations to achieve their strategic objectives. Manager H (2015) cooperated with an NGO to assist her in collecting data about

small and medium enterprises. Manager I (2015) also needed to cooperate with a central government agency to electrify remote area households. Both managers hoped that their cooperation efforts would contribute to achieving the targets set in GAMMA's strategic plan.

The use of output indicators for motivating managers

Output indicators are defined as the number of products and/or services completed or delivered (Hatry, 2006; Ho & Ni, 2005; MoIA, 2010). These indicators express the things that the program's personnel have done (Hatry, 2006). As discussed previously, in the implementation stage the three offices executed their programs and activities. Like the KPIs, the output indicators also had a motivational effect on the managers. Behn (2003) maintained that although managers are required to achieve outcomes, the output data provides useful feedback as it allows them to analyse the problem in the process of delivering programs and activities. He further asserted that output targets can motivate people to focus on improving their agency's internal process to produce the outputs, while outcome targets enable people to look outside their agency.

The use of output indicators in the implementation stage also provides evidence of how they are interrelated with the KPIs. The three cases in this study show that both types of indicators have a motivational effect. While the KPIs and their targets drive the managers to achieve yearly targets, the output indicators are used as a reference for the managers in running their day-to-day business. The budget documents, which present the activities together with their output indicators, guide the managers in the implementation stage, especially regarding output that they must produce.

The translation of the strategic objectives and KPIs into activities, along with the output indicators in the strategic plans, encouraged managers in the three offices to use them in the implementation stage of the management cycle. ALPHA, for example, translated one of its strategic objectives to reduce waste generation into several activities to contribute to the achievement of performance targets, including: promoting community-based waste banks; improving the facilities for managing waste; and improving the SOP for maintaining trucks. The formulation of the KPIs to measure the accomplishment of its strategic objectives motivated managers to achieve performance targets. In relation to controlling waste, the target for reducing waste generation encouraged managers to conduct activities as set out in planning documents, as this would contribute to the achievement of the yearly target.

Similarly, the presence of the target to increase the number of tourists, as one of BETA's KPIs, encouraged managers to conduct activities and achieve the output targets formulated in the strategic plan and approved in the budget document. The translation of the strategic objectives into activities in BETA's strategic plan encouraged managers to focus on the activities as these would

contribute to the achievement of their performance targets. To achieve the target, for example, Manager C (2015) initiated the design of various events to attract tourists. The presence of output indicators for each event encouraged the manager and staff to optimise their potential when developing these activities. Manager C (2015) even suggested his staff watch YouTube to help them become more creative in designing attractive events (refer to Section 5.2.1).

The use of performance information in the three offices, in fact, also facilitated opportunities for the head offices and managers to discuss and learn about problems to find better solutions. These solutions could be used in future plans. Manager C (2015) at BETA confirmed that his head office always conducted a weekly meeting to evaluate what the managers in his office had done and what plans they would be executing. He also added that his head office always asked how he had prepared an event, including the promotion and advertising. Further discussion on the use of performance information in monitoring and evaluation of performance is provided in the following Chapter.

Evidence from the three offices enriches the existing literature regarding the use of the output indicators in the implementation stage. Few studies have investigated the use of output indicators in the implementation stage. Studies in this area predominantly analyse data generated from surveys, which lists how performance information is used, without providing detailed explanation. Angiola and Piervito (2015) conducted surveys on the use of four types of performance information – output, productivity, quality, and outcome – and found that besides budgeting and reporting, their respondents admitted that they used output indicators for analysing and discussing organizational performance. However, they did not elaborate on how they analyse and discuss the performance. Sanger's (2012) study also revealed that the outputs facilitate managers in Charlotte, North Carolina, to discuss and learn the problems in their day-to-day business.

In relation to the framework for the effective use of performance information (refer to Figure 5-1), ALPHA and BETA used output indicators aligned with the four BSC perspectives, while GAMMA did not use indicators aligned to the learning and growth perspective (refer to Table 5-3). As already discussed, GAMMA's strategic plan 2013-2018 shows that the office had designed activities to improve discipline and enhance staff capacity and capabilities. However, GAMMA's 2014 report suggests that the managers failed to conduct these activities due to a lack of budget approval. The failure to conduct activities addressing the learning and growth perspectives not only indicates that budget approval is crucial for guiding managers to focus on output targets, but also that there is a significant effect on formulating KPIs. Unlike the other two offices, BOIM did not formulate KPIs aligned with the learning and growth perspectives. The presence of ALPHA's KPI aligned with this

perspective motivated the Secretary not only to procure an attendance machine, as approved in the budget, but also to encourage staff to come to the office on time.

The use of other types of performance information

Existing studies on the use of performance information predominantly emphasise the use of formal performance information (i.e., performance indicators). In fact, Mintzberg (1975) warned that formal information, including indicators, has limitations in terms of assisting managers in making decisions. Jones et al. (1989) suggested that different levels of management need different types of information. They highlighted the importance of informal information, such as that generated from observations, telephone calls, and even non-verbal informal information.

Investigation in the three offices reveals that informal performance information was also used by their managers in the implementation stage of the management cycle. In this stage, managers used informal performance information more extensively than they did in the planning stage, as they needed more detailed information to run their day-to-day business. Budget documents, which presented the number of goods and services that should be achieved, as well as the unit cost of materials used to conduct these activities, guided managers on spending their money. As discussed earlier, KPIs drive managers to achieve yearly targets and output indicators encourage them to achieve the output for each activity in a financial year. Informal performance information in the implementation stage of the management cycle, however, assists managers with more detailed information. The types of information used by the three offices, as presented in Table 5-2, are: media coverage; the internet; communication with the Mayor/Regent; and observations by staff and managers. Details about how managers used this information (RQ2) are as follows.

The media

Media coverage is a source of informal information used by BETA, while ALPHA and GAMMA did not consider it as an influential factor in delivering their services. As an organisation that manages tourism, the media plays a crucial role in attracting people to visit a city. The importance of the media encouraged Manager C (2015) to cooperate with journalists when promoting city tourism. Manager C (2015) complained that the media often overlooked the negative impact of their extensive coverage on crime and strike news, which could tarnish the city image. The role of the media in building city images to attract tourists has also been addressed in tourism studies (refer to Castelltort & Mader, 2010; Hanefors & Mossberg, 2002; Pizam, Tarlow, & Bloom, 1997). Positive coverage of successful events and attractive tourists destinations can entice tourists to come to a city (Castelltort & Mader, 2010). In this regard, generating information from the news was important for BETA, while it was not so crucial in influencing the performance of the other offices.

The Internet

The second informal information used in the implementation stage of the management cycle was that generated from the Internet. ALPHA's informal information, which assisted the managers in the implementation stage, was drawn from their application, UCare. The development of UCare enabled ALPHA's managers to receive complaints from citizens daily, to which they could respond promptly. The use of UCare by ALPHA's managers indicates the involvement of citizens in the performance management process, which has been suggested in previous studies (Epstein et al., 2006; Ho, 2007).

BETA initiated communication with citizens through social media. This type of communication allowed the office to not only receive feedback from citizens about improving programs and activities, but also to inform BETA's performance in delivering programs to them. GAMMA, on the other hand, did not communicate with the citizens using the internet. Most of their communication with the community was achieved through face to face contact, especially when running programs and activities. The different use of this type of information might be attributed to the characteristics of the region and the demographics of the two local governments (i.e., City A is urban and City B is rural). This will be discussed later in Chapter 8.

Communication with local government heads

Another form of informal performance information is generated from the communication with local government heads (the Mayor or the Regent). As already discussed, LGA's Mayor developed a WhatsApp group called *I love City A city* to communicate with the office heads in his jurisdiction. If the Mayor found any problems related to the cleanliness of the city, for example, he would use WhatsApp to share this with the head office of ALPHA. The head office would then coordinate with the division managers to follow up on the Mayor's feedback. As the problem is settled, the heads can respond to the Mayor's feedback quickly by sending a text and/or a picture that can be used as proof of their responsiveness in delivering services. The head, in fact, also can show his performance to the Mayor. The LGA's Mayor has shaped the use of informal performance information in ALPHA and BETA (refer to Section 5.1.2).

While the LGA Mayor used an online application as a communication tool, GAMMA's Regent conducted weekly meetings with the office heads in his jurisdiction. Each unit head in LGB reports to this meeting on their progress. The Regent also initiates discussion if any problems are found following observations or community complaints. After these meetings, the office heads in LGB, including the GAMMA, discuss any problems with managers in all their office divisions.

Observations

One form of informal performance information used by the three offices is information gathered through observations. The types of observations vary across offices (refer to Table 5-2). The use of observation at ALPHA can be seen in the staff monitoring of dirty areas. This allowed the manager to take action so waste that has not been removed can be tackled (Manager A, 2015). Another observation used at ALPHA relates to staff making decisions on truck maintenance. The interview with the Secretary (2015) confirmed that the decision to approve the budget for maintaining trucks depended on the approval of the warehouse staff who observed the status of maintenance records. BETA's informal information was gathered from monitoring tourism businesses. In running this activity, Manager G (2015) monitored the progress of small and the medium size businesses. Manager H (2015) in GAMMA also reaped the benefits of generating informal information gathered through monitoring the activities of small and medium businesses. In supervising the activity of the miners, Manager I (2015) also relied on information from observations (refer to Section 5.3.2).

5.5 Summary of the use of performance information in the implementation stage

Interrogating the use of performance information in the implementation stage of the management cycle indicates that the three offices used KPIs aligned with the four perspectives of the BSC as presented in their strategic plans. These KPIs were used to motivate and guide the managers to achieve their performance targets. The KPIs also facilitated management coordination with other stakeholders. Similarly, output indicators were used to motivate managers. The use of information in the implementation stage of the management cycle confirms the importance of this information in preparing strategic plans. The use of KPIs and output indicators in strategic planning determines their use in the implementation stage because one informs the other.

Examining the use of performance information in the three offices in the implementation stage of the management cycle also sheds light on the significant use of *informal* performance information. This information assisted managers in their day-to-day business. The use of informal performance information – citizens' complaints, Mayor/Regent monitoring, staff oversight, and observations – to improve performance is consistent with Kroll's (2003) belief in the need to include this type of information in defining performance information. Furthermore, the use of informal information also confirms Behn's (2003) classification of performance information use, which is useful for motivating employees. The fact that a manager needs day-to-day information to manage their tasks suggests that non-formal performance information should be used to counteract the limitations of formal information, which is often not used by managers (Mintzberg, 1975).

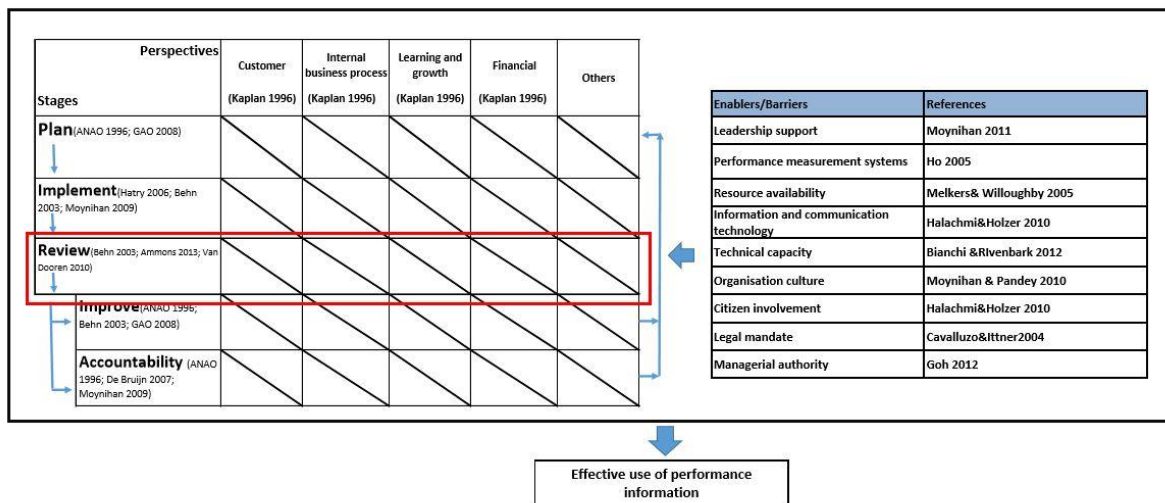
Understanding formal and informal information in the implementation stage prepares the ground for examining the link between both sources of information. Informal and formal information are complementary. It is crucial to utilize informal performance information, which is not widely addressed in the existing literature, to reap the benefits of using formal performance information.

6 THE USE OF PERFORMANCE INFORMATION IN REVIEW

This chapter provides a cross-case comparison of the use of performance information in the review stage of the management cycle at the three individual case studies: ALPHA, BETA, and GAMMA. Two research questions (RQ1s and RQ2) encompassed in the framework developed in Chapter 2 are discussed in this chapter to interrogate and compare which performance information is used in reviewing performance - and how it is used. The chapter provides insights for managers and business units in local governments to inform thinking, debate, and action around the use of performance information in the review stage.

The structure of the chapter aligns with the research framework reproduced in Figure 4-1 below. Sections 0 to 6.3 address both RQ1 (*which* categories of performance information are used to deliver on performance and accountability) and RQ2 (*how* performance information is used) by examining the different types of performance information (as classified by the BSC perspectives) that are used in the review stage of the management cycle in the three offices. RQ1 is framed around the BSC perspectives: customer, internal business processes, learning and growth, financial, and other (represented within the red boundary in Figure 4-1). Section 6.4 compares and contrasts the findings from the three offices in the use of performance information in the review stage. In the presentation of results throughout this thesis, key insights will be in highlighted in an orange box.

Figure 6-1: Framework for the effective use of performance information



Data was collected from archival documents from the three offices (strategic plans and performance reports). Interviews were also conducted with the managers of the three offices to interrogate the use of performance information in the review stage of the management cycle.

6.1 The use of performance information in ALPHA

Two periods of ALPHA's strategic plans (2009-2014 and 2014-2019) and its 2014 performance report were examined to investigate the use of performance information in the review stage. Interviews were conducted with Manager A, Secretary, Manager B, Headplan, and the consultants to gather more detailed information.

In exploring the use of performance information in the review stage, the nature of review is investigated to provide the context within which the information is used. Then, the type of information used and how it was used is interrogated to address RQ1 and RQ2. Performance information is classified into formal and informal to examine the differences and how they interrelate (refer to Figure 4-1).

6.1.1 The nature and use of formal performance information in the review stage

Reviews are conducted in the third stage of the management cycle to ensure the achievement of performance targets. ALPHA's planning documents – strategic plans, annual plans, budget documents, and performance agreements – represent a foundation not only for implementing, but also for reviewing programs and activities. As defined in Chapter 2, reviews involve activities for checking, tracking, measuring, monitoring, and evaluation. Strategic plans allow managers to analyse and evaluate whether strategic goals for the five-year planning period have been achieved. Annual plans provide more detail and specific information about the yearly plan, formulated with reference to the strategic plan. Budget documents endorse ALPHA spending of its financial resources to carry out programs and activities. Performance agreements reaffirm the commitment of ALPHA's head office to achieve performance targets as set out in the strategic plan and the budget documents. In the review stage, the planning documents allow ALPHA's managers to check, track, monitor, evaluate how the performance targets have been achieved. An examination of performance reports and interviews with managers suggests that the review stage of the management cycle at ALPHA involves: yearly performance measurement, and quarterly monitoring and evaluation. Details of the nature and use of performance information are as follows.

Yearly performance measurement

The first type of activity in the review stage of the management cycle is to measure performance yearly. ALPHA measured its performance in conjunction with preparing its performance report at the end of the financial year. In preparing the report, ALPHA's Secretary is responsible for coordinating all ALPHA managers to provide performance data, including measurement and analysis. Measurement is carried out by comparing targets with actual performance. All programs and

activities performed in a particular year are measured, evaluated, and reported in the performance reports (MoLC, 2015).

To investigate the yearly performance measurement, ALPHA's 2014 performance report, strategic plan 2009-2014, and performance agreement were examined. In preparing the 2014 performance report, ALPHA used the previous strategic plan (2009-2014) as a basis for measuring its performance, since the current strategic plan had not yet come into effect. As discussed in Chapter 4 (refer to Section 4.1.2), the problem with the previous strategic plan is the lack of performance indicators and targets. As a result, ALPHA could not measure how well the goals stipulated in the strategic plan 2009-2014 had been achieved or the effectiveness of programs.

ALPHA's performance measurement was conducted based on the targets presented in its 2014 annual plan and 2014 performance agreement (MoLC, 2015). The annual plan and the performance agreement present information about the programs, and the activities along with their output indicators. As the budget for executing these activities had been approved, ALPHA implemented the annual plan and executed its performance agreement. Therefore, ALPHA could only measure its performance using output indicators.

An examination of ALPHA's 2014 performance report suggests that output indicators are used to measure the accomplishment of activities carried out in a year. Despite the inability to measure the achievement of strategic goals using KPIs, which are selected from outcome indicators, ALPHA devoted significant effort to conducting trend analysis of the effectiveness in managing waste. ALPHA's 2014 performance report provides information about trends in the percentage of waste transported to landfills from 2008 to 2014. The report also presents an analysis of this trend and a justification for the inability to achieve maximum performance despite the efforts made to increase the percentage. ALPHA's performance report highlighted that the increase in population was one of the contributing factors in the increase in waste that should be transported to landfills. Furthermore, ALPHA's facilities and the infrastructure could not keep pace with the waste generated by this growing population. The report also pointed out that the inadequacy of facilities, such as trucks and the containers, in managing waste are barriers for the ALPHA in terms of transporting solid waste to landfills (MoLC, 2015).

In addition to measuring output indicators, ALPHA's 2014 performance report also suggests that financial performance was measured. In the report, ALPHA lists the programs and activities conducted in 2014 together with their budget allocation and the actual amount spent on carrying them out. ALPHA's report also discloses the percentage of the budget realisation over the targets, accompanied by a brief explanation for any gap. Examining the financial performance measurement

in the report revealed that ALPHA did not conduct several activities approved in the budget, such as workshops and training for the staff, empowering the community by promoting solid waste banks, and designing sorted waste bags. However, ALPHA did not provide an explanation for failing to implement these three activities.

In preparing its performance report, ALPHA used regulation number 29 2014 for performance-based accountability systems for government institutions as a guideline (MoLC, 2015). This regulation guided ALPHA to conduct performance measurement by: comparing the actual performance with the performance targets, as presented in their performance agreement in a certain year; and comparing the cumulative actual performance with the cumulative targets, as formulated in the strategic plan. An investigation of ALPHA's performance report suggests that the office only conducted performance measurement in 2014, without conducting cumulative comparison for the five-year period of its strategic plan (2009-2014). Further discussion about the failure to conduct cumulative comparisons is provided in Section 6.4.

Quarterly monitoring and evaluation

The second type of review conducted at ALPHA is quarterly monitoring and evaluation. In the quarterly reviews, ALPHA prepares reports that inform the progress of its budget realisation. These reports are submitted to the LGAPA, which is responsible for monitoring and evaluating the budget realisation of all working units in the LGA jurisdiction. In the reports, ALPHA presents the programs and activities along with the output indicators and budget realisation, and measures the achievement of the targets up to the period of the review. Then, LGAPA invites all units, including ALPHA, to attend a forum for confirming the reports and providing explanations for the achievement of, or failure to meet, their performance targets.

In the quarterly monitoring and evaluation, ALPHA uses output indicators and financial information. To describe the use of performance information in this monitoring and evaluation, ALPHA's initiative to manage solid waste is used as an example. As discussed in Chapters 4 and 5, one of ALPHA's strategic objectives is to reduce waste generation. ALPHA has formulated KPIs and targets to measure its effort to achieve the objective in its current strategic plan (2014-2019). Also, ALPHA has designed programs and activities along with their performance indicators. Several examples of activities to be conducted for the five-year period are: campaigning for the 3R (reduce, reuse, and recycle) initiative, procuring trucks, and establishing workshops for promoting solid waste banks.

In the monitoring and evaluation process, ALPHA only reports on the realisation of the budget and the outputs in comparison with their targets. Outcome indicators are not reported or discussed in the quarterly monitoring and evaluation forum with LGAPA. In this regard, LGAPA's head (Headplan,

2015) confirmed that the quarterly monitoring and evaluation focuses only on tracking the progress in realising the budget and in the implementation of programs and activities. Manager B (2015), who was responsible for coordinating the working units in the LGA jurisdiction in preparing planning documents, also highlighted that up to the time of the research interviews, the monitoring and evaluation concentrated on the accomplishment of the working units' outputs and financial performance. However, Manager B (2015) added that to achieve better performance, the manager also paid attention to the recommendations of the consultants to take KPIs, selected from the outcome indicators, into consideration when conducting quarterly reviews. Manager B (2015) also asserted that reviewing the working units' outcomes would be conducted in the next quarterly monitoring and evaluation.

In addition to examining the use of performance information, it is important to understand who was involved in the quarterly monitoring and evaluation forums held by MPA. This would be useful in investigating the enablers and barriers in the use of performance information. All working unit heads and managers attend the forum initiated by MPA. This forum provided the Mayor, the MPA's head, the chief of and the officials at LGA jurisdiction to inquiry the working unit heads and the managers regarding their quarterly progress reports.

Regarding the presence of the Mayor, LGAPA's head (Headplan, 2015) maintained:

We hold meetings involving all working units. I myself want the mayor to attend so that he knows the progress of the working units in executing their programs and activities. If we want to show a commitment for improving performance, involvement in the forum is the way to do it. The mayor always leads the quarterly monitoring and evaluation meetings.

The involvement of stakeholders – the Mayor, the LGAPA head, and the officials in the LGA jurisdiction – in the quarterly monitoring and evaluation forum indicates the presence of learning opportunities to promote the use of performance information, as suggested by Moynihan (2005). Learning forums are routines that encourage actors to closely examine information and decide how it will affect future actions. The meetings initiated by LGAPA represent part of its effort to ensure and track the progress of budget execution so that yearly targets set in the planning documents are achieved (Manager B, 2015). Regardless of the focus on budget realisation and output indicators, the forum provides a basis for building organisational culture and motivates the use of performance information. Further discussion on this issue is provided in Section 6.4.

6.1.2 The use of informal performance information in the review stage

While formal performance information – outputs, outcomes, and KPIs – are predominantly used in the yearly and quarterly reviews, ALPHA's managers also refer to other information generated from weekly meetings, citizen complaints, the Mayor's observations, and manager supervisions. These sources of information were discussed in Chapter 5 (see Section 5.1.2). The similarities in informal performance information use in both the implementation and review stages demonstrates that reviews take place not only after the end of the financial year end, but also during program and activity implementation.

In Chapter 5 the discussion of these sources of information concentrated on their description in relation to delivering services. In this section, the discussion focuses on how these sources of information allow managers to review their progress during the implementation of programs and activities. The use of informal performance information is classified based on the frequency of its generation: weekly reviews and daily reviews. This classification is useful for examining how intensely performance was discussed among managers and stakeholders. Understanding the intensiveness of the reviews paves the way for examining the factors influencing the use of performance information, as suggested by recent studies (refer to Kroll, 2013b; Moynihan & Lavertu, 2012; Moynihan et al., 2011). Details of the reviews and the use of performance information are as follows.

Weekly reviews

On a weekly basis, the head of ALPHA and the managers get together to discuss aspects of their organisation. In these meeting, the head reviews the progress of managers in executing their programs and activities. They also discuss plans for the following weeks (Manager A, 2015). Like the discussions in the quarterly monitoring and evaluation forums, the weekly meetings provide opportunities for the managers and the head to learn about issues related to city cleanliness, improving parks and greenspace, and public cemeteries.

Daily reviews

Besides the use of informal performance information generated from the weekly meetings, ALPHA also benefited from the Mayor's initiative to conduct monitoring of LGA working units daily (refer to Section 5.1.2 in Chapter 5). Another type of informal information used in the review stage of the management cycle is citizen complaints (refer to Section 5.1.2 in Chapter 5). These two types of information were used in the implementation and the review stages of the management cycle. The different use of these types of information is on the way ALPHA used the information. The communication with the mayor and the citizen's complaints allowed the manager in implementing program (i.e. implementation stage), more specifically in locating the dirty areas. These types of

information are also part of the way for monitoring and evaluating ALPHA's performance on the daily basis.

6.1.3 Summary of performance information use in the review stage at ALPHA

ALPHA's reviews are frequently conducted: yearly, quarterly, weekly, and daily. Yearly evaluation is conducted as part of the process of preparing performance reports, which allows ALPHA to measure the achievement of its performance targets as set out in its strategic plan. Quarterly monitoring and evaluation is initiated and conducted by the LGAPA, involving all working units in LGA, including ALPHA. In the quarterly reviews, ALPHA must report and present its progress in achieving programs and actions to the LGAPA. In these reviews, LGAPA checks the progress of ALPHA in executing its budget and focuses on outputs, not outcomes. Weekly reviews are conducted by ALPHA's head office to monitor progress and plan for the following week. Daily reviews allow ALPHA to generate information from citizens and the Mayor regarding waste management. Information from citizens is crucial for assisting managers in carrying out their daily activities.

Examining the review stage of the management cycle at ALPHA provides evidence for addressing RQ1 and RQ2. Formal performance information used in the review stage is mainly output indicators. This information is used in the yearly and the quarterly reviews (RQ2). The absence of KPIs in the previous strategic plan prevented ALPHA from measuring its performance using these indicators. The significant improvement in the strategic plan, as discussed in Chapter 4, brought considerable hope for improvement in the use of performance information in the future. Improvement was also expected since Manager B had initiated a quarterly monitoring and evaluation process that not only focused on financial performance and output indicators, but also KPIs.

The use of performance information in the review stage of the management cycle at ALPHA is consistent with the framework developed in Chapter 2 (refer to Figure 4-1). The reviews implemented in ALPHA are also consistent with the idea proposed by Behn (2003) that performance information can be used to understand how well public organisations are performing. The adoption of UCare and the use of WhatsApp indicate that ALPHA has tried to generate considerable benefits from routine review, as advocated by Ammons et al. (2013), by monitoring performance on a daily basis.

6.2 The use of performance information in BETA

This section investigates the use of performance information in the review stage of the management cycle at BETA. In exploring the use of performance information, two strategic plans (2009-2014 and 2014-2019), the 2014 and 2016 annual reports, and the 2014 performance report were examined.

Interviews were also conducted with Managers B, C, D, Headplan, and the consultants to obtain more detailed information. The structure of this section follows that of Section 0.

6.2.1 The nature and use of formal performance information in the review stage

BETA conducts reviews on a yearly and quarterly basis. Under the coordination of the LGAPA, the Office is required to prepare yearly performance reports. These are consolidated with those of other units to draw up a performance report at the local government level. The obligation to write up performance reports allows the BETA to measure, analyse and evaluate how the performance targets have been achieved on a yearly basis (LAKIP, 2014). BETA is also required to submit quarterly progress reports as a tool for the LGAPA to monitor and evaluate the progress of the working units in the LGA in executing their budgets. LGAPA then invites all working units to attend quarterly monitoring and evaluation forums to confirm and explain any variance in their budget realisation. In the review stage, the KPIs and output indicators are used in the yearly reviews, while in the quarterly monitoring and evaluation process led by the LGAPA, output indicators are used. Details of the use of performance information are as follows.

Yearly reviews

Yearly reviews at BETA involved measuring its performance as soon as the financial year ended. BETA used output indicators and KPIs to measure the achievement of its strategic objectives. In preparing the 2014 performance report, BETA used the previous strategic plan (2009-2014) as the basis for measuring its performance, because the new strategic plan (2014-2019) had not yet come into effect. As discussed in Chapter 4, one of the drawbacks of BETA's previous strategic plan was the failure to address KPIs and their targets. Yet, the Office devoted a great deal of effort to formulating KPIs in its 2014 annual plan and performance agreement, prepared at the beginning of 2014. These documents allowed BETA to measure the accomplishment of KPIs and outputs.

The use of KPIs in the review stage of the management cycle can be seen from BETA's 2014 performance report. In this report, BETA discloses the achievement of its KPIs, such as an increase in the number of tourists, the number of tourism businesses, and the number of tourist destinations developed. These KPIs, in fact, meet the criteria of outcome indicators as suggested by MMBR number 20 2008 regarding the formulation of KPIs. The use of KPIs and their targets in BETA's 2014 annual plan and performance agreement enabled the office to conduct performance measurement. BETA's performance report presents targets and actual performance, as well as any gaps. BETA even conducted trend analysis for the number of tourists and the number of tourism businesses from 2009 to 2014. BETA's performance measurement allowed managers to learn from the identified performance gaps and from the fluctuation of KPIs over a period of five years.

BETA also measured the achievement of its output targets in its 2014 performance report. BETA compared the actual outputs and the performance targets in this report. As discussed in Chapter 4 (refer to Section 4.1.2), BETA had formulated output indicators to measure the level of products or services generated from its activities and programs. BETA also set targets for these output indicators in its 2014 annual plan. In the yearly reviews, BETA measured its performance by comparing actual data with the output targets for all activities conducted in the 2014 financial year.

Quarterly reviews

As a working unit in the LGA, like ALPHA, BETA is required to submit quarterly reports to LGAPA, which indicate budget realisation and the execution of programs and activities. These reports are examined and discussed in quarterly monitoring and evaluation forums with LGAPA and other units in the LGA jurisdiction.

Investigation of the use of formal performance information in the yearly and quarterly reviews indicates that BETA used KPIs and output indicators in the review stage of the management cycle. An understanding of the use of KPIs and output indicators in the yearly reviews, and output indicators in the quarterly reviews, addresses RQ1 and RQ2 simultaneously. Like the use of performance information in the implementation stage, the output indicators used in the review stage were aligned with the four BSC perspectives.

6.2.2 The use of informal performance information in the review stage

While the KPIs and output indicators lay a foundation for conducting yearly and quarterly reviews, informal performance information is useful for monitoring the managers' daily activities. The sources of informal performance information used by BETA in the review stage were weekly and onsite meetings held by the head office. These sources are like those used in the implementation stage, although managers' observations were not used in the review stage (refer to section 5.2.2 in Chapter 5). The similarity in the use of these types of information exists because weekly and onsite reviews were conducted throughout the year when programs and activities were implemented.

Weekly reviews

Weekly meetings were initiated by BETA's head to discuss the progress of activities. These meetings enabled the exploration of any problems faced by managers and the discussion of potential solutions. Manager C (2015) and Manager D (2015) confirmed that in these meetings, the head demanded all managers to report what they had done in a week, discuss their plans for the following week, and report on what budget approved activities had been carried out.

Onsite reviews

The review stage at BETA also involved monitoring activities conducted onsite when an event was held. Manager C (2015) stated that the head initiated this type of monitoring to ensure that events were well-prepared. He maintained:

When we hold an event, the head office always comes. She would ask several questions, such as how many people will come to the event. She even asked how we have prepared the event and how we have advertised it. (Manager C, 2015)

As part of the LGA jurisdiction, BETA's performance was also monitored by the Mayor daily through WhatsApp, just as it was with ALPHA.

The initiative of BETA's head office to monitor and evaluate the managers' activities onsite and on a weekly basis again contributes to our understanding of the important role of learning forums, as suggested by Moynihan (2005). These reviews allow the head office and managers to receive feedback and learn from each other.

6.2.3 Summary of performance information use in the review stage at BETA

The review stage of the management cycle at BETA involves yearly, quarterly, weekly, and daily reviews. In these reviews, BETA used KPIs, output indicators and informal performance information. This use addresses RQ1 and RQ2. In the yearly reviews, BETA used KPIs and output indicators, while in the quarterly reviews they concentrated on output indicators. In the weekly meetings and the daily reviews, BETA's managers mainly used informal performance information.

The presence of weekly meetings and onsite checking performed by the head of BETA indicates the commitment of the leader to achieving performance targets. Similarly, the involvement of the Mayor, as well as the initiative of the LGAPA to hold quarterly monitoring and evaluation forums, has encouraged BETA managers to improve their performance.

6.3 The use of performance information in GAMMA

This section investigates the use of performance information in the review stage of the management cycle at GAMMA. GAMMA's strategic plan 2013-2018 and its 2014 performance report were analysed and interviews conducted with Manager E, Manager F, and Manager H to obtain more detail on the use of performance information in the review stage. The structure of this section follows that of Sections 6.1 and 6.2.

6.3.1 The nature and use of formal performance information in the review stage

GAMMA reviews can also be categorised into two: yearly and quarterly. The yearly reviews were conducted by measuring its performance as part of the process of preparing performance reports.

Quarterly reviews were conducted under the coordination of the LGBPA through monitoring and evaluation of GAMMA's budget realisation, as well as that of other working units in the LGB jurisdiction. Details of yearly and the quarterly reviews are as follows.

Yearly reviews

As indicated above, yearly reviews were conducted when GAMMA prepared its performance report. In this report, GAMMA measured its performance by comparing performance targets and their realisation. In measuring its 2014 performance, GAMMA used KPIs and output indicators. For the 2014 financial year, GAMMA used its current strategic plan (2013-2018), which already used KPIs and output indicators along with performance targets. GAMMA had also written up its performance agreement as a commitment of the head office to achieve the performance targets set out in its strategic plan for the 2014 financial year. The presence of these indicators and their targets created a foundation for GAMMA to measure its performance in 2014.

The use of KPIs and output indicators in its yearly performance reports showed progress in measuring performance at GAMMA. In its 2014's performance report GAMMA has compared the actual and the target performance. However, GAMMA did not go beyond measuring performance. An examination of its 2014 performance report suggests that GAMMA did not conduct an analysis of the gaps between actual data and the performance targets. The narratives provided in the report only elaborate on the activities conducted for 2014 to achieve the strategic goals, and analysis reveals that several strategic objectives could not be achieved. For example, GAMMA set a target for achieving local income of 34 billion rupiahs from the industry and trading sectors. However, in 2014 the Office only generated one percent of the target. Also, in 2014 GAMMA sought to encourage farmers to use warehouse receipt facilities, setting a target of 20 farmers. Yet, no farmers used those facilities. In failing to provide any analysis, GAMMA lost the opportunity to encourage managers to learn from performance gaps.

Besides using KPIs, GAMMA also used output indicators to measure its performance. GAMMA's 2014 performance report presents all programs and activities conducted in the year, along with targets, the realisation of the budget, and output indicators. As discussed in Chapter 4, one of the drawbacks of GAMMA's strategic plan 2008-2013 is the quality of output indicators. Rather than specifying the number of products and services delivered or completed, GAMMA simply formulated the output as the completion of activities (e.g., an exhibition for local products has been completed). Moreover, GAMMA's targets also suffer from irrelevance with the indicators. For example, rather than specifying the number of businessmen participating in the exhibition, GAMMA used the number of exhibitions conducted as the output indicator for one of its activities aimed at promoting businesses.

Hence, GAMMA's performance measurement using output indicators does not provide great benefits, except for stating the completion of activities.

Quarterly reviews

Quarterly reviews form part of the mechanism to ensure budget realisation. These reviews are initiated by the LGBPA, which is responsible for tracking the progress of all working units in the LGB jurisdiction in implementing their budget. In these quarterly reviews, the LGBPA monitors and evaluates the working unit's budget documents, which inform the realisation of their activities and their budget. In this quarterly monitoring and evaluation process, working units, including GAMMA, are required to prepare and submit a quarterly progress report to LGBPA, which illustrates how they have realised their budgets to carry out their activities. These quarterly review reports include financial and output information. Manager F (2015) stated:

We conduct monitoring and evaluation quarterly. The working units submit reports to us. Then, we hold a meeting to assess the financial performance, and the output of the activities carried out by the working units. In this meeting we do not monitor the KPIs. The information regarding KPIs will be reported in the performance report. The leading unit for preparing the performance reports is the Organisation Division of Region Secretary. We are only responsible for conducting quarterly monitoring and evaluation to track the budget realisation, and not reporting the yearly performance.

This comment indicates that up to the time when the data was collected, GAMMA's review was limited to financial performance and outputs, not monitoring the achievement of KPIs.

6.3.2 The use of informal performance information in the review stage

As well as the use of formal performance information in the reviews, the head of GAMMA also conducts monthly meetings to evaluate the progress of managers in implementing their programs and activities. All managers are invited to the meetings to discuss what they have done and what they will do in the following month. Every month the Secretary of GAMMA also requests that all divisions prepare a monthly report as part of the mechanism to account for the use of the budget to run their programs. The monthly reports from all divisions are used to prepare a yearly performance report. In this regard, Manager G (2015) said:

Usually we report what we have done in a meeting. The evaluation is conducted for each activity. For example, we conduct data collection for small and medium industry in eight sub-districts. We will be asked the timeliness of the activity that has been conducted and the allocation of funds. Another example is when we conduct training with the target of 30 participants, the Secretary will ask whether the target achieved or just 20 participants attend the training.

The presence of monthly meeting to discuss performance progress shows the commitment of the leader to meet the Office's performance targets. Similarly, the presence of dialogue nurtures a culture of learning among the managers, as suggested by Goh (2012).

6.3.3 Summary of performance information use in the review stage at GAMMA

GAMMA used KPIs and output indicators in the review stage of the management cycle. However, the level of use of these types of indicators differed. Output indicators were used in the yearly and quarterly reviews, while KPIs were only used for measuring performance at the end of the financial year. Apart from KPIs and output indicators, in the review stage GAMMA also used information generated from monthly meetings led by the head office.

The use of performance information in the review stage of the management cycle at GAMMA reinforces the importance of formulating useful performance information in the planning stage. GAMMA's 2014 performance report indicated that the KPIs presented in the current strategic plan were used as a standard to measure the achievement of its strategic objectives. Therefore, the failure to develop KPIs addressing quality services resulted in the failure to take this into consideration in the evaluation of its performance.

6.4 Case comparison and discussion

The most common use of performance information is to review an organisation's performance (Behn, 2003). It is no wonder then that most studies on the use of performance information are devoted to interrogating the use of performance information in the review stage (Julnes, 2006; refer to Kearney & Berman, 2003; Kravchuk & Schack, 1996; Wholey, 2010; Wholey & Hatry, 1992). In this study, the review stage of the management cycle encompasses several activities intended to ensure the implementation of the three offices' strategic plans, including measuring, monitoring, and evaluating performance. Previous studies use different terms to illustrate how the information is used to ensure the implementation of the plan. Behn (2003), for example, highlights two objectives of the use of performance information that can be classified in the review stage: to control and to evaluate. Existing studies predominantly focus on monitoring and evaluation as the two reasons for the use of performance information (Julnes, 2006; Kearney & Berman, 2003; Wholey, 2010).

In this section, the use of performance information in the three cases is compared and contrasted in order to answer the first and the second research questions (RQ1 and RQ2). The type of information and how the information was used is also compared with the framework developed in Chapter 2 (refer to Figure 4-1). Details of the investigation of the two research questions are as follow.

6.4.1 Which information did managers use? (RQ1)

Review is the third stage of the management cycle. Once the planning documents have been written up, managers then implement the plans. In the review stage, managers use performance information from the planning documents to monitor, analyse, measure, and evaluate the implementation of the plan so that improved service delivery and enhanced accountability can be achieved. Examining the use of performance information in the three offices suggests that KPIs and output indicators have been used in the review stage in different ways. This is summarised in Table 6-1, developed from the findings of the individual cases as presented in Sections 0 to 6.3.

The table illustrates the similarities and differences in the use of performance information in the three offices aligned with the four BSC perspectives in the review stage. The shaded areas in the table indicate the use of performance information. Table 6-1 is useful for interrogating the actual use of performance information in the three offices compared with the framework for the use of performance information in the review stage of the management cycle (refer to Figure 4-1).

Table 6-1: Summary of the use of performance information in the three offices against the framework

Offices	Customer	Internal business process	Learning and growth	Financial	Others
KPIs (used in the yearly reviews)					
ALPHA					
BETA					
GAMMA					
Output indicators (used in the yearly and quarterly reviews)					
ALPHA					
BETA					
GAMMA					

As shown in Table 6-1, KPIs and output indicators were used in the review stage of the management cycle by managers in the three offices at different levels. In the yearly reviews, in which the three offices measured their performance, KPIs and output indicators were used. For the quarterly reviews, which focused on monitoring and evaluating budget realisation, output indicators were used, not KPIs.

In the review stage of the management cycle, the three offices' KPIs aligned with the perspectives of the BSC. However, as Table 6-1 shows, none of the three offices' KPIs aligned with all four perspectives of the BSC in the review stage. Their KPIs aligned with the customer and internal

business process perspectives, but none aligned with the learning and growth perspective in the review stage. Only GAMMA's KPIs captured the financial perspective.

Output indicators were also used by the three offices in the review stage of the management cycle. The output indicators generally aligned with the four perspectives of the BSC, although GAMMA's did not align to learning and growth. The three offices used output indicators in both yearly and quarterly reviews. As discussed in the individual cases in Sections 0 to 6.3, in the yearly reviews, the three offices measured their performance. Examining their 2014 performance reports illustrates that the three offices used output indicators. Interviews with managers at the three offices and the planning agencies in the two local governments also indicated that output indicators and financial information were used in the quarterly reviews, in which monitoring and evaluation of budget realisation were conducted.

In the review stage of the management cycle, as well as KPIs and output indicators, the three offices also used informal performance information, gathered from citizens, face-to-face meetings with managers and head offices, and communication with local government heads. Table 6-2 summarises the three types of informal performance information used by the three offices.

Table 6-2: The use of informal performance information in the review stage

	ALPHA	BETA	GAMMA
Face-to-face meetings	Weekly meetings with managers and the head offices		Monthly meetings with managers and the head office
Communication with the local government head	The use of WhatsApp group to facilitate prompt responses		Weekly meetings between the Regent and the head office
Citizen complaints	The use of the UCare application to monitor dirty city areas	N/A	N/A

Face-to-face meetings were sources of information used by all three offices. GAMMA's head office conducted monthly meetings to generate information about the progress of their programs and activities for the previous month. ALPHA's and BETA's meetings were more frequent, as the head office held meetings on a weekly basis. These two offices also used these meetings to track the previous week's progress and to discuss plans for the following weeks.

Communication with the local government head was the second type of informal performance information used by the three offices. As discussed in the individual cases, the Mayor of City A and the Regent of City B fostered communication with working unit heads in their jurisdiction to monitor

their performance. ALPHA's and BETA's heads communicated with the local government head directly daily, through the Mayor's WhatsApp group. The City B Regent also communicated with the working unit heads in the district through weekly meetings.

Among the three units, only ALPHA provided opportunities for citizens to file their complaints directly, using that information in the review stage. BETA and GAMMA did not consider the citizen's voice as information that could contribute to their decision-making. The use of citizen complaints at ALPHA may be attributed to the characteristic of service delivered by the offices. Cleanliness of the city will be effectively achieved when citizens are involved directly in waste management processes.

6.4.2 How was the information used? (RQ2)

This section focuses on addressing RQ2: how the information was used in the review stage of the management cycle. Classification of the information into formal and informal is useful for understanding how these two broad types of information were used and how they relate each other. The exploration of these two types of performance information will contribute to the literature on the use of performance information.

The use of formal performance information in the review stage

In the review stage of the management cycle, the three offices used KPIs and output indicators. The following paragraphs discuss the similarities and the differences in the use of these two types of performance information in the yearly and quarterly reviews.

Table 6-3 depicts how the managers in the three offices used KPIs and output indicators in the review stage of the management cycle. Examining this table addresses the second research question (RQ2) and paves the way for evaluating the use of these indicators based on the existing literature. This will allow for more effective use of performance information in the review stage to be achieved. The examination of the way managers used the information is divided into yearly and quarterly reviews.

Table 6-3: A comparison of performance information use in the review stage

	ALPHA	BETA	BOIM
Yearly reviews			
The use of KPIs	Conduct trend analysis for evaluating its performance	Conduct trend analysis for several KPIs and measure the achievement of the targets	Measure the achievement of the targets
The use of output indicators	Measure the achievement of the output indicators		
Leading unit	LGAPA	LGAPA	Organisation division of the Office for Local Government Secretary
Quarterly reviews			
The use of output indicators	To track the achievement of budget realisation		
Leading unit	LGAPA	LGAPA	LGBPA

Yearly reviews

Table 6-3 shows that the three offices used KPIs and output indicators in yearly reviews, which were conducted in conjunction with preparing their performance reports. The three offices used president regulation 29 2014 and the MMBR 53 2014 as guidelines for preparing the reports. These regulations demand the three offices measure their performance by comparing targets and actual performance. In fact, these regulations demand the working units use KPIs to measure the achievement of their strategic goals. Comparison with the previous year's performance should also be done. Furthermore, the regulations also mandate comparison between the cumulative actual performance in a certain year with the targets for the final year of the strategic planning period. Moreover, the offices must conduct analysis and evaluation for performance gaps, as well as define strategies to overcome problems in delivering their services. However, the three offices only measured how the targets in a certain year were achieved.

Table 6-3 shows that although the three offices used KPIs, the level of use differed. To analyse and evaluate its performance, ALPHA developed a KPI in its performance report for the percentage of waste transported to landfills from 2010 to 2014. Until 2014, ALPHA was unable to transport all the waste to landfills (90% of the total waste production). This inability to transport all waste resulted from the inadequacy of its facilities and infrastructure (MoLC, 2015). BETA not only conducted trend analysis for two KPIs, but also measured the achievement of performance targets. BETA's performance report presented a trend in the number of visitors from 2008 to 2014 and provided an

analysis for the fluctuation during these years. It also presented the activities conducted to achieve the 2014 targets. GAMMA also measured how KPI targets were met and included information about the supporting activities performed to achieve the targets. However, GAMMA did not conduct a trend analysis for any of its KPIs or elaborate on any performance gaps.

The different levels of KPI used in measuring performance can be attributed to the quality of the offices' strategic plans, as discussed in Chapter 4. The presence of indicators in GAMMA's strategic plan, which were also present in the performance agreement, enabled the Office to measure the achievement of their strategic goals. Although BETA had not formulated performance targets in the previous strategic plan, the Office had selected its KPIs and set targets at the beginning of 2014. BETA's efforts helped in evaluating its yearly targets when the office prepared its performance reports. ALPHA, on the other hand, did not formulate and set targets to achieve their strategic objectives. As a result, ALPHA failed to measure their performance targets.

The use of KPIs in the review stage for measuring performance reaffirms the importance of their use in the planning stage (i.e., in their strategic plans). The failure of ALPHA to measure KPIs using the 2014 targets resulted from the absence of indicators in its strategic plan. By contrast, GAMMA could measure its strategic objectives using KPIs as the current strategic plan had been effective.

Like ALPHA and BETA, GAMMA also failed to measure its KPIs in the previous performance report (2013). As ALPHA's current strategic plan came into effect in 2015, measuring performance using KPIs is likely to happen in the future. However, it is interesting to note that, although BETA does not use KPIs in its strategic plan, the Office has made efforts to develop KPIs and use them in drawing up their 2014 performance agreement.

The three offices also measured their accomplishments using output indicators. As discussed in Chapter 4, the three offices set output targets in their annual plans and budget documents for all activities carried out in 2014. The presence of output targets in these documents enabled the three offices to conduct performance measurement using output indicators. While output indicators cannot measure the effectiveness of a program or activity (Ammons & Rivenbark, 2008; Hatry, 2006; Julnes & Holzer, 2001), they can be used to measure performance in terms of the extent to which activities have been completed (Behn, 2003). In this regard, formulating proper output indicators is crucial for guiding the managers to produce impacts. One of the drawbacks of GAMMA's output indicators is their simplicity. GAMMA's measures focused on the completion of activities, rather than on the products or services as a result of conducting activities. These sort of measures did not provide adequate information for decision making. For example, GAMMA used the number of exhibitions held to measure the output of conducting exhibitions for local products, but this indicator

cannot tell the specific output that resulted from conducting exhibitions, just their completion. Using the definition proposed by Hatry (2006), GAMMA could use the number of business attendees at the exhibition or the number of visitors. An investigation of GAMMA's strategic plan and its 2014 performance report suggests that this activity was aimed at increasing the value of the district's industry so that more workers could participate in it. Consequently, gathering information about the number of businessmen is more useful than collecting data on the number of exhibitions conducted. Knowing the number of businessmen involved might encourage managers to interrogate the relationship between their involvement and the value of investment.

Another point of difference in the yearly performance reports is the leading unit responsible for coordinating local government working units to prepare performance reports. The leading unit in the LGA responsible for this work is LGAPA, while in the LGB it is the organisation division of the City B Office for Local Government Secretary. LGAPA also assists working units in drawing up planning and is responsible for conducting quarterly monitoring to ensure budget execution. The responsibility to prepare the reports at LGB rests with the organisation division of BRS. In this regard, the responsibility for preparing documents to support the implementation of performance management at LGB is fragmented. LGBPA does not have authority to monitor and evaluate the working units' performance. This difference may explain the different levels of use of the information in measuring performance.

Quarterly reviews

As part of their quarterly reviews, the three offices and the other working units in the two local governments were required to submit reports to the planning agencies. These would indicate the accomplishment of the activities approved in the budget documents, to the planning agencies. Besides submitting the reports, the three offices also had to attend forums involving local government heads and other working unit officials, to discuss their performance, or failure to achieve their targets. In these reviews, the progress of budget realisation for the three offices was monitored and evaluated on a quarterly basis by the planning agencies. The agencies focused only on budget realisation and the outputs of each activity, not on the achievement of outcomes.

The importance of measuring output indicators has been highlighted in the previous literature (Behn, 2003; Hatry, 2006). Swiss (1983) proposed three components for enhancing accountability: the setting of an initial standard; the monitoring of government actors or activities against the standard; and the application of sanctions if the actors fall short of achieving the standards. Output indicators set by the three offices in the annual plans and budget documents could be used as the standards for measuring the products and services that they had to produce. The formulation of the output

indicators allowed the planning agencies to monitor the delivery of products. Hence, in the review stage, the planning agencies could measure how the offices' budgets had been spent and how the actual outputs had been achieved. The function of the output indicators in the three offices aligns with Hatry (2006) argument that keeping track of the output accomplished is good management practice.

The obligation of the three offices to report the achievement of outputs, as well as to attend forums held by the planning agencies to monitor progress, provides evidence for the use of performance information in the review stage. The three offices did not measure how they had achieved their strategic objectives using the KPIs in their quarterly review. The KPIs were measured when the three offices prepared their performance reports in the yearly review, as discussed in the previous paragraph. However, it is important to note that in preparing strategic plans (refer to Chapter 4), the three offices were required to translate their strategic objectives into specific activities. In other words, the completion of activities would contribute to the achievement of the strategic objectives. Hence, so long as the three offices could design effective activities to affect the achievement of the goals, quarterly monitoring and evaluation using the output indicators was worthwhile. However, using the KPIs, as well as output indicators, in the quarterly monitoring and evaluation process allowed the managers to anticipate unattainable yearly targets.

The importance of integrating performance information in planning documents to promote reviews has been highlighted in other studies (Ammons, 2013; Hoontis & Kim, 2012; Poister, Edwards, et al., 2013; Swiss, 1983). Poister, Edwards, et al. (2013), for example, asserted that integrating strategic plans encourages managers to think strategically and to periodically consider the future, facilitating communication about strategic issues and goals and providing a basis for evaluating and integrating shorter-plans. In this regard, the integration of the information in the planning documents created a foundation for the three offices to use the information for evaluation in the review stage of the management cycle.

The presence of KPIs in GAMMA's strategic plan and BETA's performance agreement enabled the two offices to use the information to evaluate their progress in achieving their performance targets. In contrast, the failure of ALPHA to formulate KPIs in its planning document prevented them from conducting any measurement. The formulation of output indicators in the three offices allowed the planning agencies in the two local governments, LGA and LGB, to track how progress of activities on a quarterly basis.

The involvement of the local government leadership in the forums indicates their commitment to support and encourage working units to achieve performance targets. As pointed by LGAPA's head

(Headplan, 2015), the reason for inviting the Mayor to attend the forum was to allow him to monitor his subordinates directly. The forum also provided the Mayor with information about the progress of programs and activities. This type of dialogue is also suggested by researcher in the use of performance information (Moynihan & Landuyt, 2009; Srimai, Damsaman, & Bangchokdee, 2011). Srimai et al. (2011) highlighted that fostering dialogue on performance information helps officials to make decisions more appropriately, fosters learning capabilities, and encourages information exchange. The involvement of the local government leadership, as well as other working units in the jurisdiction, in the quarterly reviews held by the planning agencies offered such benefits to the three offices.

The initiative of Manager B to conduct quarterly reviews using KPIs, as discussed in Section 0, holds great promise for the better use of performance information that will contribute to improving working unit performance. Srimai et al. (2011) asserted that organisational dialogue on performance contributes to distributing knowledge and information and creates collaboration throughout the organisation. Quarterly monitoring and evaluation using KPIs allowed Manager A from ALPHA to convey his concerns about managing waste and to seek input from other units to find a solution. Similarly, the difficulty of assisting small and medium enterprises in marketing their products, as faced by GAMMA and discussed in Section 6.3.1, could be resolved by having a dialogue with other offices that might help to promote their products.

The use of informal performance information in review

As highlighted in Section 6.4.1, several types of informal performance information were used by the three offices in the review stage of the management cycle. The types used most frequently were: Monthly/weekly and daily/onsite reviews. These sources of information are like those used in the implementation stage, as discussed in Chapter 5. The use of similar information in these two stages of the management cycle indicates that the three offices not only reviewed their performance at the end of the financial year, but also as activities were being undertaken. Details of the use of the informal performance information in monthly/weekly and daily/onsite reviews are as follows.

Monthly/weekly reviews

The three offices' heads conducted frequent meeting with all the managers. While ALPHA's and BETA's heads held weekly meetings, GAMMA's head conducted monthly meeting. These frequent meetings to discuss the activities in the three offices show the commitment of the head office leaders to achieve performance targets. Indeed, in these meeting the discussion focuses on the day-to-day business of delivering services, instead of analysing the achievement of KPIs. For ALPHA, discussion concentrated on how to deliver cleanliness to the city. For MOTC focus was on preparing

tourism events and strengthening tourism businesses and workers. For GAMMA, the emphasis was on improving the industry, trade, and mining. However, as the strategic goals were translated into specific activities, the ability of the three offices to cope with their day-to-day business would contribute to the achievement of their yearly targets.

Daily/onsite reviews

Informal performance information was also used by the offices in daily or onsite reviews, either through the Mayor's WhatsApp group or the UCare application. As discussed previously, while the City B Regent did not use the WhatsApp application, he monitored the working units' performance through weekly meetings with the heads. Citizen complaints captured through UCare provided ALPHA with critical information and generated direct feedback from the community about issues of cleanliness. ALPHA developed its own software application to allow citizens to file complaints.

Informal performance information highlighted in the review stage of the management cycle has also been discussed in Chapter 5 in relation to the implementation stage. In fact, it is difficult to separate between the implementation and review stages in relation to the use of informal performance information. However, the investigation of informal information use reveals that in the implementation stage, ongoing reviews are taking place. In a financial year, when the three offices are focused on delivering activities to execute their budgets (implementation stage), more frequent review processes are needed to ensure that their performance targets can be achieved. While the formal performance information is clearly used to manage the achievement of the yearly targets as set in the planning documents, informal performance information is used in daily, weekly or monthly reviews. Informal and formal performance information are complementary.

The initiative to conduct face-to-face meetings in the three offices to discuss progress indicates the commitment of the offices to build a performance culture. This is also discussed in previous studies (Liu & Van Dooren, 2013; Moynihan & Landuyt, 2009; Rivenbark, 2006). Recent research highlights that performance information use refers to organisational routine, which should focus more on daily performance information use (Liu & Van Dooren, 2013). Moynihan (2005) also highlighted the need for promoting learning forums, creating routines where performance information is deliberately examined, to encourage the use of performance information. Indeed, the three offices need to improve the quality of information used in their discussions, to focus not only on programs and activities, but also how these initiatives impact on achieving desired outcomes.

The intensive monitoring by the LGA Mayor also illustrates another form of ensuring the accomplishment of his programs. To realise his election promises, the Mayor ensured that his flagship programs were included in the LGA strategic plan. His WhatsApp group was designed to

promote the implementation of these flagship programs. The WhatsApp group allows the discussion of performance information daily, as with other types of media highlighted in previous studies (Goh, 2012; Moynihan & Landuyt, 2009; Moynihan & Lavertu, 2012). Further discussion of enablers and barriers in the use of performance information, including the Mayor's leadership and the media, are provided in Chapter 9.

6.5 Summary of the use of performance information in the review stage

Interrogating the use of performance information in the three offices suggests that KPIs and output indicators have been used in different ways. The KPIs were used by the offices in their yearly reviews, when preparing their performance reports. Output indicators, on the other hand, were used in the quarterly reviews. In addition to using KPIs and output indicators, the three offices also used informal performance information, on a monthly, weekly, and/or daily basis. The different use of the KPIs in the three offices might be explained by the varying amount of technical assistance received by the managers in three offices. Managers of ALPHA and BETA received more technical assistance than that of GAMMA, and this provided managers better capacity to conduct deeper analysis of their performance information in the review processes. Detailed analysis of technical assistance is elaborated in Section 9.5.

In the yearly reviews, the three offices conducted performance measurement using KPIs and output indicators. Among the three offices, only GAMMA used the same KPIs in the three stages of the management cycle: planning, implementation, and review. The failure of ALPHA and BETA to use the KPIs was because they had not formulated KPIs in their strategic plans in 2014, at the time of data collection. However, in the future, as the current strategic plan comes into effect, better performance measurement will be achieved using KPIs. Above all, the three offices used output indicators in the yearly reviews to indicate the completion of activities conducted in a certain financial year.

As well as yearly reviews, quarterly reviews were also conducted in the three offices. In these reviews, output indicators and financial information were used, not KPIs. In fact, the aim of the quarterly reviews was to monitor and evaluate budget realisation. In these reviews, the three offices were required not only to prepare progress reports on budget realisation, but also attend forums to allow the planning agencies to monitor and evaluate their progress.

The presence of yearly and quarterly reviews in the three offices created opportunities for improving their service delivery, as promoted by proponents of performance measurement (see ANAO, 1996; Behn, 2003; GAO, 2008; Moynihan & Landuyt, 2009). The relevant regulations introduced by the Indonesian Government laid a foundation for improving the implementation of performance

management in the Indonesian public sector. While yearly reviews enable working units to evaluate KPIs, which also refer to the outcomes of programs, quarterly reviews allow managers and office heads to evaluate the output of activities to achieve their strategic objectives.

The use of performance information in the review stage of the management cycle sheds light on the importance of formulating useful KPIs and output indicators in the strategic plans. The findings from the three offices suggest that similar KPIs and output indicators presented in the strategic plan are used as the standard for reviewing their performance. The limitations of the three offices in determining more meaningful KPIs, as discussed in Chapter 4, of course, will undermine the potential benefits of the KPIs. Despite determining KPIs relating to customer benefits, they have failed to develop sound KPIs regarding service quality. This type of KPI could be used to understand the views of their customers or stakeholders, helping them to improve their services. The failure to formulate service quality indicators may result in the inability to evaluate the quality of the service delivered to the community.

In relation to the use of informal performance indicators, the presence of daily, weekly, and monthly meetings provided managers of the three offices with more information to help them in their daily work. As highlighted by Locke and Latham (1990), the presence of strategic goals drives managers to achieve yearly targets. However, in achieving those targets, managers need more detailed information, such as in which areas waste collection is urgently needed or what should be done to attract more tourists. Previous studies (see Liu & Van Dooren, 2013; Moynihan & Landuyt, 2009; Rivenbark, 2006) revealed that this type of meeting is crucial for developing a performance culture of learning. The three offices certainly had not initiated face-to-face meetings involving all managers to discuss the achievement of their KPIs. However, the current meetings, with a focus on the accomplishment of outputs, represents a solid step toward improving the quality of their performance information use. An LGAPA manager even considered initiating quarterly monitoring based on the achievement of KPIs, starting from the 2015 financial year.

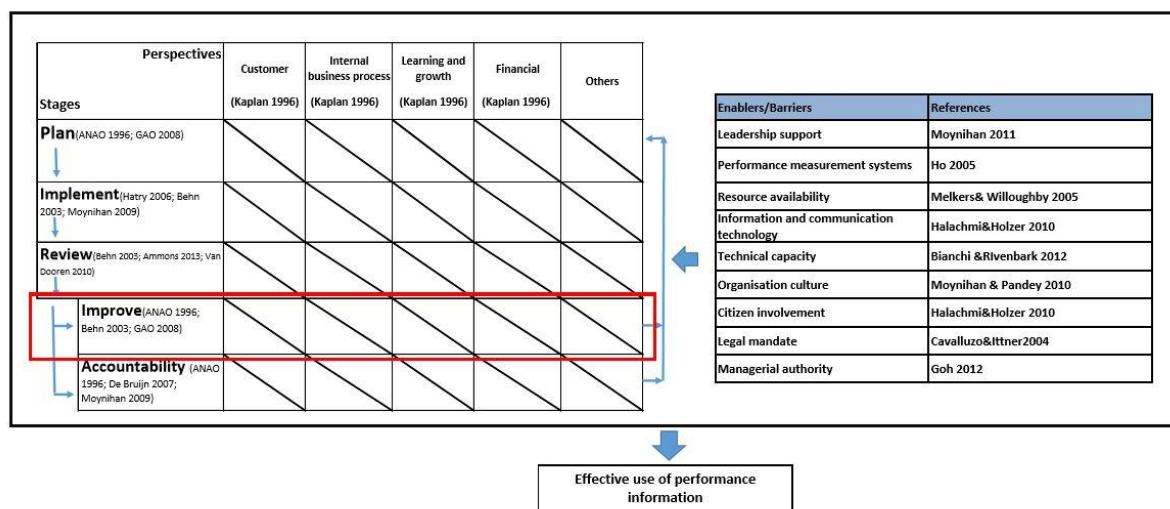
The use of informal performance information indicates the advanced use of performance information in the three offices and adds to our understanding of how performance information works. It also suggests, as proposed by Mintzberg (1974), that managers require more information daily, rather than relying solely on the performance indicators.

7 THE USE OF PERFORMANCE INFORMATION IN IMPROVEMENT

This chapter provides a cross-case comparison of performance information use in the fourth stage of the management cycle, improvement, at the three individual case studies: ALPHA, BETA and GAMMA. Two out of four research questions (RQ1 and RQ2) encompassed in the framework developed in Chapter 2 are discussed in this chapter to interrogate and compare which information is used to improve service delivery – and how it is used. The chapter provides insights for managers and business units in local governments to inform thinking, debate and action around the use of performance information in the improvement stage.

The structure of the chapter aligns with the research framework reproduced in Figure 4-1 below. Sections 7.1 to 7.5 address both RQ1 (*which* categories of performance information are used) and RQ2 (*how* performance information is used) by examining the different types of performance information (as classified by the BSC perspectives) used in the improvement stage of the management cycle. RQ1 is framed around the BSC perspectives: customer, learning, internal business processes, and growth, financial, and other (represented within the red boundary in figure 7.1). RQ2 is framed only in the improvement stage of the management cycle (represented within the red boundary in Figure 7-1). Section 7.4 compares and contrasts the findings in the use of performance information presented in Sections 7.1 to 7.3. In the presentation of results throughout this thesis, key insights will be in highlighted in an orange box.

Figure 7-1: Framework for the effective use of performance information



7.1 The use of performance information in ALPHA

In this section, the use of performance information in the improvement stage at ALPHA is investigated in order to build a foundation for comparing and contrasting with the other cases, BETA

and GAMMA. Two periods of ALPHA's strategic plan (2009-2014 and 2014-2019) and ALPHA's 2014 performance report were investigated to determine the use of performance information in the office. Interviews with the head of LGAPA, the Secretary of ALPHA, Manager A, and Manager B (refer Table 4.1 in Chapter 4) were also conducted to provide detailed information about the use of performance information in the improvement stage.

In structuring this section, the nature of the improvement stage of the management cycle is examined to provide the context within which performance information is used. Then, the use of performance information is discussed in order to address RQ1 and RQ2. In investigating its use, the performance information is classified into formal and informal in order to understand the different uses of both types of information and how they relate to each other.

7.1.1 The nature and use of formal performance information

In the improvement stage of the management cycle, managers act based on feedback received in the review stage. As discussed in Chapter 6, ALPHA's reviews occur yearly, quarterly, weekly, and daily. In each type of review, ALPHA's managers use the feedback to make improvements in delivering services. In addition to the four review periods identified above, a significant improvement is also undertaken when ALPHA develops its strategic plans, which occur every five years. Therefore, in discussing the improvement stage, five-yearly improvement is included alongside yearly, quarterly, weekly and daily.

Five-yearly, yearly, and quarterly reviews are discussed first, as these use formal performance information. Weekly and daily reviews are discussed in Section 7.1.2 as they involve informal performance information.

Five-yearly improvement

ALPHA addresses improvement every five years when developing its strategic plan. As discussed in Chapter 4, ALPHA has made significant improvements in its current strategic plan (2014-2019), using KPIs and output indicators to measure its strategic objectives. The design of programs and activities also indicates a commitment to bringing about improvements in delivering service to the community (refer to MoLC, 2014).

To illustrate the five-yearly improvement in delivering services, the way ALPHA designed its strategy for managing solid waste is provided as an example (refer to Section 4.1.2 in Chapter 4). Preparing strategic plans allows ALPHA to respond to the issue of a waste generation by designing strategies for managing waste. In its current strategic plan, ALPHA has formulated a clear strategic objective to reduce waste generation, adopting a KPI against the percentage of waste transported to landfills. ALPHA also set a quantifiable target to achieve this objective over the five-year period. ALPHA has

created innovative programs and activities that contribute to reducing the amount of solid waste. These are presented in its current strategic plan (2014-2019). One of the activities is to strengthen the role of the community in reducing the amount of waste transported to landfills. The campaign and the promotion of community-based solid waste banks and the waste management using the 3R method (reduce, reuse, and recycle) are improvement initiatives created in order to deal with the growing amount of waste. Also, in its strategic plan, ALPHA considered a strategy for calling businesses to participate in managing waste through financial support from their CSR funds. This could be used to improve ALPHA's facilities, such as procuring trucks (MoLC, 2014).

Another significant improvement in designing programs and activities to manage solid waste was the establishment of a new sub-unit responsible for coordinating community-based solid waste banks as ALPHA's counterpart in managing waste. In this regard, Manager A (2015) maintained:

We develop the program for promoting solid waste banks because we know that solid waste has economic value. We shouldn't throw the solid waste because it has economic values. You even can give charity by giving solid waste. Up to now, we can find several solid waste banks in our community. What we want to do is to coordinate, to promote, and to assist them. To do so, we need to establish a sub-unit, which focuses on running these tasks. That's the first thing that we want to do.

Manager A (2015) also confirmed that if the solid waste banks program worked effectively, waste generation could be controlled. Moreover, the manager also points out that this program could save money in the management of waste. Manager A (2015) elaborated:

If we calculate the cost of managing waste, the operating cost is fourteen billion rupiahs for transporting waste to landfills. We can reduce the cost if the waste has been sorted to organic and inorganic. Organic waste goes to the landfills, and the inorganic goes to the solid waste banks. Also, we do not need to increase the number of containers if we can reduce the waste.

Another initiative for improving waste management in the five-yearly improvement, was the creation of a movement for city cleanliness, as discussed in previous chapters. The ALPHA Secretary (2015) highlighted that to realise this movement, several slogans were introduced, such as: 'your City is not messy'; 'City A is free from waste'; and 'take the rubbish as you see'.

Investigating ALPHA's strategic plan suggests that to arrive at these innovative programs, the office had strategically analysed issues around waste generation and sought potential solutions. In this analysis, ALPHA used KPIs developed by conducting trend analysis on the percentage of waste transported to landfill over a five year period, population growth, and the adequacy of its facilities and infrastructure in this context (refer to MoLC, 2014).

ALPHA managers used a variety of information in preparing its strategic plan. In addition to the trend analysis related to waste transport, ALPHA also conducted an analysis of the strategic plans of the Ministry of Environment, in the South Sulawesi Provincial Government, and the LGA, using them as references for inspiring improvement in their own five-year period of improvement (MoLC, 2014). The use of external sources of information indicates that ALPHA needed to consider other information, instead of focusing only on its KPIs.

Yearly improvement

Yearly improvement refers to management follow up on the feedback received from annual performance measurement. As explained in Chapter 6, ALPHA prepares a performance report at the end of every financial year. Measuring performance enables ALPHA to identify the challenges in achieving its strategic objectives formulated in its strategic plan.

ALPHA's 2014 performance report indicates that the office focus on measuring output indicators, not the KPIs (refer to MoLC, 2015) because the office fails to formulate its KPIs and targets in its previous strategic plan and in its performance agreement (for more detail refer to Section 6.1.1. in Chapter 6).

Regardless of the inability to measure the achievement of the KPIs in 2014, ALPHA has presented trend analysis for several KPIs, such as the percentage of waste transported to landfills. ALPHA's 2014 performance report revealed that inadequate facilities and infrastructure had resulted in the failure to deliver all waste. Up to 2010, ALPHA could only manage 90.23% of the total waste production (i.e., 9.73% was not transported to landfills). ALPHA highlighted that the availability of landfills was only 82.66% and, even worse, the availability of trucks was only 70.52% (MoLC, 2015). This data gave managers the opportunity to learn from these problems in managing waste and to consider potential solutions. Manager A (2015) maintained that it enabled him to evaluate how he had achieved his performance targets. He also confirmed that the report created a foundation for making improvements in designing better activities in the next year's annual plan. Nevertheless, to act in improving performance, managers faced a challenge beyond their capacity.

In this regard, Manager A (2015) maintained:

A performance report can be used as a basis for improving programs and activities that we will conduct next year. However, we face an issue of harmonizing our programs with other working units. We cannot create cleanliness unless other working units support us. It is hard for us to transport waste if the road is poor. We don't have the capacity to improve the road. That is the main tasks of the office for public works. Also, we don't have enough trucks to transport the waste. The increasing number of the population also worsens the traffic so that it becomes our barrier in managing waste.

Understanding the challenge of limited authority to improve facilities and infrastructure, Manager A (2015) asserted that to alleviate this problem, alternative programs and activities were proposed in

the budget is to reduce waste generation. Together with ALPHA's strategic objective, Manager A (2015) maintained that rather than focusing on improving facilities and infrastructure, concentrating ALPHA's programs and activities on reducing waste generation was more effective and achievable.

Quarterly improvement

Quarterly improvement was carried out based on the feedback received from the quarterly reviews. As discussed in Chapter 6, ALPHA is required to prepare quarterly reports, including its budget realisation, for the LGAPA. These reports are used by LGAPA to monitor and evaluate the progress of the budget realisation (see Section 6.1.1 in Chapter 6). As the monitoring and evaluation are focused on tracking the budget realisation and the outputs, the improvement resulting from this type of review is the completion of activities as approved in the budget document and achievement of the outputs of yearly targets.

7.1.2 The use of informal performance information in the improvement stage

As well as using formal information (KPIs and output indicators) in the improvement stage of the management cycle, ALPHA also uses informal performance information to improve its service delivery on a weekly and daily basis. The types of informal information used are: face-to-face meetings; citizen complaints; and monitoring by the Mayor. These are like the types of information used in the implementation and review stages, suggesting that ALPHA's managers made an effort to improve throughout the financial year. The following paragraphs elaborate on the use of these types of information for ongoing improvement.

Weekly meetings

As discussed in Chapter 6, ALPHA's head office conducts a weekly meeting, involving all managers, to discuss completed activities, as well as those planned. This discussion takes place regularly during the implementation of programs and activities and provides managers with feedback from their head offices and their peers. This feedback is then used to improve their decision-making processes.

Daily improvement

As outlined in Chapter 6, two types of daily review take place in ALPHA: through complaints filed by citizens (UCare) and from the Mayor's input (via his WhatsApp group). Both applications provide information about matters relating to waste and cleanliness and allow managers to be more responsive to the community.

The importance of using this sort of informal performance information was highlighted by Manager A (2015) who maintained that he needed detailed information beyond what was generated in performance reports. He said:

Personally, the performance report has a function tool to evaluate how the program and the project worked. The reports encourage me to perform better, but in day to day business we need more detailed information. We use citizen complaints and information from the media coverage to improve our performance. We process these sources of information. For instance, if there are dirty areas, we need to ask: why is the waste there? Why is the trash not transported to landfills? Is it because of a lack of awareness of communities? Then we tried to follow up the information that we gather from the citizens and the media.

The manager's thoughts indicate that in order to achieve the performance target to provide cleanliness, he must analyse problems that arise daily. The failure to address complaints received from the citizens would result in the inability to achieve yearly targets, which are cumulated from the daily data.

7.1.3 Summary of the use of performance information in the improvement stage at ALPHA

Interrogating the use of performance information in the improvement stage of the management cycle suggests that ALPHA used KPIs, output indicators and informal performance information to improve service delivery. Significant improvement was made when the office developed its current strategic plan, which not only incorporated KPIs and output indicators but also significantly improved its programs and activities. The use of KPIs to analyse the problem of managing waste provided ALPHA managers with opportunities to create alternative solutions to reduce waste generation, such as promoting solid waste banks. This improvement is classified as a five-yearly improvement, made when the strategic plan was formulated. Yearly review feedback, received from performance measurement, encouraged managers to improve their next year programs and actions. Feedback from quarterly reviews, which focused on monitoring the achievement of output indicators, encouraged managers to accomplish yearly targets on time. Finally, the weekly and the daily monitoring and evaluation enabled ALPHA to respond to cleanliness issues daily once the complaints were received, either from the Mayor or citizens.

The use of informal performance information suggests that managers needed detailed information to improve their service delivery. However, the use of informal performance information in the managers' day-to-day business does not necessarily indicate that managers ignored KPIs, output indicators and targets. These formal types of performance information play a crucial role in inspiring managers to improve their daily activities, as highlighted by Klinger (cited in Latham & Locke, 1990). In this regard, formal performance information functions as a motivator for managers to achieve targets by making daily improvements.

7.2 The use of performance information in BETA

This section interrogates the use of performance information in the improvement stage of the management cycle at BETA. Two periods of strategic plans (2009-2014 and 2014-2019) and the 2014 performance report were examined. Interviews were also conducted with Manager B, Manager C, and Manager D in order to generate more detailed information.

7.2.1 The nature and use of formal performance information

As discussed in Chapter 6, BETA conducts yearly, quarterly, and weekly reviews. In exploring the use of performance information in the improvement stage, the classification used in the review stage will be employed. In addition, comparing the two periods of the strategic plan suggests that BETA also made improvements in its current strategic plan. Hence, the interrogation on the use of formal performance information in this stage is divided into: five-yearly, yearly, and quarterly improvement. The improvement process resulting from feedback received weekly, and from onsite reviews is discussed in Section 7.2.2.

Five-yearly improvement

Five-yearly improvement was produced when BETA prepared its strategic plan. As discussed in Chapter 4, in preparing the strategic plan, BETA set up a new vision, missions, and strategic objectives. BETA also utilized KPIs and output indicators in its current strategic plan to measure the achievement of its strategic objectives. Preparing a strategic plan facilitates BETA to design strategies, along with programs and activities, which will contribute to achieving the vision. BETA's current strategic plan has also presented quantifiable targets for KPIs and output indicators for the five-year period. In this regard, developing a new strategic plan was the impetus for the office and managers to initiate considerable change from 2014 to 2019.

To illustrate improvement on a five-yearly basis, the commitment of BETA's managers to improving the capacity of tourism workers is used as an example. Comparing BETA's two periods of strategic plans (2009-2014 and 2014-2019) demonstrates that ALPHA has a commitment to making improvements in the quality of tourism workers. Indeed, in the previous strategic plan, BETA formulated a strategic objective to increase the quality of tourism workers. However, BETA did not set KPIs along with quantifiable targets, which could be used to measure how the office had made such improvements. In contrast, in its current strategic plan BETA set a strategic objective to improve tourism workers, along with its KPI: the number of certified tourism workers. BETA's strategic plan also presents quantifiable targets for the number of certified tourism workers over the five-year period. Manager D (2015), who was responsible for improving tourism workers, said she had also designed activities to increase the number of certified tourism workers, such as disseminating

information to the industry about the need to employ certified tourism workers, conducting training and workshops, and developing a database for tourism workers.

The initiative to increase the number of tourism workers was developed in response to the regulation issued by the Indonesian Government regarding competency certification in tourism (regulation 52 2012). This regulation enforced BETA to formulate a strategy to increase the number of certified tourism workers. In this regard, Manager D (2015) stated:

I am in charge of improving the capacity and the capability of tourism workers and businesses. One of my KPIs is the number of certified tourism workers. The Indonesian government has issued a government regulation number 52 2012. As a response, local governments have to support the intention of the Indonesian government to increase the number of tourism workers. This regulation demands tourism businesses to employ certified tourism workers. We have formulated and conducted training and workshops as well as disseminating information to increase the number of tourism workers having competencies certificates.

The formulation of the number of tourism workers as the KPI also motivated Manager D to develop a database, as she did not have data on the number of existing tourism workers with competency certificates. She added that this database was important for her to set targets.

The formulation of strategic objectives, along with the KPI to increase the number of certified tourism workers indicates BETA's commitment to improving its service delivery. Workers with competency certificates will be able to deliver better services to tourists than those without these qualifications. More tourism workers with standard competencies will also contribute to increasing the number of tourists. As the number of tourists increases, the economy will also be enhanced, creating better prospects both for workers and the community.

Examining BETA's current strategic plan (2014-2019) suggests that the office used KPIs as the basis for setting performance targets. In its current strategic plan, the Office presented data for the number of the tourist from 2009-2013, allowing them to set targets for the next five years. Besides the number of tourists, both domestic and international, BETA also provided information about the number of tourism businesses and the number of networks built. Increasing the number of certified workers was part of Manager D's efforts to achieve BETA's vision to realise the city as a tourist destination.

Yearly improvement

At the end of each financial year, BETA prepares a performance report as part of the performance-based accountability system mandated by regulation number 29 2014. As discussed in Chapter 6, preparing the report requires BETA to conduct performance measurement, which is categorised as a

yearly review performed in the review stage of the management cycle. The improvement stage of the management cycle refers to the use of feedback received from the yearly reviews to improve service delivery.

Also discussed in Chapter 6, BETA used KPIs and output indicators for measuring its 2014 performance. BETA not only compared actual performance with targets but also conducted trend analysis to illustrate the fluctuations in the number of tourists from 2008 to 2014. Through this analysis, MoTCE (2015) determined that the decrease in the number of tourists between 2006 and 2008 was due to the lack of events. To improve its performance and boost the number of tourists, BETA designed programs and activities such as strategic events; promotion and marketing; and developing tourism workers and organisations (MoTCE, 2015).

While using this information to improve its performance, BETA faced a considerable challenge in attracting more tourists. Manager C (2015) stated that given the information about tourist numbers, which was used to measure his performance, he needed to analyse the tourists' countries of origin to design events tailored to those particular nationalities. However, there were still some challenges to faces, as Manager C (2015) said:

Tourism is about building city image. Tourism is not only about attracting tourists to come to a tourist destination, but also inviting people to come to the city to do business. Those who come to the city to attend a business meeting or exhibition are also categorised as tourists. The increasing number of visitors will contribute to the whole economy. They will boost the economic activities of those who support tourism, from restaurants to the pedicab drivers receive the benefits. Hence, decision makers should know about the contribution of tourism to the economy of the city. Unfortunately, not all working units understand about that. We need the office for transportation, the office for public works, and the police officers to work together to build tourism.

Apart from the urgency to raise the awareness of other working units to support tourism, Manager C (2015) also maintained that budget constraints had become a barrier to achieving high performance. He argued that the availability of funding would allow him to design an effective strategy to market and promote tourism to build the city image. Nevertheless, the manager also complained that the budget proposals for promoting and marketing tourism were often rejected or cut. This was because the team that verified the budget did not consider tourism promotion and marketing as important contributors to economic activities (Manager C, 2015).

Quarterly improvement

Quarterly improvement relates to actions taken by the manager based on feedback received from the quarterly reviews to improve performance. As explained in Chapter 6 (refer to Section 6.1.1), BETA was required to submit a quarterly report to the LGAPA, which presented the realisation of its

budget. Then, together with other working units, BETA was expected to attend a forum conducted by LGAPA to monitor and evaluate the progress of its budget realisation. Output indicators and financial information were in the quarterly monitoring and evaluation process. In the forum, LGAPA only tracked progress of the execution of the budget, not progress against KPIs (Headplan, 2015).

As the focus of the quarterly monitoring was on output indicators and financial information, BETA's managers concentrated on achieving their outputs. In this regard, the improvement based on the feedback received from the review stage of the management cycle was limited to accomplishing programs and activities, and achieving the output targets without considering the results. The initiative of LGAPA to invite the Mayor and LGA officials to the quarterly monitoring and evaluation forum, as discussed in Chapter 6, was supposed to pave the way for providing more useful performance information for working unit managers to improve organisational performance.

7.2.2 The use of informal performance information in the improvement stage

As well as KPIs and output indicators, informal performance information was also crucial for providing a basis for continuous improvement at BETA. Informal information used at the Office in the improvement stage of the management cycle involved weekly meetings and onsite supervision. These types of performance information are like those used in the implementation and review stages. This similarity indicates that the effort to improve performance was made not only by defining better programs or activities, but also by improving the way the activities were delivered. Weekly meetings and onsite supervision enabled managers to prepare better activities so that yearly performance targets could be achieved.

Weekly meetings

As discussed in Chapter 6, BETA's head office conducted weekly meetings with all managers to discuss the progress of programs and activities. These meetings allowed the managers to discuss their problems in delivering services to the head offices so that potential solutions could be identified. They also talked about their future so that they could be better prepared and more informed about how to implement new initiatives (refer to section 6.2.1).

Information from stakeholders

As discussed in Chapter 6, the Mayor's WhatsApp group allowed the Mayor to communicate, monitor, and evaluate the performance of BETA daily. This type of review enabled the head office, together with BETA's managers, to make continuous improvement for the whole year so that targets in the strategic plan could be achieved.

Other information used by BETA's managers for improving their performance was feedback received from onsite monitoring. As explained in Chapter 6, BETA's head office always monitored tourism events, overseeing their success as measured by the number of attendees. The feedback received was useful information that could be used in future planning. Manager C (2015) stated that on occasions, the head office also asked about the preparation of events, such as whether they had been advertised. Manager C (2015) admitted that the lack of an information center had become a barrier for conducting tourism promotion and marketing, even though promotion and marketing play a crucial role in increasing the number of tourists. He said:

We need to promote our events. We do not have enough billboards to promote our programs. For me, billboards are effective to let the public know about an event. The City A government should have at least three Videotrons to advertise all programs and activities. One of them should be placed at Losari Beach where many people can see the advertisement from the government. Up to now we just have poor ads. How can the people know that we hold attractive events? Yesterday I put ads on Tribun daily. But you know, not many people read the news, not many people communicate on the social media, not many people watch TV, but many people on the street. (Manager C, 2015)

The manager's complaint about the lack of an information center indicates that performance information, both formal and informal, allows the manager to learn. However, executing ideas to make significant change requires not only sufficient information but also the authority to use resources. Otherwise, managers can only make minor improvements.

7.2.3 Summary of the use of performance information in the improvement stage at BETA

The improvement stage of the management cycle at BETA can be classified based on the frequency of improvement undertaken: five-yearly, yearly, quarterly, weekly, and daily. Five-yearly improvements were made when the office formulated its new strategic plan, using KPIs as the basis for designing better programs and activities to achieve its strategic objectives. BETA also used information generated from external organisations for formulating its strategy. Yearly improvement was made based on the feedback received from measuring its yearly performance. However, in seeking to make yearly improvements, BETA's manager was challenged by his limited authority to influence change in promoting and marketing city tourism. Quarterly improvement was based on feedback received through the monitoring and evaluation led by LGAPA. Output indicators were used in the quarterly reviews, not KPIs. As the focus of the monitoring and evaluation was on budget realisation, the improvement made by managers concentrated on the completion of programs and activities so that yearly targets could be achieved.

While KPIs and output indicators were used in the five-yearly, yearly, and quarterly improvements, informal performance information was used in the ongoing improvement carried out throughout the

financial year. This type of improvement was based on the feedback received from BETA's head office, through weekly meetings and onsite monitoring. Face-to-face communication allowed managers to receive rich information regarding strategies to implement their programs and activities. The guidance and the suggestions from head office allowed managers to improve their day-to-day business.

The use of performance information in the improvement stage of the management cycle at BETA suggests that the formulation of a strategic plan lays a foundation for making improvements. In other words, improving the quality of performance information is the point of departure to make significant change over a five-year period. Therefore, it is important to develop sound strategic plans. The failure to develop effective strategies will lead to an inability to achieve the organisation's vision. The presence of yearly and quarterly improvement opportunities plays a crucial role in ensuring that the strategic objectives that have been formulated in the strategic plans are achieved. Furthermore, to ensure that consistent and continuous improvement is made, the organisation needs to use informal performance information. The presence of weekly meetings, as well as intensive monitoring conducted daily, create continuous improvement that will lead to the achievement of performance targets.

7.3 The use of performance information in GAMMA

This section investigates the use of performance information at the improvement stage of the management cycle at GAMMA. GAMMA's two periods of strategic plans (2008-2013 and 2013-2018) and their 2014 performance report were interrogated, and to obtain more detail about the use of performance information, interviews were conducted with Manager F, Manager G, Manager H.

7.3.1 The nature and use of formal performance information

Significant improvement is made at GAMMA every five years when the Office formulates a strategic plan. In this plan, a new vision is developed to guide the office toward achieving its objective. The development of vision lays a foundation for formulating strategy, including designing the programs and activities to be conducted for five-year period (refer to BOITM, 2013a). Therefore, the formulation of the strategic plan provides GAMMA with a great opportunity for carrying out substantial improvement. As well as five-yearly, GAMMA also produced improvements on a yearly, quarterly, monthly, and weekly basis. These types of improvement were in response to feedback received from the review stage of the management cycle, as discussed in Chapter 6. This section discusses five-yearly, yearly, and quarterly improvement, based on KPIs and output indicators, while monthly and weekly improvements, based on informal performance information, are discussed in Section 7.1.2.

Five-yearly improvement

GAMMA's strategic plan allowed managers to design strategy to achieve the organisation's vision over the five-year period. Hence, formulating a sound strategic plan provides the groundwork for improvement in service delivery. The ability of GAMMA to formulate strategic objectives along with KPIs, output indicators, and quantifiable performance targets motivates managers to improve their performance.

GAMMA's improvement processes are part of the strategy to achieve the vision of City B regional development. The process begins with identifying the critical issues in the City B district. One issue is the shortage of agricultural land. Understanding that the region will not be able to compete with other regions in the production of agricultural goods due to this shortage, GAMMA's Regent established a vision to become the center of economic activities in the southern part of South Sulawesi by 2018, relying on the production of seed rather than agricultural products. This vision demands that the LGB attracts investors as well as visitors to come to the region. Under the leadership of the Regent, significant innovation programs have been introduced (Bappeda, 2015b).

GAMMA has formulated strategies and designed programs to support the achievement of the district's vision. One of these strategies is to establish a fertilizer plant to promote City B as a producer of quality seeds in South Sulawesi. While the City B Office for Agriculture (BOA) provides the seeds, GAMMA provides the fertilizer. In this regard, Manager G (2015) said:

The second innovation we made is the establishment of the fertilizer plant. We cooperate with the Indonesian Agency for Development and Implementation of Technology. This plant is intended to support the agriculture program. We only have limited areas. If we do not come up with innovation, we will be left behind from other regions. One of the ways to increase the agriculture product is by implementing a fertilizing technique properly. We believe if we can produce quality fertilizer we can increase our agricultural products.

To attract investors to achieve the City B vision, GAMMA has sought to improve its service delivery by creating activities in its strategic plan (2013-2018) for implementing simplified business processes. These activities were being realised when the interviews for this study were conducted. Manager G (2015) asserted that GAMMA had tried to improve its service in issuing permits for commerce, saying:

We have made improvement in issuing permits, especially regarding the timeframe. We promote easy and quick process. Also, we do not collect fees for processing the permits. For trading permits, for example, as the applicants submit the application completely, then we conduct surveys. If all the requirements are Ok, then we issued the permits. It only takes one day to process the permits. (Manager G, 2015)

Manager H (2015) added that providing easier business processes was crucial for strengthening the capacity of small and medium enterprises. Legalizing their business was the starting point for their empowerment. Manager H (2015) stated that the Office proactively visited the enterprises and introduced the free of charge permit process. The manager even maintained that she helped them to complete the application forms.

Examining GAMMA's current strategic plan shows that the office used KPIs. GAMMA presented trend analysis for the KPIs from 2008-2013, which was used as a basis for setting performance targets for the next five years. In relation to the BSC, GAMMA's KPIs used in the improvement stage aligned with three perspectives: customer; internal business processes; and financial. GAMMA had presented information about the staff, including their number and education backgrounds. However, they had not used this information to improve the capacity and capability of the staff. The failure to use this information can be seen from the absence of KPIs aligned with the learning and growth perspective in the current strategic plan.

Yearly improvement

Yearly improvement takes place when GAMMA's managers use feedback received from the yearly reviews to improve service delivery. As explained in Chapter 6, one type of review in GAMMA is the yearly review, which is carried out when the office prepares a performance report. Conducting yearly reviews allows the office to measure its performance by comparing targets with actual performance. Interrogating GAMMA's 2014 performance report demonstrates that the office did not conduct sufficient analysis and evaluation on its performance gaps. The report focuses on the comparison of performance and provides information about the activities that were carried out during the year. No narrative in the report explains the failure to achieve targets.

Despite the absence of narrative to justify performance, interviews with managers suggest that they still tried to improve service delivery. Manager G (2015) elaborated:

Every year we learn. If there is something wrong, we try to improve in the next year. Last year we realised that we did not have enough staff so that we cannot do monitoring. To resolve this problem, we hire NGO to do monitoring.

The Mining Division at GAMMA also used performance information for improving its service. The presence of targets to cope with illegal mining businesses in the region encouraged GAMMA to allocate a budget to carry out supervision in eight sub-districts in 2014. This activity aimed at reducing the impacts of the mining activities in the watershed (GAMMA, 2015). Manager I (2015) asserts that conducting supervision is one of her main tasks so that her performance will be measured based on her ability to supervise mining businesses. She stated:

Up to now, we can only supervise 30%-40% of the mining businesses in this region. We do not only supervise but also monitor them. In many cases, the miners do not have an understanding of the regulation that they need permits before they operate their businesses. We try to let them know about the regulation and encourage them to apply for the permits as they do not pay the fees for that. If we find any destruction, we will close their business. But as long as the problem is about permit without any environmental impact, we will issue the permits.

The examination of GAMMA's performance report and the interviews with managers revealed that the feedback from yearly reviews was considered by managers. The initiative of Manager G (2015) to coordinate with NGOs, and Manager I's attempts to enforce the regulations regarding mining permits, shows that they had responded to the feedback received from the yearly reviews. However, the manager's initiatives were not disclosed in GAMMA's performance report.

Quarterly improvement

Quarterly improvement was carried out by GAMMA's managers based on feedback received from quarterly reviews. As discussed in Chapter 6, GAMMA is required to submit a quarterly progress report to the LGBPA relating to budget realisation. GAMMA also must attend a forum, led by the Regent, in which its programs and activities are monitored and evaluated

GAMMA's quarterly reviews produce feedback for managers to achieve the targets of outputs. The focus of LGBPA is not on monitoring the achievement of KPIs, only the outputs and financial performance. Hence, improvement produced from the feedback received from the quarterly reviews relates to the accomplishment of targets of output indicators.

7.3.2 The use of informal performance information in the improvement stage

As well as formal information, GAMMA also used data from observations in the improvement stage. The improvement process occurs as the activities are being conducted. Three sources of information are used as the foundation for making an improvement: monthly meetings, weekly meetings with the Regent, and the managers' observation. These sources of information are also used in the implementation and review stages of the management cycle. This similarity indicates that improving service delivery is carried out throughout the financial year. Details of the improvements are as follows.

Monthly meetings

As discussed in Chapter 6, every month the head office holds meetings with all the managers to discuss the progress of programs and activities. In this meeting the focus is on the timeliness of activities and the achievement of outputs. In this regard, the monthly meeting supports managers in delivering services in a timely manner and motivates them to achieve their targets.

Weekly meetings with the Regent

Every Monday morning the Regent of LGB holds a meeting with the working unit heads, including GAMMA's head office, to monitor and evaluate their performance. This meeting allows GAMMA's head to discuss any challenges that may hinder the achievement of performance targets, and seek input to help create solutions. The feedback from the meeting becomes the source of information for the head office to collaborate with GAMMA's manager to improve performance.

Information received from the managers' observations

Implementing programs and activities enables GAMMA's managers to learn how to improve service delivery. Interaction with stakeholders in delivering services, such as monitoring small and medium enterprises, allows managers to observe the progress of activities aimed at improving their capacity in managing businesses. Observations provide the opportunity for managers to develop an understanding of stakeholder needs so that better programs and activities can be delivered. Manager H (2015) highlighted that she focused on growing cultural-based products to nurture the small and medium industry. She said:

In many cases, the entrepreneurs have the capability to produce goods. One of the sub-districts in this region is famous for its woven chicken cages production in South Sulawesi. However, the people merely produce conventional cages. We want to grow their capability in making handcraft. We give them training so that they can produce artistic and unique chicken cages, not the conventional cages which prices are only fifty thousand rupiahs for three cages. We hope this strategy can boost the price up to millions of rupiahs. (Manager H, 2015)

Manager H's (2015) decision to find a way to improve economic activity by promoting cultural-based products shows that improvement had occurred because of the learning process of monitoring small and medium enterprises. The manager's use of information from observations suggests that the process of improving service delivery was carried out not only after conducting yearly performance measurement or quarterly monitoring and evaluation, but also throughout the year.

7.3.3 Summary of the use of performance information in the improvement stage at GAMMA

The improvement stage of the management cycle at GAMMA involved five-yearly, yearly, and quarterly improvement, based on feedback received in the review stage. The current strategic plan provided evidence of GAMMA's improvement. The formulation of strategic objectives along with KPIs and performance targets allowed them to design effective programs and activities that contributed to achieving their vision. The preparation of the strategic plan was the impetus for GAMMA to initiate significant change to be implemented over the five-year period. Yearly improvement was carried out by managers based on the feedback received from measuring performance. While useful feedback allowed managers to create initiatives to improve service

delivery, they also faced operational challenges such as limited authority to manage resources. Quarterly improvements focused on accomplishing outputs and executing the budget.

GAMMA also utilized informal performance information to complement the use of formal performance information. The presence of monthly meetings with the head office, the weekly monitoring by the Regent, and the managers' observations contributed to producing improvement. Formal performance information alone is not sufficient to guide managers in their daily business; the use of informal performance information allows managers to obtain richer detail to help them achieve improvements.

The use of informal performance information in the improvement stage at GAMMA also suggests that ongoing improvement has been made. The managers' observations provided them with better information for delivering services. The face-to-face meetings with the head offices and the Regent ensured that improvement was made step-by-step toward the achievement of yearly targets.

7.4 Case comparison and discussion

The use of performance information is believed to have potential benefits for government (Ammons, 2002; Ammons & Rivenbark, 2008; Behn, 2003; Hatry, 2006; Ho, 2005). The proponents of the use of performance information point out that it will lead to performance improvement (Moynihan, 2008; Poister, Pasha, et al., 2013; Wholey & Hatry, 1992). Folz et al. (2009) asserted that the use of performance information enables managers to improve the quality of their decisions in managing and evaluating programs, and in focusing program priorities. Van Dooren et al. (2010) also highlighted that performance information can be used to learn; to steer and control; and to give account. Moreover, De Bruijn (2007) listed four uses of performance information: to create transparency; to learn; to appraise; and to sanction. However, few studies examine the link between the use of performance information and improving service delivery.

This section investigates the use of performance information in the improvement stage of the management cycle in the three offices. The individual cases as presented in Sections 7.1 to 7.2.3 are compared and contrasted in order to answer RQ1 and RQ2: Which categories of information do managers use and how? In structuring this section, the types of information used in the improvement stage are investigated (RQ1) before interrogating how the information was used (RQ2).

7.4.1 Which information did managers use? (RQ1)

In the improvement stage of the management cycle, the managers of the three offices took action based on the feedback received from the review stage. As discussed in Chapter 6, the review stage of the management cycle involves: yearly; quarterly; monthly; weekly; daily or onsite reviews. This

classification was developed based on the frequency of the reviews conducted in the three offices. All three offices held yearly and quarterly reviews using KPIs and output indicators at different levels. The other types of reviews were conducted using informal performance information. Feedback received from the reviews informed the managers in seeking to make improvements.

Examination of the three cases, as discussed in Sections 7.1 to 7.3, demonstrates that KPIs, output indicators, and informal performance information were used in the improvement stage of the management cycle. Table 7-1 compares and contrasts the performance information used in the three offices aligned with the four BSC perspectives in the improvement stage. The shaded areas in the table indicate the use of performance information in the three types of improvement: five-yearly; yearly; and quarterly. This table, developed from the findings in the individual cases, lays a foundation for investigating the use of KPIs and output indicators in the three offices based on the framework for the use of performance information in the improvement stage of the management cycle (refer to Figure 4-1).

Table 7-1: The types of formal performance information used in the improvement stage

	Customer	Internal business process	Learning and growth	Financial	Others
The KPIs (Five-yearly)					
ALPHA					
BETA					
GAMMA					
The KPI (Yearly)					
ALPHA					
BETA					
GAMMA					
Output indicators (Yearly and Quarterly)					
ALPHA					
BETA					
GAMMA					

It is apparent in Table 7-1 that KPIs were used in the five-yearly and yearly improvement. These KPIs aligned with only two perspectives of the BSC: the customer and the internal business process. Output indicators were also used by the three offices in the yearly and quarterly improvement. Except for ALPHA, the three offices' output indicators aligned with the three perspectives of the BSC.

Five-yearly improvement was made when the three offices prepared their strategic plans. The presence of performance targets in the strategic plans demonstrates the commitment of the three offices to achieve improved performance. In this type of improvement, the KPIs aligned with the

customer and the internal business process perspectives of the BSC. These KPIs were also used in the yearly improvements, when the three offices acted based on feedback from the yearly reviews.

The three offices also used output indicators in the yearly and quarterly improvement. As discussed in the individual cases in the previous section, in the yearly reviews the three offices prepared performance reports, allowing them to measure their performance. In the yearly improvement, the managers used feedback generated from measuring performance to improve service delivery. Similarly, in the quarterly improvement, the managers utilized feedback from the quarterly reviews. In these two types of improvement, the three offices' output indicators aligned with perspectives of the BSC. Among the three offices, only ALPHA's output indicators aligned with all four perspectives, while the other two offices only aligned with three perspectives.

As well as the use of formal performance information (KPIs and output indicators), the three offices used informal performance information in the improvement stage of the management cycle. These types of performance information were used more frequently than formal performance information, and helped managers in their day-to-day businesses. The informal performance information encompassed face-to-face meetings, citizen complaints, and media coverage. These types of informal performance information were also used in the implementation and review stages of the management cycle. The similarity of information used in the three stages of the management cycle indicates that improvement processes can occur in conjunction with program and activity implementation. Table 6-2 illustrates the information used in the improvement stage of the management cycle.

7.4.2 How did managers use the information? (RQ2)

This section concentrates on interrogating how managers in the three offices used performance information in the improvement stage of the management cycle (RQ2). The information used is listed in Table 7-1 and

Table 7-2: The use of informal performance information in the improvement stage

	ALPHA	BETA	GAMMA
Face-to-face meetings	Weekly meetings with the managers and the head offices		Monthly meetings with the managers and the head office
Communication with the local government head	The use of WhatsApp group to provide prompt response		Weekly meetings between the Regent and the head office
Managers' observations	Implementing programs and activities allows the managers to conduct observations and use them to improve programs/activities		
Citizen complaints	The use of UCare application to monitor dirty city areas	N/A	N/A
Media coverage	N/A	Media coverage	N/A

Table 6-2. In exploring RQ2, the performance information is divided into two: formal and informal.

The use of formal performance information in the improvement stage

Formal performance information used in the improvement stage of the management cycle entails KPIs, output indicators, and other formal performance information, such as explanatory information presented in the three offices' performance reports. This section focuses on the use formal performance information in the five-yearly, yearly, and quarterly improvements produced by the three offices, comparing and contrasting how the managers used this information.

Table 7-3 summarises how the managers in the three offices used KPIs and output indicators in the improvement stage of the management cycle, developed from the individual findings presented in Sections 7.1 to 7.3. In general, the nature of the improvement stage in the three offices was similar. Significant improvement was made when the three offices prepared their strategic plans. The improvement at the three offices went hand-in-hand with those at their local government level, as the new local government heads were elected.

The following paragraphs elaborate on the use of performance information in the three types of improvement.

Five-yearly improvement

Preparing strategic plans was the most significant impetus for the three offices to make improvements. Developing strategic plans offered the three offices considerable opportunity to bring about marked changes in the way they delivered services, by formulating a vision, missions, goals, strategic objectives, and KPIs. These components of the strategic plans focused the managers' attention on designing and executing the programs and activities that would contribute to the

achievement of their strategic objectives. Examining the three offices' strategic plans suggest that they had set performance targets for the five-year planning period.

Table 7-3: Summary of the use of performance information in the improvement stage

	ALPHA	BETA	GAMMA
Five-yearly			
Nature	Improvement is made when the three offices prepare their strategic plan		
KPIs	KPIs are used to set targets and design programs and activities		
BSC	KPIs align with the customer and the internal business perspectives used in the improvement stage		
Yearly			
Nature	Improvement is made when the managers take action based on the feedback received from performance measurement		
KPIs	The office conducts trend analysis to learn and implement change in improving next year’s program	Performance measurement and the trend analysis drives the managers to make improvements	The managers have learned from performance measurement
	Managers in the three offices face operational challenges in making improvement based on the feedback received from the reviews		
BSC	Customer and internal business process perspective	Customer and internal business process perspective	Customer, internal business process, and financial perspective
Output	Output indicators are used to ensure the completion of activities		
Quarterly			
Nature	The offices are required to submit quarterly reports and attend forums for discussing the progress of their budget realisation		
Output	Output indicators are used to ensure the completion of activities		
BSC	Four perspectives of the BSC	Three perspectives of the BSC	Three perspectives of the BSC

The commitment to improve service delivery can be seen in the gradual increase in the performance targets set. For example, ALPHA intends to increase the amount of solid waste transported to landfills from 90.16% in 2014 to 95% in 2019. BETA aims at increasing the number of tourists from three million in 2014 to 20 million in 2019. GAMMA set a target to increase the value of investment from the industry sector from 40 billion rupiahs in 2013 to 60 billion rupiahs in 2018. The use of KPIs, selected from outcome indicators, contributes to focusing the managers' attention on achieving results, rather than concentrating merely on accomplishing their tasks. The presence of these targets shows how improvement in the three offices has been carried out.

The benefits of using more meaningful performance information can be seen from the initiatives developed by the three offices in achieving their targets. Regardless of several shortcomings in the

current strategic plans (refer to Section 4.4 in Chapter 4), the three offices have devoted significant effort to formulating their KPIs, which are used to monitor and evaluate how well they have achieved their strategic objectives.

The selection of outcome indicators in the three offices in managing performance has been advocated in previous studies (Ammons & Rivenbark, 2008; Poister, 2003; Van Dooren, 2005). Ammons (2013) highlighted that by using outcome indicators, managers begin to address “how well,” “how efficiently,” and “to what effect” they have reached their objectives. He also reiterated that the use of outcome indicators would turn the attention of managers toward performance improvement.

The use of KPIs in the three stages of the management cycle – planning, implementation, and review – provides evidence of how improvement was carried out. The formulation of the percentage of solid waste transported to landfills as one of its KPIs helped ALPHA’s managers identify the most effective programs and activities to reduce waste generation. Involving the community in managing waste by promoting community-based waste banks was part of the solution to reduce not only the waste but also the cost of transporting the waste to landfills.

BETA also developed a KPI, selected from its outcome indicators, to measure its effort in attracting tourists. The Office used the number of tourists, rather than simply focusing on the output indicators to measure its performance. Using the number of tourists as the KPI allowed managers to examine and learn how well they had designed events to attract tourists. As indicated above, BETA aimed at increasing the number of tourists significantly. Setting this target motivated the manager to focus his attention on designing effective activities to increase the number of tourists. As discussed in Chapter 5, this target encouraged the manager to cooperate with the media in order to build the city image, which is crucial for attracting tourists. This target also inspired the manager to work with travel agents in Bali to promote the city.

Similarly, GAMMA used outcome indicators to develop its KPIs to measure how its strategic objectives are achieved. For example, the Office’s target for increasing the value of investment in the industry, discussed earlier, shows GAMMA’s commitment to improving service delivery because increasing the value of investment would also create job opportunities. In turn, communities would reap the benefits. The strategic objective to increase the value of investment was translated into specific activities, such as promoting easier ways of doing businesses. In the implementation stage (discussed in Section 5.3.1) this target motivated the manager to cooperate with another working unit in order to attract more investors to the region.

Examining the use of KPIs in the four stages of the management cycle – planning, implementation, review, and improvement – reaffirms the importance of developing useful and meaningful performance indicators. As has been pointed out in Chapter 4, apart from the effort to use outcome indicators, the three offices had several problems with their KPIs. While all three offices developed KPIs addressing the customer perspective of the BSC, they did not formulate KPIs that could be used to measure their service quality. As discussed in Chapter 5, the use of KPIs in the implementation stage of the management cycle in the three offices motivated the managers to achieve their performance targets. Furthermore, the use of KPIs also laid the foundation for the three offices to conduct reviews (refer to Chapter 6). Thus, the absence of KPIs related to service quality meant there was nothing to motivate managers to improve the quality of services and this would also be overlooked in evaluating their performance. The three offices' performance reports provide evidence of this failure to address evaluation of their service quality. Hatry (2006) maintained that this category of performance indicator refers to the quality of the service customers received: how well a program delivered a service, based on characteristics important to customers. Several types of service quality indicators could be used by the three offices to track performance, such as the timeliness of service provision, the courteousness with which the service is delivered, and customer satisfaction.

The usefulness of outcome over output indicators for improving performance can also be seen in the development of KPIs relating to the financial perspective of the BSC. Rather than selecting outcome indicators as the KPIs relating to the financial perspective, ALPHA and BETA used indicators focusing on the accomplishment of activities, rather than the results. ALPHA set a target for the availability of performance reports to measure its financial aspect. BETA used the percentage of programs and activities achieved as the KPI addressing the financial perspective. These two KPIs do not tell the manager how well they have managed their financial resources. These KPIs focus their attention only on preparing the report and executing the budget to implement their programs and activities, without considering their effectiveness in running the programs. GAMMA, on the other hand, developed a better quality of KPI relating to the financial perspective, formulating the regional income from industry, trade, and mining sectors as a KPI. This KPI meets the criteria of outcome indicator and potentially motivated managers to mobilize regional income. However, apart from the effort to include this indicator as a KPI, GAMMA also needed to incorporate indicators to measure its effectiveness in spending its financial resources, not only in generating regional income.

The investigation of the use of outcome measures as KPIs and output indicators in the strategic plans and implementation stage of the management cycle, as discussed in the previous paragraphs, sheds light on how outcome indicators as KPIs can improve performance. The availability of KPIs in the

strategic plan has a motivational effect on managers, focusing their attention on achieving their performance targets as set in the strategic plans. The use of outcome indicators to motivate managers supports the arguments of Ammons and Rivenbark (2008), who highlighted that knowing the results of a program will inspire managers, supervisors, and employees, while raw workload counts do not inspire much managerial thinking. Formulating KPIs and quantifiable targets in the strategic plans supports the proponents of target setting. The presence of measurable targets enables public managers to make better decisions, motivates managers to achieve goals, and provides insight regarding performance problems and potential solutions (see Boyne & Chen, 2006; Poister, Pasha, et al., 2013).

Yearly improvement

The presence of yearly performance targets in the three offices' strategic plans allowed for the tracking of their progress in achieving the targets every year. The presence of the five-year targets also indicates the intention to achieve a gradual improvement in their performance. As discussed in Chapter 6, part of the review stage of the management cycle in the three offices involved preparing performance reports. To do so, the three offices were required to measure their performance using their KPIs and output indicators, comparing actual performance with the targets.

Measuring performance, in fact, was part of the mechanism to improve the performance of the three offices. Measuring performance allowed managers in the three offices to analyse and evaluate their performance. This measurement produced feedback, which was useful for the managers to improve their programs and activities into the future. For example, BETA set a target for achieving three million visitors in 2014. This target was measured against the actual visitors in 2014. Measuring performance allowed Manager C to analyse the performance gap. The manager also used trend analysis to evaluate his performance. Manager C (2015) realised that he needed more detailed data to inform him of the tourists' countries of origin, as this would help him tailor the tourism promotion and marketing. Similarly, ALPHA's yearly reviews allowed managers to analyse and evaluate their performance in a particular financial year. The trend analysis regarding the percentage of waste transported to landfills enabled them to design better activities in the annual plan to improve performance in the following financial year.

Despite the usefulness of KPIs in providing information about performance achievement, addressing the feedback received from measuring performance was also challenging for the managers in the three offices. The use of performance information in the improvement stage suggests that managers faced operational issues, creating barriers to implementing change. In ALPHA, Manager A (2015) recognized that part of the problem in managing waste was the inadequacy of the infrastructure and

facilities. However, improving the infrastructure and facilities was beyond his authority. Transporting waste to landfills required adequate road infrastructure, which was not the responsibility of ALPHA.

Manager H (2015) from GAMMA also maintained that the lack of budget to assist small and medium enterprises to promote their products limited her in achieving her performance targets. As highlighted in Chapter 5, the presence of the KPI to grow the number of traders encouraged the manager to implement easier ways of doing business. However, businesses need more than permits to succeed, they also need to market their products, but GAMMA did not have the budget allocation to provide financial assistance to help these businesses.

BETA's managers faced a similar challenge. Manager C (2015) maintained that promotion and marketing of city tourism were crucial for attracting tourists. However, the team responsible for budget allocation cut Manager C's budget proposal for advertising BETA's events on television. Therefore, fewer tourists came to the city. Manager C (2015) asserts that building city tourism needs the support of other working units. The manager (2015) points out that it is important to create a comfortable and peaceful city because safety is one of the factors influencing the decision of a tourist to come to a city. Also, the comfortable and peaceful city will encourage event organisers to hold events in the city so that, in the end, the target of increasing the number of tourists can be achieved. To produce improvement, other working units need to participate in building tourism due to the lack of capacity of the BETA's managers to do so.

The barriers to improvement faced by the managers in the three offices are consistent with the findings of Behn (2003), who argued that managers are challenged by intellectual and operational issues. Intellectual challenges refer to how the manager adopts and adapts changes in plans, procedures, or personnel. Operational issues relate to how the manager implements the indicated change. Interviews with the managers in the three offices suggest that they had the capability to analyse and evaluate performance and adapt when necessary. Manager A (2015) in ALPHA, for example, was able to create an alternative solution for achieving the target of reducing waste generation by promoting community-based solid waste banks. Manager C (2015) could map the problem of promoting and marketing tourism the city, providing opportunities to design more attractive events. Similarly, the initiative of Manager I (2015) to assist businessmen to process permits demonstrates her understanding of how to promote business processes in order to boost the economic activities of the region. Hence, referring to Behn (2003), managers faced operational issues, which hindered their adoption and adaptation of changes, and not intellectual issues as they had capability to identify alternative solution.

Quarterly improvement

Quarterly improvement was carried out by managers in the three offices in response to the feedback received in the quarterly reviews. As discussed in Chapter 6, quarterly reviews, under the coordination of the planning agencies in the two local governments, also contributed to motivating the working units to achieve targets. The reviews motivated the managers to produce goods and services promptly. MOIA regulation number 54 2010 (MoIA, 2010) mandated planning agencies to conduct evaluations in order to ensure that the performance indicators for measuring programs and activities were achieved. This mandate indicates that MOIA's regulation not only required working units to measure output but also outcomes. In fact, up to the time of data collection for this study, the three offices focused their monitoring and evaluation on output indicators, rather than outcomes, as mandated by the MOIA regulation. This practice inevitably undermined the potential benefits reaped by the three offices in using outcome indicators as a basis for conducting quarterly reviews.

Despite the failure of the three offices to use KPIs in their quarterly reviews, the presence of monitoring and evaluation forums was important. These forums, involving the Mayor/Regent and other working units, helped build a culture of evaluation, as suggested by (Goh, 2012; Moynihan, 2005; Moynihan & Landuyt, 2009). Goh (2012) maintained that the presence of dialogue nurtures a culture of learning and encourages the drive to improvement. Similarly, Srimai et al. (2011) also pointed out that organisational dialogue on performance contributes to distributing knowledge and creates collaboration throughout the organisation. The monitoring and evaluation forums provided the three offices with opportunities to coordinate and collaborate with other working units and to receive support from the Regent/Mayor. The only drawback to the forums rests in the failure to discuss the achievement of outputs and not outcomes.

The use of informal performance information in the improvement stage

Informal performance information was used to provide useful information for managers in the three offices for executing improvement in their day-to-day businesses. As discussed in Section 7.4.1, four sources of informal performance information were used by managers in the three offices to improve service delivery. The discussion on the use of informal performance information in the following paragraph is based on Table 6-2.

Looking at Table 7-2 in more detailTable 6-2, except for citizen complaints and media coverage, managers in the three offices used similar sources of performance information. Face-to-face meetings with the head offices, information received from local government heads, and managers' observations were all used in the three offices. However, only ALPHA benefitted from using

information received from citizens, and BETA alone considered the importance of media coverage as a source of information.

The three office heads showed their commitment to improving performance by holding regular meetings. ALPHA's and BETA's heads conducted weekly meetings, while GAMMA's head held meetings monthly. In general, the agenda of the meetings in the three offices was similar. They discussed past performance, including identifying any problems and potential solutions, and defined strategies to implement activities to be conducted in the following week/month. These meetings helped build a learning culture that was useful for motivating managers to achieve performance targets.

The managers in the three offices also benefitted from the initiative of their local government heads, which strengthened communication with their office heads. This type of communication helped keep local government heads informed about the progress of working unit activities. After all, the success of the working units would determine the success of the local government heads in achieving the vision of the city/district. The communication media used by the Mayor and the Regent differed. The City A Mayor initiated a WhatsApp group, while City B Regent conducted weekly face-to-face meetings. The WhatsApp group allowed managers in ALPHA and BETA to respond promptly, rather than waiting a week as experienced by GAMMA's managers.

Another source of informal performance information used in common across the three offices was managers' observations. For example, Manager C (2015) from GAMMA used this source of information to improve programs and activities that would be delivered to the community. Part of the responsibility of the manager was to monitor the progress of small and medium enterprises. To do so, the manager mapped the characteristics of the industries based on areas, allowing her to customize programs that could be used to promote their businesses. For example, Manager C (2015) asserted that it was inappropriate to run sewing workshops in the sub-district where most people produced agricultural products.

The use of informal performance indicates the importance of details information to assist managers in their day to day life. These findings are consistent with the arguments of Behn (2003), who maintains that measurement itself does not improve performance. He asserts that it is important to dissect the black box of how converting the data into performance. Informal performance information provides detail information beyond performance indicators. This information helps to understand what happened inside the black box as it provides detail information what the managers have done to improve performance.

The use of informal performance information in the improvement process provides an explanation in the way performance improvement works. While the formal information provides the basis for guiding improvement, informal information details the information for the day to day decision making processes for the managers. In this regard, informal information is necessary for supporting information for the formal.

The observations conducted by Manager G (2015) in GAMMA are useful for design proper activities to strengthen the capacity of the small and medium enterprises in the local government. Also the observation of Manager H (2015) in identifying the appropriate location for building a marketplace at the village level is an example of how importance of informal information in making decision to achieve the effectiveness of his program for strengthening the distribution of commodities. Similarly, the problems in strengthening tourism businesses gathered from the monitoring and evaluation conducted by Manager D (2015) in BETA indicates the use of informal performance information in assisting the managers to make better decisions. Another example is the decision for exchanging spare part to maintain trucks in ALPHA by the secretary is also a result of a series of observation of the staff members.

The difference source of informal performance information also indicates that the characteristic of the working units, as well as the demographic factors, explain this different. It is interesting to note that BETA considers the media coverage is essential, while not for the other working units. Similarly, the decision not to use citizen complaints about BETA or GAMMA may suggest that this source of information is not as crucial as for ALPHA in improving performance. Further discussion on this difference will be discussed in Chapter 9.

7.5 Summary of the use of performance information in the improvement stage

Interrogating the use of performance information in the three offices sheds light on understanding how the whole process of improvement carried out. The obligation to prepare strategic plans both at local government level and at working unit level as the Mayor/Regent are elected gives considerable opportunity to make a marked improvement in service delivery for all working units in Indonesia (refer to MoIA, 2010). Examining the three offices, strategic plans indicates that the three offices have made a significant improvement in the content of the plan and the programs and activities that will be carried over the period of five years. The three offices have developed their vision, missions, goals, and objectives. They have also developed the KPIs to measure the progress which have been achieved. The three offices have also set quantifiable yearly targets that will be achieved. The

presence of performance targets demonstrates the commitment of the office to improve service delivery, which will be conducted by implementing programs and activities.

The introduction of innovative programs and activities in the three offices strategic plans provides evidence how performance information is used in the five-yearly improvement. Identifying the strategic issues by collecting data on the ability of the ALPHA to transport solid waste to landfills and on the adequacy of the facilities to manage waste has paved the way for producing improvement. GAO (2008) contends that unless managers use performance data to make management decisions and to inform policy makers, the benefit of collecting performance information cannot be realised and real improvement in management and program results are less likely achieved. The initiative of ALPHA to introduce and implement the activity to promote community-based solid waste bank indicates the use of performance information to adopt new program approach as suggested by (GAO, 2008). Similarly, the initiative of the secretary to develop and legalize the standard operating procedure (SOP) for the waste truck has demonstrated the effort to use the information to change work. BETA's and GAMMA's managers have also shows how performance information is used to improve program, such as the implementation of ease in doing business and the establishment of a fertilizer plant to support the production agricultural product.

The three offices have devoted effort to conduct performance measurement as soon as the financial year ends. The analysis and evaluation of performance measurement have been used by the managers to improve programs and activities. These analysis and evaluation are one of the sources of information in developing next year's programs and activities. The main source of information is their strategic plans as the medium-term planning which provide guidelines for the developing regional planning over the period of five years. Also, the three offices need to consider people's aspiration which is conveyed in a forum called *Musrenbang* or development planning meeting. Thus, while five-yearly improvement provides the guidelines for achieving the strategic objectives, yearly improvement is mainly aimed at ensuring that the yearly performance targets set in the strategic plan are accomplished. The use of the outcome indicators as the KPIs used to measure the achievement of strategic objectives allows the three offices to demonstrate their improvement by the accomplishment of the performance targets set in the strategic plan.

The presence of quarterly reviews, i.e. monitoring and evaluation, led by the LGAPA has enforced the managers to be able to implement activities approved in the budget documents. In this review, LGAPA focuses on its evaluation on the achievement of the outputs, not the outcomes. Hence, the improvement expected from this type of reviews is limited to achieving the output, without considering the results of the activities. The presence of the forum for these monitoring and evaluation lays a foundation for building performance culture which fosters the use of performance

information as has been promoted by previous studies. Understanding the importance of the use of the KPIs for improving service delivery has encouraged a manager at LGAPA to initiate KPIs-based monitoring and evaluation, rather than merely focusing on the outputs.

Apart from the use of formal performance information, the three offices' managers use informal performance information. This information is gathered from: face-to-face meeting with the head offices; the local government heads; citizen complaints; the media coverage; and the managers' observation. The use of informal performance information supports the study conducted Kroll (2013b) regarding the use of non-routine performance information. In his study, Kroll (2013b) argues that public managers need to take into account alternative sources of information, rather than to rely on routine performance data. Kroll (2013b) exemplifies this information as documents, written inquiries, formal meetings, and informal talks.

The use of informal performance information allows the managers to carry out ongoing improvements. Face to face meeting with the head which is regularly conducted allows the managers to received feedback which help them to achieve their performance targets. The frequent monitoring of the City A Mayor and the citizen complaints received by ALPHA's managers daily provides them opportunities to respond the problems promptly. Similarly, the media coverage gives information about the condition of the city to BETA's manager so that he can act in order to improve the image of the city, which is crucial in attracting tourists to come. GAMMA's manager also reaps the benefit of using informal performance information. Conducting monitoring small and medium enterprises enable the manager to learn and map the potential of the enterprises based on sub-units where they are located. Above all, the utilization of informal performance information in the three offices enables the managers to make an ongoing improvement which in return contribute to achieving the performance targets set in their performance agreement and strategic plans.

Regardless of the effort to use performance information in the improvement stage of the management cycle, managers in the three offices are challenged with the barriers for improving higher performance. The managers in the three offices concurs that the budget is one of the issues which prevent them to enhance their performance. The failure of ALPHA to achieve higher targets, solid waste transported to a landfill, is due to the lack of budget to procure facilities, such as trucks and containers. Similarly, one of BETA's managers can only set a target for developing one database for on sub-sector (out of fourteen) in tourism due to the meager budget. GAMMA's manager also concurs that little budget has hindered her from developing the capacity of more small and medium businesses. Apart from the budget, coordination is also another issue should be addressed in order to improve their performance. The three offices confirm that their performance is also determined by other unit performance. Manager C (2015), for example, maintains other units should also

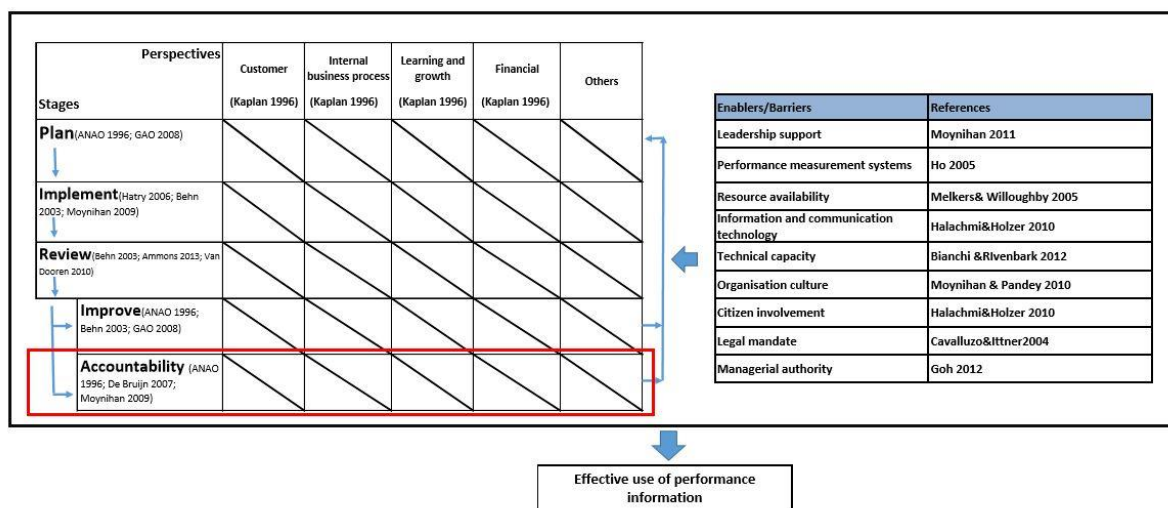
participate in realising the vision of tourism. He added that the design of transportation infrastructure also contributes to creating a comfortable city that is critical to attracting tourists. Manager D (2015) also highlights that one of the issues in empowering tourism businesses is how to market their products. In this regard, she insists that marketing is the responsibility of other units, not hers.

8 THE USE OF PERFORMANCE INFORMATION IN ACCOUNTABILITY

This chapter provides a cross-case comparison of performance information use in the fifth stage of the management cycle, accountability, at the three individual case studies: ALPHA, BETA and GAMMA. RQ1 and RQ2 from the framework developed in Chapter 2 are discussed in this chapter to address which performance information was used in the provision of accountability - and how it was used. The chapter provides insights for managers and business units in local governments to inform thinking, debate, and action around the use of performance information in the accountability stage of the management cycle.

The structure of the chapter aligns with the research framework reproduced in Figure 4-1 below. Sections 8.1 to 8.3 address RQ1 (*which* categories of performance information are used) and RQ2 (*how* performance information is used) by examining the different types of performance information (as classified by the BSC perspectives) used in the accountability stage of the management cycle. RQ1 is framed around the BSC perspectives: customer, internal business processes, learning and growth, financial, and other (represented within the red boundary in Figure 4-1). RQ2 is framed only in the accountability stage of the management cycle (represented within the red boundary in Figure 4-1). Section 8.4 compares and contrasts the findings of the individual cases presented in Section 8.1 to 8.3. In the presentation of results throughout this thesis, key insights will be highlighted in an orange box.

Figure 8-1: Framework for the effective use of performance information



In investigating the use of performance information in the accountability stage of the management cycle, data was collected from strategic plans, annual plans, performance agreements, and performance reports were analysed. Interviews were also conducted to provide more detailed examination of formal performance information use.

Accountability is defined as holding someone responsible for something (Julnes, 2006). Accountability has moved from traditional notions of compliance to notions of performance (Kloot, 2009). It has shifted from financial accountability to management accountability for results through the use of performance measurement and performance reporting (Tilbury, 2006). For public organisations to be held accountable for their performance, they need to provide both financial and non-financial information. The emphasis for such accountability is on providing ritualistic communications, so unlike the previous chapters, the examination in this chapter focuses only on the use of formal performance information. This type of information forms part of the performance-based accountability system for public services (refer to MENKUMHAM, 2014; MMBR, 2014). MMBR regulation 12 2015 also indicates that formal performance information is used to evaluate the implementation of performance-based accountability. Therefore, the investigation of the performance information is concentrated on the use of KPIs in planning documents and performance reports.

To enhance accountability, the Indonesian Government has implemented performance-based accountability systems for public sector organisations (SAKIP), issuing presidential instruction number 7 1999. Following this instruction, a series of regulations were issued, including the recent president regulation number 29 2014, intended to strengthen the role of performance-based accountability in creating good governance. This regulation defines performance accountability as the responsibility of public organisations to ensure their accountability for managing programs and activities to achieve their missions. The system involves developing: strategic plans, performance agreements, performance measurement, performance data analysis, performance reporting, and performance review and evaluation (MENKUMHAM, 2014). Performance reporting is central to demonstrating accountability for public sector organisations, and findings about the three offices are discussed in the following sections.

8.1 The use of performance information in ALPHA

Two periods of ALPHA's strategic plans (2009-2014 and 2014-2019) and ALPHA's 2014 performance agreement and performance report were investigated to understand their use of performance information. Interviews were also conducted with the head of the LGAPA, the Secretary of ALPHA, Manager A, and Manager B to provide detailed information about the use of performance information in the accountability stage.

This section begins by investigating the nature of accountability at ALPHA. This is useful for understanding the context within which performance information is used. The discussion is then categorised based on the information used: KPIs, output indicators, and explanatory information.

8.1.1 The nature of accountability

At the end of each financial year, ALPHA prepares reports that are used to demonstrate its accountability in managing resources. Two types of report are developed and submitted to different leading units in the LGA: a financial report and a performance report. The financial report discloses how the Office has managed its budget. More specifically, the report details how actual revenue and expenditure compares with their targets. This report is submitted to the Finance and Asset Management Agency at LGA. The performance report discloses information about how the Office has achieved its performance targets as set out in the strategic planning. This performance report is submitted to the LGAPA.

Regulation 29 2014 and MMBR 53 2014 do not include the financial report as part of SAKIP, but this report is useful for showing ALPHA's financial accountability. Further discussion on the use of financial reports is provided in Section 8.4. The section focuses on the performance reports. As mandated by the regulations, the three offices were required to conduct performance measurement as part of the report preparation. Measuring performance provides a tool for holding managers accountable.

8.1.2 The use of KPIs

ALPHA used KPIs in preparing its 2014 performance report. However, these KPIs were not used to measure the achievement of performance targets because ALPHA had not set performance targets in its strategic plan 2009-2014 or 2014 performance agreement (as discussed in Chapter 4). Despite the drawbacks of the performance report in measuring the achievement of KPI targets, ALPHA sought to improve accountability by demonstrating actual outcomes in its 2014 performance report.

Table 8-1 illustrates the actual outcome indicators (KPIs) used by ALPHA in its performance report. This table is useful for interrogating the use of KPIs to enhance accountability and for examining the alignment of KPIs with the four BSC perspectives to address RQ1.

Table 8-1: The use of KPIs in the accountability stage at ALPHA

Strategic objectives	KPIs	Actual performance
Providing adequate public cemeteries	The percentage of public cemeteries available to citizens	68.20%
Improving waste management in the city	The percentage of waste transported to landfills	90.23%
	The ratio of landfills against population	102.24%
	The ratio of waste container adequacy	69.43%
	The ratio of truck adequacy	70.52%

	The percentage of sub-districts implementing integrated waste management	42.85%
Enhancing community participation in the 3R (reduce, reuse, and recycle) program	The number of groups monitored	50%
	The coverage of the city greening	95.93%
	The percentage of parks maintained	78.57%
	The percentage of median strips maintained	94.87%

Source: ALPHA's 2014 performance report

To improve the usefulness of the report, ALPHA did provide comparative data (from 2008 to 2014) for managing waste. Based on this five-year data, ALPHA conducted trend analysis to evaluate its performance in managing waste using the KPI of the percentage of solid waste transported to landfills (see the third row, in the second column in

Table 8-1).

The trend analysis enabled ALPHA to conduct comprehensive analysis and evaluation (shown in Table 8-2). ALPHA's 2014 performance report (MoLC, 2015) highlighted that the inability of the office to transport all waste to landfills (or 100% of the total waste generated) resulted from the inadequacy of facilities and infrastructure. In this regard, the ratio of waste container adequacy was only 69.43% and the ratio of truck adequacy only 70.52%. The presence of this trend analysis allows the readers of the performance report to assess ALPHA's progress, regardless of its inability to compare targets and actual performance.

Table 8-2: The percentage of waste transported to landfill in 2008-2014

Financial year	Waste production	Waste transported	% of waste transported
2008	3.812,69 M3/HARI	3.315,20 M3/HARI	86.95%
2009	3.680,03 M3/HARI	3.278,12 M3/HARI	89.08%
2010	3.781,23 M3/HARI	3.373,42 M3/HARI	89.21%
2011	3.923,52 M3/HARI	3.520,07 M3/HARI	89.72%
2012	4.057,28 M3/HARI	3.642,56 M3/HARI	89.78%
2013	4.207.28 M3/HARI	3.778,34 M3/HARI	89.80%
2014	4.301,18 M3/HARI	3.881,25 M3/HARI	90.23 %

Source: ALPHA's 2014 performance report

In relation to the BSC, ALPHA presented KPIs aligned with the customer and internal business processes. The KPIs aligned with the customer perspective are: the percentage of public cemeteries available to citizens; the percentage of waste transported to landfills; the coverage of city greening; the percentage of parks maintained; and the percentage of median strips maintained. The KPIs

related to the internal business process are: the percentage of public cemeteries available to citizens; and the percentage of waste transported to landfills.

Despite its effort to present KPIs aligned with the customer perspective, ALPHA did not disclose KPIs addressing service quality. The percentage of waste transported to landfills may be appropriate for indicating the cleanliness of the city. Nevertheless, understanding the quality of services, which can be measured by conducting customer satisfaction surveys, as suggested by Niven (2008) and (Hatry, 2006), would allow managers to meet customer demands. Also, this type of indicator is useful for enhancing accountability and gaining community trust due to the objectivity of the information, compared to the information about the waste transported to landfills. Further discussion on the way ALPHA presented its analysis and evaluation of KPIs is provided in Section 8.1.4.

8.1.3 The use of output indicators

ALPHA also sought to demonstrate its accountability by providing information in its performance report about the outputs of activities conducted in 2014 (MoLC, 2015). ALPHA not only presented the outputs for each activity but also used the output to provide evidence of its effort to achieve its strategic objectives. For example, in the 2014 performance report, ALPHA asserted that to improve solid waste management, the Office had strengthened community participation in waste reduction by providing technical assistance in making composting. Also, to improve cleanliness, the Office attempted to improve the waste management infrastructure by purchasing 70 waste containers and 12 solid waste trucks.

ALPHA's output indicators aligned with the four perspectives of the BSC, although the Office did not formulate KPIs against the learning and growth and financial perspectives. The presence of output indicators aligned with the learning and growth perspective can be seen in its program to improve staff discipline. In addition, two activities conducted in 2014 in relation to the financial perspective of the BSC were the preparation of a financial report and a performance report (MoLC, 2015).

ALPHA's use of performance information at the accountability stage is consistent with the existing literature (ANAO, 1996; De Bruijn, 2007; Van Dooren et al., 2010). ANAO (1996) argued that performance information is one of the tools for reporting and demonstrating accountability. ALPHA used KPIs and output indicators for preparing performance reports, despite the inability to measure their performance.

8.1.4 The use of explanatory information

Apart from KPIs and output indicators, ALPHA also used explanatory information. An examination of the ALPHA's 2014 performance report shows that the office tried to use this report to justify its performance by providing explanatory information to help readers understand the tables, graphs and

figures presented in the report. For example, they could explain that the failure to reach 100% removal of waste was due to inadequate facilities and infrastructure, as discussed in the previous section.

In addition to providing explanations for the challenges faced in achieving performance targets, ALPHA also used explanatory information to promote its efforts to achieve strategic objectives. For example, ALPHA reported that it had successfully generated funds from business CSR programs, which counteracted the difficulties created by a lack of internal funds to improve facilities and infrastructure. ALPHA also used the report to highlight its efforts in developing green space by planting 28,779 trees and maintaining 22 out of 28 public parks, as well as through support from companies that participated in building median strips in the center of a divided road (MoLC, 2015).

8.1.5 Summary of performance information use in the accountability stage at ALPHA

ALPHA's performance report was used as a tool to promote its accountability. In showing its accountability, ALPHA used KPIs, output indicators, and explanatory information. However, as ALPHA failed to formulate KPIs along with their targets in their previous strategic plan and 2014 performance agreement, they could not measure the achievement of targets using KPIs. Regardless of this failure, ALPHA's 2014 performance report (MoLC, 2015) disclosed actual performance that year, without comparing against targets. ALPHA also provided trend analysis for the percentage of waste transported to landfills. Additionally, ALPHA provided information about its achievement of output targets as formulated in its 2014 performance agreement.

The use of performance information in the accountability stage confirms the importance of preparing a sound strategic plan and performance agreement to hold ALPHA to account for its performance. The formulation of KPIs along with targets is crucial as it will determine the level of accountability. The failure of ALPHA to develop KPIs in its performance agreement undermined its efforts to promote performance-based accountability.

8.2 The use of performance information in BETA

This section investigates the use of performance information in the accountability stage of the management cycle at BETA. The Office's strategic plans (2009-2014 and 2014-2019), and the 2014 performance agreement and performance report were examined to interrogate the use of performance information in this stage. To provide detailed information about the use of performance information, interviews were conducted with the head of LGAPA, Manager C, Manager D and the LGAPA consultants. The structure of this section follows that of Section 8.1.

8.2.1 The nature of accountability

As with ALPHA, once programs and activities were implemented, BETA prepared reports to demonstrate its accountability. BETA developed two types of report: a financial report and a performance reports. Given that BETA is also in the LGA jurisdiction, the process of submitting reports was the same as for ALPHA (see Section 8.1.1). This section focuses on the performance reports. Financial reports are discussed in Section 8.4.

8.2.2 The use of KPIs

BETA used KPIs in preparing its 2014 performance report. The Office used its strategic plan 2009-2014 and 2014 performance agreement as the basis for preparing this performance report. The strategic plan was used because the current strategic plan (2014-2019) had not come into effect when the office developed its 2014 performance agreement. As discussed in Chapter 4, BETA's previous strategic plan failed to present KPIs and targets. To enable it to measure its performance, BETA formulate KPIs in its 2014 performance agreement, which was signed-off by MOTE's head and the LGA Mayor. BETA's 2014 performance agreement allowed the Office to use KPIs and targets as a basis for measuring its performance in the 2014 financial year, so that enhanced accountability could be achieved.

An investigation of BETA's 2014 performance report suggests that the office used KPIs in colGAPAring actual performance with the targets set out in its performance agreement. Table 8-2 illustrates the use of KPIs for measuring their performance. This table, translated from its 2014 performance report, is useful for interrogating the use of KPIs for enhancing accountability. This table is also useful for addressing RQ1 in relation to the alignment of KPIs against the four BSC perspectives. In measuring the achievement of KPIs, BETA used its 2014 performance agreement as a foundation. In this regard, information on the strategic objectives, KPIs, and targets (as shown in the first, second, and third columns) was generated from its 2014 performance agreement. The actual performance (shown in the third column) shows the outputs of activities conducted in 2014.

Table 8-3: The use of KPIs in the accountability stage at BETA

Strategic objectives	KPIs	Target	Actual	%
Developing an SOP for tourism services and information	The number of SOPs implemented	1	1	100
	The increase in the number of local	15	-3.92	-26.07

	tourists (%)			
	The increase in the number of overseas tourists (%)	5	7.03	141.8
Improving the quality of tourism workers, staff, businesses and strengthening community participation in tourism	The increase in the number of tourism businesses (businesses)	1102	1272	115.43
Increasing the knowledge of tourism activists to promote local culture and city tourism	The increase in the quality of tourism activists at the village level (villages)	6	6	100
	The number of tourism activist groups monitored	4	2	50
Building networks with tourism businesses and communities	The number of networks with art and cultural groups	25	26	104
Exploiting competitive tourist destinations	The increase in the number of museum collections	10	0	0
	The number of tourist destinations improved	6	6	100
	The number of rites nurtured	3	2	66.66

Source: BETA's 2014 performance report

The use of KPIs in measuring performance, as presented in its 2014 performance report, allowed readers to assess the success or failure of BETA in achieving its strategic objectives. As shown in Table 8-3, BETA successfully increased the number of overseas tourists (from 5% to 7.03%), but failed to achieve the 15% increase in the number of local tourists. The report could also be used to demonstrate how BETA had successfully achieved the target for improving the number of tourism businesses (at 115.43%). In contrast, the report also provided information about the failure of BETA to increase the number of tourism activist groups monitored, and the number of museum collections.

BETA's KPIs, presented in the performance report, captured the customer and internal business perspectives of the BSC; they were not aligned with the learning and growth and financial perspectives. The KPIs capturing the customer perspective of the BSC are: the increase in the number of tourists (international and local); the number of tourism businesses; and the number of villages having a community-based organisation promoting tourism. The KPIs addressing the internal business processes are: the number of networks with artists and tourism activists; the number of community-based organisations promoting tourism monitored; the number of tourist destinations; and the number of museum collections.

The presence of KPIs aligned with the customer perspective indicates BETA's awareness of stakeholder needs. The alignment of the KPIs with the BSC perspectives supports findings in the existing literature (Kaplan & Norton, 1996; Northcott & Taulapapa, 2012). The translation of strategic objectives into specific actions, along with the development of KPIs in the performance agreement enabled stakeholders to examine the level to which BETA had achieved its goals (refer to Modell,

2004). For example, the KPI for the number of tourists could be used to assess the effectiveness of events designed to attract more tourists.

As well as comparing actual performance with targets, BETA's 2014 performance report also shows that the Office conducted a trend analysis to compare performance across years (MoTCE, 2015). The presence of this data relating to the number of domestic and international tourists from 2008 to 2014, plotted on a graph, allowed readers to visualize the fluctuations in BETA's performance. The Office also disclosed data regarding the trend of tourism business numbers during 2009-2014. The presence of trend analysis enhances BETA's level of accountability.

BETA's use of KPIs in the accountability stage of the management cycle reaffirms the findings of previous studies (refer to Julnes, 2006; Roberts, 2002). Roberts (2002) maintained that performance-based accountability requires the specification of outputs and outcomes in order to measure results and link them to set goals. The development of quantifiable targets in BETA's 2014 performance agreement laid the foundation for enhancing the Office's accountability. Julnes (2006) argued that performance measurement can best be used for accountability if appropriate goals and objectives have been developed. For BETA, regardless of the failure to set KPIs in its previous strategic plan, its effort to improve its 2014 performance agreement enabled BETA to demonstrate its accountability.

8.2.3 The use of output indicators

As well as using KPIs in the accountability stage of the management cycle, BETA also used output indicators. An examination of BETA's 2014 report indicates that the office measured its outputs for all activities funded within the 2014 budget. Besides measuring the outputs, BETA also used the output indicators to show the degree of progress in achieving their strategic goals. For example, BETA reported that the number of tourists increased over time, indicating that various events had been held to attract tourists to the city (e.g., the City A Expo, Traditional Boat Festival, and Fort Rotterdam Jazz Festival). In this regard, BETA used outputs as part of the information to justify its performance.

In relation to the BSC, BETA's output indicators were aligned with three perspectives: the customer, internal business process, and financial. Their KPIs aligned with the customer and internal business process perspectives, but not financial. This alignment indicates that BETA had conducted activities to achieve its strategic objectives measured with its KPIs, including activities to address the financial perspective of the BSC. Activities aimed at addressing the KPIs relating to customer perspectives included various events: the Losari Festival, Anging Mamiri Festival, Folk Game Festival, and Art Performance. BETA also developed and implemented activities to accomplish the KPI target aligned

with the internal business process, such as building facilities in several tourist destinations and amenities to attract tourists to a historic fort. Despite not developing KPIs related to the financial perspective, BETA still conducted activities to achieve the financial goals, such as preparing a budget proposal and writing up a performance report.

8.2.4 The use of explanatory information

BETA also used explanatory information in its 2014 performance report. They provided narratives to explain the comparison between actual performance and targets, allowing readers to understand the measurement results. BETA also provided justification for any failure to achieve performance targets. Along with the trend analysis for the number of tourists from 2008 to 2014, BETA explained the fluctuation of this KPI and explored the problems they faced. Furthermore, BETA informed readers of the attempts made to achieve the performance targets. For example, BETA presented information in the report about its strategy for accelerating the number of tourists through the promotion of 'Visit City A and Beyond'. The report also revealed how this would be implemented by developing tourist destinations, empowering communities, developing strategic events, and building infrastructure to support access to tourist destinations.

BETA used the report to justify its performance. For instance, in 2014 BETA failed to increase the number of museum collections, stating that the inability to achieve the target was because no donations of historical artifacts from institutions, organisations, or individuals had been made. However, sometimes BETA failed to provide an explanation for their failures. For example, they did not explain the failure to achieve the target number of traditional ceremonies nurtured (at 66.66%).

BETA's provision of explanatory information aligns with the findings in the existing literature (refer to Hatry, 2006; Julnes, 2006; Wholey et al., 2010) and the regulations regarding the implementation of performance-based accountability systems. Hatry (2006) maintained that explanatory information, either qualitative or quantitative, is useful for helping readers of performance reports interpret data properly, especially for outcomes that were worse or much better than expected.

An evaluation of BETA's 2014 performance report indicates that the Office needed to improve the narrative used to explain and/or justify their performance. In this regard, BETA should elaborate on its analysis of comparisons between current performance and national standards, as well as with cumulative five-year targets. It should also provide an explanation around the efficiency of managing resources to enhance its accountability.

8.2.5 Summary of performance information use in the accountability stage at BETA

BETA used KPIs, output indicators, and explanatory information in its 2014 performance report. The development of KPIs along with targets in its performance agreement created a foundation for

measuring the achievement of its strategic objectives using its KPIs. Besides comparing actual performance against targets, BETA also presented trend analyses for the following KPIs: the number of tourists (both domestic and international); and the number of tourism businesses. MOTC's 2014 performance report also provided explanatory. The Office also used the report to justify its performance by providing information about the activities completed to achieve its strategic objectives.

ALPHA's KPIs aligned with two perspectives of the BSC: the customer and internal business process. However, its output indicators captured all four BSC perspectives, including learning and growth and financial. This alignment indicates that the Office had conducted activities addressing the four BSC perspectives, regardless of its failure to formulate those for KPIs. The absence of KPIs addressing the learning and growth and financial perspectives, however, might not harm accountability as these perspectives concentrate on measuring the internal strength of the organisation. As Woolum (2011) argued, internal matters are an important tool for informing decision-making related to program and service delivery, but outcomes matters to stakeholders.

8.3 The use of performance information in GAMMA

This section investigates the use of performance information in the accountability stage of the management cycle at GAMMA. The office's current strategic plan (2013-2018) and its 2014 performance report were analysed, and interviews were conducted with Manager G, Manager F, Manager H, and Manager I to obtain more detail about the use of performance information. The structure of this section follows that of Section 8.1 and 8.2.

8.3.1 The nature of accountability

To demonstrate its accountability in managing resources, GAMMA prepares two types of report at the end of each financial year. These are: financial reports and performance reports. These reports are submitted to the leading unit at LGB, which is responsible for preparing reports at the local government level. The financial reports are submitted to the City B Office for Finance and Asset Management and the performance reports are submitted to the Organisation Division of the BRS. Performance reports focus on performance accountability. Based on regulation 29 2014 and MMBR 53 2014, which promote the implementation of performance-based accountability systems in public sector organisations, the performance report is a component of the accountability system, along with strategic plans and performance agreements. In this section, the investigation of the use of performance information focuses on the use of KPIs, output indicators, and explanatory information as presented in GAMMA's 2014 performance report. The financial report is discussed in Section 8.4.

8.3.2 The use of KPIs

GAMMA used KPIs in its 2014 performance report to promote its accountability. As discussed in Chapter 4, the presence of KPIs along with their targets in GAMMA's strategic plan 2013-2018 provided the foundation for preparing an annual plan, a budgeting document, and a performance agreement. In the 2014 financial year, GAMMA implemented activities that had been formulated in its strategic plan and contributed to achieving its strategic objectives. At the end of the financial year, GAMMA prepared its performance report based on the targets set in the strategic plan. The formulation of KPIs with their targets allowed GAMMA to conduct performance measurement as part of its performance report.

An examination of GAMMA's 2014 performance report and strategic plan 2013-2013 indicates that GAMMA measured its performance using KPIs. In structuring its performance report, GAMMA provided a summary of its strategic plan, with its vision, missions, goals, strategic objectives, along with KPIs and targets. This helped create an understanding of what the Office hoped to achieve. Then, based on its strategic plan, GAMMA measured how the strategic objectives had been achieved using the KPIs.

Table 8-4 shows how GAMMA measured its performance using its KPIs. This table, translated from GAMMA's 2014 performance report, enables analysis and evaluation of the use of KPIs to enhance accountability. This table is also useful for examining the alignment of the KPIs with the BSC perspectives and helps address RQ1 and RQ2: which performance information is used and how.

A comparison of GAMMA's strategic plan 2013-2018 and the 2014 performance report indicates that the Office used KPIs consistently from the planning to accountability stages of the management cycle. The strategic objectives, KPIs and targets disclosed in its performance report are similar to those presented in its strategic plan. The formulation of KPIs in its strategic plan along with the translation of the strategies into specific activities motivated managers to use the KPIs to achieve performance targets (refer to Chapter 5). The performance measurement conducted as part of the mechanism for promoting accountability shows that GAMMA used the KPIs in the review stage (refer to Chapter 6). Finally, writing up a performance report enabled GAMMA to demonstrate its accountability by providing information about the extent to which they had achieved their strategic objectives as set out in its strategic plan.

As shown in Table 8-4, GAMMA demonstrated its success and failure in achieving performance targets. It is evident from the table (refer to the third row) that GAMMA failed to meet its strategic objective to increase competitive export commodities in global markets. This failure can be seen in GAMMA's inability to reach the target figure of 20 farmers using warehouse receipts. GAMMA's

performance report also shows that the achievement of regional income from industry, trade and mining sector was only 1%, or 308 billion rupiahs against a target to achieve 34 trillion rupiahs. In contrast, GAMMA's 2014 performance report shows that they successfully achieved the strategic objective of growing raw material-based industrial products that created job opportunities (refer to the fifth row in the first column). The most striking achievement was the value of investment from the industry sector, which reached 37.1 trillion rupiahs out of 40 billion rupiahs.

Table 8-4: The use of KPIs to measure performance at GAMMA

Strategic objectives	KPIs	Target	Actual	%
Protecting consumers' rights, achieving price stability and assuring the availability of goods and services	The growth in the number of traders (%)	87	80	91.95
Increasing the competitive export commodities in the global markets	The number of farmers who use the warehouse receipts (Farmers)	20	0	0
	Regional income from industry, trade and mining sectors (Rupiahs)	34 billion	308 million	1%
Increasing the facilities and infrastructure for trading and businesses	The number of permits for traders (SITU/SIUP) (Permits)	600	681	113.5
	GDP from trading (Rupiahs)	98,150	87,294	89
	The percentage of villages having marketplaces (%)	25	22	87
Growing raw material-based industrial products, which create job opportunities	The value of investment from the industry sector (Rupiahs)	40 billion	37.1 trillion	92.75
	The growth of the industry sector (Units)	474	350	73.90
	GDP from the industry sector (Rupiahs)	34,000.00	29,903.94	87.95
Increasing the number of mining businesses having permits and reducing the number of mining businesses that do not have permits	The number of mining businesses without permits given permits (%)	15	12	80
Increasing the new and renewable energy sources of electricity generation for village lighting and industry operation	The percentage of remote areas using electricity as a source of light (%)	70	60	80

Source: GAMMA's 2014 performance report

In relation to the BSC perspectives, GAMMA used KPIs aligned with: the customer, internal business process, and financial perspectives. Table 8-4 shows that GAMMA's KPIs predominantly addressed the customer perspective. As has been highlighted in Chapter 4, GAMMA's KPIs are adequate to measure the performance of each division: trade, industry, and mining. They also meet the criteria of the usefulness of outcome indicators to measure the effectiveness of a program. However, GAMMA failed to address the quality of service delivered to its stakeholders (refer to Section 4.4.1 in Chapter 4).

The KPI capturing the internal business process was the percentage of villages having marketplaces (refer to the second column, sixth row in Table 8-4). The table shows that GAMMA achieved 87% of the target for villages having marketplaces. This KPI is one out of three indicators used to measure how GAMMA increased the facilities and infrastructure for trading and business. An examination of GAMMA's strategic plan indicates that the availability of village marketplaces is critical, as these increase the bargaining power of the people and the marketing of local commodities.

The only KPI addressing the financial perspective is the regional income from industry, trade and mining (refer to the second column, fourth row in Table 8-4). This KPI is one out of three used to measure how GAMMA had increased competitive export commodities in the global market. This KPI can only be used for measuring the performance of GAMMA in generating income from delivering service. To assess how it had managed its financial resources efficiently, GAMMA needs to improve its KPI.

Despite the disclosure of the achievement of KPIs addressing the three perspectives of BSC, GAMMA did not present information aligned with the learning and growth perspective. This failure can be attributed to the absence of this type of KPIs in its strategic plan. As has been highlighted in Chapter 5, GAMMA faced a serious staff shortage. This type of KPIs would help them explain problems do to staff shortage.

The use of KPIs in the accountability stage of the management cycle at GAMMA confirms the importance of formulating useful KPIs in the planning stage. As part of the performance-based accountability system, the failure to develop KPIs addressing the four perspectives of the BSC results in reducing the level of accountability. GAMMA's managers cannot be held accountable for service quality, efficiency, or the quality of staff as there are no KPIs in GAMMA's strategic plan addressing these issues.

8.3.3 The use of output indicators

As well as KPIs, GAMMA also used output indicators in the accountability stage of the management cycle. Like the presentation of KPI measurement in its 2014 performance report, GAMMA also compared the actual performance with the output of the target for activities conducted in 2014. Then GAMMA measured the percentage of achievement of the targets. Measuring output indicators can indicate the completion of activities.

As discussed in Chapter 4, several of GAMMA's KPIs are problematic. Several output indicators formulated in its strategic plan do not meet the criteria of outputs as they do not indicate the number of products or services delivered because of conducting activities. For example, in 2014 GAMMA participated in an exhibition to promote local products in Jakarta. The output indicator of

this activity was promotion conducted, with the target of one exhibition. GAMMA could specify the output indicators to produce more useful information, rather than the completion of the exhibition. For example, GAMMA could have used the number of local businesses participating in the exhibition. The failure to develop appropriate outputs might undermine GAMMA's accountability as this type of indicator does not explain the product delivered to the community. While output indicators do not explain effectiveness, they can be used to measure efficiency (refer to Behn, 2003). Furthermore, output indicators could also help GAMMA show its financial accountability, which would enable auditors to assess their compliance in spending their budget (refer to Bovens, 2007).

In relation to the BSC, as with their KPIs, GAMMA's output indicators aligned with the three perspectives: the customer, internal business process, and financial. This alignment indicates that GAMMA's strategic objectives had been translated into specific activities for the period 2013-2018. In 2014, GAMMA implemented activities aimed at achieving the targets of that year. The examples of activities addressing KPIs related to the customer perspective are: conducting workshops for opening job opportunities; implementing easier ways of doing business; and participating in an exhibition in Jakarta. The implementation of these activities contributed to the achievement of the KPI targets: growing industry and increasing the GDP from the industry sector. Other examples of activities conducted to achieve performance targets aligned with the internal business process are: building 11 village markets and showrooms to promote local products. These activities contributed to the achievement of the KPI target of the percentage of villages having marketplaces. In turn, building marketplaces impacted on achieving the targets of KPIs addressing the customer perspective: increasing the GDP from the trading sector.

8.3.4 The use of explanatory information

An investigation of GAMMA's 2014 performance report indicates that while they did use explanatory information, they did not provide adequate analysis and evaluation. MMBR regulation 53 2014 recommends that working units in Indonesian local governments, including GAMMA, not only draw comparisons between actual performance and targets, but also other comparisons, including: between the actual and the previous years' performance; between the cumulative actual performance and the five-year targets; and between the actual and national standards.

Comparing actual performance against targets was supposed to allow GAMMA to conduct an analysis and evaluation of the performance gap. Yet, as indicated above, GAMMA's report did not do this. As discussed in Section 8.3.2, GAMMA's performance measurement indicates several striking features. Table 8-44 shows that GAMMA failed to achieve its strategic objective to increase competitive export commodities in the global market (refer to the first column in the third row). Two

targets set in the strategic plan could not be reached. The target of attracting 20 farmers to use warehouse receipts was not achieved, and only 1% of the target for generating regional income from industry, trade, and mining was accomplished. Yet, these performance gaps received no attention in GAMMA's 2014 performance report. No narrative was provided to explain the failure to reach targets.

GAMMA also did not report the achievement of two strategic objectives as set out in its strategic plan 2013-2018. These are listed in Table 8-5. This table was developed by comparing the performance measurement in GAMMA's 2014 performance report and its current strategic plan. GAMMA formulated these two strategic objectives along with their KPIs and targets for the five-year period in its strategic plan 2013-2018. However, GAMMA provided no information in its 2014 performance report to explain the failure to measure these two strategic objectives or the level of their achievement.

Table 8-5: Strategic objectives and KPIs not measured

Strategic objectives	KPIs
Increasing mining products	The percentage of mining companies' production compared to their targets (%)
	The increase in the percentage of mining products (%)
Reducing environmental degradation resulting from mining	The percentage of mining companies conducting reclamation (%)

Source: GAMMA's strategic plan 2013-2018 and 2014 performance report

An interview with Manager I (2015) suggested that GAMMA could not achieve these performance targets for several reasons. Regarding increasing mining products, at the time of the interviews conducted for this study, the mining smelter companies, which produce mining products, had not yet started business. They were still processing permits ready to begin operations. Manager I (2015) maintained that it took time to process permits, as this required provincial government approval, as well as the approval of the Mayor. Regarding the strategic objective of reducing environmental degradation resulting from mining, Manager I (2015) stated that up until the time of the interview, the mining companies had made no environmental impact. He said:

We regularly supervise the mining companies. We also monitor their activities so that we can detect if there are environmental issues. We also advise them on what they should do to prevent environmental impact. If they don't want to follow up our recommendation, we will warn them.

The manager's explanation and his statement that there had been no environmental impact, suggests that GAMMA had achieved the strategic objective to reduce environmental degradation. However, this achievement was not presented in the performance report.

8.3.5 Summary of performance information use in the accountability stage at GAMMA

GAMMA used KPIs, output indicators, and explanatory information in the accountability stage of the management cycle. The formulation of KPIs along with their targets in its current strategic plan allowed GAMMA to use these KPIs in the implementation, review, improvement, and accountability stages of the management cycle. GAMMA conducted performance measurement based on the targets set out in its current strategic plan and presented the results in its 2014 performance report. Despite its progress in using the KPIs, GAMMA did not provide sufficient explanatory information in its 2014 report. Performance gaps were not explained. Yet, the performance report provided GAMMA with the opportunity to justify its performance and explain its inability to achieve targets.

In relation to the BSC, the GAMMA used KPIs aligned with the customer, the internal business process, and the financial perspectives in the accountability stage of the management cycle. KPIs addressing customer perspectives were used to demonstrate GAMMA's effectiveness in managing its resources. Similarly, KPIs addressing the internal business perspective were used to show its efforts in improving the distribution of goods and services by addressing the citizens' need for village marketplaces. The failure to use KPIs addressing learning and growth might not concern external stakeholders, but using this type of KPI would have allowed GAMMA to justify its performance by revealing its staff shortages.

8.4 Case comparison and discussion

In this section, the use of performance information in the accountability stage is examined in relation to which and how the information was used (RQ1 and RQ2). This section examines the three offices' performance reports as they play a crucial role in holding managers accountable. The examination encompasses: KPIs, output indicators, and explanatory information. Additional analysis is also conducted for the use of other information in the accountability stage of the management cycle. This section also examines the mechanisms for ensuring accountability.

The discussion begins with a comparison of the use of performance information to address the first research question (RQ1). This is followed by an examination of how the performance information was used (RQ2).

8.4.1 Which information did managers use? (RQ1)

Accountability is the final stage of the management cycle. Once the programs and activities have been implemented, the three offices prepare performance reports at the end of each financial year. Performance reports are one method through which Indonesian public sector organisations demonstrate their accountability. President regulation 29 2014 and MMBR regulation 53 2014

require public sector organisations to produce a performance report as part of the implementation of SAKIP. The investigation of performance information used in the accountability stage of the management cycle in this section focuses on the use of KPIs, the output indicators, and other information provided in the reports.

Table 8-66 illustrates the similarities and the differences in the use of KPIs and output indicators in the three offices. This table, developed from the findings presented in Sections 8.1 to 8.3, is useful to investigate how the managers used KPIs and output indicators. It also allows for the examination of the alignment of KPIs and output indicators with the four BSC perspectives. Finally, the table is useful for examining whether the actual use of performance information in the accountability stage in the three offices aligns with the framework developed in Chapter 2 (refer to Figure 4-1).

Table 8-6 shows that the three offices used KPIs in the accountability stage of the management cycle. The use of performance information is indicated by the shaded areas. It is apparent that all three offices used KPIs related to the customer and internal business process perspectives in their 2014 performance reports and none of them used KPIs aligned with the learning and growth perspective. Only GAMMA used KPIs addressing the financial perspective.

Table 8-6: Summary of the use of performance information in the accountability stage

Offices	Customer	Internal business process	Learning and growth	Financial	Others
KPIs					
ALPHA					
BETA					
GAMMA					
Output indicators					
ALPHA					
BETA					
GAMMA					

It is evident from Table 8-6 that the three offices' output indicators aligned with the perspectives of the BSC. ALPHA and BETA captured all four perspectives, while GAMMA aligned with three (customer, internal business process, and financial).

In addition to the use of KPIs and output indicators, the three offices also provided financial information. The presentation of this financial information complies with MMBR regulation 53 2014, which recommended that working units, including the three offices, show their financial accountability. In disclosing this information, the three offices presented summaries of their budget realisation and targets, including revenue and expenditure. The three offices also measured the achievement of budget realisation against targets.

The three offices also provided explanatory information to help the readers of their reports understand their performance. The use of this type of information was recommended by (Hatry, 2006), to make reports more useful to the reader. This information was provided as complementary to the presentation of the achievement of strategic objectives.

8.4.2 How was the information used? (RQ2)

In exploring how information was used, this section is divided by type: KPIs, output indicators, and financial (as presented in the performance reports). This section also explores the use of other reports in the accountability stage of the management cycle. Table 8-7 summarises the findings in the use of KPIs in the accountability stage in the three offices, as presented in Sections 8.1 to 8.3.

Table 8-7: Summary of how managers in the three offices used performance information in the accountability stage

	ALPHA	BETA	GAMMA
The use of KPIs			
Performance measurement	N/A	Compare targets and actual outcomes	Compare targets and actual outcomes
Trend analysis	Present trend analysis for several KPIs	Present trend analysis for several KPIs	N/A
BSC	Two perspectives	Two perspectives	Three perspectives
Output indicators			
Performance measurement	Compare targets and actual outputs		
BSC	Four perspectives		Three perspectives
Explanatory information			
Analysis and evaluation	Detailed analysis of the achievement of the strategic objectives		No information provided for the performance gap
Efforts to achieve	Detailed information about the efforts to achieve strategic objectives and how the activities contributed to that achievement		Focus on presenting the activities without explaining how the activities contributed to achieving its objectives
Information other than performance reports			
Other report	Financial report		

The use of KPIs

Performance reports should provide sufficient information to allow stakeholders to make informed judgements on how well agencies are achieving their objectives (ANAO, 1996). The three offices demonstrated their efforts to use KPIs, which were selected from outcome indicators, in the accountability stage of the management cycle. However, the three offices' 2014 performance reports indicate that the level of KPI use differed among them. The level of accountability can be assessed from the way the three offices used KPIs in their performance reports.

Table 8-7 shows that BETA and GAMMA used KPIs to measure the achievement of their strategic objectives in 2014, based on the targets set in their performance agreements. ALPHA did not use KPIs for measuring its performance as the office had not set targets in its 2014 performance agreement. Among the three offices, only GAMMA used an improved strategic plan, which presented KPIs and targets over a five-year period, as a basis for measuring the achievement of its strategic objectives. GAMMA's strategic plan 2013-2018 has been used as the basis for preparing annual plans, budget proposals, and performance agreements since the 2014 financial year.

Unlike GAMMA, BETA and ALPHA used their previous strategic plan as a basis for preparing their performance reports, as their current strategic plans had not come into effect in the 2014 financial year. As discussed in Sections 8.1 and 8.2, the two offices' previous strategic plans (2009-2014) failed to present KPIs and targets. BETA attempted to formulate KPIs and set targets in its 2014 performance agreements. However, ALPHA did not attempt to improve its 2014 performance agreement. In preparing the agreement, ALPHA used output indicators along with their targets. Improvement in the 2014 performance agreement at the beginning of the financial year helped BETA measure its performance when preparing its performance report. In contrast, ALPHA's failure to develop KPIs in its performance agreement resulted in its inability to measure its performance using KPIs.

ALPHA and BETA attempted to improve the quality of their performance reports by presenting trend analysis for several KPIs (refer to the fourth row in Table 8-7) over the five-year period. This trend analysis enabled the offices to examine fluctuations in their performance over time. In turn, this established a learning process through which performance changes across the year could be evaluated. This information also helped readers assess the progress of the two offices in achieving their five-year targets.

The importance of presenting trend analysis in the reports has been highlighted in the literature and Indonesian regulations (ANAO, 1996; GASB, 2003; MMBR, 2014). ANAO (1996) highlighted that reports should include information on performance trends and comparisons over time rather than just a snapshot at a point in time, which may be misleading.

Despite the failure of ALPHA to use KPIs to measure performance in its 2014 performance report, the formulation of KPIs and targets in its strategic plan for 2014-2009 suggests that, in the future, ALPHA will be able to conduct performance measurement. The improvement of GAMMA's strategic plan, the formulation of its KPIs and targets, enabled the office to measure performance, which can be used to demonstrate its accountability. Similarly, improvement in BETA's performance agreement provides a basis for them to measure their performance.

In relation to the BSC perspectives, ALPHA and BETA used KPIs to align with two perspectives, whilst GAMMA aligned with three perspectives (refer to fifth-row in Table 8-7). As highlighted in Section 8.4.1, the three offices' KPIs aligned with the customer and internal business process perspectives. None of the three offices' KPIs aligned with the learning and growth perspective. Only GAMMA' KPIs related to the financial perspective. While the three offices did provide financial information, this focused on budget realisation, more specifically the percentage of the budget allocation realised, not on financial efficiency.

The use of KPIs in the accountability stage of the management cycle reiterates the importance of using performance information in the planning stage. The formulation of the KPIs in the planning stage shapes the use of performance information in the accountability stage. The ability of GAMMA to use KPIs resulted from improvements made in its strategic plan, which included more useful performance information. In contrast, the failure to formulate useful and meaningful performance information will undermine accountability.

Despite the effort to use KPIs in the accountability stage, all three offices need to improve their KPIs. As highlighted in Chapter 4, ALPHA and BETA developed KPIs in their current strategic plans, ready for the preparation of their 2015 budget documents and performance reports. Similarly, GAMMA also improved its strategic plan. However, it is also important to reiterate that several KPIs failed to connect appropriately with their strategic objectives (refer to Chapter 4, Section 4.4.). This resulted in the failure to evaluate the effectiveness of the offices in running their main activities. One of the strategic objectives developed by GAMMA was to protect customer rights, to achieve price stability and assure the availability of goods and services. The KPI to measure this achievement is the growth in the number of traders. This KPI could be used to measure how the office ensured the availability of goods and services, but it cannot be used to hold GAMMA accountable for its effort in protecting consumer rights. GAMMA also developed a strategic objective to increase the competitive export commodities in global markets, setting three KPIs to measure this objective: regional income from industry, trade, and mining sectors; the number of farmers who use the warehouse receipts; and the number of investors. These three KPIs could be used to demonstrate GAMMA's accountability in accelerating economic activities and attracting investors, but none of the KPIs directly link to the effort made by the Office to increase export commodities.

Similar issues regarding the irrelevance of KPIs to the strategic objectives may also arise in ALPHA's and BETA's next performance reports. As also highlighted in Chapter 4, one of ALPHA's objectives is to improve governance in managing solid waste. To facilitate performance measurement, ALPHA developed a KPI to increase employee satisfaction. Yet this KPI is not relevant to the strategic

objective of improving governance in managing waste. The employee satisfaction index may suggest improvements in managing staff, but governance includes more than staff satisfaction, it also involves managing resources. The failure to improve this KPI will result in the inability to measure how ALPHA has improved governance in managing waste.

The formulation of irrelevant KPIs has resulted in the failure to hold the offices accountable for certain services. Similar failure was indicated in Tilbury's (2006) study on the use of performance measurement to promote accountability. This work found that the failure to determine proper KPIs resulted in the failure to evaluate how well organisations had delivered their services. Therefore, to enhance accountability, the three offices need to improve their KPIs.

The use of output indicators

The three offices also used output indicators in their performance reports. Once the programs and activities had been implemented, the three offices prepared performance reports. As discussed in Sections 8.1 to 8.3, the three offices presented the achievement of their outputs in the reports by comparing actual outputs with their targets. As well as presenting the achievement of their KPIs, the three offices also provided information regarding their outputs as evidence of achieving their strategic objectives.

A comparison of the three offices' performance report indicates that several output indicators were problematic. Defining output indicators is easier than defining outcomes, but several output indicators in the three offices were too simplistic. They merely indicated the completion of activities without specifying the number of products or services that had been delivered, as recommended in the existing literature (refer to Hatry, 2006; Julnes & Holzer, 2001) and regulation MMBR 53 2014. One example of ALPHA's output indicators, for example, was the completion of disseminating information about integrated waste management using 3 R (reduce, reuse, and recycle). BETA also used similar indicators, such as: the tourism fair is conducted; tourism promotion in local and overseas performed; and the competition for promoting tourism completed. Similarly, GAMMA developed output indicators such as: the exhibition for promoting competitive products conducted; and the supervision for the distribution of salt completed.

The inability of the three offices to define output indicators potentially undermined their financial accountability and discouraged learning, which facilitated improved performance. Outputs are the final product or service delivered that ultimately, it is hoped, will lead to a desired outcome (Julnes & Holzer, 2001). The ability to define proper output indicators allows managers to analyse factors contributing to the achievement of their strategic objectives. Proper output indicators will also assist the reader of performance reports to understand the direct causal relationship between actions and results, and to evaluate efficiency in managing financial resources (Behn, 2003b).

In relation to the BSC, ALPHA's and BETA's output indicators aligned with the four perspectives whilst GAMMA aligned to only three (refer to Table 8-6). ALPHA's and BETA's KPIs only aligned with two perspectives while the KPIs of GAMMA aligned with three. The different alignments between the KPIs and output indicators suggest that ALPHA and BETA designed and implemented activities that supported the achievement of the four BSC perspectives, despite the failure to address KPIs against the learning and growth and financial perspectives. On the other hand, GAMMA's alignment between the two types of indicators was consistent, although they only conducted activities addressing three of the BSC perspectives.

An examination of the three offices' 2014 performance reports indicates that their activities predominantly addressed the customer and internal business process perspectives, while paying little attention to capturing the learning and growth and financial perspectives. The three offices allocated limited budgets for conducting activities addressing the learning and growth perspective. For example, ALPHA's budget allocation for increasing the capacity of the staff was less than 0.01% of the total budget for implementing programs and activities. GAMMA received no budget allocation for improving the capability of staff. The focus of the three offices on addressing the customer and internal business process perspectives in designing activities might not have harmed their accountability. Rather, this budget allocation shows that the three offices placed greater emphasis on public interests. However, in the long-term, the failure to design and implement activities aimed at improving the capability of staff may hinder the three offices in terms of improving their service delivery.

The use of financial information

As well as KPIs and output indicators, the three offices also provided financial information in their 2014 performance reports. This information summarised how the offices had realised their budgets by comparing actual revenue and expenditure with targets. This information was presented to show financial accountability. The financial information presented in the three offices' performance

reports, however, only provided summaries of the budget realisation. It is important to note that in addition to performance reports, the three offices also prepared financial statements that provided detailed information about their balance sheets and budget realisation.

ALPHA provided more detailed information than the other offices, listing the budget realisation of all its programs and activities conducted during 2014. ALPHA also provided an explanation for the budget realisation, including justifications for the achievement of its budget realisation, which reached 82.30%. They also provided an explanation for their inability to achieve the target for mobilizing income from waste management. In contrast, BETA and GAMMA only presented their aggregate budgets, without details of the programs and activities conducted during 2014. These two offices also provided no explanations for the achievement of their budget realisation.

Providing financial information is mandated by MMBR regulation 53 2014. However, this regulation does not provide detailed guidelines for the financial information that should be presented in the performance reports. It only recommends that the working units provide an explanation for their budget realised to achieve performance based on their performance agreement.

To improve the value of their financial information, the three offices could use it to measure their efficiency, rather than simply presenting summaries of budget realisation. Efficiency is the ratio of the amount of input to output or outcome (Hatry, 2006; Julnes, 2006). Measuring efficiency would allow the public to assess how well the three offices had produced outputs or outcomes from a financial perspective (refer to Swiss, 1983). Improving efficiency would enhance their financial accountability (Julnes, 2006)

The use of explanatory Information

Explanatory information was also used in the three offices' performance reports to demonstrate their accountability. Lee (2008) highlighted that the narrative analysis of financial and non-financial performance is considered necessary to enhance accountability. MMBR's regulation also recommended that working units provide analysis and evaluation of their performance in their reports.

ALPHA provided more detailed analysis and evaluation of its performance than the other two offices. For example, ALPHA gave an adequate explanation for the achievement of one of its strategic objectives. In its 2014 performance report, ALPHA admitted that the office could not transport all waste to landfills (90.93% of waste had been removed). To justify its performance, ALPHA provided an explanation focused on the inadequacy of facilities and infrastructure. Furthermore, ALPHA used the performance report to show its successful attempts to improve its performance, such as raising CSR funds to increase the number of solid waste trucks.

BETA also provided some detailed analysis of the number of tourists based on a comparison of the target against actual performance. They also conducted a trend analysis for the number of tourists from 2008 to 2014. BETA also presented brief information about the challenge in achieving the target for the number of tourists.

Among the three offices, GAMMA's explanatory information was the least adequate. GAMMA provided descriptions of the activities conducted in 2014, but no explanations of any performance gaps. The most striking feature of its performance report was the accomplishment of one of its strategic objectives: to increase competitive export commodities in the global market. One of the KPIs for increasing the export commodities was the amount of investment in the industry sector. GAMMA had achieved 92.75% of the targets, or 37 trillion rupiahs out of 40 billion rupiahs. The report indicated that GAMMA failed to achieve its 2014 targets. This failure can be seen from the achievement of the number of farmers who used warehouse receipts (0%) and the regional income from industry, trade, and mining sectors (1%). An examination of the 2014 report revealed the GAMMA had not used the report to justify this failure. Similarly, GAMMA did not explain the achievement of *all* the strategic objectives formulated in its strategic plan (2013-2018). Two strategic objectives were overlooked: to increase mining products and to reduce environmental degradation resulting from mining.

This difference in providing explanatory information may be attributed to several factors. ALPHA and BETA received intensive assistance from their planning agency, unlike GAMMA. Also, ALPHA and BETA were allocated larger budgets than GAMMA for preparing the reports. More detail on these issues is provided in Chapter 9.

The use of other information in the accountability stage

In addition to performance reports, the three offices also prepared financial reports. Financial reports focused on how they had managed their financial resources and presented balance sheets and budget realisation. These reports are submitted by the offices to the offices for finance and asset management (OFAM) in each local government. OFAM then consolidates the financial reports of all working units in their local governments to prepare financial reports at the local government level. Once signed by the Mayor/Regent, these reports are then submitted to the local house of representatives and the Supreme Audit Board. The Supreme Audit Board audits these reports, and they are used by the local house of representatives to hold the Mayor/Regent accountable.

The mechanism for showing accountability

Apart from the effort to present useful information, the three offices did not use their performance reports to demonstrate accountability. Once written up, reports are submitted to the leading units.

ALPHA and BETA hand their reports to LGAPA, while GAMMA submits to the Organisation Division in the Regional Secretariat. These reports are used to prepare performance reports at the local government level, these are then submitted to the MMBR.

The Mayor and Regent use the reports submitted to the leading units to hold the working unit heads accountable for their performance. The reports enable the Mayor and Regent to assess and evaluate the effectiveness of the working units in running their programs and activities. However, at the time of data collection for this study, the three offices' performance reports had not been evaluated.

To enhance accountability of the working units, including the three offices, MMBR issued a circular number 3 2011, which recommended that local government heads in Indonesia conduct an evaluation of the implementation of performance-based accountability systems for their working units. To reinforce the evaluation, in 2015 MMBR issued regulation number 12 2015, providing guidelines for conducting an evaluation of the accountability systems. This regulation provided comprehensive criteria for assessing the quality of the system implementation, beginning with developing a strategic plan, using performance information, measuring performance, and communicating the results of the evaluation. The absence of evaluations of the three offices' implementation of performance-based accountability systems indicates that the LGA and LGB had not complied with this regulation.

Despite the initiative to prepare performance reports, the three offices had not provided public access to the reports and none of the three offices had websites. An examination of the LGA and LGB websites also indicates that the reports had not been made accessible to the public. maintained that performance accountability requires public managers to report their performance to different stakeholders, including chief executives, legislators, and the public. Halachmi and Holzer (2010) also argued that access to information is a requirement for establishing accountability. This access allows the public to discuss and assess performance, which in turn may contribute to a greater focus on their needs, more accountability, and improved trust in government.

8.5 Summary of the use of performance information in the accountability stage

Performance reports have been used by ALPHA, BETA, and GAMMA as tools to demonstrate their accountability. The use of these reports complied with president regulation 29 2014 and MMBR regulation 53 2014, which mandated that working units at the local government level build performance-based accountability systems. The elements of these systems are: strategic plans; performance agreements; performance measurement; data analysis; performance reports and

performance review and evaluations. Among the three offices, only GAMMA used performance information consistently from preparing strategic plans to preparing performance reports. ALPHA and BETA failed to include KPIs in their strategic plans. BETA made a significant effort to improve its performance agreement so that performance measurement using its KPIs could be achieved. However, ALPHA made no such improvements in its performance agreement, using only output indicators and targets. Hence, in preparing its 2014 performance report, ALPHA could only use output indicators to measure its performance.

The difference in the use of KPIs in the three offices performance reports can be attributed to the quality of their strategic plans. GAMMA has used an improved strategic plan (2013-2018) as the basis for preparing its 2014 performance report. Meanwhile ALPHA and BETA used their previous strategic plans (2009-2014), in which the offices had not developed their KPIs, to prepare their 2014 performance reports. Detailed information is provided in Section 8.4.2.

The three offices also used explanatory information to justify their performance. ALPHA and BETA also provided trend analysis for their KPIs and explained fluctuations in performance by presenting contributing factors along with the activities conducted to achieve their strategic objectives. GAMMA, on the other hand, did not explain any gaps resulting from performance measurement, leaving questions unanswered.

The use of performance information by the three offices in the accountability stage aligns with the findings of a study on the implementation of performance measurement conducted by Ammons (2013). In his longitudinal review of the use of performance measurement over a two-decade period, reporting efforts were improved. Ammons (2013) found that the cities in his study had advanced their reporting by disclosing service quality, efficiency, and effectiveness. The improvement in the use of better performance indicators in Indonesia goes hand-in-hand with the issuance of clearer guidelines to working units from the Indonesian Government.

An examination of performance information use in the three offices addresses RQ1. The three offices used KPIs, output indicators, explanatory information, and financial information in the accountability stage of the management cycle. In relation to the BSC perspectives, the offices' KPIs aligned with the customer and internal business process perspectives, while none addressed learning and growth. However, formulating KPIs addressing the learning and growth perspective would allow the three offices to justify their performance. GAMMA, for example, faced staff shortages that restricted the amount of activities that could be implemented. Similarly, ALPHA and BETA received only a small budget allocation for improving the capacity and capability of staff.

Despite the use of KPIs, output indicators, and explanatory information in their performance reports, the three offices did not make their reports accessible to the public, neither had the reports been evaluated. Swiss (1983) maintained that accountability requires three components to create an appropriate feedback mechanism: the setting of an initial standard; monitoring of governmental actors or activities against the standard; application of sanctions if the actors fall short of achieving the standards. The initiative of the three offices to improve their strategic plans by including performance indicators accords with the first component aimed at providing standards. The presence of KPIs has also enabled the offices to measure performance. The three offices' outputs have also been monitored and evaluated by their planning agencies. However, building performance accountability requires more than monitoring outputs. Swiss (1983) also maintained that evaluation based on KPIs, not just outputs, is a prerequisite for enhancing performance-based accountability. In short, the exploration of the use of performance information in this element has answered RQ2.

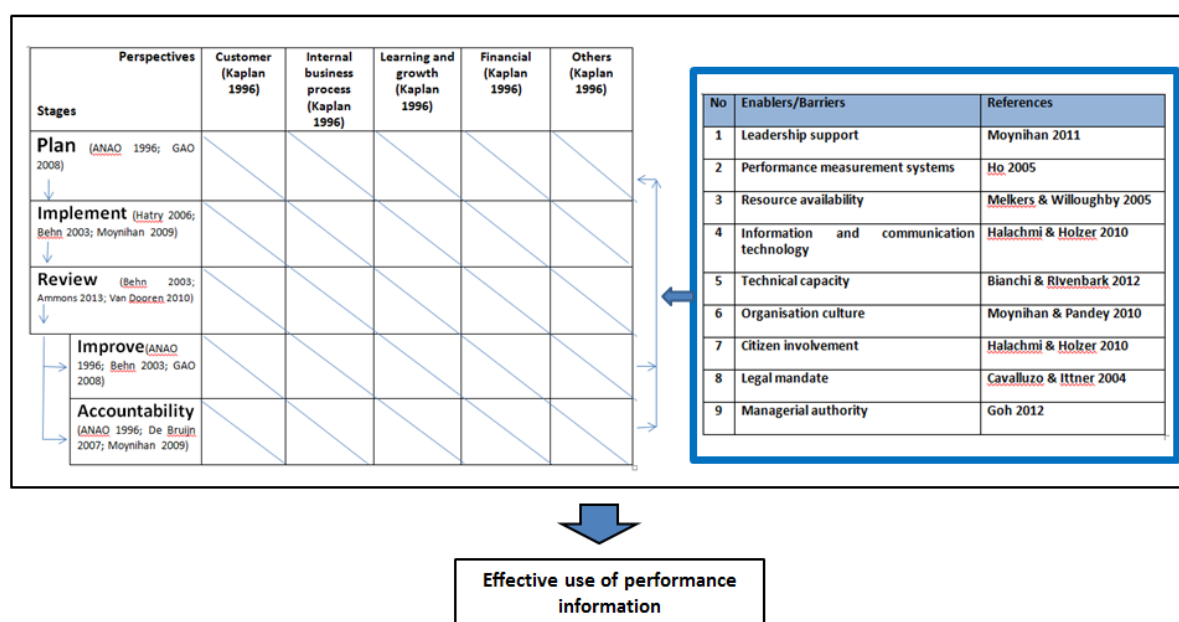
Another important issue in the use of performance information is the lack of public access to the performance reports. Improvement in reporting performance in the three offices has not addressed issues of transparency. Up until the data collection took place, none of the three offices had websites. An examination of the two local governments that held the working units accountable, also indicates that the three offices' performance reports were not easily accessible. Sanger (2008) and Wholey and Hatry (1992) suggested that performance information allows managers to build effective communication with the public. Improvements in the presentation of performance reports can be used to show citizens not only the activities conducted by the three offices, but also the results of those activities against strategic objectives. Public access to performance information allows citizens to assess and evaluate performance, which in turn enhances public trust.

9 ENABLERS AND BARRIERS

This chapter investigates enablers and barriers to the use of performance information across the five stages of the management cycle in the three case studies: ALPHA, BETA and GAMMA. The interrogation of factors that shape and drive the use of performance information addresses the third research questions (RQ3): why the information was used. The findings provide insights for the development of recommendations to facilitate better use of performance information in efforts to improve service delivery and enhance accountability.

The structure of the chapter aligns with the research framework reproduced in Figure 4-1 below. Sections 9.1 to 9.9 address the enablers and barriers as identified by a synthesis of the literature in Chapter 2, as shown in Figure 4-1 (refer to the blue boundary). In this exploration, the enablers and the barriers are linked to the way the three offices used performance information, as discussed in Chapters 4 to 8. The investigation of RQ3 provides the groundwork for, and culminates in, the development of recommendations and a model for the effective use of performance information (RQ4), which will be discussed in Chapter 10.

Figure 9-1: Framework for the effective use of performance information



In investigating the enablers and barriers in the use of performance information in the five stages of the management cycle, data were collected and analysed from archival documents – two periods of strategic plans (2009-2014 and 2014-2019), annual plans (2014 and 2016), performance agreements (2014), and performance reports (2013 and 2015). Interviews were also conducted with the secretary and managers of the three offices and the managers of the planning agencies, as well as the consultants.

The literature provides a range of findings on how performance information is used in current performance management practice. There are indications that while there is much collecting and reporting of performance measures, the use of such information in improving service delivery is limited (Ammons et al., 2013; Julnes & Holzer, 2001; Sanger, 2008, 2013; Zhang, Van de Walle, & Zhuo, 2016). Taylor (2011) found that performance information was predominantly used for external reporting (reporting-out) in most state agencies in Australia, rather than for improving service delivery. In their surveys of state and local government employees in the US, Julnes and Holzer (2001) revealed that governmental organisations continue to develop performance information, but less use it to report out and to prepare strategic plans. A study conducted by Akbar et al. (2012) in Indonesia also found that the development of performance indicators by local governments was more to fulfil regulatory requirements than to make their organisations more effective and efficient. Similar findings were revealed by Mimba et al. (2013) in their case studies on the use of performance information in four local government agencies in Indonesia. The authors contend that the agency managers prepared performance reports to fulfil the formal requirements, rather than to meet the functional use of performance information.

Despite these findings in the literature about a limited use of performance information, this study provides evidence for progress in this regard at the three case study sites. ALPHA, BETA, and GAMMA not only collected and reported performance information, they also used it in decision making within the stages of the management cycle. For example, the development of performance indicators inspired the managers in these offices to accomplish performance targets and encouraged them to coordinate with other stakeholders. An examination of performance reports at the three offices also indicates that the formulation of KPIs in their strategic plans allowed them to use the information consistently in the implementation, review, improvement, and accountability stages of the management cycle.

Examination of RQ1 and RQ2, as presented in Chapter 4 to 8, provided a foundation for identifying the context within which performance information is used by the managers in the three offices. Nine factors were identified as enablers and barriers to use performance information. These factors can be used to explain why the information is used by managers in the three offices (RQ3). Details of these factors are as follows.

9.1 Leadership support

Studies have found that leadership support plays a critical role in the effective use of performance information (Ammons & Rivenbark, 2008; Aristigueta & Zarook, 2011b; Melkers & Willoughby, 2005; Moynihan et al., 2011). Moynihan et al. (2011) argued that the role of leaders was to shape a culture

that fostered the use of performance information, such as developing goal clarity and conducting reviews. Kim and Hoontis (2012) also underscored the role of leaders in motivating employees to use performance information by showing the value of the use in communicating goals and expected results. This section discusses the role of leaders as either an enabler or barrier to the effective use of performance information in the three offices.

Leaders in the three offices showed their commitment to supporting managers in the use of performance information. Table 9-1 summarises the way leaders demonstrated this commitment to using performance information to improve performance and enhance accountability. This table was developed from the findings in the use of performance information in the planning and review stages of the management cycle.

Table 9-1: Leadership commitment to use performance information

Office		ALPHA	BETA	GAMMA
Factors				
Enablers				
1	Local government heads' (Mayor and Regent) reviews	a. Signing performance agreement		
		b. Quarterly monitoring and review		
		c. Daily communication using WhatsApp group		Weekly meeting
2	Head offices' reviews	Weekly/Daily	Weekly/Daily	Monthly
Barriers				
3	Local government heads reviews	KPIs are not discussed in the quarterly reviews and yearly reviews. No evaluation conducted to assess the implementation of performance-based accountability systems		
4	Head offices' reviews	KPIs are not discussed		KPIs are not discussed in the quarterly reviews

As shown in Table 9-1, the local government heads (the Mayor and Regent) demonstrated their commitment to using performance information in three ways: by signing working unit performance agreements; through their involvement in quarterly monitoring and evaluation; and in daily or weekly reviews. At the beginning of the financial year, the three offices prepare performance agreements once the budget has been approved (refer to Factor 1a). These agreements are used to reaffirm to the Mayor or Regent the commitment of working unit heads to achieving performance targets. These agreements are used as the basis for conducting monitoring and evaluation (MMBR, 2014). Signing the agreements shows the commitment of the local government heads to encouraging working unit heads to focus on achieving their performance targets. As highlighted in Chapter 7, the presence of targets motivated managers to implement programs and activities as stipulated in their planning documents. The presence of performance targets in the strategic plans and performance agreements allowed the three offices to measure, analyse, and evaluate their performance. In this

regard, the signing of performance agreements by local government heads is an enabler for the use of performance information in the three offices.

Active involvement of the local government heads in quarterly monitoring and evaluation also provides evidence for their commitment to achieving performance targets as presented in their planning documents (refer to Factor 1b in Table 9-1). Manager B from the LGAPA and Manager E from the LGBPA asserted that the Mayor and the Regent attended quarterly forums, which were conducted to monitor and evaluate the performance of all working units, including the three offices. As highlighted in Chapter 6, the planning agencies of the two local governments conducted quarterly monitoring and evaluation forums to track the progress of the working units in realising their budgets. Before the forums were held, the planning agencies demanded that the working units submit their quarterly reports, which became the basis for investigating their progress. The Mayor/Regent attended the forum and asked working unit heads and their managers to confirm their achievement in implementing programs and activities.

The Mayor/Regent also conducted more frequent reviews (refer to Factor 1c in Table 9-1). The LGA Mayor reviewed the performance of the working units on a daily basis. As highlighted in Chapter 7, the initiative of the Mayor to establish a WhatsApp group enabled him to communicate and monitor daily the performance of all working units in his jurisdiction. The ALPHA and BETA head offices and managers received feedback through this application, allowing them to respond promptly. The City B Regent held face-to-face meetings with their working unit heads, including GAMMA, to monitor progress and discuss issues regarding the implementation of programs and activities. These meetings motivated GAMMA's head to coordinate with his managers to follow up on any feedback received.

In addition to support from the local government heads, the heads of the three offices also showed commitment to encouraging managers of their office divisions to use performance information (refer to Factor 2 in Table 9-1). ALPHA's and BETA's heads held weekly meetings with all the managers to monitor progress made during that week. The heads also invited managers to discuss problems in delivering services. Furthermore, to improve the implementation of future programs and activities, the heads also asked managers to present their plans for the subsequent weeks. BETA's head office even asked one manager about the preparation of a forthcoming tourism event to ensure that the performance target could be achieved. Manager C (2015) maintained that the head office also attended the opening of the event so that she could monitor how the activities were implemented.

The leadership support for using performance information found in this study, as illustrated in Table 9-1, aligns with the findings of other studies (Ammons & Rivenbark, 2008; Aristigueta & Zarook, 2011b; Melkers & Willoughby, 2005). Signing the three offices' performance agreements indicates

the commitment of the Mayor and the Regent to promoting the use of performance information. The performance agreements enabled the Mayor/Regent to hold the three offices accountable for the delivery of their services. The presence of KPIs and the quantifiable targets in the agreements fostered goal clarity which inspired the head offices and managers to focus on achieving performance targets (refer to Moynihan et al., 2011). These targets enabled the three offices to track the progress against their strategic objectives using KPIs.

The presence of reviews by the local government heads and the heads of the three offices, as shown in Table 9-1, indicates that the leaders supported the use of performance information to improve service delivery and enhance accountability. The involvement of the local government leaders in the quarterly monitoring and review forums confirms the contention of Moynihan et al. (2011) that leaders have the capacity to inspire and influence their subordinates by conducting routine reviews.

Up until the time of data collection for this study, the local government heads and the head offices have not concentrated on reviewing the managers' performance in the three offices using their KPIs. In the quarterly monitoring and evaluation, the leaders focused their attention on the achievement of outputs, not on KPIs which are selected from outcome indicators. The failure of the leaders to address KPIs in the regular reviews (refer to Factors 3 and 4 in Table 9-1) did not provide incentives for managers in a more sophisticated use of performance information. This finding suggested the three offices' manager use their performance information in a relatively similar way in the quarterly reviews as a result of the close attention of the leaders on the achievement of output results.

In contrast, in the yearly reviews leaders did not play their role to motivate managers to use the KPIs. In this regard, the different use of the KPIs in the yearly reviews could be attributed to the level of resources and the technical assistance received by the three offices. Detailed analysis of these two factors influencing the use of performance information is provided in Section 9.3 and 9.5.

The involvement of leaders in the reviews, as highlighted in the previous paragraphs, indicates that leadership support can be an enabler as well as a barrier in the use of performance information. The focus of the reviews on the achievement of budget realization and outputs illustrates support as an enabler for the use of output indicators. The presence of reviews also shows the effort of leaders to build critical organizational capacity in delivering services and enhancing accountability, as highlighted by (Moynihan & Ingraham, 2004). These reviews also confirm the arguments of S. Goh (2012) that to use performance information effectively, organizations need to build a strong evaluative culture. However, the failure to pay attention to the KPIs in the review processes indicates that leadership also acts as a barrier to the use of performance information, since the managers did not receive adequate support for using this type of performance information. In this regard, the leaders have shown their commitment to using output indicators, while overlooking the evaluative benefits of KPIs.

9.2 Performance measurement systems

Research suggests that the design of a performance measurement system (PMS) is one of the antecedents for the use of performance information in improving performance and enhancing accountability (Ammons & Rivenbark, 2008; Hatry, 2006; Van Dooren et al., 2010). Performance measurement is defined as the regular measurement of the results (outcome) and efficiency of service or programs (refer to Hatry, 2006). Van Dooren et al. (2010) argued that to be able to measure performance effectively, five components should be present in the systems: targets, indicator selection, data collection, analysis, and reporting. The following paragraphs discuss the design of PMSs in the three offices to determine whether they acted as enablers or barriers in the use of performance information. The focus of the examination is on the quality of the information and how the information was used in the strategic plans.

The three offices attempted to use more valuable performance information in their current strategic plans compared to their previous plans. In the plans, the three offices formulated their strategic objectives along with KPIs and performance targets. They also translated the strategic objectives into specific activities and output indicators. Table 9-2 compares and contrasts the design of performance measurement in the three offices. This table, developed from the findings in Chapter 4, is useful for examining the design of performance measurement that may influence the use of performance information in all stages of the management cycle.

Table 9-2: The design of performance measurement

Office Factors		ALPHA	BETA	GAMMA
1	KPIs	The KPIs were selected from outcome indicators and used in preparing strategic plans, annual plans, budget documents and performance agreements		
2	Targets	The three offices set targets for their KPIs, yearly and five-yearly		
3	Service quality	N/A	N/A	N/A
4	Alignment with BSC perspectives	Four perspectives	Four perspectives	Three perspectives
5	KPIs vs. strategic objectives	Several KPIs were not relevant to their strategic objectives		
6	Ownership	One KPI failed to assign ownership	No ownership assignment problems	
7	Output indicators	Indicators specified the amount of service delivered		Several output indicators were too simplistic

As shown in Table 9-2, in preparing their strategic plans, the three offices formulated KPIs (refer to Factor 1) selected from their outcome indicators, and performance targets (refer to Factor 2). The use of KPIs and the presence of targets in the strategic plans allowed the three offices to use the KPIs consistently in writing up annual plans, budget documents, and performance agreements. As highlighted in Chapter 5, the use of KPIs in the planning stage of the management cycle motivated managers in the three offices to use them in the implementation stage to achieve their performance targets. The use of performance information for motivating managers in the three offices supports the argument of Locke and Latham (1990) that goal-setting has a motivational effect on driving managers to perform better.

The formulation of KPIs and performance targets in the planning documents (refer to Factors 1 and 2 in Table 9-2) also encouraged managers to coordinate with stakeholders in implementing programs and activities. For example, ALPHA's KPI for the percentage of waste transported to landfills, along with its target for a particular year, encouraged Manager A to strengthen coordination with the community to promote community-based waste banks. Similarly, BETA's manager was motivated to work with tourism associations to achieve the target to increase the number of tourists. To realise the growth of traders, GAMMA's managers coordinated with other units to promote easier ways of doing business. The use of KPIs to coordinate with stakeholders was also indicated in GAO (2008) study, which revealed that federal managers in the US used performance information to coordinate program efforts with other internal and external organisations. In this regard, the presence of useful KPIs and targets in the strategic plans, became one of the enablers for managers to use KPIs for motivation and to coordinate with stakeholders.

In contrast to the development of KPIs and performance targets in their current strategic plans (refer to Factors 1 and 2 in Table 9-2), the failure to formulate KPIs in planning documents acted as a barrier to the use of performance information. The use of performance information in the accountability stage of the management cycle, as discussed in Chapter 8, provides evidence for this barrier. Among the three offices, only ALPHA could not measure the achievement of its strategic objectives using KPIs. In fact, an examination of ALPHA's previous strategic plan indicates that the office produced information that could have been used as KPIs, such as the percentage of waste transported to landfills. However, ALPHA did not use this information. This resulted in the failure to measure its effectiveness in delivering services. BETA, on the other hand, formulated its 2014 performance agreement using KPIs and targets in response to the failings of its previous strategic plan, allowing it to measure the extent to which its strategic objectives had been achieved.

As highlighted in Chapter 8, in order to enhance its accountability, in its strategic plan 2009-2014, ALPHA presented data on the percentage of waste transported to landfill from 2008 to 2014. However, ALPHA failed to use this information as a basis for formulating KPIs and setting targets in its 2014 performance agreement. This failure reflects warnings in the literature. Marr (2012b), for example, maintained that effective PMS can be seen from how an organisation integrates measures with strategic planning, budgeting, and reporting. Ho (2005) also pointed out that the impact of a PMS on decision-making depends on whether performance information is integrated into strategic planning and goal-setting. Improvements in their current strategic plans provide BETA and ALPHA managers with the opportunity to use the information in the implementation, review, improvement, and accountability stages of the management cycle. The use of performance information in GAMMA provides evidence that better use of performance information began when the office integrated KPIs in its current strategic plans.

Based on the findings relating to problems in formulating KPIs, as discussed in Chapter 4 and in the literature (e.g. Behn, 2003; Folz et al., 2009; Marr, 2010; Niven, 2008), to use performance information effectively, the three offices have to improve their KPIs in a number of ways. First, the three offices need to develop service quality indicators to motivate managers to focus on improving service delivery. Second, despite the alignment of KPIs with the BSC perspectives, ALPHA's KPIs addressing the financial perspective need to be improved by developing efficiency measures. Similarly, GAMMA failed to develop KPIs addressing the learning and growth perspective, despite the fact that managers faced serious staff shortages. Therefore, GAMMA also needs to formulate KPIs aligning with this perspective. Third, the three offices need to improve the formulation of KPIs that are relevant to their strategic objectives. GAMMA, for example, needs to develop KPIs that address its main responsibility to protect consumer rights (refer to Section 4.4.1 in Chapter 4). Fourth,

improvement should be made to ensure that responsibility for, or ownership of, KPIs is clear. Several KPIs were shared between two divisions, without clarifying who had ultimate responsibility for reaching set targets. For example, the percentage of waste transported to landfills was shared between the City Cleanliness Capacity Building and the City Cleanliness Management divisions (refer to Section 4.4.1 in Chapter 4). Marr (2010) asserted that KPIs should indicate the person or group responsible and accountable for the achievement of targets. Fifth, among the three offices, GAMMA needs to improve its output indicators due to their simplicity. Defining specific output indicators allows managers to analyse how the output contributes to the achievement of their KPIs.

9.3 Resource availability

The availability of resources, such as money and people, is important for generating useful and meaningful performance information, as well as how it is used to improve service delivery and enhance accountability (Berman & Wang, 2000; Julnes & Holzer, 2001). An allocated budget is required to build the appropriate infrastructure for gathering information, such as a database to produce relevant information. People are central to managing performance. This section discusses the availability of resources in relation to performance information use by managers in the three offices.

Table 9-3 illustrates the availability of resources for promoting the use of performance information. This table was developed by comparing the three offices' budget allocations for preparing strategic plans, annual plans, performance agreements, and performance reports, as presented in their 2014 performance reports. Information regarding the staff responsible for preparing documents supporting the implementation of performance measurements was generated from the three offices' organisational structures and job descriptions. This table is useful for investigating the resources used by the three offices and for examining how the resources might influence the actual use of performance information.

Table 9-3: The availability of resources to support the use of performance information

Offices		ALPHA	BETA	GAMMA
Factors				
1	Budget	Available for preparing strategic plans, performance agreements, and performance reports		
2	People	PMSs are handled by the sub-division of finance		Performance measurement is handled by the sub-division of program

The three offices received a budget allocation for preparing strategic plans, performance agreements, and performance reports (refer to Factor 1 in Table 9-3). However, a comparison of the

budget allocations indicates that GAMMA received a third less than the other two offices, while ALPHA and BETA received the same. ALPHA and BETA are working units within the LGA jurisdiction and are therefore bound by the same policies, including budget allocation, while GAMMA sits under the LGB. A larger budget allowed ALPHA and BETA to hire consultants and intense consultation on documents and reports enabled them to develop and use more useful performance information. Interviews with the managers of the planning agencies in the two local governments confirmed that ALPHA and BETA received more extensive technical assistance from consultants than GAMMA.

The availability of funding allowed ALPHA and BETA to strengthen the capability of those preparing the planning documents and performance reports. In contrast, GAMMA only receives assistance from the leading units: the LGBPA and the Organisation Division of the Regent Secretariat.

The availability of budget for implementing performance-based accountability systems in the three offices is consistent with the literature. Studies point out that the availability of funds enables public organisations to hire competent employees, to develop appropriate performance indicators, to collect performance data, and develop information systems. This is all important for increasing the use of performance information (Berman & Wang, 2000; Cavalluzzo & Ittner, 2004; Taylor, 2006). Hoontis and Kim (2012) also stressed the significance of budget allocations to enable the use of performance information. They maintained that unless sufficient monetary resources are available to cover the cost of human resources to analyse, interpret and use performance measurement information, the PMS would be useless, regardless of the level of leadership commitment. To be able to use performance information more effectively, GAMMA needs to allocate more funding to improve the capacity of its managers.

Another resource which may explain the level of use of performance information in the three offices is staff (refer to Factor 2 in Table 9-3). An investigation of the organisational structure and the job descriptions indicate that GAMMA had staff responsible for preparing planning documents and performance reports. In ALPHA and BETA, those responsible for preparing these documents were the sub-division heads of finance. Besides preparing planning documents and performance reports, these sub-division heads were also responsible for administering financial transactions, preparing budget documents and drawing up financial statements.

An examination of the three offices' 2014 performance reports indicates that the availability of people did not necessarily influence the quality of the documents (refer to Factor 2 in Table 9-3). As discussed in the use of performance information in the accountability stage, GAMMA's 2014 performance report lacked explanatory information, although the office had specific staff responsible for managing programs and preparing performance reports. BETA was capable of producing a

performance agreement that used KPIs, while ALPHA failed to make any improvements in its performance agreements. Despite the similarity in terms of those responsible for preparing documents, BETA could measure the achievement of its strategic objectives using KPIs, while ALPHA could only measure with output indicators.

9.4 Information and communication technology (ICT)

Information and communication technology (ICT) has the potential to improve the way the managers use performance information (Cavalluzzo & Ittner, 2004; Halachmi, 2000; Halachmi & Holzer, 2010). An investigation on the use of performance information in the five stages of the management cycle in the three offices suggests that ALPHA and BETA used ICT to support the use of performance information. In line with the improvement in their strategic plans, the LGAPA developed management information systems (MIS) for planning, monitoring and evaluation, and reporting. The development of these systems forced managers in ALPHA and BETA to use the performance information presented in their strategic plans when they prepared their annual plans. This mechanism required managers to use KPIs, output indicators and their targets consistently in the planning stage. ALPHA and BETA also had to refer to the programs and activities as formulated in their strategic plans. The MIS prevented managers from proposing new activities in their annual plans, beyond those stipulated in the strategic plan. Manager B (2015) from the LGAPA asserted that the use of the ICT in the two offices aimed at improving the quality of planning documents.

In addition to the MIS, as previously discussed, ALPHA also developed a software application (UCare) to enable citizens to improve the performance of the office. The use of the UCare application in improving services supports the argument of Halachmi and Holzer (2010) that the presence of ICT creates interactive e-government by involving citizens in improving performance. The application offered benefits to citizens and ALPHA due to its feasibility, convenience, and affordability. Nasim (2010) argued that ICT enables government agencies to generate and use reliable information and provide an access channel for stakeholders to participate in governance, this building more democratic governments. The Department of Local Government and Communities of Western Australia (DLGC, 2013) also highlighted that ICTs are strategic resources that support the delivery of services to meet the needs of stakeholders.

ICT can also improve communication between super-ordinates and the sub-ordinates. The MLC Mayor's WhatsApp group allowed him to communicate with working unit heads on a daily basis, while also allowing ALPHA and BETA to report on their progress. The use of this type of information indicates that performance had become a topic of discussion between the Mayor and the head

offices. This intensive communication inevitably leads the office heads to discuss with their managers what resulted from these ongoing reviews.

Despite the use of ICT to assist in building communication in the implementation stage of the management cycle, ALPHA and BETA did not use it to enhance their accountability. As highlighted in Chapter 8, none of the three offices made their performance reports publicly accessible and none had websites. An examination of the LGA and LGB websites also failed to find the reports. As part of the local government administration, both local governments could encourage the three offices to make their reports widely available in order to enhance accountability.

Halachmi and Holzer (2010) maintained that public organisations would be considered more trustworthy, transparent and responsive if the public had access to their performance data. In turn, elected officials and managers would reap the benefits of constructive feedback from the public.

9.5 Technical capacity

Managers need to have the technical capacity to use performance information effectively. Rivenbark and Bianchi (2012) asserted that technical capacity refers to how public organisation managers develop and apply performance measurement. This capacity entails their ability to develop goals as well as analyse the information so that they can learn from it (Yang & Hsieh, 2007). The following paragraph compares and contrasts the technical capacity of those who prepared the strategic plans, annual plans, performance agreements, and performance reports in the three offices. Comparing technical capacity in this way helps determine whether it is an enabler or barrier to the use of performance information.

The planning agencies of the two local governments attempted to enhance the capacity of their managers to generate and use performance information in preparing strategic plans, performance agreements and performance reports.

Table 9-4 summarises how the managers in the three offices, more specifically the preparers of the planning documents and performance reports, received technical assistance from the leading units to improve their capability in implementing performance-based accountability reports. This table was developed from interviews with the managers of the planning agencies of the two local governments, responsible for coordinating working units in the preparation of planning documents and performance reports. This table is useful for understanding the quality of assistance provided to improve technical capacity and to determine whether this was an enabler or a barrier in the use of performance information.

Table 9-4: Technical assistance received by the three offices in implementing performance-based accountability

Offices Factors		ALPHA and BETA		GAMMA
1	Strategic plans and annual plans	a	Receive assistance from the LGAPA and the consultants	
		b	The LGAPA coordinate working units to involve them actively in workshops with the consultants as the facilitators for preparing strategic plans	The LGBPA, in cooperation with consultants, provides working units with a face-to-face consultation
		c	The consultants provide intensive face-to-face consultation with the working units at LGA and feedback on their draft documents	The consultancy only takes place once. The LGBPA, as the leading unit, verifies the working units' strategic plans
2	Performance agreements and performance reports		The method is similar to that used in preparing strategic and annual plans	The Organisation Division of Region Secretariat runs a workshop for preparing performance agreements and performance reports
				The Organisation Division provides face-to-face consultations

Table 9-2 shows that in developing their strategic plans (refer to Factor 1) the LGAPA holds workshops and provides consultations for all working units in the LGA jurisdiction, including ALPHA and BETA. In conducting the workshops and consultations, LGAPA involves the consultants as the experts and facilitators for preparing strategic plans. All working units are invited to the workshops, and the consultants explain the contents and the steps to be taken when preparing their plans. After several weeks, LGAPA invites the working units to have a face-to-face consultation to discuss their strategic plan drafts. In providing the consultation, LGAPA forms a team to assist the working units intensively. The team is also responsible for verifying the content and substance of the units' strategic plans. ALPHA and BETA received training as well as intensive face-to-face consultations from both the consultants and the team. These consultations enabled ALPHA's and BETA's managers to revise their strategic plan drafts based on the feedback received. Interviews with the consultants indicated that they offered the working units additional sessions if they needed to improve their draft, either face-to-face or via email.

GAMMA received assistance from the LGBPA in preparing its strategic plans (Manager F, 2015). However, this assistance was not as intensive as that provided by LGAPA. In increasing the capacity of those preparing strategic plans, the LGBPA sought to improve the quality of the planning documents by providing face-to-face consultation (refer to Factor 1b in

Table 9-4). However, the consultants only provided consultation once for each working unit, including GAMMA. The consultants did not provide ongoing feedback to GAMMA (refer to Factor 1c in

Table 9-4).

In preparing the working units' annual plans, performance agreements, and performance reports, the LGAPA adopted a similar approach with ALPHA and BETA as that adopted for strategic plans (refer to Factor 2 in

Table 9-4). In contrast, GAMMA only received assistance from the LGBPA in preparing annual plans. For performance agreements and performance reports, GAMMA received assistance from the Organisation Division of the Region Secretariat, as the leading unit. The division held a workshop for those managers responsible for preparing the agreements and reports for all working units. Then, after several weeks, the working units were required to submit their performance agreement and performance report drafts.

Comparing the technical assistance received suggests that ALPHA and BETA had more support than GAMMA. Looking at the information presented in the planning documents and performance reports, it can be concluded that the greater assistance received by ALPHA and BETA heightened their technical capacity, when compared to GAMMA, and positively affected the quality of their documents.

As highlighted in Section 4.4.1 in Chapter 4, the three offices used KPIs in their strategic plans. However, the three offices' strategic plans suffered from several problems. A comparison of these problems indicates that GAMMA's were more significant than those of the other offices. Among the three offices, only GAMMA failed to define output indicators correctly. Several output indicators were too simplistic, as they focused on the completion of activities, rather than specifying the amount of product delivered during the reporting period (refer to Hatry, 2006). Several KPIs were not relevant to their strategic objectives. Furthermore, in relation to the alignment with the BSC, GAMMA did not develop KPIs addressing the learning and growth perspective, while the other two offices' KPIs align with all perspectives. Another important drawback of the GAMMA planning document is the absence of KPIs in its annual plans (2014 and 2016). While ALPHA and BETA also failed to use KPIs in their 2014 annual plans, an examination of the two offices' 2016 annual plans indicates that they did use KPIs. This indicates progress, which is in line with the improvements in their strategic plans (refer to Section 4.4.2 in Chapter 4).

An examination of the three offices' performance agreements suggests that ALPHA's was the most problematic, as it did not comply with the most recent regulations. ALPHA did not use KPIs in preparing its 2014 performance agreement. In contrast, GAMMA did use KPIs and complied with regulation MMBR 53 2014 (refer to Section 4.4.3 in Chapter 4).

Regarding the performance reports, BETA's provided more adequate information than those of the other two offices (refer to Section 8.4.2 in Chapter 8). BETA conducted performance measurement, presented trend analyses for several KPIs and provided sufficient explanatory information. ALPHA, on the other hand, could only address the achievement of its KPIs, without comparing to targets. Although the current strategic plan has been used as the basis for preparing its 2014 performance

report, GAMMA did not provide adequate explanatory information to assist the reader in assessing its performance.

The different quality of the three offices planning documents and performance reports could be attributed to the level of technical assistance received by the managers. Intensive technical assistance increased the capability of the managers of ALPHA and BETA in using performance information, particularly in formulating KPIs and output indicators. Also, the presence of trend analysis and the adequacy of explanatory information provides evidence of the improvement in their technical capacity. This finding is consistent with Berman and Wang (2000) who maintained that training is crucial for promoting better performance measurement. In contrast, inadequate training can cause failure. Hoontis and Kim (2012) also asserted that technical capacity regarding developing goals and measures influences the use of performance information.

Technical capacity can also explain the different levels of performance information use between ALPHA and BETA. The significant difference between the two offices was apparent in the development of performance agreements. BETA attempted to improve the use of performance information by formulating KPIs in its performance agreement. ALPHA did not; they even kept using the old guidelines. An interview with the LGAPA consultant (2015) suggests that, although he offered intensive consultations, not all managers responded to them enthusiastically. The consultant argued that several working units actively contacted him, while others did not. The consultant's views indicate that the more managers engaged with consultants, the more their technical capacity improved. In turn, this technical capacity enabled managers to implement what they had learned to improve the quality of planning documents and reports.

9.6 Organisational culture

The literature reveals that organisational culture is significant in promoting the use of performance information (Marr, 2012b; Moynihan & Landuyt, 2009; Moynihan & Pandey, 2010; Sanger, 2008). Culture generally refers to patterns of shared meaning in an organisation (Sanger, 2008). Culture is also characterised by artifacts and creations of organisations, such as ceremonies and symbols or logos; basic values about how things ought to be and how one ought to behave and respond; and basic assumptions, like a mental map (Sanger, 2008). To promote the use of performance information, Ammons et al. (2013) suggested that performance management should be regarded as a management philosophy, which is indicated by the presence of performance leadership. Goh (2012) found that learning and evaluative culture is one of the factors that affect performance measurement. Sanger (2013) specified that a culture of measurement and evaluation manifests in data collection, analysis practices, and the expectations of managers and line workers throughout

the organisation. Regarding the importance of a learning culture, Sanger (2013) stressed that scrutinising data should regularly be conducted by asking questions about what drives performance.

This section examines the presence of an organisation culture that supports the use of performance information in the three offices. The examination of the three offices' organisational culture is focused on the way they created a performance-oriented culture, supported by leadership and the presence of learning and evaluative culture. Table 9-5 summarises the development of organisational culture in the three offices. This table, developed from the interviews with managers in the planning agencies of LGA and LGB, is useful for examining how organisational culture acted as an enabler or barrier in the use performance information in the three offices.

As indicated in Table 9-5, the local government heads (Mayor/Regent) in the two local governments play a crucial role in shaping the culture of the three offices (refer to Factor 1 in Table 9-5). Both local government heads inspired managers to achieve their performance targets as formulated in their strategic plans. As discussed in Chapter 4, the strategic objectives, KPIs, and performance targets of the three offices were aligned with those of the two local governments. As soon as the Mayor/Regent was elected, the planning agencies prepared local government strategic plans. Through regulation MOIA 54 2010, the Mayor/Regent was mandated to incorporate their flagship programs, as promoted in their election campaigns, into the plans. To implement these programs and to achieve the local government performance targets, LGAPA needed to align the local government strategic plans with those of the working units. This alignment indicates that the success of the working units in achieving performance targets contributed to the achievement of local government performance targets. The presence of performance targets encouraged the Mayor/Regent to introduce significant change, which would affect the way the offices delivered services.

Table 9-5: Comparison of the organisational cultures of the three offices in the two local governments

Offices Factors		LGA (ALPHA & BETA)		LGB (GAMMA)
1	Leadership focus on performance	a	Introduce a slogan for 'City A twice as good' and initiate innovative programs	Introduce New City B and come up with innovative programs
		b	Strong evaluative culture with WhatsApp group	Strong evaluative culture with his coffee mornings every Monday
2	Evaluative culture for implementation of programs		Quarterly reviews, weekly reviews, daily reviews	Quarterly reviews, monthly reviews

LGA Mayor's eight flagship programs shaped ALPHA's programs and activities. In order to motivate his subordinates, the Mayor introduced the slogan "City A twice as good", to embed the concept of

improving the performance of public service in his jurisdiction (refer to Factor 1a in Table 9-5). This slogan was designed to mean that his administration would create a City A twice as good as the previous administration. One of the Mayor's flagship programs was called "your City is not messy". ALPHA was the leading unit responsible for implementing this program. As discussed in Chapter 5, ALPHA translated this program into specific actions, such as promoting solid waste banks and creating community awareness about cleanliness. Another of the Mayor's program priorities was to improve the quality of tourism workers in anticipation of the implementation of ASEAN economic community blueprint. This program was translated into specific activities and implemented by managers in BETA.

The City B Regent also created innovative programs that have been changing the face of the region. As discussed in Chapter 7, improvement began as soon as the current Regent won the election. Like the Mayor of City A, the Regent has incorporated his programs into LGB's strategic plan 2013-2018. This plan indicates that the Regent wants to realise the LGB's vision to create a New City B as the center of economic growth in southern South Sulawesi (refer to Factor 1a in Table 9-5). The Regent also introduced several flagship programs to realise this vision. One of his programs was to create City B as the region producing high-quality seeds. Another was to build the capacity of small businesses. Both of these programs were translated into specific activities by GAMMA.

To ensure the implementation and achievement of their local governments' visions, the Mayor and Regent established effective communication methods with their working unit heads, including LGA Mayor's WhatsApp group and the LGB Regent's weekly meetings (refer to Factor 1b in Table 9-5). The intensive monitoring and evaluation by the local government heads, as illustrated in Table 9-5, shows the leadership commitment to achieving the visions as formulated in their strategic plans. The commitment of the Mayor and the Regent indicates the presence of performance-driven leadership, which is crucial for creating a culture of performance, as noted by Marr (2012b). This is also consistent with Goh (2012) argument that strong evaluative organisational culture is important to promote the use of performance information and should include: learning from feedback and performance results; encouraging flexibility and adaptability; and using results for performance improvement. Sanger (2008) stated that the ultimate value of a PMS is its potential to provide feedback and learning about operations and the strategies that produce improvement.

The presence of an evaluative culture can also be seen from the quarterly reviews held by the planning agencies in the two local governments (refer to Factor 2 in Table 9-5). As discussed in Chapter 6, the three offices were required to submit quarterly progress reports to the planning agencies for their budget realisations and attend forums with the Mayor/Regent to discuss progress in implementing their programs and activities. To ensure the achievement of outputs, the three

offices' heads also conducted regular meetings: weekly for ALPHA and BETA, and monthly for GAMMA. These meetings allowed the office heads to communicate and monitor progress and plan for the next activities.

The quarterly forums and meetings conducted by the office heads provided the managers with feedback that could be used to improve their performance. This feedback allowed them to learn, as suggested by Marr (2012b), who maintained that learning lies at the center of a performance-driven culture. Marr (2012) also stressed that interactive performance review processes that engage people in a dialogue about performance are essential tools for creating such a culture.

Supportive leadership and the presence of interactive performance reviews acted as enablers for the three offices in their use of performance information across the five stages of the management cycle. Despite failing to use the three offices' KPIs in regular reviews, focusing on output indicators is supposed to ensure the achievement of outcomes at the offices since they have translated their strategic objectives into specific activities. Reviews encourage employees to exert their capacity to learn, which in turn helps them make improvements (refer to Ammons et al., 2013).

9.7 Citizen involvement

Citizen involvement in performance management is regarded as a driving force for public organisation managers to use performance information. Epstein (2000) maintained that such involvement is critical for shaping the quality and responsiveness of government programs in their communities. Halachmi and Holzer (2010) argued that the involvement of citizens enables public managers to fine-tune operations and develop a better understanding of how their agencies and programs are perceived from the outside. Yang and Holzer (2006) stated that citizen participation in evaluating government performance could improve trust.

This section investigates how the three offices involved citizens in managing their performance to determine whether this was an enabler or barrier to the use of performance information. In exploring the involvement of citizens, the three offices current strategic plans, the 2014 performance reports, and the regulations regarding performance management were examined. Interviews were conducted with managers in the three offices and the planning agencies of the two local governments.

An examination of the mechanism for implementing performance-based accountability in the three offices indicates that the participation of citizen was weak. Their involvement was limited to conveying their aspirations in preparing annual plans. At the beginning of the financial year, the planning agencies in the two local governments held discussions about development planning as part

of the process for preparing their annual plans. Citizens were invited to attend these discussions and propose activities that should be conducted by working units in their areas, such as road rehabilitation. Three levels of discussions were conducted until the working units' annual plans were finalised, to ensure the involvement of citizens at the village, sub-district, and city/district levels. Among the three offices, only ALPHA involved citizens in the implementation stage of the management cycle, using the UCare application. BETA and GAMMA did not provide opportunities for citizens to interact in this way.

Weak citizen involvement in managing performance can be a barrier to the use of performance information by managers. Epstein, Coates, and Wray (2006) maintained that limiting participation in performance management tends to limit those who will examine performance and the value of performance information. Similarly, Julnes and Holzer (2001) argued that the failure to consider major stakeholder voices would result in less support for the use of performance information. To encourage managers to use performance information, the three offices should involve citizens in all stages of the management cycle: from planning to improvement and accountability.

The Indonesian Government laid a foundation for citizen involvement in government by issuing Law number 23 2014. This states that local governments should involve citizens, not only in preparing planning documents but also in budgeting, implementing programs and activities, and monitoring and evaluating regional development plans. This law also stated that the Indonesian Government would issue a regulation regarding the mechanisms for facilitating citizen participation. However, at the time of data collection for this study, the regulation had not been issued. In the Indonesian context, the presence of regulations is important for encouraging managers in the local government working units to use performance information.

9.8 Legal mandate

This section investigates the presence of legal mandate in relation to the effectiveness of performance information use in the three offices. Understanding the influence of legal mandate will help determine whether this acts as an enabler or a barrier to the effective use of performance information. To begin with, an examination of the legal mandate regarding the use of performance information is presented.

Improvement in the use of performance information in the three offices aligned with the issuance of the Indonesian Government regulation regarding the guidelines for preparing, monitoring, and evaluating regional development plans (refer to MOIA 54 2010). This regulation provided detailed

guidelines for preparing regional development plans, including their structure. This regulation obliges local governments and their working units to use outcome indicators to measure the achievement of their strategic objectives. It provides detailed examples of outcome indicators that can be used to measure the strategic objectives.

In addition to this regulation, the president and the MMBR issued other regulations to sustain the implementation of performance-based accountability systems for public services. MMBR regulation number 53 2014 detailed how local governments, including the working units, would be held accountable through the preparation of performance agreements and reports (MMBR, 2014). To ensure the implementation of performance-based accountability systems, MMBR also issued regulation number 12 2015, which provided detailed guidance for evaluating the implementation of systems in local governments and working units in the public sector. In this regulation, MMBR demanded that the local government inspector conduct an evaluation of the implementation of performance-based accountability systems of their working units. The three offices used these regulations as the basis for improving their planning documents and performance reports.

The impact of the regulations regarding performance-based accountability systems on the use of performance information contradicts existing studies, which indicate that the presence of legal mandate has a weak effect (refer to Akbar, Pilcher, & Perrin, 2012; Cavalluzzo & Ittner, 2004; Mimba, van Helden, & Tillema, 2013).

In their study, Cavalluzzo and Ittner (2004) found little evidence for an increase in performance information use due to the presence of legal mandate. Similarly, Aristigita (2011) found that legislation did not improve the sustainability of performance information use in managing for results. A possible explanation for the contradictory finding of this study might be that previous studies did not conduct a comparative analysis before and after the legislation had been implemented. For example, Aristigueta and Zarook (2011b) conducted case studies in six US states using a single December 1994 report, and Cavalluzzo and Ittner (2004) used data from a government-wide survey administered by the US General Accounting Offices between 27 November 1996 and 3 January 1997. This study, however, used data from two strategic planning periods.

9.9 Managerial authority

Managerial authority provides flexibility in managing organisational resources (Cavalluzzo & Ittner, 2004; Moynihan, 2006; Moynihan & Pandey, 2004). Flexibility allows managers to respond quickly to the changing needs of their stakeholders (Osborne & Gaebler, 1992; Rainey & Steinbauer, 1999).

However, in many cases, managers have little or no discretion in making choices about inputs in order to deliver services, such as recruiting staff Goh (2012).

This section discusses the extent to which managers had the authority to use performance information to improve service delivery and enhance accountability. Interviews with managers (Manager A, Manager C, and Manager H) in the three offices were conducted to determine whether authority works as an enabler or a barrier to the use of performance information.

The intention of the managers to improve their performance was confined within their limited authority in terms of resources. The managers did not have the authority to manage financial resources beyond the budget for their divisions, neither did they have the authority to hire staff, despite some serious staff shortages. As highlighted in Chapter 7, Manager D (2015) admitted that her plan to build a database of tourism workers to support the strategy to improve their capacity was restricted by the limited budget. Consequently, she could only build a database for one of the fourteen sub-sectors of the tourism industry. Similarly, the intention of Manager G (2015) to empower small and medium enterprises through financial assistance in the marketplace was also restricted by the budget. Manager G (2015) also admitted that she could not monitor or provide assistance to a large group of businesses as she did not have adequate staff. ALPHA's manager faced a similar problem. The inability to achieve higher performance in transporting solid waste to landfills was due to the lack of infrastructure and facilities, such as trucks and containers. The managers' views on the barriers to using performance information suggest that they had limited authority to deploy resources (both financial and human), which prevented them from achieving higher performance.

In short, the intention to use performance information to improve service delivery was restricted by the lack of flexibility in managing resources. In fact, managerial authority is an important consideration when public sector managers are made accountable for results (S. Goh, 2012).

9.10 Summary

Analysing the factors influencing the use of performance information provided evidence as to why the three offices' managers use their performance information (RQ3). Nine factors had been identified as enablers and barriers to the use of performance information by managers in the three offices. Table 9.6. summarised how these nine factors work as enablers and/or barriers in the use of performance information, and informs the development of a model for the effective use of performance information.

First, leadership was a significant influencer in the use of performance information in the three offices (refer to Factor 1 in Table 9-6). The leaders in the three offices (the Mayor/Regent, and the office heads) showed their commitment to improving performance and service delivery. As programs and activities were implemented, the leaders actively conducted monitoring and evaluation. The presence of intensive reviews demonstrated the commitment of the leaders in promoting the use of performance information. However, the failure of the leaders in tracking the achievement of KPIs in the quarterly and regular reviews may have discouraged managers from using KPIs. The three offices need to use KPIs across all stages of the management cycle.

The second factor influencing the use of performance information is the quality of performance measurement systems (refer to Factor 2 in Table 9-6). The three offices made considerable improvement in the use of performance information using KPIs, selected from their outcome and output indicators. They also set performance targets. Their improvement in the use of performance information suggests that the design of performance measurement systems is critical for motivating managers to achieve targets. This suggests that the system worked as an enabler to the use of performance information. Nevertheless, as discussed in Section 9.2, the three offices' KPIs reflected a number of problems and their inability to formulate useful KPIs stands as a barrier to the effective use of performance information.

Table 9-6: Summary of enablers and barriers in the use of performance information

Effects Factors		Enablers	Barriers
1	Leadership support	The leaders have demonstrated their commitment to the review processes	In the reviews, the leaders did not pay attention to the progress of KPIs
2	Performance measurement systems	The three offices used KPIs and set targets	Several KPIs are problematic
3	Resource availability	ALPHA and BETA had a larger budget than GAMMA, but GAMMA had specific staff to manage programs	GAMMA had a lower budget allocation, and ALPHA and BETA did not have specific staff to manage programs
4	ICT	ALPHA and BETA developed information systems to improve the quality of performance management. ALPHA used an application to enable citizens to file their complaints	GAMMA did not use ICT to improve its performance
5	Technical capacity	ALPHA's and BETA's managers received adequate technical assistance to improve their capacity	BOTM did not receive sufficient technical assistance
6	Organisational culture	An evaluative culture was present in the three offices to ensure the implementation of programs and activities	The progress of the KPIs was not evaluated
7	Citizen involvement	Citizens were involved in preparing annual plans in the three offices. Only ALPHA involved citizens in the implementation stage of the management cycle	Citizen involvement was weak. Citizens were not involved in developing KPIs, setting targets or evaluating performance
8	Legal mandate	The Indonesian Government issued regulations to guide the implementation of performance-based accountability systems that could be used to motivate managers to use performance information	The Indonesian Government has not issued regulations regarding citizen involvement in the decision-making process
9	Managerial authority	The managers had the authority to design programs and activities and implemented them based on approved budget allocations	The managers' intentions to boost their performance were constrained by limited authority to manage staff and budgets

The third factor influencing the use of performance information was the availability of resources. ALPHA and BETA receive an adequate budget allocation for preparing strategic plans, annual plans, performance agreements and performance reports (refer to Factor 3 in Table 9-6), GAMMA did not. The differences in budget allocations for preparing the documents correlate with their quality and the subsequent way the managers use performance information. Regardless of the progress made in using performance information, GAMMA's strategic plan and its 2014 performance report revealed more problems than those of the other two offices, which received more budget allocation. Greater budget allocation for implementing performance management allowed ALPHA and BETA to hire consultants to enhance the managers' capacity in using performance information.

The fourth factor motivating managers to use performance information is ICT (refer to Factor 4 in

Table 9-6). The LGAPA developed information systems to improve the quality of planning documents across all working units within the LGA jurisdiction, including ALPHA and BETA. This aimed at ensuring the consistency of information used in planning, monitoring and evaluation, and reporting. As such, the presence of these systems strengthened the integration of performance information, considered critical by some researchers. Ho (2005), for example, insisted that the impact of performance measurement systems on decision-making depended on whether performance measurement was integrated into strategic planning and goal-setting.

Evidence from the three offices indicates that technical capacity is one of the enablers for the use of performance information. The intensive technical assistance received by the managers of ALPHA and BETA contributed to increasing their capacity in formulating performance indicators and using them in preparing planning documents and performance reports. In contrast, the lack of technical assistance hindered GAMMA managers, who failed to formulate useful output indicators and informative performance reports.

The leaders in the three offices showed a strong commitment to building an evaluative culture to ensure that performance targets were achieved (refer to Factor 6 in Table 9-6). The use of performance information in the review stage of the management cycle indicates that such information had been discussed among managers and leaders. Intensive reviews enabled them to identify problems in delivering services. However, the three offices did not use the KPIs as the basis for conducting reviews. To reap the benefits of using performance information, it is important to pay attention to progress against KPIs in the review stage of the management cycle.

Citizen involvement is also essential for encouraging managers to use performance information (refer to Factor 7 in Table 9-6). Evidence from the three offices indicates that citizens had not been involved actively in managing performance. Their involvement was limited to conveying their aspirations in early planning discussions. Only ALPHA involved citizens in monitoring its performance (through UCare). Therefore, the lack of citizen involvement was a barrier to the effective use of performance information.

Contrary to the findings of previous research, this study determined that the presence of supportive legal mandates was an enabler for using performance information in the three offices (refer to Factor 8 in Table 9-6). The issuance of a series of regulations to sustain the implementation of a performance-based accountability system had a considerable effect on persuading managers to use more meaningful performance information. A comparison of performance information used in the planning documents indicates that the three offices made considerable improvements after the

regulations were promulgated. Finally, the lack of authority and flexibility in managing money and staff restricted the managers in their drive for change (refer to Factor 9 in Table 9-6).

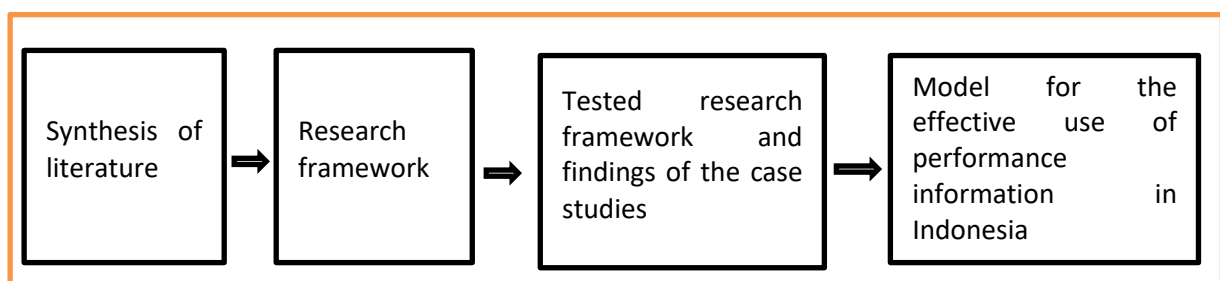
10 IMPLICATIONS AND CONCLUSIONS

This study aimed to narrow the gap in our understanding of how and why managers in local governments, specifically in Indonesia, use performance information to improve performance and enhance accountability. A framework for the effective use of performance was developed from a synthesis of the literature and was presented in Chapter 2. This framework has been used as the basis for investigating the use of performance information by managers in the cases examined in this study.

This study was based on four research questions: which categories of information were used (RQ1); how the information was used (RQ2); why the information was used (RQ3); and how to make better use of the information (RQ4). RQ1 guided the investigation by exploring the types of performance information used based on the four perspectives of the BSC. RQ2 directed the exploration in the use of performance information across the five stages of the management cycle. RQ3 guided the investigation of factors that acted as enablers or barriers to the use of performance information. Finally, RQ4 led to the development of the improvement recommendations advanced in this chapter, and these are based on the investigation of the preceding three questions (RQ1, RQ2 and RQ3) about the use of performance information.

A *model* for the effective use of performance information developed for this research in answering RQ4 represents part of the recommendations made for improving service delivery and enhancing accountability. Figure 10-1 shows the development of this model, starting with synthesising the literature on the use of performance information, then building a research framework, as discussed in Chapter 2. This framework was then tested in three offices in two local governments in Indonesia. Based on the tested research framework and the findings of the three case studies, an analysis was conducted to produce the model for the effective use of performance information in Indonesia.

Figure 10-1: The development of the model for the effective use of performance information in Indonesia



Section 0 of this chapter discusses how this research enriches theory on the use of performance information by managers in public sector organisations. The model for effective use of performance information is presented in this section to highlight the factors influencing the use of performance

information, the type of information that should be used, and the stages of the management cycle in which the information should be used. Section 10.2 presents practical implications to guide the more effective use of performance information. Sections 10.3 to 10.5 provide the limitations of this study, along with directions for future research and concluding comments.

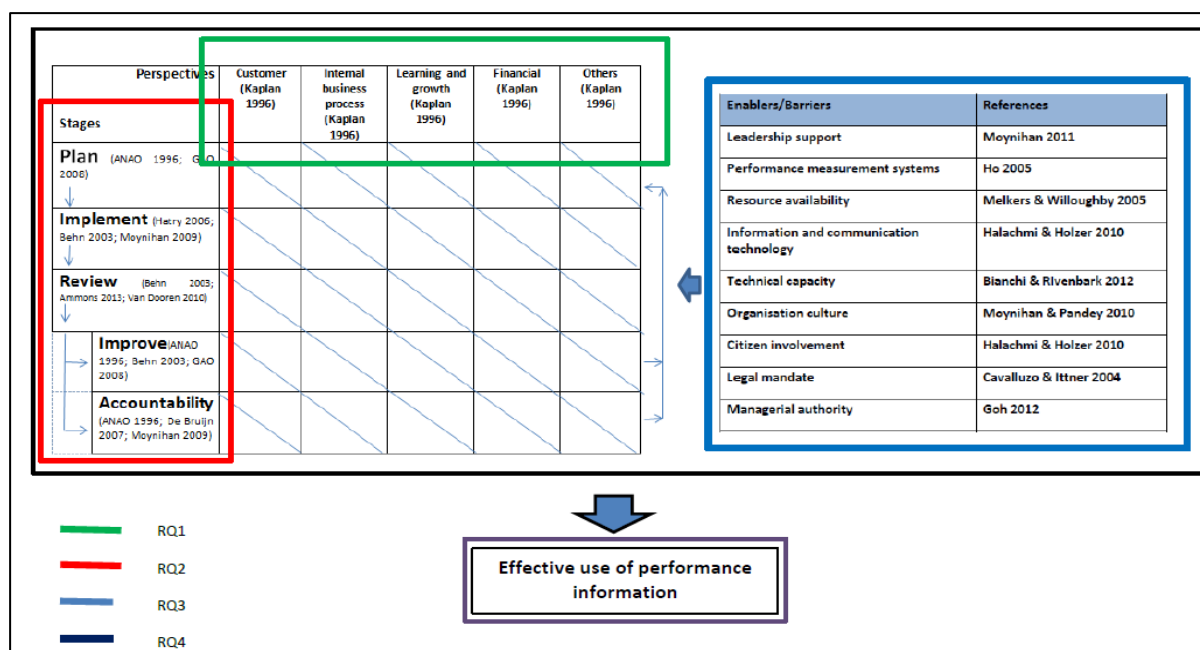
10.1 Implications for theory

This study investigated the use of performance information by local government managers in Indonesia to improve service delivery and enhance accountability. The study addresses a gap in the literature, which predominantly focuses on developed countries while relatively little is understood about the experience of developing countries in general (and Indonesia in particular). Studies conducted in Indonesia on the use of performance information are scarce.

The present study informs the theory on the use of performance information. In the Indonesian context, this study demonstrates that critical improvement in the use of performance information has been made since the Indonesian Government issued a regulation concerning the guidelines for preparing and evaluating development planning (refer to MoIA, 2010). This progress in the use of performance information can be seen by comparing the findings of this study with the previous literature, which found little evidence of the effective use of performance information. Previous studies using data from Indonesia found that the use of performance information by local government managers was orientated toward meeting formal regulations (Akbar et al., 2012; Mimba et al., 2013). In the broader context, studies also revealed that, despite the fact that public organisations have made an effort to collect performance information, its actual use remains questionable (Julnes & Holzer, 2001; Sanger, 2008; Zhang et al., 2016).

In this study, a framework for the effective use of performance information was developed by synthesising the literature (presented in Chapter 2 and reproduced in :), to address RQ1 (refer to the green boundary) and RQ2 (refer to the red boundary). An investigation of RQ1 and RQ2 provided insights on factors (refer to the blue boundary) that could act as enablers and barriers for managers in the use of performance information. Addressing these factors informed RQ3 (refer to the blue boundary), which examined why managers use performance information.

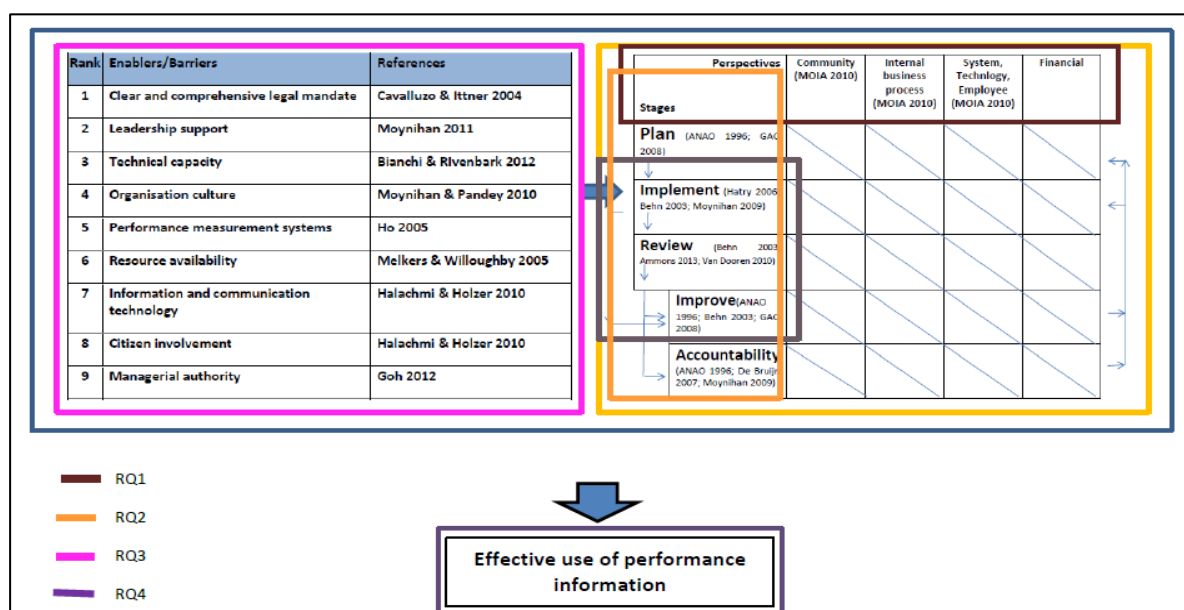
Figure 10-2: A framework for the effective use of performance information



Source: developed from a synthesis of the literature

Applying the framework (refer Figure 10-2) to the three case studies allowed for modification based on the findings and the development of a model to inform theory and practice. The emerging model addressed RQ4: how to make better use of performance information? This model, as shown in Figure 10-3 can be used to inform managers in public sector organisations about ways to improve their use of performance information to achieve better service delivery and enhanced performance.

Figure 10-3: A model for the effective use of performance information



Source: developed from case data and relevant attributes in the research framework

A comparison between the framework (Figure 10-2) and the model (Figure 10-3) indicates several changes. In the model, the factors influencing the use of performance information are located on the left side (refer to the pink boundary in Figure 10-3) compared to the right in the framework. Whereas the research framework proved a useful device for identifying key attributes to do with the use of performance information, it did not capture the necessary 'direction of thinking' for theoretical or practical notions of improvement. The model provides that direction of thinking by encouraging a consideration of the range of factors that shape and drive effective information usage – before any reflexive pursuit to measure and report on information that is instigated by forces such as legislation, policy or norms. The blue arrow pointing right (refer Figure 10-3) indicates that understanding and responding to barriers and enablers (RQ3) is an important prelude to getting a good balance of performance information (RQ1) throughout each stage in the management cycle (RQ2). The blue arrow pointing down (refer figure 10-3) suggests that an improved use of performance information (RQ4) is facilitated by a conscious and structured approach to aspects identified through answering RQ1, RQ2 and RQ3. With its content and direction of thinking, the model provides signposts for a robust approach to the use of performance information by local government managers in a developing field of practice. The model is constructed from findings in non-representative case studies in one developing country, but can act as a generic device to inform thinking and debate about any local government setting.

Another modification to the framework was made in the perspectives, which evolved into: community; internal business process; system, technology, and employee; and financial (refer to the perspectives row in the brown boundary in Figure 10-3). These changes were adopted from the guidelines used by the three offices for preparing planning documents (refer to MOIA 54 2010). Rather than using the customer perspective from the original BSC, a community perspective is more applicable to public organisations, which aim to improve their communities. A system, technology, and employee perspective represents the components of the BSC learning and growth perspective. Using these three components reflected the terminology commonly used in delivering programs and activities, making it easier for managers in the three offices to understand. In contrast, learning and growth is a rather an open term.

The investigation of the use of performance information revealed that improvement in delivering services had been made. Examination of the use of performance information in the five stages of the management cycle, however, indicated that improvement is not linear. Improvements were made after reviews had been conducted (refer to the gray boundary in Figure 10-3), as well as the time of program and activity implementation (refer to Chapter 8).

The final change from the framework to the model is in the lists of factors acting as enablers and barriers. The investigation of RQ1 to RQ3 indicated the level of importance of these factors, from legal mandate to managerial authority. The list of enablers and barriers, as shown in the blue boundary of the model (in Figure 10-3), suggests the level of importance of the factors, whereas the list in the framework (:) was presented in no particular order.

The nine factors acting as enablers and barriers for the use of performance information, as depicted in Figure 10-3, can be categorised into three groups: central, priority, and other. The central factors, which have a critical impact on the use of performance information, comprise clear and comprehensive legal mandate and leadership support (refer to Factors 1 and 2 in Figure 10-3). These two factors can drive the other factors to act as enablers for using performance information effectively. For example, the issuance of MOIA regulation 54 2010 and MMBR 53 2014 (refer to Factor 1 in Figure 10-3) improved the design of PMS in the three cases examined (refer to Factor 5 in Figure 10-3). The priority factors, which influence the use of performance information, are technical capacity, organisational culture, and PMS (refer to Factors 3 to 5 in Figure 10-3). Other factors include resource availability, ICT, citizen involvement, and managerial authority (refer to Factors 6 to 9 in Figure 10-3). The findings of this study suggest that the priority factors have a stronger influence on the use of performance information than these other factors. Details of how the nine factors affect the use of performance information are as follows.

First, in the Indonesian context, legal mandate (refer to Factor 1 in Figure 10-3) appears to be the most important factor in shaping the use of performance information. As highlighted in Chapter 9, the introduction of MOIA regulation 54 2010 regarding the guidelines for planning, monitoring, and evaluating regional development planning has driven the three offices to use outcome-based performance information as KPIs in their strategic plans and annual plans. As discussed in Chapter 4, this regulation has improved the quality of the three offices' planning documents considerably. Similarly, the issuance of President regulation 29 2014 and MMBR regulation 53 2014 enhanced the implementation of performance-based accountability systems, which can be seen from the quality of the three offices' performance reports (refer to Section 9.8 in Chapter 9). These findings contradict previous studies that found little evidence for the positive impact of legal mandate on an increase in the use of performance information (Aristigueta & Zarook, 2011b; Cavalluzzo & Ittner, 2004). For example, according to research, the initiatives of the central governments of France, Italy, Portugal, and Spain to enact laws emphasising the importance and need for performance reporting, have not made much improvement in their local governments' reporting systems (Brusca & Montesinos, 2016).

The influence of legal mandate informs the theory of performance information use in that the development of clear guidelines as part of a legal mandate are critical for a country where the central government has a strong influence on local government administrations. The Indonesian Government has enacted a series of regulations regarding the implementation of performance-based accountability systems since 1999 (refer to Section 9.8 in Chapter 9). However, considerable improvement in the use of performance information has been made by the local government agencies since the clearer and comprehensive guidelines were promulgated in 2010 by the issuance of MOIA regulation 54 2010. This improvement suggests that the simple presence of a mandate did not instantly affect the use of performance information, as highlighted by Brusca and Montesinos (2016). Rather, the clarity and the comprehensiveness of the regulations, not just their existence, explains their impact on the use of performance information.

Furthermore, the influence of central government regulations on improvement in the use of performance information confirms the presence of regulatory pressure. Akbar et al. (2012), in their study on the use of performance measurement in Indonesian local governments, found that the main reason for developing indicators was simply to comply with the central government regulations. The initiative of the Indonesian Government to improve regulations regarding the guidelines for developing and monitoring plans and the implementation of performance-based accountability have received a positive response from local governments.

The importance of legal mandate in shaping the use of performance information as found in this study has an implication for informing the theory of success or failure in the use of performance information to improve service delivery and enhance accountability. Legal mandate has an impact as long as it provides clear and comprehensive guidelines. Attempts to stress the importance of performance information use without providing step-by-step guidelines may undermine the impact of legal mandate. Therefore, it is important for policy-makers at the central agency level to develop clearer guidelines to facilitate more effective use of performance information by local government managers.

The **second** factor influencing the effectiveness of performance is leadership support. Figure 10-3 shows that leadership plays a critical role in influencing the use of performance information. This finding concurs with other literature focused on the use of performance information (Ammons & Rivenbark, 2008; Aristigueta & Zarook, 2011b; Melkers & Willoughby, 2005; Moynihan et al., 2011). For example, an examination of the implementation of managing for results activities in six states in the US, by Aristigueta and Zarook (2011b), found that states that had not used i performance information successfully were those whose executives did not support the efforts. Similarly, Ammons and Rivenbark (2008) revealed that the willingness of officials to embrace comparisons with other

governments or service producers influenced the use of performance information. As examined in Chapter 9, this commitment was evident in the case studies from the active involvement of the leaders (the local government heads and the office heads) in monitoring and evaluating the implementation of programs and activities. This active involvement was also important for building an evaluative organisational culture that was supportive of the use of performance information for improving services and enhancing accountability. For example, the daily monitoring conducted by City A's Mayor and the weekly 'coffee mornings' held by City B's Regent fostered the evaluative culture that encouraged managers to meet their performance targets.

It is worth noting how legal mandate might explain the active involvement of the leaders in the three cases investigated. MOIA's regulation regarding the guidelines for preparing, monitoring, and evaluating regional development plans, demanded that local government leaders integrate their flagship programs, as promoted during their election campaigns, into the local government's strategic plans (refer to Chapter 8). This requirement ensured that leaders could be held accountable for their promise to deliver these flagship programs. To assure the quality of the strategic plans, the regulations demanded that provincial governments evaluate the content of the plans. Moreover, the local government strategic plans also need legislative approval (refer to MOIA 54 2010).

The presence of the MOIA requirement, and the control of provincial governments and the legislature in assuring the quality of plans, might have contributed to driving local government leaders to foster an evaluative culture. The findings relating to the influence of legal mandate in the three offices informs the theory and practice about how to encourage leadership involvement in the use of performance information. It is indisputable that leaders play a major role in shaping the culture of an organisation. The question which has not been addressed in the previous literature, however, is how to drive leaders to be actively involved in the use of performance information.

The third factor that needs to be considered in motivating managers to use performance information is technical capacity (refer to Factor 3 in Figure 10-3). As explored in Chapter 9 (refer to Section 9.5), the three offices investigated in this study received technical assistance from the planning agencies and consultants when preparing planning documents and performance reports. The level of assistance among the three offices differed; two offices received more than the other. A comparison of their strategic plans and performance reports indicated that those receiving intensive assistance performed better than the office that had limited assistance. This finding aligns with those of previous studies (refer to Berman & Wang, 2000; Cavalluzzo & Ittner, 2004; Hoontis & Kim, 2012), which revealed the considerable effect of technical assistance on the way managers used performance information.

The importance of enhancing technical capacity, as revealed in this study, has implications for the units at the local government level responsible for coordinating the development of planning documents and performance reports. These units need to design practical workshops and assistance, as well as encourage their managers to improve their capacity. These efforts are critical to enhancing the quality of their strategic plans, which lay the foundation for holding managers accountable for results. Also, assisting in preparing performance reports that use the performance information formulated in the strategic plans is crucial for strengthening accountability.

Fourth, a supportive organisational culture needs to be fostered as it contributes to the use of performance information. As examined in Chapter 6, the three offices had strong evaluative cultures. As part of the implementation of performance-based accountability systems in Indonesia, the three offices were required to prepare annual performance reports by measuring how the strategic objectives had been achieved using their KPIs. The three offices also had to prepare quarterly reports for the planning agencies in their local governments as a form of monitoring and evaluating their budget realisation. The quarterly forums designed to review these reports strengthened the evaluative culture of the offices.

In addition to this mechanism for monitoring and evaluation, the LGA Mayor's WhatsApp group and the LGB Regent's weekly meetings facilitated communication about performance in the local government jurisdictions. This type of dialogue was evident in the work of Liu and Van Dooren (2013), who argued that a focus on daily performance information use supported continuous organisational learning and behavior modifications. Therefore, to encourage managers in the public sector to use performance information, performance dialogue on a regular basis (yearly, quarterly, monthly, weekly, daily) was essential to foster an evaluative organisational culture.

The fifth factor contributing to the use of performance information is the design of the PMS (refer to Factor 5 in Figure 10-3). As highlighted in Chapter 9, the design of performance measurement involves the quality of indicators and how they are integrated into the management cycle. The three offices examined in this study used outcome indicators to measure the achievement of their strategic objectives. ALPHA aimed at reducing solid waste generation, BETA intended to increase the number of tourists, and GAMMA set targets for growth in the number of businesses. These indicators guided the managers in the three offices to design and implement activities in order to achieve their strategic objectives. Ammons (1995) suggested that it is important to develop indicators that capture the interest of local media and the public. Evidence from the North Carolina Benchmarking Project also suggests that proper measures of efficiency and effectiveness are more likely than output measures to inspire managerial thinking about service improvement (Ammons & Rivenbark, 2008)

As well as being able to formulate outcome indicators as KPIs, the three offices used them for preparing planning documents — strategic plans, annual plans, and performance agreements. The integration of KPIs in these planning documents indicates their progress in using performance information, as advocated by previous studies (refer to Ammons & Rivenbark, 2008; Ho & Ni, 2005; Marr, 2012b). The use of KPIs along with targets in the three offices' strategic plans fostered their accountability, which can be seen from the presentation of KPIs in their performance reports.

The findings on the design of the three offices' PMSs suggest the importance of formulating information addressing effectiveness, and then using it in planning. This will drive managers to improve service. Learning from the three cases in this study, the first three factors depicted in Figure 10-3 (refer to Factors 1 to 3) are critical for designing an effective PMS. Legal mandate lays a foundation for guiding the development of planning documents. Leadership is crucial to motivating managers to implement the legal mandate. Then, the managers, who have the technical capacity to formulate useful performance information and to integrate it into the management cycle, will be able to enhance the maturity of their PMS.

Sixth, resource availability influences the use of performance information in several ways (refer to Factor 6 in Figure 10-3). Evidence from the three cases examined suggests that the availability of resources does not instantly encourage the use of performance information. As highlighted in Chapter 9, the higher budget allocation for ALPHA and BETA compared to GAMMA may indicate the better quality of information used. The availability of budget allowed ALPHA and BETA to pay consultants to assist them in preparing planning documents and performance reports. However, the fact that ALPHA's 2014 performance agreement did not meet the MMBR regulation reveals another issue. An interview with a consultant assisting the City A working units suggested that several units did not actively communicate with consultants to discuss their planning documents and performance report drafts, despite being encouraged to do so. Similarly, the availability of staff who were specifically in charge of preparing documents did not necessarily indicate an improvement in the quality of performance information use, unless the staff had the technical capacity to do so.

To encourage the use of performance information, the availability of resources should be managed appropriately. This finding is supported by Kim and Hoontis (2012), who argued that unless the budget allocated for hiring human resources to analyse, interpret, and use performance information was adequate, PMSs would not work effectively. Berman and Wang (2000) also stated that the availability of funds should enable public organisations to hire competent employees, develop performance indicators, collect performance data, and develop information systems. Otherwise, the benefits would not be reaped. Hence, apart from the importance of allocating adequate funds, it is

necessary to ensure that the funds are properly used to improve the design of the PMS (refer to Factor 5 in Figure 10-3).

Seventh, the adoption and application of ICT may strengthen the use of performance information for improving service delivery and enhancing accountability (refer to Factor 7 in Figure 10-3). A comparison of the use of ICT in the three offices indicates that offices in the Local Government A used it for improving service delivery while the office in City B did not. As discussed in Chapter 9, ALPHA's UCare application provided information to locate 'dirty areas' quickly so that the manager responsible for transporting waste could respond to the complaints promptly. The perceived benefits of ICT also encouraged the manager of the LGAPA to develop regional planning information systems that were useful for synchronizing information presented in the planning documents for all offices in the LGA. The manager also developed another information system for monitoring and evaluating the implementation of programs and activities conducted by offices in the LGA. Furthermore, the use of the WhatsApp application by the Mayor of City A fostered communication with the head offices. This type of communication is also useful for building the organisational culture, as discussed in the previous paragraph (refer to Factor 4 in Figure 10-3).

Evidence from the three cases examined in this study suggests that the adoption and application of ICT improved service delivery for offices in LGA, particularly ALPHA. However, none of the offices used ICT to enhance accountability by providing the public access to their performance reports. To generate more benefits, ICT should be used in the five stages of the management cycle, from planning to accountability.

Eighth, citizen involvement is essential for motivating managers to use performance information (refer to Factor 8 in Figure 10-3). However, the three offices examined in this study showed no strong commitment to engaging citizens in improving their services and enhancing accountability. The three offices mainly involved citizens in the planning stage, especially in preparing planning documents. They invited citizens to initial development planning meetings to allow them to share their aspirations and to propose activities.

In the implementation stage, the three offices involved citizens as co-producers of the services delivered. ALPHA, for example, promoted community-based solid waste banks to reduce the generation of waste. BETA involved citizens in strengthening tourism businesses. GAMMA provided financial assistance to support home industries. This contributed to the achievement of three offices' strategic objectives. In this regard, involving citizens in the implementation stage is part of the way for improvement in the delivery of services.

To foster the use of performance information effectively, citizens need to be actively involved in all stages of the management cycle. In the planning stage, citizens should be involved in the development and selection of performance indicators so that managers can address the interests of citizens (refer to Ammons, 1995; Ho, 2007; Holzer & Yang, 2004; Woolum, 2011). The three offices examined in this study did involve citizens in planning, but they did not engage them in deciding the indicators to measure the effectiveness of the offices' programs. Failure to provide reliable and valid performance information about the interests of the citizens will result in the lack of their attention to it (Ho & Coates, 2004). In return, managers will lose interest in using it.

Ninth, manager authority influences the use of performance information (refer to Factor 9 in Figure 10-3). Evidence from the three cases in this study indicates that managers were sometimes prevented from using performance information to improve services due to a lack of authority. As examined in Chapter 7, the BETA budget allocation for tourism promotion was cut by the budget committee at the LGA. As a result, BETA's promotion for tourism events failed to reach the wider community. This budget issue became a barrier for BETA's manager in terms of increasing the number of tourists. Similarly, GAMMA experienced an acute shortage of staff, which meant they could not monitor all miners and enterprises in their region. The authority to hire more staff lay outside of GAMMA's responsibilities.

The importance of managerial authority has also received attention in previous studies. Cavalluzzo and Ittner (2004) found that decision-making authority had a significant positive influence on measurement system development and use. Greater authority allows managers to respond to the changing environment of their stakeholders' needs more quickly (Osborne & Gaebler, 1992; Rainey & Steinbauer, 1999). Goh (2012) also maintained that managerial authority is an important consideration when public sector managers are made accountable for results. Considering the Indonesian context, the notion of giving managers greater authority is elusive. Consequently, managers need to seek other solutions to producing improvements in service delivery.

10.1.1 Summary of enablers and barriers

This study has produced a model for the effective use of performance information in Indonesia, developed from a framework that has been tested in three local government offices. The tested framework and the findings of this study provide a foundation for informing theory and practice in achieving effective performance information use to improve service delivery and enhance accountability.

As shown in Table 10-1, four main changes from the framework to the developed model have been identified. **First**, factors acting as enablers and barriers had changed from the right side to the left

(refer to change 1 in Table 10-1). The investigation of the use of performance information in the three offices (refer to the blue boundary in Figure 10-1) lays a foundation for identifying factors which should be improved to enable managers to use performance information effectively. **Second**, rather than sticking to the four perspectives of the BSC, the model uses terms: community; internal business process; systems, technology, and employees; and financial. These terms are adopted from the MOIA's regulation 54 2010. This change is made as these terms are more often used by the managers in designing programs and activities than the four perspectives BSC. **Third**, the improvement process was found to be not linear (refer to change 3 in Table 10-1). In the framework as depicted in Figure 10-2, the improvement process occurs after review stage takes place. Conducting reviews allows managers in public organisations to receive feedback after programs and activities are implemented. The findings of this study indicate that improvement can be produced in the implementation stage of the management cycle. Even, improving planning documents, such as strategic plans, can be categorised as improvement which drives managers to improve performance and enhance accountability (refer to Chapter 7). **Fourth**, testing the framework and investigating the use of performance information in the three offices lays a foundation for examining the level of importance of the nine factors influencing its use. The list on the model presented in Figure 10-3 has indicated the level of importance, from the clear and comprehensive legal mandate to the managerial authority.

Table 10-1: Summary of changes from the framework to the model of performance information use in Indonesia

No	Changes	Framework (Figure 10-2)	Model (Figure 10-3)
1	The factors acting as enablers and barriers	On the right side	On the left side
2	The perspectives	Customer; internal business process; learning and growth; financial	Community; internal business process; system, technology and employees; financial
3	The improvement process	Linear	Non-linear
4	The list of factors	No order	Order based on the level of importance

Source: developed from case data

The model of the effective performance information use in Indonesia can inform theory on how to develop conditions, which support managers to improve performance and enhance accountability. The list of factors based on the level of importance provides the groundwork for a public organisation to focus on which areas that need to be improved. The fact that improvement is not linear also enriches the literature on how improvement results from the use of performance information.

10.2 Implications for practice

The results of this study have several implications for public organisations attempting to improve service delivery and enhance accountability using performance information. The following paragraphs provide practical guidance for the central government, local government heads, office heads, and managers in the implementation of the model for effective performance information use (refer to Figure 10-3).

10.2.1 Central government agencies

The fact that clear and comprehensive legal mandate tops the list of factors influencing the use of performance information in this study should encourage central government agencies to improve the quality of their regulations. These can then be used as guidelines for local government offices. Central government agencies can use the model shown in Figure 10-3 as a basis for improving the guidelines for conducting evaluations of performance-based accountability systems in Indonesia.

Recently, the MMBR issued regulation number 12 2015 as a guideline for evaluating the implementation of performance-based accountability systems in public organisations. An examination of the regulation indicates that MMBR has made considerable improvement in promoting the implementation of these systems. The guidelines stressed the evaluation of performance indicator formulation and how well these indicators have been incorporated into planning documents and performance reports. In general, the regulation can be used to evaluate how offices at the local government level have used their performance information in the management cycle stages, except for the implementation stage (refer to the orange boundary in Figure 10-3). However, the MMBR guidelines did not require offices of local government to include four types of information (community; internal business process; system; technology; and employees) as suggested in the model (refer to the brown boundary in Figure 10-3). Moreover, the regulation does not consider factors influencing the use of performance information (refer to the pink boundary in Figure 10-3). Assessing the adequacy of these factors would allow central government agencies to understand the enablers and the barriers for the implementation of performance-based accountability systems. It would also aid the more effective use of performance information to improve service delivery and enhance accountability.

10.2.2 Local government leaders and head offices

The model of performance information use can also be used to inform local government leaders (the Mayor/Regent) and head offices about their role in motivating managers to improve services and enhance accountability. The commitment and involvement of the Mayor/Regent and the office heads in the three cases examined in this study was critical for developing supportive and evaluative

organisational cultures that became enablers in the use of performance information. The model (refer to Figure 10-3) also indicates that leaders need to be involved in all stages of the management cycle. This would support managers in their use of performance information.

The model also highlights that local government leaders need to allocate adequate resources to build infrastructure and to improve the technical capacity of staff using performance information. For instance, the development of the MIS in City A, as examined in Chapter 4, could be used to ensure the alignment of strategic plans with other planning documents. Human resources also need to be available, especially those who have the capability to formulate, collect, and analyse information.

10.2.3 Managers

Managers also have a key contributing role in the improvement of service delivery and enhancement of accountability. The model shown in Figure 10-3 can be used to guide managers not only in how to formulate performance indicators in the five stages of the management cycle (refer to the yellow boundary in Figure 10-3), but also to understand the conditions that encourage the use of performance information.

Among the nine factors acting as enablers and barriers, managers can influence the use of performance information by improving their technical capacity, the design of the PMS, citizen involvement, ICT and managerial authority (refer to Factors 3, 5, 7, 8 and 9). To implement the model, managers should map the five factors influencing the use of performance information in their offices as a point of departure for making improvements.

Regarding technical capacity, managers need to have knowledge about selecting useful and meaningful indicators, integrating them in all stages of the management cycle so that they can design an effective PMS. Despite the lack of authority to allocate resources, managers have the opportunity to propose budgets for the implementation of ICT to improve service delivery. Managers should also consider involving citizens more, not only for enhancing accountability but also for participating in improving service delivery. They should also consider providing public access to performance information for the sake of transparency and service improvements

10.3 Limitations of the study

Despite the contributions to theory and practice, this study has several limitations. Firstly, the data collection for this study took place when improvement in the use of performance information had just begun. The improvement in the two units at the LGA began with the formulation of KPIs and performance targets in their current strategic plans (2014-2018). However, the examination of the use of information as presented in the current strategic plans was limited to their use in the other

planning documents, in implementation stage, and through the first quarterly reviews. When the data collection took place, the LGAPA had also only just introduced the MIS to support the use of performance information. As a result, the implementation of the MIS was not analysed in this study. Secondly, this study did not pay attention to how politicians and citizens participated in improving service delivery and enhanced accountability. Their involvement may increase the demand for more useful and meaningful performance information, so that they can monitor and evaluate local government managers' performance. Thirdly, this study did not consider the employees' point of view regarding the way managers in their offices had used performance information. Involving employees as participants in future research could improve the credibility and utility of the data.

10.4 Future directions in research

This study provides a foundation for future research directions in the area of performance information use. Future research could apply the model developed in this study to cases in different provinces in Indonesia, or even in different countries. Selecting cases from different provinces or countries may reveal demographic factors that influence the use of performance information.

To enrich the literature, future research could also investigate further the use of *informal* performance information, which is often overlooked. As revealed in this study, informal performance information assists managers in implementing their programs and activities. While the presence of KPIs and output indicators has a motivational effect on managers to achieve targets, to produce improvements on an ongoing basis, managers need specific and detailed (often informal) information for dealing with their daily operations. Future research could also examine the demand for performance information from politicians and citizens, which may influence managers in providing the public access to performance data.

10.5 Concluding comments

This study of performance information use by managers in Indonesian local government offices reveals that the central government has made considerable progress in the implementation of performance-based accountability systems. The issuance of a series of regulations by the central government has improved the quality of planning documents, performance reports and the delivery of services. Significant improvement has been made since the government issued MOIA regulation number 54 2010, which has enhanced the quality of local government units' strategic planning through the use of outcome as KPIs. A comparison between two periods of strategic planning in the three offices in this study indicates that they certainly made improvements, which, in turn, created opportunities to improve their annual plans and performance agreements. The three offices'

performance reports also improved, with the use of outputs, outcomes, and explanatory information. Despite this improvement, however, the three offices did not use the reports as tools for demonstrating their accountability, failing to provide public access to the documents.

In the Indonesian context, clear and comprehensive legal mandate is essential for shaping the way managers use performance information. The central government agencies must play a key role in building mechanisms for showing accountability and shifting the focus of evaluation from outputs to outcomes.

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12 Appendices

12.1 Appendix 1 Consent Form

CONSENT FORM

FOR PARTICIPANTS

INVOLVED IN RESEARCH

INFORMATION TO PARTICIPANTS:

We would like to invite you to be a part of a study exploring **the use of performance information by local government agency managers in Indonesian local government**. This research is an in depth case study which involves the detailed performance information used in managerial processes based on four perspective of the Balanced Scorecard: customer, internal business process, learning and growth, and financial. Your participation will greatly contribute to enhancing the use of performance information so that improved performance and accountability at local government agencies in Indonesia can be achieved.

CERTIFICATION BY SUBJECT

I, _____ of _____

certify that I am at least 18 years old and that I am voluntarily giving my consent to participate in the study entitled **the use of performance information by local government managers: Indonesian case studies**; being conducted at Victoria University by **Dr. Peter Demediuk and Associate Professor Stephen Burgess**.

I certify that the objectives of the study, together with any risks and safeguards associated with the procedures listed hereunder to be carried out in the research, have been fully explained to me by **Mrs. Nur Ana Sejati** and that I freely consent to participation in Interview.

I certify that I have had the opportunity to have any questions answered and that I understand I can withdraw from this study at any time and that this withdrawal will not jeopardise me in any way.

I have been informed that the information I provide will be kept confidential.

I consent to:

- | | | | | |
|----------------------|-----|--------------------------|----|--------------------------|
| • Audio-recording | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
| • Receiving feedback | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |

Signed:

Date:

Any queries about your participation in this project may be directed to contact details below:

Student Researcher: Nur Ana Sejati +61414719554; e-mail: nur.sejati@live.vu.edu.au; or,

Principal Supervisor: Dr Peter Demediuk; phone +61438 075507; e-mail Peter.Demediuk@vu.edu.au; or,

Associate Professor Stephen Burgess; phone +61 3 9919 4353; e-mail: Stephen.Burgess@vu.edu.au

If you have any queries or complaints about the way you have been treated, you may contact the Ethics Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO Box 14428, Melbourne, VIC, 8001 or phone (03) 9919 4781.

12.2 Appendix 2 Consent Form (Indonesian Version)

FORMULIR PERSETUJUAN

PARTISIPASI DALAM PENELITIAN

INFORMASI UNTUK PARTISIPAN PENELITIAN

Kami ingin mengajak Anda untuk menjadi bagian dari penelitian penggunaan informasi kinerja oleh para kepala bidang/sekretaris pada pemerintah daerah di Indonesia. Penelitian ini merupakan studi kasus yang secara mendalam mengenai informasi kinerja yang digunakan dalam proses manajerial berdasarkan empat perspektif Balanced Scorecard: pelanggan, proses bisnis internal, pembelajaran dan pertumbuhan, dan keuangan. Partisipasi Anda akan sangat membantu untuk meningkatkan penggunaan informasi kinerja guna meningkatkan kinerja dan akuntabilitas di instansi pemerintah daerah di Indonesia.

PERNYATAAN DENGAN SYARAT

Saya, dari SKPD.....

menyatakan bahwa saya berusia minimal 18 tahun dan bahwa saya secara sukarela memberikan persetujuan saya untuk berpartisipasi dalam penelitian berjudul Pemanfaatan Informasi Kinerja oleh Kepala Bidang/sekretaris pada Pemerintah Daerah: Studi Kasus Indonesia yang dilakukan oleh Nur Ana Sejati, Dr Peter Demediuk dan Associate Professor Stephen Burgess dari Victoria University, Melbourne, Australia.

Saya menyatakan bahwa tujuan dari penelitian ini, risiko dan perlindungan terkait dengan prosedur yang akan dilaksanakan dalam penelitian, telah sepenuhnya dijelaskan kepada saya oleh Ibu Nur Ana Sejati dan bahwa saya secara sukarela setuju untuk berpartisipasi dalam penelitian dengan prosedur wawancara.

Saya menyatakan bahwa saya telah diberikan kesempatan untuk mendapatkan jawaban atas pertanyaan dan saya mengerti bahwa saya dapat mengundurkan diri dari penelitian ini kapan saja dan bahwa pengunduran diri ini tidak akan membahayakan saya dengan cara apapun.

Saya telah mendapatkan pemberitahuan bahwa informasi yang saya berikan akan dijaga kerahasiaannya.

Saya setuju untuk:

- | | | | | |
|------------------------|----|--------------------------|-------|--------------------------|
| • Direkam | YA | <input type="checkbox"/> | TIDAK | <input type="checkbox"/> |
| • Menerima umpan balik | YA | <input type="checkbox"/> | TIDAK | <input type="checkbox"/> |

Tanda Tangan:

Tanggal:

Pertanyaan tentang partisipasi Anda dalam penelitian ini dapat ditujukan dengan menghubungi:

Mahasiswa Peneliti: Nur Ana Sejati +61414719554; e-mail: nur.sejati@live.vu.edu.au; atau,

Pengawas Utama: Dr Peter Demediuk; telepon +61438 075507; Peter.Demediuk@vu.edu.au e-mail; atau,

Pengawas Pembantu Associate Professor Stephen Burgess; telepon +61 3 9919 4353; e-mail: Stephen.Burgess@vu.edu.au

Jika Anda memiliki pertanyaan atau keluhan tentang bagaimana Anda telah diperlakukan, Anda dapat menghubungi the Ethics Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO Box 14428, Melbourne, VIC, 8001 or phone (03) 9919 4781.

12.3 Appendix 3 Information for Participants

INFORMATION TO PARTICIPANTS INVOLVED IN RESEARCH

You are invited to participate

You are invited to participate in a research project entitled **the use of performance information by local government managers: Indonesian case studies**.

This project is being conducted by a student researcher Nur Ana Sejati as part of a PhD study at Victoria University under the supervision of Dr Peter Demediuk and Associate Professor Stephen Burgess from the College of Business, Victoria University.

Project explanation

This study will examine how managers in local governments – particularly in Indonesia as a developing country – do, or can, use performance information to improve performance and accountability. More specifically, this study will explore what performance information is used by agency managers, how it is used, and why it is used in agencies' managerial processes.

We expect that this study will collect information from key informants who use performance information in their day to day business, such as in planning, budgeting, monitoring and reporting. The focus of this study is trying to understand the extent to which managers use performance information in delivering performance and accountability.

What will I be asked to do?

The researcher would like to request you to participate in an interview to answer open-ended descriptive questions associated with the use of performance information in delivering performance and accountability. The interview will have duration of approximately one hour and the researcher

would like to audio-record the interview with your consent. Audio recording is not required to conduct the interview.

What will I gain from participating?

Your participation will greatly contribute to the existing body of academic knowledge about the use of performance information by local government agency managers. More importantly, the emphasis on enablers and barriers of the use of performance information will provide insights for participants of how to improve the use performance information in their decision making about projects or programs - thus improving performance and accountability. Moreover, the ongoing discussion with managers who use performance information will ensure the transfer of ideas. The findings will be made available to Indonesian local government agencies to assist them to use performance information effectively.

How will the information I give be used?

Your involvement in the project is entirely voluntary and you are free to withdraw at any time, without any need to provide any reason or explanation. Any information or personal details gathered in the course of the study are confidential. No individual or organisation will be identified to anyone other than the research team. All personal details will be kept confidential and stored at Victoria University in a locked filing cabinet and/or password protected computer.

What are the potential risks of participating in this project?

There is no intention to reveal the agency name, local government name or names of the particular individuals obtained from any interviews. In addition, no information will be used that could be construed as negative toward any particular individual or agency. Therefore, it is believed that there is no risk associated with your involvement in this study.

How will this project be conducted?

This research employs a case study approach and the data collection method is conducting face-to-face interviews with thirty agency managers of two local governments. Prior to the interview, a meeting with you and your agency head will be held to allow you and your agency head to understand the study. In the meeting you will be given a list of interview questions in order to allow you to consider your answer so that the outcome of the interview can be maximised. The interview will explore the use of performance information. Afterwards, the transcription of the interview will be sent for your approval to avoid any misunderstanding or errors in the interview transcription.

Who is conducting the study?

Investigators contact detail:

College of Business, Victoria University

PO Box 14428, Melbourne, Vic, 8001

Chief Investigators: Dr Peter Demediuk; phone +61438 075507; e-mail Peter.Demediuk@vu.edu.au,

Co-Investigators: Associate Professor Stephen Burgess; phone +61 3 9919 4353; e-mail: Stephen.Burgess@vu.edu.au

Student Researcher: Nur Ana Sejati +61414719554; e-mail: nur.sejati@live.vu.edu

Any queries about your participation in this project may be directed to the Chief Investigator listed above.

If you have any queries or complaints about the way you have been treated, you may contact the Ethics Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO Box 14428, Melbourne, VIC, 8001, email researchethics@vu.edu.au or phone (03) 9919 4781 or 4461.

12.4 Appendix 4 Information to Participants (Indonesian version)

INFORMASI KEPADA PESERTA YANG TERLIBAT DALAM PENELITIAN

Anda diajak untuk berpartisipasi

Anda diajak untuk berpartisipasi dalam penelitian berjudul **Pemanfaatan Informasi Kinerja oleh para Kepala Bidang pada Pemerintah Daerah: Studi Kasus di Indonesia**.

Penelitian ini dilakukan oleh mahasiswa peneliti Nur Ana Sejati sebagai bagian dari studi PhD di Victoria University di bawah pengawasan Dr Peter Demediuk dan Associate Professor Stephen Burgess dari College of Business, Victoria University.

Penjelasan Penelitian

Penelitian ini akan mengkaji bagaimana para kepala bidang di pemerintah daerah - khususnya di Indonesia sebagai negara berkembang - memanfaatkan informasi kinerja untuk meningkatkan kinerja dan akuntabilitas. Lebih khusus, penelitian ini akan mengeksplorasi informasi kinerja apa yang digunakan oleh para kepala bidang, bagaimana informasi tersebut dimanfaatkan, dan mengapa digunakan dalam proses manajerial di unit pemerintahan.

Kami berharap bahwa penelitian ini akan dapat mengumpulkan informasi tentang pemanfaatan informasi kinerja dalam perencanaan, penganggaran, pemantauan dan pelaporan. Fokus penelitian ini adalah mencoba memahami sejauh mana para kepala bidang telah menggunakan informasi kinerja dalam meningkatkan kinerja dan akuntabilitas.

Apa yang akan saya lakukan?

Peneliti meminta Anda untuk berpartisipasi dalam wawancara untuk menjawab pertanyaan terbuka terkait dengan pemanfaatan informasi kinerja yang tidak bersifat rahasia dalam meningkatkan kinerja dan akuntabilitas. Wawancara akan berdurasi sekitar satu jam dan peneliti akan merekam wawancara atas persetujuan Anda. Perekaman bukanlah persyaratan untuk melakukan wawancara.

Apa yang akan saya dapatkan dari partisipasi?

Partisipasi Anda akan sangat berkontribusi terhadap pengembangan pengetahuan tentang pemanfaatan informasi kinerja oleh kepala bidang pada pemerintah daerah. Lebih penting lagi, penekanan pada hal-hal yang mendukung dan menghambat pemanfaatan informasi kinerja akan memberikan pemahaman bagi pengguna tentang bagaimana meningkatkan penggunaan informasi kinerja dalam proses pengambilan keputusan mereka terkait program atau kebijakan guna meningkatkan kinerja dan akuntabilitas. Selain itu, diskusi yang berlangsung selama wawancara dengan para kepala bidang akan mendorong terjadinya transfer gagasan. Hasil penelitian akan diberikan kepada pemerintah daerah membantu mereka agar dapat memanfaatkan informasi kinerja secara efektif.

Bagaimana informasi yang saya berikan akan digunakan?

Keterlibatan Anda dalam proyek ini sepenuhnya sukarela dan Anda bisa mengundukan diri setiap saat, tanpa perlu memberikan alasan atau penjelasan apapun. Setiap informasi yang diberikan termasuk informasi pribadi yang dikumpulkan selama penelitian bersifat rahasia. Tidak ada individu atau organisasi akan diidentifikasi kepada pihak lain selain tim peneliti. Semua informasi pribadi akan dirahasiakan dan disimpan di Victoria University di lemari terkunci dan/atau dilindungi password komputer.

Apa potensi risiko berpartisipasi dalam proyek ini?

Nama lembaga, nama pemerintah daerah atau nama dari individu-individu tertentu yang diperoleh dari setiap wawancara tidak akan diungkap kecuali atas persetujuan yang bersangkutan. Selain itu, tidak ada pemanfaatan informasi yang dapat menyebabkan tafsiran negatif atas individu atau

lembaga. Oleh karena itu, pelaksanaan penelitian ini tidak mengandung risiko yang terkait dengan keterlibatan Anda dalam penelitian ini.

Bagaimana proyek ini akan dilakukan?

Penelitian ini menggunakan pendekatan studi kasus dan metode pengumpulan datanya dilakukan melalui wawancara tatap muka dengan tiga puluh kepala bidang dari dua pemerintah daerah. Sebelum wawancara, peneliti akan bertemu walikota/bupati dan kepala instansi untuk memberikan pemahaman tentang studi ini. Dalam pertemuan tersebut Anda akan diberikan daftar pertanyaan wawancara yang memungkinkan anda untuk mempersiapkan jawaban agar hasil wawancara dapat dimaksimalkan. Dalam wawancara akan dilakukan penelaahan atas daftar pertanyaan yang telah diberikan. Setelah itu, transkripsi wawancara akan dikirim untuk diminta persetujuan Anda guna menghindari kesalahpahaman atau kesalahan dalam transkripsi wawancara.

Siapa yang melakukan penelitian?

Kontak detail peneliti:

College of Business, Victoria University
PO Box 14428, Melbourne, Vic, 8001

Pengawas Utama: Dr Peter Demediuk; telepon +61438 075507; e-mail Peter.Demediuk@vu.edu.au,

Pengawas Pembantu: Associate Professor Stephen Burgess; telepon +61 3 9919 4353; e-mail: Stephen.Burgess@vu.edu.au

Mahasiswa Peneliti: Nur Ana Sejati +61414719554; e-mail: nur.sejati@live.vu.edu.au

Pertanyaan terkait partisipasi Anda dalam penelitian ini dapat ditujukan ke Pengawas Utama sebagaimana yang tercantum di atas.

Jika Anda memiliki pertanyaan atau keluhan tentang bagaimana Anda diperlakukan, Anda dapat menghubungi the Ethics Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO Box 14428, Melbourne, VIC, 8001, email researchethics@vu.edu.au or phone (03) 9919 4781 or 4461.

12.5 Appendix 5 Interview Schedule

Interview schedule

This research project will employ qualitative semi-structured interviews as the method of data collection. It is expected that exact interview questions will emerge and develop as the project advances. Any significant changes to this schedule will result in notification by an ethics amendment.

What useful performance information is available?

1. *Based on the four perspective of the Balanced Scorecard (BSC), to what extent is useful performance information currently available in your agency?*
2. *If your agency have used the perspective of the BSC, what factors drive your agency to use the four perspectives of the BSC?*
3. *If your agency has not used the BSC, What factors hinder or limit your agency to use the four perspectives of the BSC?*
4. *If your agency use other perspectives, instead of the BSC, why? Will your agency plan to adopt the BSC perspectives?*
5. *Performance information is useful if the information is valid, reliable, measurable, result driven, and consistent with your agency's strategic mission. To what extent do you consider the usefulness of your agency performance information?*
6. *If your agency performance information is useful, how does your agency generate the information? What are the enabling conditions for developing useful performance information in your agency?*
7. *If your agency performance information does not meet the criteria of usefulness, what factors limit or hinders its usefulness?*
8. *To what extent do you think LAKIP provide you with useful performance information?*
9. *If LAKIP is used,*
 - a. *to what extent do you think the information provided meet the criteria of usefulness (valid, reliable, measurable, result driven and consistent with agency's strategic mission?*
 - b. *to what extent do you think its accessibility to employees?*
 - c. *To what extent do you expect LAKIP provide more useful performance information?*
10. *If Non-LAKIP is used,*
 - a. *to what extent do you think the information provided meet the criteria of usefulness (valid, reliable, measurable, result driven and consistent with agency's strategic mission?*
 - b. *to what extent do you think its accessibility to employees?*
 - c. *To what extent do you expect Non-LAKIP provide more useful performance information?*

How is performance information used to deliver on performance and accountability?

11. *For each stage where performance information is used, please answer the following:*
 - a. *To what extent do you use performance information in the stage?*
 - b. *In what manner do you use performance information in the stage?*
 - c. *How does performance information assist with implementing programs and policy?*

Why is the performance information used?

12. *What are some areas in which you think performance information could be used more effectively and why?*
13. *What factors hinder or limit the use of performance information to deliver service?*
14. *What factors hinder or limit the use of performance information to enhance accountability?*
15. *To what extent does your mayor/regent or your agency director encourage you to use performance information in your managerial activities? If yes, how?*
16. *To what extent are strategic plan, yearly plan and yearly budget, and yearly report aligned?*
17. *How do you view staff participation in the process of developing performance measure?*
18. *To what extent does your agency's employees and managers receive training about performance management?*
19. *To what extent does your agency have allocated budget to develop and use reliable performance information?*
20. *To what extent does your agency build infrastructure to generate useful performance information?*
21. *How do you view the public, the media, and politician interest in your agency performance? In what ways do they show their interest?*
22. *How does your agency communicate its performance to the public?*
23. *How does the role of central government in encouraging your agency to improve service delivery and accountability by using performance information effectively?*
24. *What do you suggest to the central government to make performance information more useful?*
25. *Any other things you would like to share?*

12.6 Appendix 6 Interview Schedule (Indonesian Version)

Daftar Pertanyaan Wawancara

Penelitian ini akan menggunakan wawancara semi-terstruktur kualitatif sebagai metode pengumpulan data. Diharapkan pertanyaan wawancara yang tepat akan muncul dan berkembang seiring perkembangan penelitian. Setiap perubahan yang signifikan atas daftar pertanyaan ini akan diberitahukan melalui amandemen etik.

Informasi kinerja yang bermanfaat apa saja yang tersedia?

1. Berdasarkan empat perspektif *Balanced Scorecard (BSC)*, sampai sejauh mana informasi kinerja yang bermanfaat saat ini tersedia di instansi Anda?
2. Jika instansi Anda telah menggunakan perspektif *BSC*, faktor apa yang mendorong instansi Anda untuk menggunakan empat perspektif *BSC*?
3. Jika instansi Anda belum menggunakan *BSC*, Faktor-faktor apa menghalangi atau menghambat instansi Anda untuk menggunakan empat perspektif *BSC*?
4. Jika instansi Anda menggunakan perspektif selain *BSC*, apa sajakah perspektif tersebut dan mengapa? Adakah rencana instansi Anda untuk mengadopsi perspektif *BSC*?
5. Informasi kinerja akan memberikan manfaat jika informasi tersebut valid, dapat diandalkan, terukur, berorientasi hasil, dan konsisten dengan misi strategis instansi Anda. Sampai sejauh mana, menurut Anda, informasi kinerja instansi Anda dapat memberikan manfaat?
6. Jika informasi kinerja instansi Anda bermanfaat, bagaimana instansi Anda menghasilkan informasi tersebut? Kondisi apa yang mendorong pengembangan informasi kinerja yang bermanfaat dalam instansi anda?
7. Jika informasi kinerja instansi Anda tidak memenuhi kriteria kemanfaatan, faktor-faktor apa membatasi atau menghambat pemanfaatannya?
8. Sejauh mana menurut Anda *LAKIP* memberikan informasi kinerja yang bermanfaat?
9. Jika *LAKIP* digunakan,
 - a. Sejauh mana menurut Anda informasi yang diberikan telah memenuhi kriteria kemanfaatan (valid, handal, terukur, berorientasi hasil, dan konsisten dengan misi strategis instansi)?
 - b. Sejauh mana menurut Anda aksesibilitas *LAKIP* oleh pegawai?
 - c. Sejauh mana harapan Anda bahwa *LAKIP* dapat memberikan informasi kinerja yang lebih bermanfaat?
10. Jika Non-*LAKIP* yang digunakan,
 - a. Sejauh mana menurut Anda informasi yang diberikan memenuhi kriteria kegunaan (valid, handal, terukur, berorientasi hasil, dan konsisten dengan misi strategis instansi)?
 - b. Sejauh mana menurut Anda aksesibilitas Non-*LAKIP* oleh pegawai?
 - c. Sejauh mana Anda harapkan Non-*LAKIP* memberikan informasi kinerja yang lebih bermanfaat?

Bagaimana informasi kinerja dimanfaatkan untuk meningkatkan kinerja dan akuntabilitas?

11. Untuk setiap tahap manajemen di mana informasi kinerja dimanfaatkan, jawablah pertanyaan berikut:
 - a. Sampai sejauh mana Anda menggunakan informasi kinerja dalam setiap tahapan manajemen?

- b. Bagaimana Anda memanfaatkan informasi kinerja dalam setiap tahapan manajemen?*
- c. Bagaimana informasi kinerja mendukung pelaksanaan program dan kebijakan?*

Mengapa informasi kinerja digunakan?

- 12. Dalam hal apa saja, menurut Anda, informasi kinerja dapat dimanfaatkan secara lebih efektif dan mengapa?*
- 13. Faktor-faktor apa saja yang menghambat atau membatasi penggunaan informasi kinerja dalam memberikan pelayanan?*
- 14. Faktor-faktor apa menghambat atau membatasi penggunaan informasi kinerja untuk meningkatkan akuntabilitas?*
- 15. Sejauh mana walikota/bupati atau direktur instansi Anda mendorong Anda untuk memanfaatkan informasi kinerja dalam kegiatan manajerial Anda? Jika ya, bagaimana?*
- 16. Sejauh mana keselarasan rencana strategis, rencana tahunan dan anggaran tahunan, dan laporan tahunan instansi Anda?*
- 17. Bagaimana Anda melihat partisipasi pegawai dalam proses pengembangan ukuran kinerja?*
- 18. Sejauh mana pegawai instansi Anda dan kepala bidang mendapatkan pelatihan tentang manajemen kinerja?*
- 19. Sejauh mana instansi Anda telah mengalokasikan anggaran untuk mengembangkan dan memanfaatkan informasi kinerja yang handal?*
- 20. Sejauh mana instansi Anda membangun infrastruktur untuk menghasilkan informasi kinerja yang bermanfaat?*
- 21. Bagaimana Anda melihat ketertarikan masyarakat, media, dan politisi dengan kinerja instansi Anda? Dengan cara apa mereka menunjukkan ketertarikan mereka?*
- 22. Bagaimana instansi Anda mengkomunikasikan kinerjanya kepada publik?*
- 23. Bagaimana peran pemerintah pusat dalam mendorong instansi Anda untuk meningkatkan pelayanan dan akuntabilitas dengan menggunakan informasi kinerja secara efektif?*
- 24. Apa yang Anda sarankan kepada pemerintah pusat untuk membuat informasi kinerja yang lebih bermanfaat?*
- 25. Hal-hal lain yang Anda ingin berbagi?*