A PERFORMANCE MANAGEMENT READINESS REVIEW FRAMEWORK FOR GOVERNMENTAL SERVICE PROVIDERS

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Abstract

Government is increasingly outsourcing parts of its activities to service providers. One of the preconditions for the outsourcing is that the service provider needs to be ready to be managed by the government on arm’s length through the means of performance management. A way to specifically test whether this is the case is to perform a performance management readiness review (PMRR). In this paper we discuss the PMRR framework which we developed on request of the Dutch Ministry of Transport, Public Works and Water Management to review whether two service providers, the Dutch Railways and ProRail, were ready to be managed on arm’s length. The development of the evaluation questions is illustrated by the successful application of the framework at the service providers.

Keywords: government, framework, performance management readiness

Introduction

Nowadays a shift in steering by government takes place which is often combined with a move to continuous improvement (Halachmi and Bouckaert, 1996; Zeppou and Sotirakou, 2002; Bouckaert and Halligan, 2008). For this shift, government can apply four different basic strategies (Pollitt and Bouckaert, 2004). One of these is to put the customer in the centre by increasing service though fostering competition between service providers. As a logical consequence this leads to outsourcing activities to service providers, which are often former governmental organisations which are already or soon-to-be privatised. In this scenario, the government manages these service providers on arm’s length by means of performance management. Conditions for a service provider to receive the privilege to perform the tasks to be outsourced are that the provider needs to have a good track record with the tasks, it has to fulfil the requirements laid down in the license as granted by the government, it over time has to improve the quality of the task delivery, and it is ready to be managed by the government through the means of performance management. A way to specifically test whether the service provider is ready to be managed on arm’s length with performance management is to perform a performance management readiness review (PMRR). In this paper we discuss the PMRR framework which we developed on request of the Dutch Ministry of Transport, Public Works and Water Management (hereafter: the Ministry). The purpose of this framework was to review whether two service providers, the Dutch Railways (Nederlandse Spoorwegen, hereafter NS) which is responsible for the running of the trains, and ProRail which is responsible for the railway infrastructure, were ready to be managed on arm’s length by the Ministry. Both organizations had to fulfil the requirements as put down in specific licenses, for the NS the ‘Transport License 2005’ and for ProRail the ‘Control License 2005’. We will not go in detail into the juridical merits of these licenses. The issue here is that both organizations had to fulfil the license requirements before January 1, 2008, so that the government could apply performance management at these organizations. The PMRR framework was developed by us as no suitable framework for evaluating a relationship based