

Robert M.

# La Follette School of Public Affairs

---

at the University of Wisconsin-Madison

## Working Paper Series

La Follette School Working Paper No. 2011-010

<http://www.lafollette.wisc.edu/publications/workingpapers>

## Prosocial Values and Performance Management Theory: The Link between Perceived Social Impact and Performance Information Use

**Donald P. Moynihan**

La Follette School of Public Affairs, University of Wisconsin-Madison

[dmoynihan@lafollette.wisc.edu](mailto:dmoynihan@lafollette.wisc.edu)

**Sanjay K. Pandey**

Rutgers University-Newark

[skpandey@andromeda.rutgers.edu](mailto:skpandey@andromeda.rutgers.edu)

**Bradley E. Wright**

University of North Carolina at Charlotte

[bwright@uncc.edu](mailto:bwright@uncc.edu)

April 24, 2011

Forthcoming in *Governance*



Robert M. La Follette  
School of Public Affairs  
UNIVERSITY OF WISCONSIN-MADISON

1225 Observatory Drive, Madison, Wisconsin 53706

608-262-3581 / [www.lafollette.wisc.edu](http://www.lafollette.wisc.edu)

The La Follette School takes no stand on policy issues; opinions expressed  
in this paper reflect the views of individual researchers and authors.

## **Prosocial Values and Performance Management Theory:**

### **The Link between Perceived Social Impact and Performance Information Use**

#### **Abstract**

Performance management techniques are presented as control mechanisms to save money and hold bureaucrats accountable, consistent with negative agency theory assumptions of bureaucrats. We propose an alternative theory of performance management that rests on prosocial values. This theory argues that public servants who see the social impact of their work are more likely to use performance metrics. We operationalize performance information use in terms of purposeful use for internal organizational means, and political use for external legitimation. Those who perceive that their work has a strong social impact are likely to pursue both types of uses, to improve both the effectiveness of their services, and to maintain resources. The data comes from a cross-sectional survey of U.S. public and non-profit employees.

## Introduction

Public sector performance management techniques are generally presented as mechanisms to save money and hold bureaucrats and contractors accountable, even more so in periods when governments see performance tools as a way of cutting spending. This basic narrative about performance management may work well as political rhetoric, but it sends an essentially negative message to the public employees who are the target of such reforms. The message suggests that they are wasteful, and need to be closely monitored via performance control systems (Franklin 2000; Mintzberg 1996). Such a framing of performance problems and solutions draws from agency theory assumptions of bureaucrats as shirkers, or zealots pursuing goals at odds with their principal.<sup>1</sup> These assumptions have proven durable across settings or political ideologies. For example, even as the Obama administration sought to establish itself as markedly different in its approach to governance than its immediate predecessor, it shares the same basic assumptions about the need for active principals to use performance measures to manage underperforming agents.

A significant problem with the application of agency theory assumptions to bureaucracy is that they ignore growing evidence of the prosocial, altruistic behavior of individuals in the work place. At the very least, the application of agency theory to performance management represents an incomplete view. Here we present and test a model premised on the hypothesis that performance-based practices depend, at least in part, on employees who believe that they can make a difference in their work. We test whether perceived social impact of work is associated the use of performance data in public and nonprofit organizations. We conceptualize performance information both in terms of its purposeful use to improve programs, and also in terms of political advocacy use. The results show that perceived social impact is a robust

predictor of both types of performance information use among public and non-profit employees. This suggests a positive association between public service motivation and performance management. When these employees believe that their work is making a difference in the lives of citizens, they become more likely to use performance tools.

### **Agency Theory and Performance Management**

Performance management has become perhaps the most widely pursued public sector reform of recent decades (Hood 2006; Heinrich 2007; Moynihan 2008; Radin 2006). The ubiquity of results-based reforms has led scholars to use the term “performance regimes” to “reflect the fact that the cumulative effect of the application of these tools is greater than the sum of their parts, resulting in a basic and fundamental change in how we govern. The clearest reflection of this change is the unprecedented pressure that public actors are under to perform, in a context where performance is defined by quantitative indicators” (Moynihan et al. 2011, 141).

In recent decades, performance management was pursued as part of a broader package of reform generally referred to as the New Public Management (Moynihan 2008). Agency theory, along with parallel theories such as public choice, provided the intellectual foundation for New Public Management reforms (Kettl 1997), and remains the dominant theoretical framework associated with performance management (Heinrich and Marschke 2010, 185).

The key tenets of agency theory that influenced practice was the assumption that principals (in the form of elected officials) and agents (bureaucrats) frequently had diverging preferences, and that agents exploited information asymmetry to engage in shirking or pursue their own preferences. As a result, the provision of public services was made inefficient. A proposed

solution was to collect better information on the results of agent activities. With this information, the principal would no longer be dependent on the agent's version of events. Instead, principals could select measures that reflected their preferences, and attach punishments and rewards to these measures to incentivize desired response from agents.

Later versions of agency theory, such as Brehm and Gates (1997), incorporated the possibility that agents were not self-interested, and that principals could effectively manage them by appealing to shared beliefs about the value of services (see also Gailmaird and Patty 2007; Van Slyke 2007; Heinrich and Marschke 2010; Miller and Whitford 2007). But such modifications of agency theory stayed within academia rather than shaping reform efforts. It is therefore fair to note that applications of agency theory varied in their fealty to actual theory, were less sophisticated than contemporary version of the theory, and often drew little support from empirical research (Barzelay 2001; Langbein 2010). Instead, agency theory lent public management reformers a scholarly respectability and logic for change.

Numerous criticisms of agency theory have been noted elsewhere (Eisner, Worsham and Ringquist 1996; Bohte and Meier 2000; Miller and Whitford 2007, but see Heinrich and Marschke 2010 for a balanced overview). For the purposes of this article it is sufficient to note two things. First, performance measures are centrally important in solving the information asymmetry problem, and became a ubiquitous policy proposal in different settings. Second, agency theory assumed agents as self-interested and opportunistic. In the terms proposed by Julian Le Grand (2006), agents were to be treated as “knaves,” rather than altruistic “knights.”

The practice of performance management has often been at odds with agency theory in key ways. Adherence to agency theory has resulted in unanticipated negative consequences, in some

cases turning “knights” into “knaves” by crowding out intrinsic motivations (Le Grand 2006; Moynihan 2010; Weibel, Rost and Osterloh 2010). Indeed, the most extreme failures of performance systems seem to be cases where principals closely followed the perceived prescription of agency theory by relying on highly incentivized performance measures, but were unable to prevent agents from gaming these measures for perverse ends (Dias and Maynard-Moody 2007; Heinrich and Choi 2007; Heinrich 2007; Heinrich and Marschke 2010; Schram, Fording and Soss forthcoming).

But these examples are notable in part because this type of active use of performance data by principals seems relatively rare (Moynihan 2008), even in contracted services (Van Slyke 2007). Even as principals urge agents to do better, they themselves are not systematic users of this data. The most likely users of the data appear to be the agents themselves. It is notable that professional training efforts to improve skills in performance management target managers rather than political principals (e.g. Hatry 2007). At the same time, the design and justification of these systems often retains the negative assumptions about agent motivation that characterized classic versions of agency theory. To illustrate this point, we look the degree of continuity in performance management policies between two quite different US presidents.

#### *The United States as Illustrative Example: Performance Management under Bush and Obama*

The transition between the performance management policies of the Bush and Obama presidential administrations is instructive precisely because Obama has sought to set a different tone in matters of governance than his predecessor, articulating a broader and more visible role for government (Mettler 2010), and a greater role for professional expertise (Moynihan and

Roberts 2010). He has also been willing to challenge prevailing negative perceptions of public service. In a speech at the 2010 University of Michigan commencement, Obama said: “For when our government is spoken of as some menacing, threatening foreign entity, it conveniently ignores the factor that in our democracy, government is us...Government is the police officers who are here protecting us and the service men and women who are defending us aboard. Government is the roads you drove in on and the speed limits that kept you safe. So what we should be asking is not whether we need “big government” or a “small government,” but how we can create a smarter, better government.”

Given these differences we would expect that President Bush and Obama would have markedly different styles of pursuing performance management. Indeed, Obama appointees have been critical of the Bush administration’s performance management efforts, arguing that while much performance data was created, little was done to facilitate the use of that data (U.S. OMB 2010). But in presenting the basic logic for performance management, political appointees in the Obama Office of Management and Budget (OMB) (2010, 73) use language largely indistinguishable from their predecessors. Absent the citation one would be hard-pressed to know which of the following quotes came from the Bush or Obama White House.

Programs and practices were allowed to persist out of inertia and not because they were delivering the results expected of them, while others that seemed to work were rarely assessed to confirm their impact and find ways to enhance their value (OMB 2010, 73).

New programs are frequently created with little review or assessment of the already-existing programs to address the same perceived problem. Over time, numerous programs with overlapping missions and competing agendas grow up alongside one another—wasting money and baffling citizens (OMB 2001, 3)

Over the last two decades, as the private sector was utilizing new management techniques and information technologies to boost productivity, cut costs, and deliver previously unheard of levels of customer service, the public sector

lagged conspicuously behind. The American people deserve better. They deserve a Federal Government that respects their tax dollars, and uses them effectively and efficiently. They deserve a Federal Government that is transparent, fair, and responsive. And they deserve a Government that is constantly looking to streamline what works and to eliminate what does not (OMB 2010, 73).

Government should be results-oriented, guided not by process but guided by performance. There comes a time when every program must be judged either a success or a failure. Where we find success, we should repeat it, share it, and make it the standard. And where we find failure, we must call it by its name. Government action that fails in its purpose must be reformed or ended. . . The American people should be able to see how government programs are performing and compare performance and cost across programs. The lack of a consistent information and reporting framework for performance, budgeting and accounting obscures this necessary transparency (OMB 2001, 27-28).

The above quotes illustrate that both administrations articulate similar basic negative assumptions: that government is not serving the public well, that wasteful programs must be found and eliminated; and, that principals must actively manage the performance of agents or otherwise bureaucratic shirking or unnecessary expansion of programs.

The Bush administration sought to deal with the information asymmetry problem by virtue of simplifying performance data, by assessing all programs on a simple 1-5 point scale of effectiveness (Moynihan 2008). While the Obama administration has discontinued this practice, it has sought to encourage principals to be more active in monitoring performance. Obama retained a Bush 2007 Executive Order that created Performance Improvement Officers in all federal agencies, and went further, creating an overall Chief Performance Officer, who would also be the OMB Deputy Director for Management. In addition, the Obama OMB has also asked each agency head to identify three to eight goals as they submit their budget requests. Leaders are being told that they will be held accountable for these goals for the duration of their position, and that such goals should cascade through the organization so that they connect with lower-



level objectives. By limiting the number of performance goals, the OMB hopes to focus leadership attention and to create a sense of ownership. Collectively, such changes reflect a belief that employees, by themselves, will not make use of performance data. Instead, performance systems must be actively managed by specially appointed individuals, and used by agency leaders who are now being forced to take performance management seriously.

### **Prosocial Values: An Alternative Theory of Motivation for Performance Management**

Even as agency theory ignored sources of motivation other than self-interest, research from public administration, political science and organization theory increasingly documented the potential of such values (e.g. Brehm and Gates 1997; Dilulio 1994; Perry and Hondghem 2008). The next section articulates how an alternative view of motivation relates to the goal of performance information use.

#### *Perceived Social Impact*

Research on motivation of public employees has found “a general altruistic motivation to serve the interests of a community of people” (Rainey and Steinbauer 1999, 23), often described as public service motivation. There is significant evidence that individuals with a greater desire to serve others are not only more likely to work in government because of the opportunities it offers to provide meaningful public service but also perform better because they find this type of work rewarding (see Pandey and Stazyk 2008 for a summary). While much of the research on public service motivation limits itself to empirical consideration of public and private sectors, surveys of non-profit actors that provide public services have also documented that a desire to help others, even at higher levels than public employees (Lyons, Duxbury and Simmons 2006; Mann 2006).

Recent research has begun to suggest that the benefits of public service motivation may depend on the degree to which employees feel that their work provides sufficient opportunities to satisfy their desire to serve others (Bright, 2007; Steijn, 2008; Taylor, 2008; Vandenabeele, 2009). This latter research is consistent with expectancy (Vroom, 1964) and goal theories of motivation (Wright, 2001; 2007), in that employee outcomes are contingent on satisfying employee expectations and goals. In other words, even if public employees have higher public service motivation, it is more likely to motivate action when they can see how their work actually benefits others.

Additional evidence of the role of prosocial values can be found in the mainstream management and organizational psychology literature. In particular, Grant et al. (2007) has argued for the power that perceived social impact of work has in motivating employees toward better performance. Several recent field experiments have illustrated this process. Professional fundraisers at a public university call center, for example, were tasked with contacting alumni to solicit scholarship support. When a group of these employees were either given the opportunity to meet with the students who actually received the scholarship (Grant 2008a; Grant et al., 2007) or read letters from recipients containing vivid and emotionally evocative stories (Grant, 2008b), the caller's level of effort (time on the phone) and success (money raised) increased, and was significantly higher than those in control groups. Other studies have shown that perceived social impact have important effects in lowering emotional exhaustion and increasing supervisory performance ratings among public sanitation employees (Grant and Sonnentag 2010). Perceived social impact, in these experiments, rested on employees' beliefs that their work meaningfully affected clients and occurred when employees become emotionally invested in their clients.

To test the role of prosocial values, we model perceived social impact in terms of positive employee-client relationships, asking the employee a series of questions regarding the degree to which they feel that their efforts have a beneficial effect on people's lives (drawn from Grant 2008a, 2008b; Grant et al. 2007). We use performance information use as a dependent variable.

Why should perceived social impact foster greater performance information use? Performance information use is a form of organizational behavior with certain specific characteristics in the public and non-profit sector. Since data use is largely an individual cognitive process, it cannot be directly observed and, therefore, cannot be directly enforced or rewarded. Reflecting this fact, performance systems are generally based on legislative or administrative mandates that specify in great detail how data shall be collected and disseminated, but say nothing about procedures for use (Moynihan 2008). Performance information use is also an additional burden on employees – it generally does not make decision-making simpler. Instead it disrupts incrementalism, and existing patterns of decision-making. Employees who pursue greater use of performance data therefore invite a more challenging organizational life.

In sum, the problem for performance initiatives such as the one championed by President Obama is that performance information use cannot be easily observed or enforced, and invites conflict by challenging the status quo. In the public and non-profit sectors, there are little individual extrinsic rewards for using performance data – it is unlikely to result in better pay or promotion. Since reforms come and go in the public sector, many employees greet performance management reforms with cynicism (Radin 2006).

Under such conditions, what type of individual is likely to overcome the cynicism, and bear the costs of pursuing a form of organizational behavior that offers little apparent reward? It

is likely to be those that see the broader benefits of this form of behavior to their organization, and to the clientele that they serve. Employees who perceive that they provide a fundamentally important service will be more motivated to adopt techniques that can improve the efficacy of that service. Such employees are more likely to engage in extra-role behavior, providing a gift of performance information use to their organization and clients.

Others have made the case that individuals who pursue significance in their work are more likely to be successful at mastering the art of public management, and the tools that create that success. Denhardt (1993) suggests that managers who care about serving the public can also be pragmatic pursuers of change. Naff and Crum (1999) observe a correlation between public service motivation and openness to administrative reforms. More specifically, Moynihan and Pandey (2010) find that public service motivation is positively associated with whether individuals report using performance information to make decisions. Perceived social impact implies that public service motivation not only exists among individual employees, but that employees are seeing it fulfilled in their role. For example, employees with high prosocial motivation may become turned off by their environment if they perceive low social impact.

### *Conceptualizing Performance Information Use*

Relative to its importance, performance information use is an understudied variable. The mandatory part of performance systems is to collect and disseminate performance data, but the expectation is that such data will be used to make better decisions. The Obama OMB has characterized performance information use as the ultimate test of whether performance systems are working (OMB 2010, 73). To test whether these reforms are having an impact, we therefore

need to study performance information use (Van Dooren 2008; Moynihan et al. 2011; Moynihan and Pandey 2010; Van de Walle and Van Dooren 2008).

One of the difficulties in studying performance information use is determining what it means. Performance information can be used for a variety of means, including passive, purposeful, political, and even perverse.

- **Passive:** Results-based reforms may result in passive reactions, where agents do the minimum required to comply with requirements to create and disseminate information, but do not actually use this information. The poor record of previous reforms, and growing bureaucratic disillusionment with current reforms make a passive response highly plausible (Radin, 2006). This is a likely outcome if elected officials, stakeholders and agency leaders demonstrate little real interest in implementing performance management tools.
- **Purposeful:** The central hope of performance management doctrine is that data is used to improve program performance (Hatry 2007). Such improvements can come via goal-based learning that gives rise to efficiency improvements, better targeting of resources and more informed strategic decisions, or by tying indicators to rewards/sanctions in contract arrangements.
- **Political:** Results-based reforms are based on a demand for public agencies to present evidence that they are performing. Agents may come to see performance information as a means to define their efforts and success, using data to advocate in a political environment (Moynihan, 2008). In many cases, agents have some degree of influence in selecting and measuring the performance goals they are judged by. They are likely to select, disseminate and interpret information that portrays them in a favorable light.

- Perverse: In some cases, the pressures to maximize measured performance may be so great that agents will improve these measures in ways that are in conflict with the underlying or unmeasured goals of a program. Agents may manipulate data in a variety of ways, or engage in goal displacement (Heinrich 2007; Jacob and Levitt 2003; van Thiel & Leeuw, 2002).

This article focuses on purposeful and political uses of performance data.<sup>ii</sup> We hypothesize that perceived social impact should affect these two distinct types of performance information use, for somewhat different reasons. First, we propose that it will increase purposeful use of performance information, where employees seek to use data to shape strategic decisions, set priorities, innovate and solve problems. Employees who perceive a higher social impact in their work will utilize performance data as a management tool to achieve goals that they value. Second, we propose that perceived social impact will increase the use of performance data use for advocacy purposes among service providers. Employees who see the value of their work are more likely to be willing to argue in support of it to external stakeholders and the public. In doing so, they may come to recognize performance data as a useful weapon in political discourse, one that helps to legitimate their services and perhaps win new resources (Moynihan 2008).

H1: Employees who perceive that their work creates greater social impact are more likely to use performance data for purposeful means.

H2: Employees who perceive that their work creates greater social impact are more likely to use performance data for political advocacy.

The empirical research on performance information use has tended not to identify an underlying latent construct. Articles that used multiple items of performance information use

have found that they loaded together for a single scale (Bourdeaux and Chikoto 2008; de Lancer Julnes and Holzer 2001; Dull 2009). This article therefore seeks to make a contribution to the conceptualization and operationalization of performance information use by developing and validating empirically distinct indexes of purposeful and political use. The index of purposeful use contains the following items:

I regularly use performance information to make decisions.

I use performance information to think of new approaches for doing old things.

I use performance information to set priorities.

I use performance information to identify problems that need attention.

We hypothesize that general questions about performance information use, or about decisionmaking, will tend to tap a latent construct of purposeful use.<sup>iii</sup> This is because the logic of performance management, as presented to practitioners, is that performance use should be purposeful, to make strategic choices, foster efficiency, increase effectiveness (Hatry 2007). The language of performance movement is associated with such values (Radin 2006). When respondents see reference to performance data they are therefore likely to be cued to associate it with purposeful use, unless explicitly directed otherwise.

We also develop a scale to capture uses of performance data for political purposes of seeking resources, and communicating legitimacy to external stakeholders:

I use performance information to communicate program successes to stakeholders.

I use performance information to advocate for resources to support program needs.

I use performance information to explain the value of the program to the public.

Melkers and Willoughby (2005) have previously distinguished communication as a use of performance information. The concept of political advocacy used here suggests a more concentrated effort to persuade by framing information selectively. In this respect, advocacy is an activity consistent with the use of data in building policy arguments (Stone 1997).

### *Controls*

When testing our hypothesized relationships, we control for a variety of alternative influences. A key control is for the level of goal clarity that the respondent perceives. Other studies have shown that this is a significant predictor of performance information use (Moynihan and Pandey 2010). We also control for the perceived level of political support, which has been found to be associated with use (deLancer-Julnes and Holzer 2001). As individuals perceive a more supportive political culture, they may feel less need to advocate. Such support may allow organizational members to focus on internal uses of performance data.

We incorporate the level of perceived centralization, and of organizational red tape. These factors might be expected to curb the use of performance data, especially purposeful uses. This is because actors who are constrained in their capacity to make changes may see little benefit in using performance data that may point to the need for new organizational processes that are impossible to obtain.



Finally, we also control for a number of individual factors, including number of years in position, supervisory level, and educational level. All of the items in the model are reported in full in the appendix.

## **Data**

The data were collected from eight organizations over a one-month period in the Fall of 2009. These eight organizations came from the same labor market in the northeastern US, five were public organizations and three were non-profit. Although these organizations performed a variety of functions, they were service-intensive and provided a range of services. The three non-profit organizations offered a range of short-term and long-term programs targeted at providing disaster relief, community development, nutrition, and workforce training services. Of the five public organizations in the sample, two were municipal organizations, two were county-level organizations, and one was a public higher educational institution. These organizations provided a wide range of services such as municipal services, financial management and planning, public safety and law enforcement and education.

For each organization, a sponsor was identified who facilitated access to the organization and survey implementation. The organizational sponsor – either a senior manager or human resources director – provided help with key activities such as obtaining a sampling frame, publicizing the study and encouraging participation. Respondents were clearly and repeatedly informed of the confidential and voluntary nature of the study. The survey was administered electronically using online survey software. The use of this software enabled random order presentation of question items, which likely attenuates order-effects and common source bias. As the survey implementation progressed, it was discovered that employees in one of the

organizations did not have ready access to email and therefore employees in this organization were also provided a paper survey.

The study goal of obtaining a diverse sample comprised of respondents from different organizational settings was partly satisfied by the diverse set of organizations that agreed to participate in the study. In addition, a target of about 30 respondents per organizations was set so as not to over- or under-represent any of the participating organizations. Five of the organizations were smaller, and thus a census was conducted in these organizations and convenience samples were obtained in the remaining three. The average number of respondents per organization was a little over 31 and over the month-long implementation timeframe, 255 responses representing a response rate of approximately 45% was obtained.

To examine whether the proposed political and purposeful scales are conceptually distinct we undertook a principal component factor analysis. The seven items loaded onto the two proposed scales as expected, suggesting that the two scales capture two distinct latent factors (see table 1). The resulting factor scores were used to represent each scale when conducting the bivariate and multivariate analyses described below.

*Insert table 1*

Table 2 provides the descriptive statistics and correlation. The .63 correlation between the two dependent variables suggests that by in large those who tend to use performance data for one of these means also use it for the other. The correlation table also shows low correlations between the independent variables, suggesting that there is little collinearity in the model. While the two dependent variables are reported in terms of their factor scores, the indexes representing

the key independent variables have been averaged to a 1-5 range to allow comparability between variables.

*Insert table 2*

## **Results and Discussion**

We employ an ordinary least squares approach. The dependent variables are the underlying factors of the purposeful and political indexes identified in table 1. Because we are reporting perceptions from multiple organizations, we used fixed effects to control for unobserved organizational factors, although the findings are not significantly different if we do not utilize fixed effects.<sup>iv</sup>

*Insert table 3*

Table 3 provides the results. The findings offers strong evidence that perceived social impact is positively associated with reported purposeful and political performance information use for our sample. This relationship is significant at the .001 level. A one unit increase in the score on perceived social impact led to an increase of .42 on both the purposeful use and the political factors. Of the control variables, goal clarity is positively associated with both types of performance information use, but only significant for political use, and political support is positively and significantly associated with purposeful use.

The model and findings offer a number of implications. An obvious one is that there are different types of performance information use. When reformers call for more performance information use, they mean purposeful use, but public actors may also use data for political advocacy. The results here show that such behavior is even more likely when people see the

social significance of their work. This may strike some as troubling, and clearly is inconsistent with the logic of using performance metrics as a means of bureaucratic control. On the other hand, the analysis also suggests that those who advocate for a program also seem to be more likely to use performance data for purposeful means (for similar arguments on the value of advocates, see Gailmard and Patty 2007; Miller and Whitford 2007).

Perhaps the most significant finding from the article is to lend empirical support to the stream of research that explores the effects of prosocial values in organizational life. Here we connect these values to the successful implementation of performance management. Such findings are important, because they pose a fundamental challenge to the theoretical roots of performance management, which rested largely on the agency theory assumption that the best way to motivate is to exploit individual self-interest. As pragmatic and hard-nosed as such advice sounds, there simply is not very good evidence that it has worked well in large swaths of the public service (Perry, Mesch, and Paarlberg 2006), and indeed may have created incentives for perverse behavior rather than performance (Hood 2006; Heinrich 2007). At the same time, mainstream organizational theory has amassed impressive empirical evidence that individuals are motivated by more than self-interest. The dominant theory of leadership in organization theory is transformational leadership, which rests on an assumption contrary to agency theory – that individuals are responsive to a sense of care and service beyond themselves (Van Wart 2005). Within public administration scholarship, few theories have drawn more attention or empirical support than public service motivation.

While public sector reformers continue to structure their performance framework around notions of control, they overlook a well-studied alternative model of motivation. A basic policy implication from our results is that designers of governance systems should develop management

strategies that exploit prosocial values. While our analysis here does not demonstrate how to develop such strategies, others have considered this question (Hackman and Oldham 1980; Paarlberg, Perry and Hondeghem 2008). Simply telling workers that they provide meaningful service might help, but Grant (2008a,b) argues that it is not enough. Finding interventions that directly connect individuals to the impact of their work has more significant effects.

More broadly, building a culture that rests on the notion of meaningful significance of organizational goals, relying on the repeated use of appropriate symbols and myths in socialization, can inculcate norms that center on social impact. With respect to the specific connection between perceived social impact and performance systems, emphasizing goals that reflect the impact of work, celebrate achievement and motivate employees might reinforce the positive connection between finding meaning in work and purposeful performance information use. Of course, the capacity to develop and exploit prosocial values in public services is hampered if evaluation and reward systems rely too heavily on individual self-interest (Le Grand 2006), and if political rhetoric and the broader political culture are suspicious and critical of public action. The rise of the Tea Party movement in the United States is emblematic (Moynihan and Ingraham 2010), but declining trust in public institutions appears to be a worldwide phenomenon and a basic characteristic of postmodernity (Inglehart 1997).

### *Limitations*

The analysis suffers the general limitations of cross-sectional data. The existence and direction of causality cannot be definitively asserted. The potential for common source bias exists, but the use of previously validated and conceptually distinct measures, randomized

question order, as well as the relatively low correlation between these measures, suggests discriminant validity among the items tested.

Another potential threat to the validity of the findings is the reliance on self-reported beliefs and behaviors. We depend on respondent's assessment of the social impact of their work, and use of performance information. It is reasonable to assume that there may be some upward response bias. But it is also worth noting that it is difficult to directly observe beliefs – like perceived social impact – or cognitive processes – like performance information use. While acknowledging its limitations, the reliance on survey data does allow us to test the relationship between concepts in ways that may not otherwise be feasible. A related limitation is that we focus on the causes of individual performance information use. Whether the same causal mechanisms aggregate to the organizational level is difficult to discern.

An additional caution concerns the generalizability of the findings from one region. The mix of organizations reduces concerns that the finding is unique to a particular organization, and there is no ex-ante reason to believe that the respondents perceive their social impact and performance information in a way that is distinct from public and non-profit settings. We are reluctant to generalize, however, to settings where there are strong extrinsic rewards tied to performance information use, which may “crowd-out” intrinsically-motivated behavior, and thereby disrupt the relationship found here (Weibel, Rost and Osterloh 2010). Such conditions are more prevalent in the private sector, or in public/non-profit settings governed by high-powered performance contracts (Heinrich 2007; Heinrich and Marschke 2010).

It may also be the case that there are some public functions where it is simply more difficult to identify and communicate the positive social impacts of work. The evidence for

perceived social impact, included this article, is based largely on positive employee-client relationships, where client actions positively impact the client's well-being. There remains more work to be done to understand how perceived social impact matters when employee-client are characterized by tension, e.g., if interactions are unwanted, a source of negative feedback, or involve stigmatized groups that employees may perceive as less deserving of assistance.

Another limitation of the article is that while we conceptualize four types of performance information use, we only study passive and political uses, and do not study perverse and passive uses. The logic of prosocial values suggests that those who see the value of public work will be more likely to overcome passivity, and less likely to engage in perverse use of performance data that is at odds with the basic underlying goals of a program. But the general relationship between prosocial values and all types of performance information use might be contingent on the perceived legitimacy of the performance regime in place – if it is perceived as unrepresentative of the values the employees pursue, they may see passive or perverse responses as perfectly appropriate.

## **Conclusion**

This article studies how the perceived social impact of employee's work shapes their reported use of performance data. The findings suggest a strong and sizeable effect size on both purposeful uses of performance information to improve effectiveness, and political uses of the data to advocate for the program.

While the purpose of the article is not to attack agency theory and associated assumptions of self-interest per se, the findings do imply the potential benefit of drawing from an alternative

set of assumptions to shape performance management reforms. A prosocial model of performance management assumes that individuals who find meaning and purpose in their role will contribute extra-role gifts to their organization. Public officials should establish a narrative about reforms that emphasizes their utility in better serving the public, while designing systems that exploit rather than undercut the link between prosocial values and performance measures.



Table 1: Factor Analysis of Purposeful and Political Factors

<i>Variable</i>	<i>Purposeful factor</i>	<i>Political factor</i>	<i>Uniqueness</i>
<i>I use performance information to communicate program successes to stakeholders.</i>	.363	.693	.388
<i>I use performance information to advocate for resources to support program needs.</i>	.370	.665	.421
<i>I use performance information to explain the value of the program to the public.</i>	.328	.757	.319
I regularly use performance information to make decisions	.721	.268	.408
I use performance information to think of new approaches for doing old things.	.807	.281	.271
I use performance information to set priorities.	.755	.405	.266
I use performance information to identify problems that need attention.	.799	.348	.241

Table 2: Descriptive Statistics and Correlations

Variable	Range	Mean	Std dev.	1	2	3	4	5	6	7	8	9	10
1. Purposeful Use	-3.09 – 1.83	0	.90	1									
2. Political Use	-2.99 – 1.54	0	.83	.19	1								
3. Perceived social impact	1-5	4.28	.70	.35	.44	1							
4. Goal clarity	1-5	3.90	.92	.29	.35	.37	1						
5. Centralization	1-5	3.39	.99	.02	.08	-.005	-.13	1					
6. Political support	1-5	3.76	.92	.23	.16	.19	-.41	-.02	1				
7. Red tape	0-10	5.38	2.55	.05	-.05	-.12	-.21	.19	-.19	1			
8. Years in position	0-34	7.29	7.08	.04	.01	.08	-.15	.01	-.22	.09	1		
9. Supervisory level	1-5	2.19	1.38	.09	.08	.16	.03	-.15	-.02	-.05	.03	1	
10. Educational level	1-4	2.61	.91	.05	.10	.02	.10	-.001	-.01	-.06	-.18	.27	1

Correlation uses listwise deletion of missing data

Table 3: OLS Regression of Performance Information Use		
Independent variables	Purposeful Use	Political Use
Perceived social impact	.418 (.108)***	.424 (.091)***
Goal clarity	.157 (.081)*	.200 (.068)**
Centralization	-.020 (.067)	.053 (.056)
Political support	.159 (.077)*	-.004 (.065)
Red tape	.046 (.025)*	.008 (.021)
Years in position	.010 (.010)	-.003 (.009)
Supervisory level	.025 (.049)	.013 (.041)
Educational level	.052 (.077)	.011 (.066)
	N=183; R2= .185	N= 183; R2= .24
Results reported with robust standard errors in parentheses. Agency level fixed effects included but not reported. *** = .001; ** = .01; * = .05 two-tailed test		

## Appendix: Independent Variables

Index (source)	Items
Perceived social impact (Grant 2008; Grant and Campbell 2007) Alpha .86	I feel that my work makes a positive difference in other people's lives. I am very aware of the ways in which my work is benefiting others. I am very conscious of the positive impact my work has on others. I have a positive impact on others in my work on a regular basis.
Goal clarity (Rainey 1983) Alpha .79	It is easy to explain the goals of this organization to outsiders. This organization's mission is clear to those who work here. This organization has clearly defined goals.
Centralization (Aiken and Hage 1968; Hall 1963) Alpha .80	There can be little action taken here until a supervisor approves a decision. In general, a person who wants to make his own decisions would be quickly discouraged in this organization. Even small matters have to be referred to someone higher up for a final answer.
Political support Alpha 0.80 (Gianakis & Wang)	Most elected officials trust our organization Most elected officials believe that our organization is effective.
Red tape (Bozeman, 2000)	If red tape is defined as <i>burdensome administrative rules and procedures that have negative effects on the organization's performance</i> , please assess the level of red tape in your organization: ( <i>Please enter a number between 0 and 10, with 0 signifying no red tape and 10 signifying the highest level of red tape</i> ).
Years in position	How many years have you been in your current position?
Supervisory level	What best describes your current position? Non- Supervisor = 1; Team leader = 2; First line Supervisor = 3; Middle Manager = 4; Top Manager = 5
Educational level	Which of the following best describes your highest educational level? High School/GED (or less) = 1; Some College = 2; Bachelor's Degree = 3; Graduate Degree = 4

## References

- Aiken, Michael, and Jerald Hage. 1968. "Organizational Interdependence and Intra-Organizational Structure." *American Sociological Review* 33 (6): 912–930.
- Bourdeaux, Carolyn and Grace Chikoto. 2008. "Legislative Influences on Performance Management Reform." *Public Administration Review* 68 (2): 253-265.
- Barzelay, Michael. 2001. *The New Public Management: Improving Research and Policy Dialogue*. Berkeley: University of California Press.
- Bohte, John and Kenneth J. Meier. 2000. "Goal Displacement: Assessing the Motivation for Organizational Cheating." *Public Administration Review* 60 (2): 173-182.
- Bozeman, Barry. 2000. *Bureaucracy and red tape*. Upper Saddle River, NJ: Prentice Hall.
- Brehm, John and Scott Gates. 1997. *Working, Shirking, and Sabotage: Bureaucratic Responses to Sabotage*. Ann Arbor, MI: University of Michigan Press.
- Bright, Leonard. 2007. "Does Person-Organization Fit Mediate The Relationship Between Public Service Motivation and The Job Performance Of Public Employees?" *Review of Public Personnel Administration* 27 (4): 361-379.
- de Lancer Julnes, Patria, and Marc Holzer. 2001. "Promoting the Utilization of Performance Measures in Public Organizations." *Public Administration Review* 61 (6): 693-708.
- Denhardt, Robert. 1993. *The Pursuit of Significance: Strategies for Managerial Success in Public Organizations*. Belmont, CA: Wadsworth Publishing Company.
- Dias, Janice Johnson, and Steven Maynard-Moody. 2007. "For-profit welfare: Contracts, Conflicts, and the Performance Paradox." *Journal of Public Administration Research and Theory* 17(2): 189–211.

- Dilulio, John J. 1994. "Principled Agents: The Cultural Bases of Behavior in a Federal Government Bureaucracy." *Journal of Public Administration Research and Theory* 4 (3): 277-318.
- Dull, Matthew. 2009. "Results-model Reform Leadership: Questions of Credible Commitment." *Journal of Public Administration Research and Theory* 19 (2): 255-284.
- Eisner, Marc Allen, Jeff Worsham, and Evan Ringquist. 1996. Crossing the Organizational Void: The Limits of Agency Theory in the Analysis of Regulatory Control. *Governance* 9(4): 407-428.
- Franklin, Aimee. 2000. "An Examination of Bureaucratic Reactions to Institutional Controls." *Public Performance & Management Review* 24 (1): 8-21.
- Gailmard, Sean, and John W. Patty. 2007. "Slackers and Zealots: Civil Service, Policy Discretion, and Bureaucratic Expertise." *American Journal of Political Science* 51(4): 873-889.
- Gianakis, Gerasimos and XiaoHu Wang. 2000. Decentralization of the Purchasing Function in Municipal Governments: A National Survey. *Journal of Public Budgeting, Accounting & Financial Management* 12 (3): 421-440.
- Grant, Adam M. 2008a. "The Significance of Task Significance: Job Performance Effects, Relational Mechanisms, and Boundary Conditions." *Journal of Applied Psychology* 93 (1): 108-124.
- Grant, Adam M. 2008b. "Does Intrinsic Motivation Fuel the Prosocial Fire? Motivational Synergy in Predicting Persistence, Performance, and Productivity." *Journal of Applied Psychology* 93 (1): 48-58.

- Grant, Adam M. and Elizabeth M. Campbell. 2007. "Doing good, doing harm, being well and burning out: The interactions of perceived prosocial and antisocial impact in service work." *Journal of Occupational and Organizational Psychology* 80: 665-691.
- Grant, Adam M., Elizabeth M. Campbell, Grace Chen, Keenan Cottone, David Lapedis, and Karen Lee. 2007. "Impact and the Art of Motivation Maintenance: The Effects of Contact with Beneficiaries on Persistence Behavior." *Organizational Behavior and Human Decision Processes* 103(1): 53-67.
- Grant, Adam M., and Sabine Sonnentag. 2010. "Doing Good Buffers against Feeling Bad: Prosocial Impact Compensates for Negative Task and Self-Evaluations." *Organizational Behavior and Human Decision Processes* 111 (1): 13-22.
- Hackman, J. Richard and Greg R. Oldham. 1980. *Work Redesign*. Reading, MA: Addison-Wesley.
- Hall, Richard H. 1963. "The Concept of Bureaucracy: An Empirical Assessment." *American Journal of Sociology* 69:32-40.
- Hatry, Harry P. 2007. *Performance Measurement: Getting Results* 2<sup>nd</sup> ed. Washington, DC: Urban Institute.
- Heinrich, Carolyn. 2007. "False or Fitting Recognition: The Use of High Performance Bonuses in Motivation Organizational Achievements." *Journal of Policy Analysis and Management*: 26: 281-304.
- Heinrich, Carolyn J. and Gerald Marschke. 2010. "Incentives and Their Dynamics in Public Sector Performance Management Systems." *Journal of Policy Analysis and Management* 29 (1): 183-208.

- Hood, Christopher. 2006. "Gaming in Targetworld: The Targets Approach to Managing British Public Services." *Public Administration Review* 66 (4): 515-521.
- Jacob, Brian A., and Steven Levitt. 2003. "Rotten Apples: An Investigation of the Prevalence and Predictors of Teacher Cheating." *Quarterly Journal of Economics* 118 (3): 843-877.
- Kettl, Donald F. 1997. "The Global Revolution in Public Management: Driving Themes, Missing Links." *Journal of Policy Analysis and Management* 16 (3): 446-462.
- Le Grand, Julian. 2006. *Motivation, Agency, and Public Policy. Of Knights and Knaves, Pawns and Queens*. Oxford: Oxford University Press.
- Langbein, Laura. 2010. "Economics, Public Service Motivation and Pay for Performance: Complements or Substitutes?" *International Public Management Journal* 13 (1): 1-15.
- Lyons, Sean T., Linda E. Duxbury, Christopher A. Higgins. "A Comparison of the Values and Commitment of Private Sector, Public Sector, and Parapublic Sector Employees." *Public Administration Review* 66 (4): 605-618.
- Mann, Gregory A. 2006. "A Motive to Serve: Public Service Motivation in Human Resource Management and the Role of PSM in the Nonprofit Sector." *Public Personnel Management* 35 (1): 33-48.
- Melkers, Julia and Katherine Willoughby. 2005. "Models of Performance-Measurement Use in Local Governments." *Public Administration Review* 65 (2): 180-90.
- Mettler, Suzanne. 2010. "Reconstituting the Submerged State: The Challenges of Social Policy Reform in the Obama Era." *Perspectives on Politics* 8 (3): 803-824.
- Miller, Gerald J., and Andrew B. Whitford. 2007. "The Principal's Moral Hazard." *Journal of Public Administration and Research Theory* 17 (2): 213-233.
- Moynihan, Donald P. 2008. *The Dynamics of Performance Management: Constructing*



- Information and Reform*. Washington D.C.: Georgetown University Press.
- Moynihan, Donald P. 2010. A Workforce of Cynics? The Effects of Contemporary Reform on Public Service Motivation. *International Public Management Journal* 13(1): 24-34.
- Moynihan, Donald, Sergio Fernandez, Soonhee Kim, Kelly LeRoux, Suzanne J. Piotrowski, Bradley Wright, and Kaifeng Yang. 2011. "Performance Regimes amidst Governance Complexity." *Journal of Public Administration Research and Theory*. 21 (S1) : i141-155.
- Moynihan, Donald P. and Patricia W. Ingraham. 2010. "The Suspect Handmaiden: The Evolution of Politics and Administration in the American State." *Public Administration Review* 70 (S1): 229-237.
- Moynihan, Donald P., and Sanjay K. Pandey. 2010. "The Big Question for Performance Management: Why do Managers Use Performance Information?" *Journal of Public Administration Research and Theory* 20 (4): 849-866.
- Mintzberg, Henry. 1996. "Governing Management, Managing Government." *Harvard Business Review* 74 (3): 75-83
- Naff, Katherine C. and John Crum. 1999. "Working for America: Does Public Service Motivation Make a Difference." *Review of Public Personnel Administration* 19 (4): 5-16.
- Pandey, Sanjay K., and Edmund C. Stazyk. 2008. "Antecedents and Correlates of Public Service Motivation." In *Motivation in Public Management: The Call of Public Service*, eds. James L. Perry and Annie Hondeghem, Oxford: Oxford University Press, 101–117.
- Paarlberg, Laurie, James L. Perry and Annie Hondeghem. 2008. "From Theory to Practice: Strategies for Applying Public Service Motivation." In *Motivation in Public Management: The Call of Public Service*, eds. James L. Perry and Annie Hondeghem, Oxford: Oxford University Press, 268-293.

- Perry, James L and Anne Hondeghem. 2008. "Introduction." In *Motivation in Public Management: The Call of Public Service*, eds. James L. Perry and Annie Hondeghem, Oxford: Oxford University Press, 1-16.
- Perry, James, Debra Mesch and Laurie Paarlberg. 2006. "Motivating Employees in a New Governance Era: The Performance Paradigm Revisited." *Public Administration Review* 66 (4): 89-122.
- Radin, Beryl. 2006. *Challenging the Performance Movement: Accountability, Complexity, and Democratic Values*. Washington D.C.: Georgetown University Press.
- Rainey, Hal G. 1983. "Public Agencies and Private Firms: Incentive Structures, Goals, and Individual Roles." *Administration & Society* 15: 207-242
- Soss, Joe, Richard Fording, and Sanford Schram. Forthcoming. "The Organization of Discipline: From Performance Management to Perversity and Punishment." *Journal of Public Administration Research and Theory*.
- Steijn, Bram. 2008. "Person-environment Fit and Public Service Motivation." *International Public Management Journal*, 11 (1): 13-27.
- Stone, Deborah. 1997. *Policy Paradox: The Art of Political Decisionmaking*. New York: W.W. Norton and Company.
- Taylor, Janet. 2008. "Organizational Influences, Public Service Motivation and Work Outcomes: An Australian Study." *International Public Management Journal* 11 (1): 67-88.
- U.S. Office of Management and Budget (OMB). 2001. *The President's Management Agenda*. Washington D.C.: Government Printing Office.
- U.S. Office of Management and Budget (OMB). 2010. *The President's Budget for Fiscal year 2011: Analytical Perspectives*. Washington D.C.: Government Printing Office.

- Vandenabeele, Wouter. 2009. "The Mediating Effect of Job Satisfaction and Organizational Commitment on Self-Reported Performance: More Robust Evidence of The PSM–Performance Relationship." *International Review of Administrative Sciences*, 75(1): 53–78.
- Van Dooren, Wouter. 2008. "Nothing New Under the Sun? Change and Continuity In Twentieth Century Performance Movements." In *Performance Information in the Public Sector: How it is Used*, eds. Steven Van de Walle and Wouter Van Dooren, Houndmills: Palgrave, 11-23.
- Van Thiel, Sandra, and Frans L. Leeuw. 2002. "The Performance Paradox in The Public Sector." *Public Productivity and Management Review* 25 (3): 267-281.
- Van de Walle, Steven, and Wouter Van Dooren. 2008. "Introduction: Using Public Sector Information." In *Performance Information in the Public Sector: How it is Used*, eds. Steven Van de Walle and Wouter Van Dooren, Houndmills: Palgrave, 1-8.
- Van Slyke, David M. 2007. Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship. *Journal of Public Administration Research and Theory* 17 (2): 157-187.
- Van Wart, Montgomery. 2005. *Dynamics of Leadership in Public Service: Theory and Practice*. New York: M.E. Sharpe.
- Vroom, Victor. H. 1964. *Work and Motivation*. New York: John Wiley & Sons.
- Weibel, Antoinette, Katja Rost, and Margit Osterloh. 2010. "Pay for Performance in the Public Sector-Benefits and (Hidden) Costs." *Journal of Public Administration and Theory* 20(2): 387-412.
- Wilson, James Q (ed). 1980. *The Politics of Regulation*. New York: Harper Press.
- Wright, Bradley E. 2007. "Public Service and Motivation: Does Mission Matter?" *Public Administration Review* 67(1), 54-64.

Wright, Bradley E. 2001. "Public Sector Work Motivation: Review Of Current Literature and a Revised Conceptual Model." *Journal of Public Administration Research and Theory* 11(4): 559-586.

Wright, Bradley E. and Sanjay K. Pandey. 2008. "Public Service Motivation and the Assumption of Person-Organization Fit: Testing the Mediating Effect of Value Congruence." *Administration & Society* 40(5): 502-521.

## Notes

---

<sup>i</sup> It should therefore be noted when we refer to agency theory here, we are generally referring to the version of the theory that has influenced public sector reforms, rather than contemporary versions of the theory discussed in academia that are often more sophisticated in their consideration of motivations, and more circumspect in their claims.

<sup>ii</sup> We do not study perverse or passive forms of performance information use because of the unsuitability of our data collection method in collecting reliable data on these variables. Both passive uses of performance data, and especially perverse uses an inherently negative connotation, raising concerns of potential for social-desirability response bias. The case could be made that passivity might be reflected on the low end of the scales that we measure, i.e., that passive users are equivalent to non-users. Even so, passivity is a conceptually distinct and important phenomenon with respect to performance management (e.g., Franklin 2000; Radin 2006).

<sup>iii</sup> We deliberately made the first item in the purposeful item index to be broader, in order to test whether this did indeed load with the purposeful factor, thereby providing some support for our hypothesis that general questions about performance information use are likely to generate responses tied to purposeful use. This was the case. While the item was correlated with both items from the purposeful and advocacy scale, it loaded on the purposeful factor in the factor analysis. A correlation with the underlying advocacy and purposeful factors found that it was much more strongly associated with the latter (at .80) rather than the former (.32).

<sup>iv</sup> To check the robustness of the main findings, we conducted a number of supplemental analyses. For example, we tested the model with robust standard errors and found no major difference in the size or significance of the key variables, with the exception that goal clarity falls slightly above standard significance levels in the political model. We also ran the models utilizing a dummy for organizational sector (public vs. nonprofit), and for the nature of the client politics of the agency -- whether it was a "client" or majoritarian agency according to the Wilson (1980) typology. These variables were not significant, and did not alter the findings.