PERFORMANCE MEASUREMENT SYSTEMS: NATIONAL
SPORT ORGANISATION PERSPECTIVES IN NEW
ZEALAND

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ABSTRACT

Performance measurement is a prevalent and accepted management technique used by governments around the world and is an important dimension of New Zealand sport policy. Drawing from performance management and measurement literature (Bevan & Hood, 2006; Bouckaert & Halligan, 2008; De Bruijn, 2006; Hatry, 2006; van Dooren, Bouckhaert, & Halligan, 2010) and, in particular, Norman’s (2002) categorisation of perceptions of the New Zealand public sector, this thesis sought to: (a) investigate how New Zealand national sport organisations (NSOs) perceive and interpret Sport and Recreation New Zealand’s (SPARC) performance measures and funding policies, and (b) identify the unintended consequences that may be occurring within the performance system.

The study employed a qualitative approach, with data gathered through document analysis and interviews with twelve selected participants from nine NSOs. Two notable NSO perceptions were found relating to their trust in SPARC and trust in the performance system itself. Although opposing viewpoints were present, most NSOs felt that their relationship with SPARC was strong and based upon support, collaboration, and partnership. In terms of trust in the performance system, the majority of NSOs were ‘True Believers’ or ‘Pragmatic Sceptics’ (Norman, 2002), however it was notable that some participants actively doubted the system. Closely related to these perceptions, three findings emerged.

Firstly, belief in the system, resulting from the clarity of focus it provided, was tempered by the perception of an ever-changing political environment. Secondly, the propensity for belief, scepticism and doubt in relation to the performance system differed according to the type of investment (community sport versus elite sport). Thirdly, neither belief nor disbelief in the performance system necessarily translated into compliance.
Whether due to a general distrust of the system or a desire to be free from tagged funding requirements and performance measures, some NSOs sought independence from the system.

The thesis also outlined the potential unintended consequences of targeted funding. Some NSOs reported ‘self cream-skimming’ and specialising in one area (elite sport or community sport). Others feared that unmeasured aspects (such as talent identification) would fall through the cracks owing to a fixation on existing measures of performance. NSOs also began to institutionalise the logic of targeted investment within their own organisational structures and partnerships at regional / local levels. Finally, there was also evidence (albeit limited) of potential unintended consequences of performance measures of myopia, complacency, misrepresentation of data, and the stifling of cooperation within the system. This research provides a reference point as to the current state of the sport system from the perspective of NSOs, which may be useful in light of the fact that performance systems tend to degrade in effectiveness and legitimacy over time (De Bruijn, 2006; Meyer & Gupta, 1994; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002).
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CHAPTER 1
INTRODUCTION

Performance measurement is a key concern within the New Zealand government and within the realm of sport policy. The prevalence and acceptance of performance measurement is illustrated by the fact that governments around the world use some form of performance measurement. Performance has been described as “ubiquitous” (Radin, 2006, p. 4) and the desire to measure it has become so extensive that “almost no service now escapes from the practice of measuring performance” (Bouckaert & Halligan, 2008, p. 12).

The use of performance measurement systems and evaluations by central government is based on the notion that clear, explicit and measurable performance targets are desirable and effective (Norman, 2002). The conceptual attractiveness of measurement lies in the benefits it promises: meritocracy is able to prevail as organisations and workers are held accountable for their performance, where successes are rewarded and failures punished, in an open and fair system because performance criteria are unambiguous (Austin, 1996).

The attractiveness of performance measurement led to ever-increasing integration of measurement within the public sector during the twentieth century and quantitative approaches to policy and management have since become an inclusive part of government. The introduction of New Public Management (NPM) doctrines during the late 1980s ushered in a wave of performance information on a government-wide scale, on an international scale and in all management functions (van Dooren, Bouckhaert, & Halligan, 2010). The widespread acceptance of NPM and performance measurement systems, which heralded the extensive use of performance information, were foreshadowed by performance movements,
such as the social survey movement, the scientific management and the science of administration movement, and cost accounting and performance budgeting movement (van Dooren, et al., 2010). The reigning performance movement is that of evidence-based policy which dictates that facts and figures on outcomes should inform policy decision-making as opposed to ideology or opinion (van Dooren, et al., 2010). While unique and varied pathways have been taken by different countries with respect to performance management and measurement, comparative research on Australia, Canada, the Netherlands, Sweden, the United Kingdom, and the United States conducted by Bouckaert & Halligan (2008) has demonstrated that the past two decades have been characterised by the continued refinement of measurement and performance frameworks and an increased capacity to monitor performance within these nations.

New Zealand’s role in the rise of performance management and measurement has been notable. Since the 1980s, New Zealand has been a global leader in the use and incorporation of performance measurement systems within government, instituting changes on a massive scale (Ferlie & Steane, 2002 cited in Adcroft & Willis, 2005). The New Zealand public sector has shown a particular predilection toward performance measurement, outputs, outcomes and results-orientated control systems. During the 1980s and early 1990s, the New Zealand public sector was redesigned using NPM doctrines which promised high levels of efficiency within public organisations as managers were given greater freedom to allocate resources while still being held accountable for results (Norman & Gregory, 2003). Following Kettl (2000), Norman and Gregory (2003) described New Zealand’s public administration model as “the world’s most advanced performance system” (p. 35).

Sport too, insofar as it has become closely tied to the state, has embraced the performance movement. As the social, economic and political importance of sport has increased over the past forty years, the relationship between governments, sporting governing
bodies and the commercial sector has become more intense and significant in shaping the development of sport (Houlihan, 1997). As governments have come to embrace NPM doctrines while simultaneously becoming more involved with sport, there has been corresponding demand on sporting organisations to adopt performance management techniques and incorporate performance measurement systems.¹

The New Zealand government’s agency Sport and Recreation New Zealand (SPARC) is the Crown entity responsible for sport and recreation.² SPARC’s delivery model is based on partnering with ‘key organisations’ in order to achieve its outcomes (SPARC, 2010; Sport New Zealand, 2012). As opposed to providing direct services to the public, its role is to invest, lead and enable key partner organisations, principally national-level sport and recreation organisations and regional sports trusts (RSTs) (SPARC, 2010; Sport New Zealand, 2012).

¹ In the United Kingdom, for example, performance indicators have become a major facet of sport funding schemes, in part, due to the introduction of ‘Best Value’ under the Local Government Act 1999 (I. Jones, 2008; Taylor & Godfrey, 2003). Best Value provided the statutory basis on which councils planned, reviewed and managed their performance and has since been supplemented and succeeded by similar frameworks in the Comprehensive Performance Assessment and the Comprehensive Area Assessment (Local Government Improvement and Development, 2008). It has been argued that the Best Value regime is based on a belief in rational planning (Boyne, 1999; Lawton, McKevitt, & Millar, 2000). Specifically within the UK sport sector, Taylor and Godfrey (2003, p. 251) state that the “radical improvement in performance measurement” that has occurred in local authority sport is as a result of ‘Best Value’ policy and the large-scale survey work undertaken by Sport England. Furthermore, all schemes funded by Sport England are required to report every quarter using between one and five key performance indicators (KPIs) which will evaluate areas such as participants and memberships, throughput of activities, coaching, or volunteers (I. Jones, 2008). Green (2007) has noted that it can be difficult for United Kingdom national governing bodies of sport, which are the equivalent of New Zealand NSOs, to resist the drive for Olympic medals given their increasing reliance on government funds and the inextricable link between these funds and Olympic medal targets.

Similarly, in Canada, a ‘best ever’ campaign was initiated in 1982 looking toward the 1988 Calgary Winter Olympics. An increase in funding was provided for ten NSOs but was conditional on the development of four-year plans that set out the performance targets and materials required to achieve those targets (Green, 2007).

The Australian central government has also encouraged the use of performance management techniques. In 2001, the sport policy Backing Australia’s Sporting Ability: A More Active Nation (BASA) consolidated four policy goals, one of which was the enhancement of sport management structures and practices (Stewart, Nicholson, Smith, & Westerbeek, 2004). This particular policy goal encouraged, among other things, national sport organisations to set performance targets, particularly at a community sport or ‘grass-roots’ level, and generally improve internal efficiency (Stewart, et al., 2004). Funding from the Australian Government, through the Australian Sports Commission, to sporting organisations came with clear conditions and criteria related to governmental objectives, outcomes and goals (Stewart, et al., 2004).

² On 1 February 2012, SPARC was rebranded as Sport New Zealand (Sport NZ). The two names refer to the same Crown entity and could be used interchangeably. However, interviews were conducted with subjects prior to SPARC’s rebranding and, therefore, for the purposes of this research, the organisation will be referred to as SPARC.
National sport organisations (NSOs) are the national representative organisations for a particular sport code (Hayes & Gunson, 1999) and have traditionally been responsible for tasks such as: funding the national association; establishing and enforcing the rules of the sport; stimulating the sport’s development; collecting fees from and maintaining statistics about the national membership; selecting, coaching and training international teams; organising events; and representing the interests of domestic sport in the relevant international federation (Hayes & Gunson, 1999; Houlihan, 1997).

NSOs are considered ‘key partners’ in achieving SPARC’s goals of being the world’s most active nation and having New Zealand teams winning consistently on the world stage (Sport New Zealand, n.d.-b). Importantly, in providing government funding, SPARC states that it must “hold its partners and itself accountable for taxpayer investment and intervene where that investment is not delivering what it should” (SPARC, 2010, p. 3). NSOs are provided direct funding by SPARC for the purpose of achieving both increased participation levels and improved elite sport performance, with the attainment of targets and priorities being a key aspect (S. Collins, 2007). Direct funding is provided through ‘investment schedules’ which are essentially performance contracts negotiated between SPARC and an NSO. Put simply, investment schedules set out not only the funding to be provided to the NSO by SPARC but also the goals, objectives, outcomes and performance measures to be achieved via the investment. Funding, however, is not spread evenly across all NSOs, rather a system of ‘best to best’ budgetary allocations (Bevan & Hood, 2006) is utilised. SPARC is strategic in the distribution of its funding and provides targeted investments to a select number of sporting organisations, including NSOs, regional sports trusts (RSTs), and territorial authorities (local government). In elite sport, the decision to target funds to select organisations is increasingly recognised as an appropriate use of government funds (de Bosscher, Bingham, Shibli, van Bottenburg, & de Knop, 2008; Houlihan & Green, 2008;
Sam, 2012). SPARC has not only prioritised nine NSOs for greater levels of elite sport funding, it has also prioritised seven NSOs for greater levels of community sport funding. On the one hand, the policy decision to target government funding privileges certain sport organisations (and athletes, coaches, support staff etc.) over others. On the other hand, it must be recognised that SPARC, in making funding allocations, is operating with limited resources.

The language and metaphors used by SPARC are highly commercial and incorporate business jargon such as “strategic planning, profitability, key performance indicators, investment, return on investment, intervention and accountability” (C. Collins, 2007a, p. 224). There is a particular emphasis on the measurement and monitoring of performance in SPARC documentation. SPARC itself is subject to performance measures from government and each year is required to produce a Statement of Intent in order to comply with its obligations under section 149 of the Crown Entities Act 2004. The SPARC Statement of Intent 2010-2013 states that SPARC will ensure that its “impact on the sector is measured and monitored” while setting out the inputs, outputs, and medium and long-term outcomes required to achieve the three main outcome goals of the organisation: (a) more Kiwis in sport and recreation, (b) strong partners that consistently deliver, and (c) more Kiwis winning on the world stage (SPARC, 2010, p. 7). With respect to their investment in ‘key partners’, SPARC has committed to: achieving measurable increases for its investment (SPARC, 2009), holding itself to greater account by “tightening” its own monitoring and measurement and asking its

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3 Typically, SPARC uses the phrase ‘high performance’ and ‘high performance sport’ to refer to New Zealand’s most talented athletes and the processes involved in identifying, developing and supporting these athletes to excel on the world stage (Sport New Zealand, 2012). However, the terms ‘elite sport’ and ‘high performance sport’ are interchangeable. For the purposes of this research, the term ‘elite sport’ will be used where possible to describe this area of sport policy in order to prevent any confusion between notions of high performance sport, performance measures and organisational performance.

4 The most recent Sport NZ strategic plan provides slightly different goals (Sport New Zealand, 2012). It states that their mission is to create a world class sport system and to deliver on three key priorities: (a) more kids in sports and recreation; (b) more adults in sport and recreation; and (c) more winners on the world stage (Sport New Zealand, 2012, p. 8).
partners to do the same (SPARC, 2009, p. 6), and continuing to “raise the bar” in terms of its own and its partners’ performance (SPARC, 2009, p. 6).

Thus, performance, performance measurement, and monitoring and evaluation are clear concerns for SPARC, where NSOs as ‘key partners’ are the subject of SPARC’s performance regimes. This results because, as Stewart et al. (2004) pointed out with respect to the Australian sport policy sector, in assessing the effectiveness of its own sport policies, the government has few options but to institute its own performance measurement programmes while using the secondary performance information obtained from NSO programmes, activities and goals.

**PURPOSE**

The purpose of this thesis is to understand how NSOs perceive and interpret SPARC performance measures and funding policies and to identify the unintended consequences (if any) that may be occurring within the performance system. In doing so, the research investigates the effects, (intended and unintended) consequences and trade-offs that have resulted from SPARC’s use of performance measurement systems to assess NSO performance. It is important to note that this research is not about making evaluative judgements as to the actual organisational performance of NSOs. Rather, it is about understanding and investigating NSOs’ perceptions of performance management and measurement policies and their impact on these organisations.

In order to understand NSOs’ perceptions of performance measurement and funding policies, this thesis draws upon research conducted within the private and public sector with respect to the uses of (Behn, 2003; McDavid & Hawthorn, 2006; van Dooren, et al., 2010), the intended and unintended consequences of (Behn & Kant, 1999; Bevan & Hood, 2006; De Bruijn, 2006; P. Smith, 1995a; van Dooren, et al., 2010), and the range of agent responses to
(Bevan & Hood, 2006; Norman, 2002) performance measurement. The literature will provide a basis for understanding how NSOs perceive, interpret, experience and act upon performance measures and funding allocation systems. Moreover, having analysed the perceptions of NSOs, this research utilises and builds upon the findings of Norman (2002) who, having conducted interviews and surveys with a cross-section of New Zealand public servants, found that interviewees’ perceptions of performance measurement systems fell into three categories with respect to performance measurement systems: (a) True Believers, (b) Pragmatic Sceptics, and (c) Active Doubters.

**SIGNIFICANCE**

It is important to keep in mind that the use of performance measures and performance management techniques is not without its critics. Radin (2006) has argued that while the underlying motivations for the use of performance activities are usually legitimate, performance measurement can often be taken to be a “panacea solution to thorny problems” (p. 234). Furthermore, once the practice of performance measurement has been incorporated within an organisation it can often fall short of the original aspirations because there can be questions surrounding the quality and use of the performance information by managers in practice (Bouckaert & Halligan, 2008). Performance information may not be used and, thus, considered a waste of time, effort and resources. Worse still, performance information may be inaccurate and, as a result, can be misleading. One of the greatest challenges facing performance measurement systems is the performance paradox (van Dooren, et al., 2010; Van Thiel & Leeuw, 2002), also known as the law of decreasing effectiveness (De Bruijn, 2006). The performance paradox states that performance indicators lose their capacity to discriminate between good and bad performers over time as organisations adapt their performance, due to both the intended (functional) and unintended (dysfunctional) effects of the indicators. In the
realm of elite sport, it has been queried whether prioritised funding to the most results-capable organisations will provide the best results over time or instead produce diminishing returns (Sam, 2012; Shibli & Bingham, 2008).

This research may establish a starting point for future research. It will provide some insight into the current state of the performance system from which future research may further investigate the long-term sustainability of the system. The study will, therefore, not only contribute to the developing field of sport policy literature but also to the field of performance management within a New Zealand context.

Houlihan (2005, p. 163) notes that over the last 30 years there has been a “rapid growth” in the study of public policy processes but that the area of sport policy has been relatively neglected when compared with other areas. This may be due to the fact that sport had previously not been considered important when compared to other major social institutions such as work, family, economy, education, religion and politics (C. Collins, 2007b). However, the significance of sport to New Zealanders is evident by the role it occupies within contemporary social life. The growing significance of sport within Western societies is such that it has almost become a cliché to make this point (C. Collins, 2007b). The cultural institution of sport contributes to the vitality, vibrancy and international profile of a nation, and sport programmes are used by governments to realise an array of objectives in a range of policy arenas including crime reduction, urban regeneration, raising school standards and reducing obesity (Green, 2007). C. Collins (2007b) notes that sport is all-pervasive, is a source of income and generates significant wealth, creates a demand for sport related goods, and is a major source of relaxation, excitement, enjoyment and alienation.

Sport is significant because it holds powerful meaning and matters to New Zealanders. This is particularly true for those people who earn their livelihood through sport such as
The reality is that investments by the New Zealand government in sporting organisations have real world implications for people. For example, in 2010 the New Zealand government committed an extra $45 million over three years to elite sport (SPARC, 2010). The increase in greater governmental funding has a significant impact on NSOs, particularly those prioritised organisations who receive the majority of the funding.

The performance of NSOs (as measured) is linked with the funding allocations they receive but, as Sam (2012), points out:

Targeted investments are interpreted and understood differently by government agencies, National Sport Organisations, and the public, rendering these schemes more than a benign technique of evaluation – they are a policy that gives rise to new issues and challenges (p. 207).

The selection and use of particular performance measures matters and can be perceived in different ways and create different challenges for interested parties. For instance, medals and medal targets have been the primary measure of success in elite sport. SPARC has specifically set and stated a target of ten or more medals at the London 2012 Olympics (SPARC, 2009, 2010; Sport New Zealand, 2012). Such targets are not only highly publicised by the New Zealand media (Cleaver, 2006; N. Hill, n.d.; NZ on target for big medal haul say HPSNZ," 2012; Sparc targets 10 medals at London Olympics," 2009) but they can also serve to frame the expectations and interest of an audience (i.e. a nation) (Knight, MacNeill, & Donnelly, 2005). There can also be questions surrounding who, how and why medal target policies are set (see Piggin, Jackson, & Lewis, 2009). It remains to be seen whether SPARC will continue to use medals and medal targets as a key indicator of elite sport performance, but there certainly are advantages to them as they can be easily measured and viewed as analogous to profit and the ‘bottom line’ in business (Sam, 2007). The aim of the research is not, however, to evaluate or criticise specific policy decisions or performance measures but
rather to gain an insight into the way in which the performance measurement system is perceived and interpreted by NSOs while also identifying any unintended effects that may arise. This may ultimately enable critical analysis and help to inform future action for as Piggin (2010) observes, resistance has a productive role in public policy processes and, in the case of SPARC, criticism “could and did effect change” (p. 94).

While empirical research into the effects of performance measurements systems on public and private organisations has been undertaken overseas, Norman and Gregory (2003) note that there had been very little, if any, systematic empirical research into practitioners’ experiences into the New Zealand public sector performance system. Similarly, this research seeks to fill the void with respect to empirical research into the non-governmental sector by examining NSOs’ experiences of performance systems within a New Zealand sport context. Greater knowledge, insight and understanding into the effects of performance measurement systems on NSOs may assist in the development of performance systems which are better suited to the unique characteristics of sport organisations.

**THESIS STRUCTURE**

Chapter 2 introduces terminology relevant to the study of performance management and measurement before setting out the establishment of performance measurement schemes within a New Zealand context. The chapter will also set out the New Zealand sporting context and SPARC’s role within the sport sector.

Chapter 3 will provide the theoretical grounding by traversing literature associated institutional theory, the aims and uses of performance measures, the intended and unintended consequences associated with measurement systems, and the potential agent responses and perceptions to them.
Chapter 4 outlines the methodology and methods of the thesis. The research utilises a qualitative methodology viewed from a constructivist paradigm. In terms of the methods used, the section outlines the sources of data (interviews and documentary analysis).

Chapters 5-8 consist of analysis and discussion of the data collected. Chapter 5 proceeds by giving descriptive account of the primary site of SPARC performance measures – investment schedules. Chapters 6 and 7 discuss the implications of two notable NSO perceptions: first, trust in SPARC; and secondly, trust in the performance system itself. In light of these perceptions, chapter 8 identifies and examines the unintended consequences that may be occurring within the performance system.

Finally, chapter 9 revisits the purpose and significance of the research, summarises the key findings and conclusions, and provides suggestions for future research. The chapter concludes by speculating on the future direction and outlook for the performance measurement system and the implications for NSOs.
CHAPTER 2

TERMINOLOGY AND CONTEXT

The value of performance, how it can be measured, and how it can be managed has become a significant topic for discussion and debate within academic literature, particularly the fields of business management, public management, public administration, public policy, and accounting (Heinrich, 2003; van Dooren, et al., 2010). Bouckaert and Halligan (2008) note that the role performance plays within the public sector has been one of two major questions within public management literature for the past two decades and that during this period there has been an upsurge in the use of performance measurements. This period has been described as the ‘age of performance’ (Bouckaert & Halligan, 2008; van Dooren, et al., 2010) and has been characterised by a constant demand for performance in the public sector with measurement becoming “more intensive, more extensive and more external” (Bouckaert & Halligan, 2008, p. 12).

TERMINOLOGY

A difficulty that has arisen in the literature has been the equation of performance management with performance measurement (Bouckaert & Halligan, 2008; van Dooren, et al., 2010). This is likely owing to the fact that the two have been used interchangeably within public sector organisations and among management consultants. However, when performance related concepts and terms are used interchangeably in scholarly works, the ability to perform analysis diminishes, whereas the precise use of terminology avoids ambiguity and prevents people talking at cross-purposes (van Dooren, et al., 2010). Clearly delineating between each

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5 The other major question relates to the role of the market within the public sector.
conceptual term reduces confusion and misunderstanding, allowing for a greater understanding and insight into the subject area.

**Performance**

The starting point is the concept of *performance*. Analysis of the concept is no simple task as the term is heavily loaded and can contain multiple different meanings (Bouckaert & Halligan, 2008; Radin, 2006; Talbot, 2005; van Dooren, et al., 2010). It has been aptly described as “the great unknown” (van Dooren, et al., 2010, p. 16) because the concept of performance is a contested terrain (Bouckaert & Halligan, 2008; van Dooren, et al., 2010). Within the public sector, it can be conceptualised as encompassing value systems such as product values (efficiency and effectiveness), process values (openness, integrity and participation) and regime values (robustness, reliance and innovation) and these values are often in constant tension with one another (Radin, 2006; van Dooren, et al., 2010). Speaking to its ubiquity, Talbot (2005) notes that emerging arguments for performance have included it being equated to accountability, user choice, customer service, efficiency, results and effectiveness, resource allocation, and creating public value. Furthermore, according to Bovaird (1996), performance “is not a unitary concept, with an unambiguous meaning. Rather, it must be viewed as a set of information about achievements of varying significance to different stakeholders” (p. 147).

Despite the contestability of the term, the metaphor of the production process model is considered to be the most conventional and dominant conception of performance (van Dooren, et al., 2010). The production model of performance examines the *process* by which performance is created by looking at objectives, inputs, activities, outputs and outcomes.

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6 Radin (2006) argues that the performance movement places too much emphasis on product values at the expense of and detriment to process and regime values.

7 It has also been referred to as the ‘span of performance’ (Bouckaert & Halligan, 2008) and is similar in nature to a ‘programme logic model’ (McDavid & Hawthorn, 2006).
which allow for the efficiency, effectiveness and cost-effectiveness of an organisation to be assessed (van Dooren, et al., 2010). Objectives are the priorities of an organisation towards which inputs (financial or human resources) are given for activities to produce outputs and outcomes (van Dooren, et al., 2010). Outputs refer to the processes established to produce the work or activities that emerge from the organisation whereas outcomes refer to the impact these activities have on the environment (Radin, 2006).

The production model is inherent to the New Zealand public sector framework of outputs (Norman, 2003) and was described by Gregory (2000) as being the “purest statutory prescription for goal displacement existing in any of the so-called western democracies” (p. 112). The model also accords well with the approach taken by SPARC within the sport sector. For example, in each Statement of Intent, SPARC specifies the inputs, outputs, outcomes and performance measures to be achieved for each output class (for an example, see SPARC, 2010). However, it is notable that the notion of performance is variable, dynamic and dependent upon the perspective of a particular stakeholder. Performance may be perceived in different ways by different sporting organisations and stakeholders. Thus, there may be opposing and conflicting viewpoints (between NSOs and SPARC) as to what values of performance are appropriate within the sport sector.

Performance Measurement

Van Dooren et al. (2010) define performance measurement as being the process of designing and implementing a bundle of deliberate (intentional) activities to quantify performance, the result of these activities being the production of quantitative performance information. A wider definition of performance information can incorporate both quantitative

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8 It should be noted that despite the fact that the terms outputs and outcomes have distinct meanings within the academic literature, it may be that during the interviewing process the terms will be used interchangeably by the interviewees as they may not have any direct knowledge of the production process model (nor the definitions of the terms associated with the model) and because the terms are similar linguistically.
and qualitative measures (McDavid & Hawthorn, 2006). The key feature of performance measurement systems is that they create scoring and grading systems to measure intangible features of organisations by translating qualities into quantities (Power, 2004). A neat description of the process is given by Power (2004, p. 776):

These systems translate qualities into quantities and often involve a sleight of hand or ‘code switch’ in which numeric rankings as pseudo-quanta are aggregated to create a ‘score’. Thus, management may be asked to rank a set of business risks on a scale of 1 to 10 in terms of their significance, and these rankings become aggregated together to produce an overall score which is technically meaningless. This production of quantity from quality is common place in areas where there is a demand for metrics without any conception of what this might involve.

Following Mackenzie (1993), Power (2004) notes that such measurement systems provide an invented accuracy which reflects wider cultural anxieties and the need for numbers. SPARC use such techniques within the sport sector. There are a number of organisational measurement tools designed to grade, rank and score the organisational capability of sporting organisations. Examples of such SPARC tools include the Organisational Development Tool (ODT), SportsMark, and the Capability Assessment Tool.

**Performance Management**

Management, in a broad sense, refers to the decision-making that occurs in the allocation of resources. A common management goal is the “optimal utilisation of resources towards desired results; that is, the creation of things of value” (Boston, Martin, Pallot, & Walsh, 1996, p. viii), which can be described as a management style that favours efficiency and effectiveness. But more specifically, *performance management* is a type of management that creates and incorporates performance information for use during decision-making (van Dooren, et al., 2010). Moynihan (2008) points out that there is often a common logic associated with a number of forms of management (e.g. management-by-objectives, performance budgeting, managing for results) that public organisations should produce
performance information and use it to inform decision making. Thus, performance information is integrated into policy and management cycles and is evident in policy-making, policy documents, budgeting and contractual documents (van Dooren, et al., 2010). Performance management within a sporting context is not only about improving performance between the funding body and the recipient of the funding, but is also a means of developing a shared understanding of what needs to be achieved between the organisations (I. Jones, 2008).

Performance management, therefore, is a form of management that uses performance information to assist and inform policy decisions about the optimal utilisation of resources, which with respect to SPARC refers to decisions made about funding allocations and investments in NSOs and other sporting organisations (e.g. RSTs). Performance management jargon was adopted relatively quickly within New Zealand as, by the mid-1990s, sport agency documents reflected a desire for accountability, performance and control (Sam, 2012; Sam & Jackson, 2004). This reflected a wider governmental demand for the measurement of performance within New Zealand brought on by the adoption of New Public Management administration.

NEW PUBLIC MANAGEMENT AND MEASUREMENT SYSTEMS

There is a close association between measurement systems and New Public Management (NPM) administration practices. A concrete definition of NPM has been difficult to grasp (Hood, 2005), and reflects the fact that NPM is made up of an “eclectic set of doctrines that broadly built on not always consistent ideas drawn from new institutional economics and managerialism” (Lodge & Gill, 2010, p. 2). Regardless of how such doctrines are put together, virtually all NPM variants are associated with performance management techniques (van Dooren, et al., 2010). The prominence of measurement is evidenced by Hood (1991) who notes that explicit standards and measures of performance are one of the seven
doctrinal components of NPM administration and that NPM has all the characteristics of a performance movement.\textsuperscript{9} NPM doctrines helped coin the managerial phrase ‘what gets measured, gets done’ and also led to the inverse belief that ‘what does not get measured, does not get done’ (van Dooren, et al., 2010).\textsuperscript{10}

As one of its fundamental prescriptions, NPM doctrine advocates the separation of policy development and policy implementation, whereby politicians would be responsible for policy development and the market or quasi-market forces would be responsible for policy implementation (Van Thiel & Leeuw, 2002). For example, during the 1990s there had been a separation of responsibilities within the sport sector with the Office of Tourism and Sport responsible for policy advice to the Minister, while the Hillary Commission for Sport and Recreation (1987-2001) was tasked with promoting participation in physical activity and physical activity programmes (Sam, 2011). NPM doctrines changed the focus from input management (with an emphasis on due process and consistency) to results-based management, where contracts between government and semi-autonomous organisations became necessary to ensure the implementation of policy (Van Thiel & Leeuw, 2002). Contractual documents contain performance requirements and performance indicators which often set out the number of goods or services to be rendered (Van Thiel & Leeuw, 2002). Thus, a key concern in NPM and performance measurement is the measurability of activities (Adcroft & Willis, 2005; De Bruijn, 2006; Power, 2004; Radin, 2006; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002). This concern is particularly relevant within the public sector as “there is no performance measure equivalent to the role that profit plays in the

\textsuperscript{9} According to Hood (1991) the seven ‘doctrinal components’ are: (a) ‘Hands-on professional management’ in the public sector allowing a ‘free to manage’ environment, (b) explicit standards and measures of performance, (c) greater emphasis on output controls and clear differentiation between inputs, outputs and outcomes, (d) organisational disaggregation, (e) increased competition and contractualisation, (f) private sector styles of management practice, and (g) greater stress on efficiency and parsimony in resource usage.

\textsuperscript{10} These resonate with other ‘truisms’ such as ‘What can be measured can be managed’ and ‘If you can’t measure it, you can’t manage it’.
private sector but rather government departments are required to implement programmes with multiple and sometimes conflicting objectives, many of which cannot be measured or quantified” (Boston, et al., 1996, p. 38). There has been criticism of the use of performance measurement systems within the public sector, the logic being that what is effective in the private sector may not necessarily be effective in the public sector (Adcroft & Willis, 2005). It may be that there are features unique to the sport sector (Chadwick, 2009; Hayes & Gunson, 1999; Sam, 2007; A. C. T. Smith & Stewart, 2010) and it is yet to be seen whether targeted investments can be considered effective or sustainable within the context of sporting organisations, and particularly within elite sport (Sam, 2012; Shibli & Bingham, 2008).

In the modern era, the symbolic value of performance measurement can be powerful as it displays a commitment to rationality (van Dooren, et al., 2010). Furthermore, measurement systems are entrenched within society because, despite their flaws, there is a strong “institutional demand for numbers” which can appear “natural and unavoidable” (Power, 2004, p. 769). The reality, however, is that the use performance measurement systems is a political and policy determination in and of itself. Numbers are simply a form of communication and a contested terrain (Porter, 1995; Sam & Scherer, 2008). Radin (2006) provides a telling warning with respect to performance measurement rhetoric:

Despite the attractive quality of the rhetoric of the performance movement, one should not be surprised that its clarity and siren call mask a much more complex reality (p. 235).

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11 This raises issues of objectivity, subjectivity, ‘truth’ and ‘knowledge’ as they relate to performance (i.e. do performance measurement systems measure what they are supposed to measure?). These questions and issues are beyond the scope of this study and are documented elsewhere (see Adcroft & Willis, 2005; Power, 2004). For the purposes of this study, it is sufficient to note that most people will claim that their own particular organisation is difficult to measure (i.e. has low measurability) because these people understand the full complexity, interconnectedness and ambiguity of their own situation and feel that it is not able to be recognised in quantified results (van Dooren, et al., 2010). However, from the standpoint of the measurer or evaluator, the “inherent reductivism” of measurement in counting systems is necessary for classification (Power, 2004, p. 767).
This research attempts to unravel the complex reality with respect to NSOs by providing insight into the way performance measurement schemes are understood by and impact upon these organisations. However, when speaking about a specific measurement system, Power (2004) notes that such a system “must always be placed in its historical setting” (p. 777). Without context, analysis is ineffectual as it is essentially meaningless when it occurs in a vacuum.

**NEW ZEALAND CONTEXT**

The introduction of NPM and performance measurement systems in New Zealand began in the late 1980s. New Zealand moved from a system of procedure-based bureaucracy to one managing for results (Norman, 2002). Boston et al. (1996) described the changes as a “move away from input controls and bureaucratic procedures…to a greater reliance on quantifiable output (or outcome) measures and performance targets” (p. 26). The features of the NPM reforms were such that New Zealand became a world leader (Duncan & Chapman, 2010). The ‘New Zealand model’ (Boston, et al., 1996) became a template for other nations to follow due to its outstanding features: (a) the use of performance agreements giving departmental chief executives more managerial authority and discretion, (b) the consistent use of accrual accounting, (c) the disaggregation of public sector bureaucracy, (d) the competitive contacting out of public services to the private sector, (e) the privatisation of many state-owned assets (Duncan & Chapman, 2010, p. 301). Since its inception the system has continued to undergo changes and reform, the most significant of which, for the purposes of this research, is a shift in emphasis from production of outputs to managing for outcomes and greater clarification of the links between outcomes and outputs through Statements of Intent by Crown entities (Chapman & Duncan, 2007).
Across the entire public sector, there has been a distinct movement toward clear objectives, measurable outputs (and outcomes) and sophisticated contracts as part of what Power (1997) has deemed a broader ‘audit explosion’. Within this movement, Norman and Gregory (2003) found that the freedom to manage was a “distinctive feature of the New Zealand public management model” (p. 37). However, managers were only given operational autonomy as opposed to strategic autonomy and thus the appearance of control was used as a substitute for the substance of control (Norman & Gregory, 2003). Operational autonomy is the freedom to choose how one approaches achieving a goal set by others, whereas strategic autonomy is the freedom to set one’s own agenda and goals (Bailyn, 1985 cited in Norman & Gregory, 2003).

Overall, the benefits of the state sector reforms, according to Boston and Eichbaum (2007), included:

...greater productive efficiency (especially in the commercial parts of the public sector), improvements in the quality of certain services (e.g. the time taken to process applications for passports and welfare benefits has been drastically reduced), better expenditure control, better management of departmental budgets, greater managerial accountability, and major improvements in the quality of information to policy makers (p. 136).

The sport sector was not immune and performance and accountability rhetoric became a significant feature of sport agency documentation (see Sam, 2012). The need to outline and achieve performance targets within the sport sector had arisen as a result of the wider New Zealand governmental demand for the measurement of performance and adoption of NPM reforms. SPARC, as the Crown entity which had integrated the previous activities and functions of the Hillary Commission, the New Zealand Sports Foundation and the Office of Tourism and Sport, adopted output targets and targeted investments as a means of improving

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12 For recent discussion of public policy and management challenges facing New Zealand and recommendations for the future, see Ryan and Gill (2011).
the performance of partner organisations. In early 2012, SPARC was rebranded as Sport NZ and the subsidiary High Performance Sport New Zealand was created, both of which appear to be maintaining the policies of targeted investments (see Sport New Zealand, 2012).

SPARC’s self-proclaimed role within the sport sector is to provide “leadership and direction” (Sport New Zealand, 2012, p. 6). The agency’s use of performance measures can thus be interpreted in different ways – as a means of coordinating the system (van Dooren, et al., 2010), to motivate partner organisations to improve performance (Behn, 2003), as a means of allocating resources (Behn, 2003; van Dooren, et al., 2010), as an evaluation tool (Behn, 2003), and as a means of holding organisations to account and a form of organisational control (Behn, 2003; Bevan & Hood, 2006; Sam, 2012; van Dooren, et al., 2010). Furthermore, performance-based investments can also be an instrument used by government to demonstrate commitment, support, endorsement or recognition to particular groups or members of society, for example, to demonstrate a commitment to Paralympic sport or to ensure parity of funding in sport for both men and women. Of importance for the purposes of this research is that the use of performance measures and targeted investments can be used and viewed in numerous ways.

Upon its creation, SPARC developed a ‘Priority Sports Strategy’ under which selected sports were prioritised for targeted investments (SPARC, 2002). The justification for prioritised investment was given on the basis that it would “maximise the value of government investment” (SPARC, 2003, p. 10). The policy identified seven ‘priority’ sports: Cricket, Equestrian, Golf, Netball, Rowing, Rugby Union, and Yachting (SPARC, 2002). SPARC also announced a further three ‘revitalisation’ sports: Athletics, Cycling and

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13 Under section 8 of the Sport and Recreation Act 2002, the functions of the Crown entity are set out and cover strategic investment, promotion of participation, support for capability development in the sport and recreation sector, and provision of policy advice.
Swimming (SPARC, 2002). These policy prioritisations were not without their critics and there was some resistance (see Piggin, 2010).

More recent justification for the practice states that SPARC prioritises and targets a small number of partner organisations (being selected NSOs and all RSTs) for direct support and investment as they are “the most capable of supporting SPARC’s strategic priorities” (SPARC, 2010, p. 12). SPARC’s remaining partners, while not necessarily receiving direct support or investment, are supported through “the development of widely accessible good practice tools and resources” (SPARC, 2010, p. 10). The selection of prioritised sports for targeted investments indicated SPARC’s commitment to showing a return on investment.

Sam (2012) notes that the elite sport policy reforms in New Zealand have largely reflected the changes in governance principles that occurred within the New Zealand public sector. The two key features of the ‘New Zealand Model’ (Boston, et al., 1996) relevant in this regard are: first, New Zealand’s historical standing as a ‘contract state’ and the use of purchaser/provider arrangements, regulated through performance contracts; and secondly, a shift from process accountability (input control) to accountability for results through output and outcome measures and performance targets (Sam, 2012). While slower to take effect, SPARC have also recently begun to prioritise NSOs in the community sport policy area.

The magnitude of the task for SPARC in managing the multitude of contracts with sporting organisations is evident:

Each year, SPARC manages over $80 million of contracts and investments with sport and recreation organisations, and third-party service delivery agencies. SPARC manages these contracts and investments through a Partner Relationship Management System that provides us with a single view of all our contracts and investment arrangements, including a single picture of all future financial commitments. All investment by SPARC is subject to quality assurance processes and all contracts are managed in accordance with internal guidelines (SPARC, 2010, p. 17).
SPARC distributes funds to NSOs through the use of ‘investment schedules’, effectively performance contracts. Investment schedules are of critical importance to this study owing to the fact that the majority of formal performance measures, targets, and indicators between SPARC and NSOs are held in these documents. SPARC provides investments for three primary policy areas: (a) high performance sport, to be referred to as ‘elite sport’; (b) community sport, previously referred to as ‘sport development’; and (c) [organisational] capability.

Overall, a significant amount of government funding is available to NSOs. In 2010-11, SPARC invested more than $41 million into community sport and $50 million into elite sport (SPARC, 2011a). Of the $50 million that went into elite sport, approximately $45 million went to over 90 national governing bodies, the large majority of which were NSOs (SPARC, 2011a).

The discrepancy in the amount of investment provided to NSOs is significant. To give an indication of the range of SPARC funding received by NSOs, each of the prioritised elite sports received over $1.1 million in 2010-2011, with Rowing NZ securing the largest investment at $6.47 million (SPARC, 2011a). In contrast, excluding those organisations that received no investment from SPARC, the lowest investment sum in 2010 / 2011 was $6,000, to organisations such as the New Zealand Ice Skating Association and New Zealand Petanque Association (SPARC, 2011a). In order to provide further context, the categories of SPARC funding will be briefly outlined.

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14 For a greater description and discussion of SPARC investment schedules – see chapter 5. Description of the investment schedules falls within analysis and discussion chapters as copies of these documents were received from the interviewees during or following interviews. Thus, they form part of the data collected during the research.
Elite (High Performance) Sport

As of 2012, the nine targeted elite sports are: Athletics, Bike, Swimming, Yachting, Rowing, Triathlon, Netball, Rugby Union, and Cricket. In 2011, SPARC invested $18.235 million in elite sport programmes for the nine prioritised sports (SPARC, 2011a).

For the remaining NSOs, elite sport funding is available through a ‘contestable fund’. These NSOs submit a request in order to gain project-based support. In 2011, SPARC invested a further $8.735 million in 26 separate projects to 18 different NSOs through the elite sport contestable fund (SPARC, 2011a).

Overall, approximately $49 million was provided by SPARC in 2011 for elite sport programme investment and support (SPARC, 2011a). All NSOs may attend annual investment meetings with SPARC where they present on their previous investments and progress and, if necessary, lobby for further funding.

Sport and Recreation Programmes (Community Sport) and Partner Capability

In 2011, SPARC began to provide greater prioritised investment in the area of community sport (SPARC, 2011a). They have nominated seven ‘priority’ NSOs in this area: Football, Gymsports, Hockey, Rugby League, Rugby Union, Cricket and Netball (SPARC, 2011a). These organisations have undertaken “whole-of-sport planning” which has lead to the development of community sport delivery plans and programmes to help “integrate delivery of their sport from grassroots to [elite sport] levels” (SPARC, 2011a, p. 18). To a lesser extent, SPARC continue to provide community sport and [organisational] capability investment to NSOs outside of the seven priority sports but SPARC’s 2011 Annual Report states that it was not possible to account for the costs of delivering Sport and Recreation

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15 This figure includes funding for the development of elite sport facilities, Prime Minister’s Scholarships (for athletes, coaches, officials and support personnel) as well as investment in NSOs (SPARC, 2011a).
Programmes and Partner Capability separately (SPARC, 2011a). Therefore, it is not entirely clear which NSOs and how much funding was provided to them by SPARC for community sport and [organisational] capability. Overall, however, approximately $44 million was provided by SPARC in 2011 for both programme investment and support in these areas but that $8.986 million went directly to regional sports trusts for KiwiSport (SPARC, 2011a).¹⁶

Having set out the relevant terminology and the context within which SPARC’s performance measure and funding policies operate within New Zealand and the sport sector, chapter 3 will now set out the theoretical grounding upon which the research is based.

¹⁶ KiwiSport is a government initiative designed to increase participation by school-aged children in organised sport (SPARC, 2011a). For discussion on the challenges facing regional sports trusts associated with this initiative – see Keat and Sam (2012).
CHAPTER 3

THEORETICAL GROUNDING

This chapter will provide the theoretical grounding by traversing literature associated with institutional theory, the aims and uses of performance measures, the intended and unintended consequences associated with measurement systems, and the potential agent responses and perceptions to them. The starting point is recognising that performance management is political in nature (van Dooren, et al., 2010) and a contested terrain (Johnsen, 2005; van Dooren, et al., 2010). As a result, performance indicators are contested areas where politicians and managers dispute the appropriate criteria to be measured (McGuire, 2001 cited in De Bruijn, 2006; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002). Given that Dye (1984, p. 1) notes that “[p]ublic policy is whatever governments choose to do or not to do”, the use of performance measurement systems as an evaluative tool represents a policy decision itself and since the NPM reforms of the 1980s, performance measurement systems have become institutionalised within the framework of New Zealand government.

INSTITUTIONAL THEORY

Rhodes (1995) notes that the study of institutions is of central importance to explaining political phenomena. In the context of this research, the use of institutional analysis will allow for an examination of how the rules (of performance measurement) within a particular organisational context guide, enable, and constrain behaviours.

Generally speaking, institutions are the relatively stable systems of rules that guide political behaviour and a wide range of structures have been conceptualised as institutions; such as electoral systems, constitutions, legislative configurations, organisational links,
informational networks and think-tanks (Hall & Taylor, 1996; March & Olsen, 1989). Given the prevalence of performance measures within the current New Zealand government system, it could be argued that the entire framework of outcomes, outputs, performance measures, targets and key performance indicators (KPIs) are in fact a form of institutional structure in and of themselves. Regardless of the terminology used, performance measures are of critical importance because they have a significant impact upon individuals and organisations, both within and outside of government.

The research utilises a constructivist institutionalism approach to shed light on the way in which NSOs perceive and interpret SPARC performance measures. Constructivist institutionalism views actors as strategic, seeking to realise complex, contingent and constantly changing goals (Hay, 2006). Actors do so in a context that favours certain strategies over others and with incomplete information (Hay, 2006). Thus, in the context of this research, NSOs could be expected to act strategically within an institutionalised performance system because of changing centrally-driven priorities (e.g. national identity outcomes versus health outcomes). How NSOs will act, and if they choose to act at all, will depend on how they perceive their particular context and their goals, aims, and objectives as an organisation.

Constructivist institutionalism also provides a useful framework for understanding change within a system:

...institutional change is understood in terms of the interaction between strategic conduct and the strategic context within which it is conceived, and in the later unfolding of its consequences, both intended and unintended. As in historical institutionalism, such a formulation is path dependent: the order in which things happen affects how they happen; the trajectory of change up to a certain point itself constrains the trajectory after that point; and the strategic choices made at a particular moment eliminate whole ranges of possibilities from later choices while serving as the very condition of existence of others (Hay, 2006, pp. 64-65). [Emphasis in original text]
This approach will help to provide explanations for how particular organisations, actors, or policies are enabled or constrained by previous policy decisions or pathways (path dependency) as well as allowing for the identification of unintended consequences (if any) that may be occurring within the performance system.

In this view, it is understood that NSOs (actors) within the performance system may have varied and complex goals such as increasing participation numbers, improving the quality of current programmes and initiatives, developing high performance sport programmes, developing talent identification pathways, creating revenue-generating community sport programmes, or simply maintaining stability within a precarious economic environment. However, there may not be congruence between SPARC’s centrally-driven objectives and NSO objectives. Therefore, it is not surprising that centrally-driven policy objectives can be considered elusive because central government sport policies may, for example, assume that partner NSOs seek continual growth (in participation numbers, world rankings, etc.), though it is just as likely that some NSOs seek stability.

**AIMS OF PERFORMANCE MEASUREMENT**

The use of performance measurement systems is based on the premise that such a system will be able to affect the behaviour of its members in a fundamental way (van Dooren, et al., 2010). When instituting a system of performance management through the use of performance measures, it has been suggested that the overall goal is to establish high(er) levels of performance within an organisation by aligning individual objectives to the primary aims, goals and objectives of that organisation (Armstrong, 2006; Hoye, Nicholson, Smith, Stewart, & Westerbeek, 2009). One might assume that organisational improvement would be the predominant, if not sole, factor. However, there can be various motivations behind implementing performance measurement techniques. In examining the use of performance
targets by government in national transport policy within the United Kingdom, Marsden and Bonsall (2006) suggest that the five principal motivations for the use of targets are: better management, legal and contractual obligations, resources constraints, consumer orientation, and political aspirations. Furthermore, performance management systems can also aim to: (a) motivate employees by setting targets which are rewarded when attained, (b) ensure greater accountability by identifying what should be done and by whom, (c) ensure outcomes are measured and monitored against minimum standards of performance, and (d) eliminate ambiguous aims and objectives within an organisation (Hoye, et al., 2009).

At its core, performance management is based on the production and use of performance information in the form of targets, standards, performance measures and indicators. Performance measures create statistics that “provide a means for increasing productivity, facilitating hierarchical control and improving relations between supervisors and staff by providing objective information” (Blau 1963 cited in Norman, 2002, p. 620). Performance measures provide a base of understanding about current results and competency against which future performance can be assessed (Armstrong, 2006). Furthermore, performance information and statistics provide and generate feedback from which an individual can identify areas of success (and failure) so that corrective actions can be taken to ensure improvement in the future (Hoye, et al., 2009). In this regard, measurement systems provide a common language and framework for making better judgements about the allocation of resources (Kula, 1986 cited in Power, 2004). Thus, measurement systems are described by Power (2004, p. 774) as being “imperfectly democratic” in the sense that they allow people to make informed decisions from determined criteria even if that criteria is imperfect in its construction and application. Performance information may assist and help inform decisions about the optimal utilisation of resources when SPARC are required to make funding allocations and investments in sporting organisations.
Indeed, there is often a belief that performance information will direct managerial and policy decision makers on how to allocate resources, who to reward for good performance and who to hold to account for poor performance (van Dooren, et al., 2010). While admirable, such a belief is unrealistic because performance measurement rarely, if ever, solely provides the solution to the improvement of service delivery (Hatry, 2006). Instead, it raises a number of questions that can only be properly answered in conjunction with other skills, such as expenditure data, political judgment, common sense, good management, leadership and creativity (Hatry, 2006). There is no “one size fits all” measurement process and the system needs to be founded on the foreseen uses of measurement because otherwise “the performance information that comes out of the process has a high chance of being used or not used inappropriately” (van Dooren, et al., 2010, p. 112). Different purposes for measuring performance may require a differentiation in approach to guarantee sustainability, legitimacy and functionality (Bouckaert & Halligan, 2008).

While much of the literature focuses on the internal workings of organisations (i.e. at the manager / employee level), the same rationales and assumptions have underpinned performance management in relation to the management of organisations (e.g. between a funding agency and its recipient partner organisations). By examining the use of performance measurement techniques by SPARC with respect to multiple NSOs, this research will begin to provide some insight into the impact of performance measures and funding policies between organisations in New Zealand.

17 This is not surprising given that at both levels, performance management is intended to address principal-agent problems such as the propensity for agents (individuals / organisations) to act opportunistically – against the interests of their principals.
USES OF PERFORMANCE MEASUREMENT

Having outlined the various aims of performance measurement, this chapter will now summarize the (intended) uses of performance measurement. Identifying the range of intended uses of performance measures will provide a starting point for understanding the perceptions and interpretations of NSOs with regard to the use, drive and concern for the measurability of performance within the New Zealand sport sector. Furthermore, the literature indicates that the use of performance measurement may be a predictor of the intensity of the effects (intended and unintended) that occur within the system (van Dooren, et al., 2010).

The uses of performance measurement can be viewed and categorised from a range of perspectives. Scholars have developed classifications so that the use of performance measurements in organisations could be studied (van Dooren, et al., 2010). From a broad perspective, McDavid and Hawthorn (2006) state that the two purposes of performance information can be to render formative uses or summative uses. Formative uses provide information about performance in order to improve the system or organisation so that adjustments can be made to the process that produce outcomes (McDavid & Hawthorn, 2006). Alternatively, summative uses render judgments about the performance of the organisation such that the actual results (outcomes) can be reported to stakeholders (McDavid & Hawthorn, 2006), for example the public, elected officials, and governing boards.

Providing a far more specific categorisation, van Dooren (2006, cited in van Dooren, et al., 2010) identified 44 potential uses of performance information.18 Behn (2003) also

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18 Van Dooren et al. (2010) note that in practice the distinction between all 44 potential uses is not always clear-cut. The 44 potential uses of performance information identified by van Dooren (2006, cited in van Dooren, et al., 2010) are as follows: (1) allocation of resources, (2) enable consumers to make informed choices, (3) changing work processes/more efficiency, (4) improving responsiveness to customers, (5) formulation and monitoring of licensed or contracted privatized services, (6) creditor reporting, (7) rewarding staff/monetary incentives/performance pay, (8) grantor reporting, (9) strategic planning, (10) output budgeting: pay per output (price x quality), (11) communication with the public to build trust, (12) outcome budgeting: pay per outcome, (13) reporting and monitoring, (14) changing appropriation levels, (15) accountability to elected officials, (16)
developed a categorisation of eight managerial uses, being to: evaluate, control, budget, motivate, promote, celebrate, learn, and improve. Behn argues that the first seven purposes are subordinate to that of improving performance. However, van Dooren et al. (2010, p. 99) point out that research has suggested there can be “somewhat less decorous purposes”, such as enhancing power positions and for symbolic reasons.

This research adopted van Dooren et al.’s (2010) classification system on the uses of performance information. This system contains three categories of uses: (a) to learn, (b) to steer and control, and (c) to give account. This classification system was determined to be most practical for use in questioning as it was neither overly broad nor narrow. Furthermore, in practical terms, van Dooren et al.’s (2010) framework is intuitive – a desirable feature for the purposes of interviewing participants on a complex subject. The three categories will now be briefly outlined.

**Learning, Steering and Control, and Accountability**

First, van Dooren et al. (2010) state that performance measurement can be used to find out what works (or doesn’t work) and why ( or why not). The main function under this category is *learning* and how policy or management can be improved. The focus of this use is internal and is oriented towards initiating change for the future (van Dooren, et al., 2010). The internal use of performance information will likely assess the efficiency of the services for which the organisation is responsible (P. Smith, 1995b), and would thus be associated with...
learning. Examples of policy and management tools that are focused more toward a learning orientation include strategic planning and evaluation, risk analysis and benchmarking (van Dooren, et al., 2010).

Secondly, performance measurement used to *steer and control* is “about identifying and sanctioning institutions or public servants (to control and to motivate) and about allocating resources (to budget)” (van Dooren, et al., 2010, p. 100). The focus of this use is still internal but the orientation of the function is toward the control of present behaviour rather than future or past performance (van Dooren, et al., 2010). Examples of policy and management tools that are focused more toward a steering and control orientation include management scorecards that monitor the performance of an organisation, performance pay and performance budgeting (van Dooren, et al., 2010).

Thirdly, performance measurement can be used to *give account*. Under this function, the performance of an organisation can be demonstrated or communicated to external parties (e.g. service users, individuals, other organisations, the general public / taxpayers, central government) and thus lean more toward accountability (P. Smith, 1995b; van Dooren, et al., 2010). The external use of performance information will likely be directed to external interested parties such as service users, taxpayers, and central government. Unlike uses related to learning and steering and control, the focus of this use is toward the creation of external pressure and the orientation of the function is toward survival and explaining past performance (van Dooren, et al., 2010). Examples of policy and management tools that are focused more toward giving account include league tables and performance contracts (van Dooren, et al., 2010).
AGENT RESPONSES AND PERCEPTIONS

In order to understand how NSOs perceive and interpret SPARC performance measures, this chapter will set out some of the literature relating to agent responses and perceptions toward performance indicators and performance measurement systems. Van Dooren et al. (2010) state that there are four potential strategies of agents in response to indicators: (a) compliance – the agent behaviour is aligned with the indicators and leads to functional behaviour; (b) shirking – the appearance of compliance as behaviour is altered but in a dysfunctional way; (c) misrepresentation – behaviour does not change but the agents manipulate the measurement system to make themselves look better; and (d) explanation – following measurement the agent is given sufficient opportunity to explain their particular situation. When the use of performance information is hard, the agent’s response strategies will only include compliance, shirking or misrepresentation, however, when then use of the information is soft, the agent strategy may also include the strategy of explanation (van Dooren, et al., 2010). The explanation strategy only occurs during soft uses as it is only then that the agent will trust that they will be given the opportunity for explanation and that fair(er) decision-making processes will take place (van Dooren, et al., 2010).

Building upon LeGrand’s (2003) dichotomy of ‘knights’ and ‘knaves’, Bevan and Hood (2006) outline a categorisation of four types of motivation for agents and provide examples of these motivations from within the English public health care system, which heavily combined the use of performance targets and terror strategies. The four types of motivation among agents were ‘Saints’, ‘Honest Triers’, ‘Reactive Gamers’ and ‘Rational Maniacs’ (Bevan & Hood, 2006). Agents described as Saints may not share all of the goals of the principal but their “public service ethos is so high that they voluntarily disclose shortcomings to central authorities” (Bevan & Hood, 2006, p. 522). While both Honest Triers
and *Reactive Gamers* broadly share the goals of their principal, there are distinct differences in their motivations. An *Honest Trier* will not voluntarily draw attention to their failures, but they will also not attempt to manipulate the data in their favour. In contrast, *Reactive Gamers* will game the system if presented with the opportunity to do so (Bevan & Hood, 2006). Lastly, *Rational Maniacs* do not share the goals of their principal and aim to deliberately manipulate data to their benefit (Bevan & Hood, 2006). Accordingly, the greater the number of Saints and Honest Triers within the system then the less manipulation and gaming of performance data will occur. However, it has been argued that when performance is rewarded for hitting the target, regardless of whether an organisation hits that target legitimately, governance by performance targets and measures can turn ‘knights’ into ‘knaves’ (LeGrand, 2003, p. 103).

Within the New Zealand context, Norman (2002) found that public servants’ perceptions of the performance system fell into one of three categories: ‘True Believers’, ‘Pragmatic Sceptics’, or ‘Active Doubters’. *True Believers* were supporters of clarification and measurement and that these ideals had been major contributors to improving the efficiency and quality of public service delivery (Norman, 2002). Furthermore, they believed that the system needed to continue down the measurement pathway and develop even “clearer, more observable measures that put new emphasis on outcomes” (Norman, 2002, p. 622). *Pragmatic Sceptics* viewed reported measures as “part of a new game of public management and at best a starting point for asking about the substance behind the form. Clear objectives and measures were to be taken with a grain of salt” (Norman, 2002, p. 622). *Active Doubters* believed that the ‘real work’ is relationship-based and political in nature and that measurement systems were not capable of understanding the meaning of the work (Norman, 2002).
Ultimately, this research will categorise NSO interviewees’ responses and views according to the Norman (2002) categorisation of perceptions. Norman’s (2002) categorisation was selected as it had been developed within a New Zealand context and is the most applicable to understanding how NSOs perceive and interpret SPARC’s performance measures. Despite the selection of this categorisation system, the analysis and discussion of interviewees’ perceptions is informed by all of the literature set out in this chapter.

**Perception of Use**

It is important to recognise the role that perception will have on the impact of performance measurement techniques. The use of performance information in a particular local context will alter the nature of the implications the information will have in that particular real world setting. Van Dooren et al. (2010) point out that in different countries the use of league tables to rank schools which have looked remarkably similar in nature have been perceived in different ways, both hard and soft, by those subject to them.

Indeed, any description or interpretation of van Dooren’s (2010) three dimensions of uses is dependent on whose vantage point one chooses to adopt. For example, for SPARC, performance information gained through use of the Organisational Development Tool may be intended for comparing NSOs on a range of indicators including planning, human resource management and leadership (SPARC, 2011c), all of which could be justified as an aid to: (a) decision-making for future investments, (b) learning how to improve decision-making for future investments, and (c) accounting for decisions about past investments. Furthermore, there may not necessarily be congruence between the principal’s intention in implementing the use of performance information and the way the use is ultimately perceived by the agents. This idea was neatly touched upon by De Bruijn (2006) when posing the question as to what constitutes a high impact:
If part of the budget depends on the output, is the dividing line at 40 per cent, 20 per cent or 5 per cent? Of course, there is no correct answer. Even if it is evident that a small proportion of a budget is dependent on output, the professionals may perceive a high impact, for example because the professionals have little slack in the budget and additional funds are urgently needed, or because they are simply unaware of what proportion of the budget depends on output. The answer to the question of what constitutes a high impact can therefore be answered only in a process of interaction between management and professional in which they can compare their perceptions of the system’s impact (p. 63).

In essence, an individual’s perception will depend upon their vantage point. Thus, an NSO’s standing (or vantage point) within the SPARC performance system will inform how they perceive their relationship with SPARC, the effect of performance measures on their organisation, and their view of the entire performance system itself.

**UNINTENDED CONSEQUENCES**

Despite the best intentions when instituting evaluation, auditing and performance measurement systems, these systems can lead to unintended consequences (Adcroft & Willis, 2005; De Bruijn, 2006; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002). For example, Adcroft and Willis (2005) argue that the increased use of performance measures in the public sector may commodify services and de-professionalise public sector workers. Unintended consequences result because in any given performance measurement and target system there are “incentives to ‘cheat’ both by target-setters and target managers” (Bevan & Hood, 2006, p. 519) or, in other words, there is a motive to act strategically (van Dooren, et al., 2010).

It should be noted that there are two synonymous terms describing the (detrimental) behavioural effects of performance information used in the literature: unintended consequences or outcomes (see Adcroft & Willis, 2005; P. Smith, 1995a; Van Thiel & Leeuw, 2002); and dysfunctional effects (see De Bruijn, 2006; van Dooren, et al., 2010). For the purposes of this research, the term ‘unintended consequences’ will primarily be used because it contains a less negative connotation than the word dysfunctional and it also allows
for the consideration of consequences that may be described as side and reverse effects (see Hood & Peters, 2004). ‘Gaming’ is another term commonly referred to in the literature (i.e. ‘gaming the system’) and has been defined as “reactive subversion” (Bevan & Hood, 2006, p. 521) and altering behaviour so as to obtain strategic advantage (P. Smith, 1995b). The term ‘manipulation’ (i.e. the manipulation of data) is also frequently used. Both of these terms can linguistically suggest that the behavioural effects are as a result of deliberate actions and tactics. However, in confronting the intentionality of the occurrence of the effects, van Dooren et al (2010) state that the particular use of these words “does not exclude the possibility that some effects are unplanned side effects rather than the result of a grand manipulative design” (van Dooren, et al., 2010, p. 159). The essence of an unintended consequence is that an individual may fulfil the letter of a performance measure (by technically doing what is asked of them) but in fulfilling the task, ultimately subvert the overall intentions of the organisation (Austin, 1996).19

Van Dooren et al. (2010) categorise the behavioural effects as being caused by either the manipulation of the measurement process or the manipulation of the organisational output. On the one hand, manipulation of the measurement will largely result in measures that do not accurately reflect reality but the daily operations of the organisation will not be altered (van Dooren, et al., 2010). On the other hand, manipulation of the organisational output may mean that the measurement is not necessarily affected but the daily operations of the organisation are changed, thus there is a change in the nature, quality, or quantity of the outputs produced (van Dooren, et al., 2010). Following the categorisation of van Dooren et al. (2010), Table 1 lists and briefly describes the unintended consequences found within the literature.

19 In such an instance, it is often argued that given the agent has completed what the principal has asked of them, the blame lies with the principal mistakenly asking for the wrong output to be measured (Austin, 1996).
**TABLE 1: Potential Unintended Consequences in Performance Measurement Systems.**

<table>
<thead>
<tr>
<th>BEHAVIOURAL RESPONSE</th>
<th>UNINTENDED CONSEQUENCE</th>
<th>ALSO REFERRED TO AS</th>
<th>DESCRIPTION OF UNINTENDED CONSEQUENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distortion of Performance Information</td>
<td>Over-representation and under-representation (van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td></td>
<td>The measured value of performance does not correspond with the nature of real world performance and therefore a perception of more or less performance is provided (van Dooren, et al., 2010).</td>
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<tr>
<td></td>
<td>Mushrooming of performance indicators (De Bruijn, 2006; Pollitt &amp; Bouckaert, 2004; van Dooren, et al., 2010)</td>
<td></td>
<td>An increase or inflation in the number of performance indicator sets due to the creation of new and refinement of existing product definitions and indicator sets (De Bruijn, 2006; van Dooren, et al., 2010).</td>
</tr>
<tr>
<td></td>
<td>Pollution of performance information (van Dooren, et al., 2010)</td>
<td></td>
<td>The terminology (i.e. concepts and definitions) of the indicator sets are interpreted differently by different people (van Dooren, et al., 2010).</td>
</tr>
<tr>
<td></td>
<td>Unjustifiable aggregation or disaggregation of data (van Dooren, et al., 2010)</td>
<td>Limit to transparency (Norman, 2002)</td>
<td>Organisations are able to hide aspects of their performance by choosing and weighting the measures they present (van Dooren, et al., 2010). An organisation may only report the information they have confidence in (Norman, 2002).</td>
</tr>
<tr>
<td></td>
<td>Misrepresentation (P. Smith, 1995a; van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td></td>
<td>The deliberate manipulation of data (P. Smith, 1995a; van Dooren, et al., 2010). For example, fraudulently increasing or decreasing performance data.</td>
</tr>
<tr>
<td></td>
<td>Misinterpretation (P. Smith, 1995a; van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td>Closely related to attribution difficulties (Mayne, 2001; van Dooren, et al., 2010)</td>
<td>The incorrect inference as to what attributed to or caused increased (or decreased) performance, this is brought about by the difficulty of accounting for the full range of potential influences on performance (P. Smith, 1995a).</td>
</tr>
<tr>
<td>Distortion of Output</td>
<td>Measure fixation</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>(van Dooren, et al., 2010)</td>
<td>Goal-displacement</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(Boston, et al., 1996; Norman, 2002)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Output distortions and ‘hitting the target but missing the point’</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(Bevan &amp; Hood, 2006)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Tunnel Vision</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(P. Smith, 1995b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pursuit of success as measured rather than as intended. It can result in: (a) oversupply or (b) loss of quality (van Dooren, et al., 2010). Employees seek to achieve the pre-set measures and targets rather that doing a good job (Norman, 2003).</td>
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<tr>
<th>Distortion of Output</th>
<th>Myopia</th>
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<tbody>
<tr>
<td>(Bouckaert &amp; Balk, 1991; van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td>Short term targets and goals are prioritised over long-term goals (Bouckaert &amp; Balk, 1991; van Dooren, et al., 2010).</td>
</tr>
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<tr>
<th>Distortion of Output</th>
<th>Sub-optimisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(P. Smith, 1995b; van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td>Optimal situation at unit level leads to sub-optimal situation at higher levels and often occurs when the attainment of an outcome is the responsibility of a sequence of actors (van Dooren, et al., 2010). Ultimately, managers pursue their own narrow objectives at the expense of strategic co-ordination (P. Smith, 1995b).</td>
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<tr>
<th>Distortion of Output</th>
<th>Cream skimming</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Behn &amp; Kant, 1999; De Bruijn, 2006; van Dooren, et al., 2010; Van Thiel &amp; Leeuw, 2002)</td>
<td>Cherry picking</td>
</tr>
<tr>
<td></td>
<td>(De Bruijn, 2006; van Dooren, et al., 2010)</td>
</tr>
<tr>
<td></td>
<td>Organisations are able to select intake when confronted with various output measures (van Dooren, et al., 2010).</td>
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<table>
<thead>
<tr>
<th>Distortion of Output</th>
<th>Complacency</th>
</tr>
</thead>
<tbody>
<tr>
<td>(van Dooren, et al., 2010)</td>
<td>Stifle over-achievement</td>
</tr>
<tr>
<td></td>
<td>(Behn &amp; Kant, 1999)</td>
</tr>
<tr>
<td></td>
<td>Organisations strive for adequate performance rather than excellence due to the risks inherent in striving for excellence (van Dooren, et al., 2010). For example, good performance may cause central controllers to implement ratchet effects (Bevan &amp; Hood, 2006).</td>
</tr>
<tr>
<td>Distortion of Output (continued)</td>
<td>Organisational paralysis (van Dooren, et al., 2010)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Commodification and de-professionalisation (Adcroft &amp; Willis, 2005)</td>
<td>In the public sector, performance measures cause a process of commodification which results in de-professionalisation as “values become much less important than the rules, regulations and performance measures of the organisation” (Adcroft &amp; Willis, 2005, p. 397).</td>
</tr>
</tbody>
</table>
This section will however discuss in greater detail three unintended consequences, cream skimming, measure fixation, and mushrooming, before describing the performance paradox.

**Cream Skimming**

*Cream skimming* occurs when an organisation is able to select their intake when confronted with output measures, and has also been referred to as ‘cherry picking’ (Behn & Kant, 1999; De Bruijn, 2006; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002). There is an incentive to select easy to serve clients over more difficult options in order to fulfil the output (Behn & Kant, 1999). Less effort is required to meet outputs if an organisation manipulates the quality or quantity of the input, thus, an organisation optimises its input at the expense of organisational goals and ambitions (De Bruijn, 2006). A common example cited in the literature is that job training programmes may only select those clients who are most likely to find a job in order to raise placement rates (Anderson, Burkhauser, & Raymond, 1993). While this strategy may be economically efficient, it may be in conflict with public goals associated with equity of access to services (van Dooren, et al., 2010).

Sam (2012) points out that the current system of targeted investments by SPARC to prioritised NSOs in elite sport is effectively a form of cream skimming. This creates a challenge in evaluating SPARC’s performance as they may appear more successful at elite development than they actually are (Sam, 2012). Having recently identified seven priority sports within community sport, the same argument also applies to this policy area. It has been queried whether prioritised funding to the most results-capable elite sport organisations will provide the best results over time or instead produce diminishing returns (Sam, 2012; Shibli & Bingham, 2008). Furthermore, targeted funding can lead to SPARC being criticised for
having too much control over sport whilst simultaneously not being sufficiently accountable for results (Sam, 2012).

**Measure Fixation**

The second unintended consequence to be discussed is *measure fixation* (van Dooren, et al., 2010) which has also been referred to in the academic literature as goal displacement (Boston, et al., 1996; Norman, 2002), output distortions and “hitting the target but missing the point” (Bevan & Hood, 2006, p. 521), and tunnel vision (P. Smith, 1995b). Measure fixation is the “pursuit of success as measured rather than as intended” (van Dooren, et al., 2010, p. 162). Employees seek to achieve the pre-set measures and targets rather that doing a good job (Norman, 2003). If principals attempt to reward or sanction agents by relying on proxies of performance, agents may engage in goal-displacing behaviour because there is an enticement to do well in aspects of the job being measured and monitored by the performance indicator scheme at the expense of important but excluded or less rigorously monitored areas (Bevan & Hood, 2006; Boston, et al., 1996; P. Smith, 1995b; van Dooren, et al., 2010). It may be the case that the targets specified in a performance contract do not tie up with the outcomes desired and, ultimately, the overall intent of the contract (Behn & Kant, 1999). One of the ways in which measure fixation may be avoided is to increase the number of indicators in an attempt to reduce the number of areas not measured and monitored, however this course of action increases the risk of ‘mushrooming’ occurring (van Dooren, et al., 2010).

There is nothing to suggest that NSOs and other sporting organisations will be immune to measure fixation (see A. Smith & Leech, 2010). It may be that staff and volunteers within sporting organisations will become fixated on the measures and targets within SPARC policy documents and investment schedules at the expense of the goals of other stakeholders. A particularly vulnerable group may be the clubs of NSOs as they are not in a position to set
performance targets yet, arguably, are the most important stakeholders. There may also be an additional layer of complexity in that an NSO may well have entered into a number of performance contracts with multiple stakeholders, each containing specific targets, goals, and performance measures.

**Mushrooming**

The final unintended consequence to be discussed is *mushrooming*. Mushrooming refers to the risk that performance indicator sets increase or inflate over time (De Bruijn, 2006; Pollitt & Bouckaert, 2004; van Dooren, et al., 2010). According to De Bruijn (2006), mushrooming is evident in a variety of ways: the refinement of existing product definitions and indicators, the need for lengthy explanations for product definitions and indicators, the creation of new product definitions and indicators, the creation of rules to measure and estimate production, and the creation of rules for dealing with exceptions. De Bruijn (2006) points out that there are at least four contextual factors that will increase the incentive for mushrooming to occur: (a) the higher the impact of the consequences, (b) the older the performance system becomes, (c) the greater the atmosphere of mistrust between the principal and agent, and (d) the greater the distance between the principal and the agent.

One of the strengths of performance measurement is that it can be a simple means of giving account when an organisation’s performance is neatly contained within a limited number of product definitions, indicators and production figures (De Bruijn, 2006). However, when performance measurement systems develop ever-increasing indicator sets they lose this simplicity, and ultimately the appeal, of the accountability process (De Bruijn, 2006; van Dooren, et al., 2010). Agents are able to hide their performance from the principal in an abundance of indicators and furthermore, make it far more likely that the agent will perform admirably on at least one of the indicators being measured (van Dooren, et al., 2010).
The planning and implementing of performance management and measurement systems can be costly because time-intensive analysis of organisational processes and activities is required and can result in a bureaucratic nightmare when hundreds of microscopic statements are created to explain how things need to be done and measured (Hoye, et al., 2009). Having too many indicators can make it difficult for users of the system to make sense of the performance information due to an information overload (van Dooren, et al., 2010). From burgeoning indicator sets, it can become costly to distil out the most useful and relevant information. The production of performance measurement information can obviously incur significant costs with respect to time, labour and expertise and it may be that the benefits of measurement do not outweigh the costs (Talbot, 2005). Interestingly, the benefits of measurement are usually more difficult to observe than the costs of measurement (van Dooren, et al., 2010), however, the performance movement can be “hypocritical in that it rarely applies cost-benefit analysis to itself” (Talbot, 2005, p. 503).

Within the New Zealand context, Norman (2002) found frustration within the public sector at the amount of reporting and overlapping of reports, which could be indicative of mushrooming. Managers observed that “most energy is put into planning and spelling out of expectations but there is little monitoring to assess actual results” (2002, p. 624). Such growth has been paralleled in sport, evidenced by the number of performance assessment tools generated by the Hillary Commission and SPARC including SportsMark, the Capability Assessment Tool, and the Organisational Development Tool.

The Performance Target Paradox

This section will now discuss the performance target paradox, arguably the most important unintended consequence that results from measurement systems. The performance target paradox refers to the process by which performers begin to cluster around a target, as a
result of both the functional and dysfunctional behavioural effects, and thus over time indicators lose their capacity to discriminate between good and bad performers due to adapted behaviours and performance by those agents being measured (Meyer & Gupta, 1994; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002). The performance target paradox predicts the future behaviour of agents within a performance system and foreshadows that they will cluster around the target:

The performance target paradox predicts that underperformers will change their behaviour in a functional or dysfunctional way to meet the target, while those that are performing better than the target will lower performance levels in order to avoid the ratchet effect. Some worst cases may even be abandoned (adverse skimming). The distribution clusters around the mean, with a slight increase in worst cases to account for adverse skimming (van Dooren, et al., 2010, p. 165).

**Figure 1**, sourced from van Dooren et al. (2010, p. 165), graphically illustrates the performance paradox.

![FIGURE 1. The Performance Target Paradox. Source: van Dooren et al. (2010)](image-url)
The performance target paradox is conceptually very similar to Goodhart’s Law in Economics which states that ‘when a target becomes a measure, it ceases to be a good target’ if used for control purposes (Elton, 2004) and also to the ‘Law of Decreasing Effectiveness’ which states that if “performance measurement has a high impact, the effectiveness of performance measurement declines because strong incentives for perverse behaviour arise” (De Bruijn, 2006, p. 36).

The paradox results because there can only ever be a weak correlation between those performance indicators selected and actual performance (Meyer & Gupta, 1994; Van Thiel & Leeuw, 2002). In other words, performance indicators can only ever provide a partial proxy for actual performance (Elton, 2004). Agents will recognise that they will be rewarded or sanctioned for reaching a performance indicator and have the intelligence and capacity to act strategically (Elton, 2004). When agents act strategically, the result is a deterioration of the performance indicators over time (Meyer & Gupta, 1994; Van Thiel & Leeuw, 2002). As the indicators deteriorate, they lose their ability to differentiate between good and bad performers (Meyer & Gupta, 1994; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002).

For an agency such as SPARC, if a performance paradox were to occur within the sport sector, it may become increasingly difficult for them to justify future funding allocations as the performance of all NSOs would begin to look the same. It becomes difficult to distinguish between organisations because the reported performance of the NSOs would begin to look increasingly similar. Furthermore, it becomes difficult to determine whether reported performance is reflective of actual performance – has performance increased legitimately (via intended effects) or illegitimately (via unintended effects).

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20 The deterioration of performance indicators is caused by four processes (Meyer & Gupta, 1994; Van Thiel & Leeuw, 2002): positive learning, perverse learning, selection and suppression. A far simpler explanation provides that strategic action can be taken by agents because people can think and have memories (Elton, 2004).
Van Thiel and Leeuw (2002) note that the nature of the performance paradox is such that it can be difficult to determine if such a paradox is in effect. While this research is certainly not in a position to determine whether a performance paradox is in effect in the sport sector for SPARC and NSOs, it may, at the very least, provide a starting point from which future research could be conducted into this intriguing facet of the literature.

Having set out the theoretical grounding, Chapter 4 will now describe the methodology of the research which utilises a qualitative inquiry viewed from a constructivist paradigm. Specifically, the research is based upon interviews with twelve participants from nine NSOs and documentary analysis.
CHAPTER 4

METHODOLOGY AND METHODS

Methodology is inevitably interwoven with and emerges from the nature of particular disciplines (such as sociology and psychology) and particular perspectives (such as Marxism, feminist theory and queer theory) (Lincoln, Lynham, & Guba, 2011, p. 97).

The use of performance management techniques and performance measurement systems is a policy determination in and of itself and political in nature. This determination guides the actions of policy-makers. The selection of performance measures, targets and indicators in policy documents by policy-makers have real consequences for those organisations and individuals required to reach performance goals, particularly where significant present or future funding is at stake. However, examining the intended and unintended consequences of policy decisions is no simple task. Policy processes are multifaceted and situated within a specific context that involve complex interrelations between multiple actors and the varied distribution of power between these individuals, groups and larger institutions (Howlett & Ramesh, 2003).

METHODOLOGY: A QUALITATIVE INQUIRY VIEWED FROM A CONSTRUCTIVIST PARADIGM

In order to understand this process, the thesis will adopt a qualitative research methodology.21 The thesis aims, set out in chapter 1, lend themselves to qualitative research as the study seeks to understand how NSOs perceive and interpret SPARC funding policies and performance measures and to identify the unintended consequences (if any) occurring within the system. In a broad sense, the research is focused on organisational perceptions and

21 It should be noted that the term qualitative research is ‘not a single entity, but an umbrella term which encompasses enormous variety’ (Punch, 2005, p. 134).
the effects of performance measurement schemes. Barbour (2008) states that a qualitative approach is excellent at providing insight into the *process* and can lead to the uncovering of both intended and unintended consequences and implications. The value of qualitative methods is that one is able to capture the meaning, process and context of an event (Bryman, 1988; Marsh & Stoker, 2002). Furthermore, one can begin to understand the meaning of an experience for participants in a specific setting and explain how the components of that experience mesh to form a whole (Thomas & Nelson, 1996). Behn (1992) legitimises the exploratory, meaning-seeking nature of the research in the field of public administration and states that the “reality of the managerial world is created by those who write about the world” (p. 418) and that this role is undertaken by both public managers and scholars of public management. Qualitative methods are used to help make sense of the ‘reality’ that NSOs experience within a performance measurement system.

While an in-depth discussion of methodological paradigms is beyond the scope of this thesis, it is necessary to briefly outline the premise upon which the research is based. Within a qualitative framework, this research is founded upon the ontological and epistemological assumptions associated with a constructivist paradigm. A constructivist inquiry seeks to understand and interpret the meaning of phenomena (obtained from the joint construction and reconstruction of meaning of lived experience) and the result is used to inform and improve practice (Guba, 1996; Lincoln, et al., 2011). Under the constructivist paradigm, multiple realities exist and are dependent on the individual (Lincoln, et al., 2011). Reality is “constructed and experienced in so many different ways” (Gamble, 2002, p.142 cited in Burnham, Gilland, Grant, & Layton-Henry, 2004, p. 188) and experiences, values, and beliefs can not only differ but can also be diverse between people.

The research is also both interpretive and critical. It is interpretive as it seeks to understand the situation from the perspective of the participants (K. D. Locke, 2001; L. F.
Locke, Silverman, & Spirduso, 2009). The critical nature of the research stems from the fact it examines the consequences (both intended and unintended) arising from performance measurement systems. Critical qualitative researchers seek to understand what causes behaviour, to determine the existing structures that shape undesirable behaviour, and to then correct the structures (Gabrielian, Kaifeng, & Spice, 2007). Under the lenses of constructivism, this research uses two qualitative methods for data collection and analysis: qualitative interviewing and documentary analysis. These methods form two of the three broad groups of qualitative data collection and analysis (Gabrielian, et al., 2007; Yanow, 2006).

METHODS

In order to understand other persons’ constructions of reality, we would do well to ask them...and to ask them in such a way that they can tell us in their terms... (S. Jones, 1985, p. 46).

Interviews

The purpose of conducting interviews is to gain some insight into the reality experienced and constructed by NSOs, shaped by their lived experiences, within a performance measurement system. In-depth qualitative interviewing allows for a unique insight into the understanding of other peoples’ experiences, and the meanings they construct through these experiences (Seidman, 1998). Interviews help us to see things as others do (Fielding, 1993). Accordingly, the research is based on semi-structured interviews with twelve interviewees from nine NSOs within New Zealand. This chapter will now set out the criteria used for interviewee selection as well as the procedures of the research.

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22 The third broad category, which will not be used in this research, is observation.

23 Interviews with members of SPARC were considered but were not undertaken given the focus of the research was on the perceptions of NSOs with respect to performance measurement systems. However, further research
**Sample**

With respect to the sample size, the literature indicates that interviews should cease to be conducted when no new information would be obtained from new interviewees – also known as the theoretical saturation point (Gabrielian, et al., 2007; Guest, Bunce, & Johnson, 2006; Merkens, 2004; Patton, 2002; Punch, 2005; Strauss & Corbin, 1998). Prior to contacting the NSOs, it was predicted that eight NSOs would be sufficient, though the possibility of requiring more (or less) interviews was left open. A saturation point was reached and, by the end of the research, ten interviews were conducted with twelve interviewees from nine different NSOs. For two of these NSOs, interviews were conducted with two participants at the same time. For another NSO, two interviews were conducted with two participants on separate occasions.

The interviewees were made up of seven chief executives (CEs), three high performance directors (HPDs), one game development officer, and one operations director, and all but one were current employees of their respective NSOs. All interviewees held (or had held) prominent positions within their organisations and the majority had considerable knowledge and experience within the sport sector. Most importantly, each interviewee had knowledge and understanding of the SPARC performance measures and funding policies and were able to speak to the effect(s) they had on their organisation as a whole. Patton (2002) notes that the validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational and analytical capabilities of the researcher than with the sample size (Patton, 2002). An intensive investigating the perceptions of a wider range of organisations (e.g. SPARC, RSTs, regional sports organisations, clubs, and even greater numbers of NSOs) would provide an interesting avenue for future research.
A study of a smaller number of organisations can be more revealing than interviewing a greater number of organisations at a superficial level.

As set out in chapter 2 of this thesis, SPARC provides targeted investments to prioritised NSOs at an elite sport level. There are effectively two categories of elite sport NSOs: (a) prioritised NSOs and (b) contestable funding (non-prioritised) NSOs (SPARC, 2006). Of the nine NSOs interviewed, four NSOs were prioritised elite sports while the remaining five NSOs were non-prioritised elite sports. The sample selection sought to capture a range of NSO perceptions, rather than a particular group (e.g. only prioritised elite sports), from within New Zealand.25

Further criteria used for the selection of participants are as follows. First, all NSOs selected had reasonably high media profiles and established organisational structures (i.e. having full-time paid staff such as CEs, HPDs, development officers etc). This ensured the organisations had sufficient interaction with SPARC and their performance targets, indicators, and measures such that meaningful discussion and useful analysis of the phenomena could be undertaken.26 Secondly, NSOs were selected to strike a balance between team and individual sports however the exact balance is not included here as it could compromise the anonymity of the participants. Thirdly, and while certainly not determinative, the location of the NSOs within New Zealand was given consideration due to the limitations in travel funding and the time permitted for interviewing.

Procedure

The research used semi-structured interviews. They were semi-structured in the sense that pre-determined questions were prepared, with theoretical grounding providing a

25 A full list of NSOs is provided at the Sport NZ website – see Sport NZ (n.d.-a).
26 It is acknowledged that this restriction somewhat reduces the degree to which the sample was representative of all NSOs.
framework, but open-ended and exploratory questions followed on from interviewee responses (see Appendix A for a sample interview guide). The interview guide was provided to the interviewees prior to the interview taking place. It facilitated conversation and ensured basic lines of inquiry were pursued with each participant (Patton, 2002). Open-ended questioning and informal probing was used to facilitate discussion of the topics outlined in the interview guide and in response to interviewee answers (Green & Houlihan, 2005). Brower and Jeong (2007) note that it is important to devise an interview that is as nondirective as possible and to use the interviewee’s own answers to push for further clarification of the interviewee’s view of matters. Furthermore, the structure of the interview and nature of the questions will allow participants to talk freely and offer their interpretation of events (Green & Houlihan, 2005). These procedural recommendations were followed during interview and, in keeping with the constant comparative method, interview guides were continually revised.27

Initially, 15 NSOs were contacted to be potential interviewees. During the course of the interviews, three further interviewees (from two further NSOs) were contacted having been recommended by other interviewees. All potential interviewees were initially contacted by a formal letter and email (identical to the letter) which provided a brief outline of the research as well as some background information about the researcher (a sample of this letter has been included – see Appendix B). The letter and email also invited them to participate in the research stating it would provide an opportunity for them to share their experiences, understanding, and the effects that performance measures and funding criteria have on their organisation. These documents were posted and emailed on the same day and, given email is instantaneous, the formal letter effectively operated as an early follow-up.

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27 See the Interpretation and Analysis section below for further discussion of the constant comparative method.
Following this initial contact, only two NSOs responded by showing interest in taking part. The remaining NSOs who did not at first respond were contacted by phone.²⁸ Five further NSOs indicated that they would take part; however one of these NSOs later did not respond to a follow-up email attempting to organise an interview date as well as two further follow-up phone calls. As a result, an interview could not be organised and the interviewee was presumed to be unavailable. Similarly, two other NSOs did not reply to the request. Five more NSOs declined to be involved. Following the completion of these first six interviews, conducted over a three week period, it was necessary to follow up with further potential interviewees. At this time and following subsequent follow-up calls approximately two months after initial contact, one NSO, who stated they had initially been too busy, then agreed to participate. Three more potential interviewees (from two more NSOs) were contacted having been recommended by other interviewees and all three individuals agreed to participate. It had been anticipated that all interviews would be carried out over a two to three week period. However due to a combination of having to contact further interviewees as well as significant difficulties surrounding the availability of interviewees, it ultimately took just under four months to complete all interviews. All interviews, except one that was conducted via Skype video conferencing, took place at the NSOs’ offices. The interviews ranged in length from 50 minutes to 100 minutes with the average length of interview being approximately 77 minutes.

Interviewees were provided with any additional information requested as soon as possible. Three NSOs requested further information surrounding issues of confidentiality and anonymity. The confidentiality and anonymity of the interviewees was maintained throughout the course of the research through the following steps. First, no personal names or details were (or will be) used in the publication of the research findings and all original data has been

²⁸ In some instances, it took up to four follow-up phone calls before a response was received and even then some NSOs did not respond at all.
stored securely. Where participant’s statements appear in text, they have been accompanied with a number (e.g. Interviewee #5) as a means of recognising when comments were made by the same individual and to also verify that information was obtained across all sources. Where there are two participants from one NSO, the interviewees are distinguished by an additional letter (e.g. Interviewee #3a and #3b). Secondly, the interview data was aggregated and categorised according to research themes informed by the interviewees own responses to questions as well as the theoretical framework. Thirdly, it was clearly explained that interviewees should be speaking on behalf of and representing their respective public organisations, as they would on a daily basis. To ensure interviewees were fully aware of their rights and the implications of being involved in the research, they were asked to read and sign a consent form (see Appendix C).

With the interviewee’s permission, the interviews were tape-recorded and transcribed. Tape recording of interviews increases accuracy of data collection and allows the interviewer to be more attentive during the interview (Patton, 2002). Process notes were taken during the interviews.²⁹ Process notes can assist the interviewer with the formulation of new questions, facilitate subsequent analysis, and help pace the interview (Patton, 2002). Not having to take full transcription notes allowed for greater depth and understanding of the interviewee’s responses and consequently allowed for more poignant follow-up questions. Process notes also served as a reminder of those comments or statements which may not necessarily have been captured in the transcription process (Rubin & Rubin, 2005). Upon completion of the interviews, transcriptions of the interviews were returned to the interviewees for checking, which is a procedure that helped to increase the credibility of the data (Burnham, et al., 2004).

²⁹ The alternative to process notes is full transcription notes. These were not used as they can “lose the nuances of native language, often change the intentions of the interviewee, and distract the interviewer from being able to listen closely to the interviewee’s answers” (Brower & Jeong, 2007, p. 828).
Documentary Analysis

The purpose of analysing documents is two-fold in that documents provide context and contain performance measures. First, contextualisation can be realised through the analysis of historical policy documents.\(^{30}\) The significance of a document is achieved when it is put into context set by analytical and methodological assumptions (Burnham, et al., 2004). From a methodological dimension, contextualisation is a necessary step to allow analysis to occur (Lazega, 1997). It is important to note that documents are not objective and value-free. Rather, under the constructivist paradigm, documents represent socially constructed realities (Lincoln, et al., 2011; Patton, 2002). However, the construction of realities “must depend on some form of consensual language” (Guba & Lincoln, 1985, p. 71). Policy documents, particularly those created by SPARC, help to form a part of this consensual language. For this research, reports released by SPARC (e.g. statements of intent, strategic plans, annual reports, etc.), NSO documents (e.g. annual reports, strategic plans, etc.), media releases, and other governmental documents (e.g. from the State Services Commission, Office of the Auditor General), all of which could be obtained on the internet, have contributed to building a contextual understanding.

Secondly, policy documents are also key sites for performance measures as performance targets, measures and indicators are often explicitly stated in these documents (e.g. statements of intent, strategic plans and investment schedules between SPARC and NSOs). Given the objective of this investigation is to gain insight into the way in which NSOs perceive and interpret SPARC funding policies and performance measures, document analysis was critical to understanding the specific types of criteria and performance measures that NSOs are subject to. Documents relating to NSOs (e.g. annual reports, strategic plans association minutes, agendas, memos, correspondence, media articles) also shed light on the

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\(^{30}\) See chapter 2 for a full outline of the New Zealand political, cultural, social and sporting context.
way that measures are understood by and affect NSOs. Importantly, these documents not only provided background information prior to conducting the interviews but they also aided in the construction of interview questions. Furthermore, during the course of the research important documents (such as investment schedules and consultant review reports) were obtained from some of the interviewees and utilised to further contextualise and inform the analysis and discussion surrounding performance measures and funding policies.

Houlihan (2005) suggests that policy analysis must take into account a period of at least five to ten years in order to gain a complete picture of patterns and trends. Document analysis has been critical in depicting the historical, social, and political context surrounding the performance measurement system, as set out in chapters 1 and 2. It has also been a crucial method to verify and corroborate interview findings, as will be discussed in chapters 5-8.

**Interpretation and Analysis**

Data interpretation and analysis involve making sense out of what people have said, looking for patterns, putting together what is said in one place with what is said in another place, and integrating what different people have said (Patton, 2002, p. 380).

The following means were used to establish valid and plausible interpretations from the interview and documentary data. Given the qualitative nature of the research and a constructivist paradigm, grounded theory and the constant comparative method developed by Glaser and Strauss (1967) were useful. Grounded theory insists on the use of multiple perspectives and will help generate theory grounded in data (Gabrielian, et al., 2007; Punch, 2005; Strauss & Corbin, 1998). The data collected related to a focus of inquiry rather than being grouped together according to pre-determined categories. The focus of inquiry for this research revolved around the theoretical grounding outlined in chapter 3 related to the uses,
(intended and unintended) consequences, and agent perceptions with respect to performance measurement systems. Consequently, theory is derived from an analysis of patterns, themes and common categories underlying the observational data (Brower & Jeong, 2007). As each new unit of meaning was selected for analysis, it was compared with all other units and subsequently grouped or coded with similar units to form categories. If there were no similar units then a new category was formed (Glaser & Strauss, 1967). In some instances, it may be the absence of any reference to an issue or topic that was noteworthy.

The constant comparative method allows meaning to be assigned to observations expressed from the data through joint coding and analysis of the data (K. D. Locke, 2001). It requires “close reading, comparison and attendant conceptualisation of data” (K. D. Locke, 2001, p. 45). Thus, when analysis and discussion of the data occurs, the constant comparative method requires that the process of induction occur from all available sources (i.e. from both interviews and documents) rather than just one piece or source of data. With respect to data analysis, Gabrielian et. al. (2007, p. 158) notes that “the process of data analysis is not completed in one decisive step, but is iterative, with consecutive inductive and deductive reasoning in each pattern identification–verification cycle.” Data collection and analysis are not able to be neatly separated from one another. This is due to the fact that data collection and analysis occurred in alternating sequences (Strauss & Corbin, 1998). Data gathering continued up until the final write-up of this study. However, through the use of the above techniques, a researcher is able to use grounded theory to generate inductively a tentative but explanatory theory about a phenomenon (Sadovnik, 2006). In this case, the research provided some insight into the phenomenon of performances measures with respect to sport organisations.
ISSUES AND CONSIDERATIONS

The most significant issue that arose related to the ability to access information. This included access to interviewees themselves, information held by the interviewees, and vital documents. Given the dependency of NSOs on the funding provided by SPARC, there was a possibility of encountering resistance and unwillingness to assist or facilitate the research as interviewees may be less than forthcoming. Some interviewees were, to a degree, reluctant to state their views, to be critical of the performance system, or to provide documentation as it can only be assumed that they did not want to be seen to be ‘biting the hand that feeds’. Indeed, despite the ensured anonymity, for some of the participants their reticence to speak candidly about the topic, particularly in relation to SPARC, reflected the apparent power relations between some NSOs and SPARC. For example, an NSO, who did not at any stage respond to either the introductory letter or follow-up phone calls, forwarded the letter of introduction on to SPARC to ensure they were aware of the research. Another NSO, who had participated in the research and following a request for documentation, indicated by email the following:

...there are for us some concerns about how the study...may be regarded by others. We are not able to or indeed would not expect to affect the final outcome of [the] work therefore we have to be circumspect with what we are prepared to release as documents (Interviewee #9).

Given these reactions and wariness to the research, it is not unreasonable to interpret the decline by some NSOs to be involved in the study as reflecting the power relations between their organisation and SPARC. 33

33 Of the five NSOs that outright declined to participate, three indicated that the reason they were not able to participate was due to a lack of time. That is not to say, however, that a fear of speaking about the system was also not a motivating factor for refusing to participate.
As opposed to deliberately withholding information, as with above, another challenge related to the fact that some interviewees may have withheld information unknowingly. This may have occurred as it is unlikely that the interviewees would have had knowledge as to all of the relevant forms of intended and unintended consequences of performance measurement systems upon their organisations. Using another form of data collection, observation of the practices of the NSOs, would have been the only way to significantly overcome this methodological challenge. Having said this, the challenge was, to a degree, ameliorated by providing the interviewees with brief descriptions of relevant effects outlined within the literature. Browser and Jeong (2007) warn that the researcher must be mindful not to ‘lead the witnesses’ during an interview. Given the interviewees were experienced paid staff speaking on behalf of public organisations, it is unlikely that there was a risk of psychological discomfort resulting in them being led to answer inaccurately. Instead, many interviewees were forthright in their answers, regardless of whether they denied or agreed with the question and, as outlined above, far more likely is the prospect that the research was hindered by the guardedness of a practised bureaucrat.

Strauss and Corbin (1998) state that a methodological difficulty may be the researcher maintaining a balance between objectivity and sensitivity. Both objectivity and sensitivity are necessary for qualitative research:

Objectivity is necessary to arrive at an impartial and accurate interpretation of events. Sensitivity is required to perceive the subtle nuances and meanings in data and to recognise the connections between concepts (Strauss & Corbin, 1998, pp. 42-43).

Ultimately, under the constructivist paradigm, the validity of this research will be dependent on a number of factors such as the credibility, trustworthiness, transferability, dependability, and confirmability of the work (Lincoln, et al., 2011; K. D. Locke, 2001). Another crucial indicator of the quality of the work will be how it is judged by the academic
community (Maxwell, 2002). Using a qualitative approach within a constructivist paradigm, data was collected through both interviews and documentary analysis in order to gain an understanding of how NSOs perceive and interpret performance measures. Document analysis provided the formalised historical and social context, whilst interviews provided insight into the perceptions, experiences and realities faced by the interviewees. From this data, a range of NSO perceptions and unintended consequences were found and will be discussed in detail in the following chapters 5-8, consisting of analysis and discussion.
CHAPTER 5

INVESTMENT SCHEDULES AND PERFORMANCE MEASURES

Analysis involves making sense of collated data, identifying patterns, and then constructing an appropriate framework in order to effectively communicate findings (Patton, 2002). The effectiveness of this lies in the ability to return “analysis to its roots in a world of practical, human and social – and not merely abstract academic – concerns” (Dey, 1993, p. 239). The value of studying the impact of performance measures and funding regimes on NSOs was touched on by one interviewee: “...for a sport like [ours] to be selfish about it, it needs to know where it stands because, I guess, ultimately should it be an NSO? Should it have a CEO? I mean, all those kinds of things actually do matter” (Interviewee #5). NSOs are subject to performance measures and SPARC’s investment policies are premised upon such information. Thus, this chapter provides a descriptive account and analysis of a key site of SPARC performance measures – investment schedules. Further chapters will discuss the implications of two notable NSO perceptions: first, trust in SPARC (chapter 6); and secondly, trust in the performance system itself (chapter 7). Then, in light of these perceptions, chapter 8 will identify and examine the unintended consequences that may be occurring within the performance system.

Investment schedules provide investment into specified areas. The three most significant types are: (a) High Performance investment schedules, (b) Community Sport investment schedules, and (c) [organisational] Capability investment schedules. There may
also be investment schedules in the following areas: Coaching, International Events, Talent Identification, Prime Minister’s Scholarship Programme, and Independent Reports.\textsuperscript{34}

Each investment schedule contains six numbered sections: (1) Introduction, (2) Term, (3) SPARC Investment, (4) Outcomes, (5) Reporting, (6) Requirements. Table 2 provides a description of each of the six sections of the investment schedules and is drawn from a collection of 20 investment schedules received from four NSOs (Interviewees #3, #4, #5, #9). There were six Elite Sport investment schedules, nine Community Sport investment schedules, and five Capability investment schedules, the dates of which ranged from 2005 through to 2011 but with the vast majority from 2010 or 2011. Each investment schedule is negotiated between the NSO and SPARC and signed by staff from both organisations. Reporting and monitoring of the schedules generally takes place through SPARC ‘relationship managers’ and ‘high performance consultants’ but NSOs may also attend annual investment meetings with SPARC where they present on their progress and, if necessary, lobby for further funding.

It should be noted that not necessarily every NSO receives an investment schedule for each of the three significant investment areas. Indeed, some NSOs only receive one investment schedule with a lump sum that covers that particular sport’s entire SPARC funding allocation. The more fortunate NSOs may be given multiple investments in a single area over the course of a year.

In order to provide some context and understanding, the following sections will briefly describe and provide examples of the outcomes, strategies and measures / KPIs contained in investment schedules in the areas of High Performance, Community Sport, and [organisational] Capability.

\textsuperscript{34} Indeed, sometimes these investment schedules areas are sub-categories of High Performance, Community Sport, or Capability investment schedules.
### TABLE 2: Description and Examples from SPARC Investment Schedules with NSOs.

<table>
<thead>
<tr>
<th>SECTION TITLE</th>
<th>DESCRIPTION OF SECTION</th>
</tr>
</thead>
</table>
| **(1) Introduction** | The ‘Introduction’ section introduces the investment to be provided. It contains background information and often outlines SPARC’s reason for providing the investment to the NSO. It may also detail how SPARC views the investment will assist them in achieving their own organisational goals, as set out in their strategic plans (see Sport New Zealand, 2012). These goals are often explicitly stated and examples include:  
  - More Kiwi kids in sport and recreation  
  - More Kiwi winners on the world stage  
  
The section may also set out that the schedule should be read in conjunction with other documents, such as any relationship agreement or memorandum of understanding that exists between SPARC and the NSO. |
| **(2) Term** | The ‘Term’ section sets out the funding term – the time period, over which the investment will occur – for the particular schedule. Funding terms differ according to the type of schedule and the investments’ purposes. Recently, Sport NZ have stated they favour multi-year commitments so that they can give NSOs “certainty about their income” and to “help [NSOs] with their planning” (Sport New Zealand, 2012, p. 16)  
  
For large investments, in areas such as Elite Sport and Community Sport, the funding periods will typically range from between one (annual funding) to four years. The longest funding periods are given from pinnacle event to pinnacle event. For example, an Olympic sport NSO may receive a funding cycle in line with the timing of Olympic Games (i.e. from London 2012 to Rio de Janeiro 2016). However, funding terms can be as brief as a month or two. Two examples of short funding terms would include: (1) providing funding for a management consultant to provide assistance to an NSO; and (2) an Elite Sport investment schedule for funding to develop elite sport facilities. Generally, many [organisational] Capability investment schedules have short funding terms. |
(3) **SPARC Investment**

The ‘SPARC Investment’ section sets out the amount of money to be given to the NSO by SPARC and the dates on which this will occur. NSOs may receive a certain amount of funding upon signing and a further amount at a later date, dependent upon certain performance measures being met.

In some, but not all, investment schedules, SPARC specifically states that it “reserves the right to renegotiate the terms of this investment schedule if agreed KPIs and reporting conditions are not achieved” by an NSO.

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(4) **Outcomes**

The ‘Outcomes’ section is the key site for performance measures and targets. While there does not appear to be one particular format that must be adhered to at all times, the section is typically formatted in a table with columned headings for the areas of:

- Outcomes;
- Strategies;
- Measures / KPIs;
- Due Dates

Thus, the section will set the outcome(s) to be met through the investment, set strategies for how a particular outcome is to be achieved, set the performance measures, targets and KPIs to be met (and in doing so ultimately determine what exactly the outcome will be measured against), and set the due dates for completion of the tasks.

Further information and specific examples of the types of outcomes, strategies and measures / KPIs used in Elite Sport, Community Sport, and Capability investment schedules are provided in their respective sections of this chapter.
### Reporting

The ‘Reporting’ section sets out when final and progress reports by NSOs are due to SPARC. The final report requires an evaluation of the performance indicators outlined earlier in the investment schedule. Progress reports may be written documents or verbal reports on progress against the performance indicators.

The section will outline due dates for the progress reports and the final report, which often coincide with the due dates specified in the ‘Outcomes’ section. The due dates for reporting can be of any length but, for the larger and longer term investments, are generally yearly or six monthly. For example, an NSO receiving a three year investment from 2012 to 2014 may be required to provide two progress reports, one in 2012 and one in 2013, and a final report in 2014.

### Requirements

The ‘Requirements’ section sets out any further tasks to be completed by the NSO upon which investment is contingent. The conditions upon which contingency of funding is based are varied and can require that the NSO:

- Provide information to SPARC such as updated strategic and business plans, financial information and accounts, and breakdowns of membership information and participation.
- Raise any issues with SPARC that may significantly affect the achievement of the sport’s strategic initiatives or outcomes.
- Complete any reports or plans (e.g. whole-of-sport plans).
- Complete any review of their organisation and agreement to implement any findings from the review.
- Allow the appointment of an independent board director.
- Participate in post-Olympic debriefs or evaluations as requested by SPARC / High Performance Sport New Zealand.
- Grant SPARC permission, at no cost, to use and distribute a report as an example of best-practice.
HIGH PERFORMANCE INVESTMENT SCHEDULES

High Performance schedules (to be referred to as ‘Elite Sport schedules’) provide investment for a range of elite sport related activities. They had been provided by SPARC but are now controlled by High Performance Sport New Zealand. Typically, Elite Sport schedules provide investment for costs associated with preparing for and attending pinnacle events (Olympic Games, World Championships, and Commonwealth Games) but can also provide investment for developing world class facilities. There are also International Event investment schedules which provide funding for holding international events in New Zealand, which may be classed as a sub-set of elite sport investment by SPARC. Performance Enhancement Grants and Prime Minister’s Scholarship Programme investment schedules are also considered elite sport investment. Depending on the type of investment being provided, the objectives of elite sport investment include: (a) more world-ranked New Zealand athletes and teams, (b) improved world rankings for New Zealand athletes and teams, (c) improved delivery of elite sport programmes.

The ‘Outcomes’ section of Elite Sport schedules appear to have undergone a subtle change recently. Table 3 provides examples from the ‘Outcome’ section of one of the most recent Elite Sport investment schedules.

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35 As previously outlined, for the purposes of this research, the term ‘elite sport’ will be used where possible to describe ‘high performance sport’ in order to prevent any confusion between notions of high performance sport, performance measures and organisational performance.

36 In providing funding for the development of world class facilities, the investment can range from full to partial funding for the facilities. If partial funding for a project is given, the remainder of the funding would need to be obtained by the NSO through additional funding sources such as trust grants, membership fees, or sponsorship.

37 There can significant overlap in investment schedules. For example, an ‘International Events’ investment schedule may set out a number of outcomes to be achieved, many of which could also fall under an Elite Sport schedule. For example, an outcome in an International Event investment schedule might be an ‘increased performance of New Zealand athletes in World Championships’ and contain a set of medal targets as KPIs.

38 Performance Enhancement Grants are designed “to help athletes with living costs so that they can concentrate on training and competing” while Prime Minister’s Scholarships are designed “to help athletes and coaches further their academic or professional development” but are provided to recipients (athletes, coaches, support staff, officials) through investment schedules with the NSOs (High Performance Sport New Zealand, 2012). Despite their connection to NSOs, these investments were beyond the scope of this study.
Table 3: Examples of Outcomes, Strategies and Measures / KPIs from the ‘Outcomes’ Section of Elite Sport Investment Schedules.

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Strategies</th>
<th>Measures / KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased performance of [athletes] in World Championships [or other pinnacle event]</td>
<td>• Recruit / retain key players [or athletes], coaches and support staff</td>
<td>• [Team] to move beyond the [certain stage] at the 2012 Olympic Games</td>
</tr>
</tbody>
</table>

Earlier schedules described the outcome in terms of medals targets and / or finalist placing targets (for individual sports) or qualification past a certain stage of a tournament (for team sports) at pinnacle events. However, more recent schedules (from approximately 2010-2011 onwards) state that the outcome is now an “improved performance of New Zealand athletes” in the relevant pinnacle event. Medal targets still remain in the documents but have now been re-categorised and fall under the ‘Measures / KPIs’ section. It will be difficult to determine the impact this re-categorisation will have on the way NSOs perceive the Elite Sport schedules. It may be that the change will have little, if any, impact for two reasons: (a) SPARC currently clearly and publicly articulate their medal target for pinnacle events, consistent with earlier practice – for example, the target for the London 2012 Olympics is ten or more medals (Sport New Zealand, 2012, p. 1); and (b) NSO perceptions are that the ultimate criteria and measures of elite sport are medals, regardless of where they are described in the investment schedule.39

COMMUNITY SPORT INVESTMENT SCHEDULES

Community Sport schedules, formerly described as ‘Sport Development’ by SPARC, provide investment for a range of community sport (grass-roots) related activities.

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39 For further discussion of the unintended consequences of NSO perceptions of elite sport performance measures – see chapter 8, section ‘Talent Identification: Unmeasured Aspects Fall between the Cracks’ p. 111.
Community sport funding had previously been provided to NSOs on an historical basis (i.e. “you get what you get”) and there was little meritocracy in the system, as noted by one NSO:

Traditionally, the old sport development funding that came through was, there was never a formula. There’s been, in fact I know for [our sport] we’ve been getting an amount of [SX] a year. We’ve been getting that money probably since the inception of the Hillary Commission way back in the early 90s. And that money has never changed. And you always ask “what’s the formula for assessing it?” Because I know some sports get more, some get less. And there’s never been an answer. It’s always “well that’s just what it is but it will change one day”...and now it’s changing, I think, with community sport (Interviewee #6).

While the interviewee noted that the system appeared to be undergoing a change, as their level of community sport funding had increased, he was not entirely clear on what basis the new funding allocations were being made.

The most recent Community Sport schedules obtained provide the following goals and objectives in the ‘Introduction’ section:

Community sport and recreation investment is intended to develop, support and maintain the provision of a high quality sporting and recreation experience for participants, members and volunteers. This investment will ensure participants are provided with lifelong opportunities to realise their sporting and recreation potential and ambitions. Primary responsibility for providing these opportunities rests with the implementation of a community sport and recreation programme through an integrated sport and recreation delivery network, comprising national, regional and local sporting and recreation organisations.

SPARC go on to state that an effective and efficient network will help them achieve their community sport outcomes, such as: (a) more Kiwi kids in sport and recreation, (b) more Kiwis in sport and recreation, and (c) more Kiwi winners on the world stage.40

40 Earlier Community Sport schedules stated the following in the ‘Introduction’ section: “SPARC’s new emphasis recognises that Sport [sic] plays a major role in achieving wider social and economic benefits. The driving force behind the strategy and SPARC’s investment is to create ‘healthy, sustainable and co-ordinated organisations delivering quality sport to their communities’ in order to achieve the long-term outcomes of more New Zealanders participating in and / or contributing to community sport.” SPARC then went on to note that it had highlighted four priority areas for community sport that it would concentrate its investment and support on in order to achieve their goals – the four priority areas being: (a) developing a collaborative community sport
The ‘Outcomes’ section for Community Sport schedules generally contain between five to six (if not all) of the following seven outcomes: (a) an increase in the level of fundamental movement and basic sport skills in primary school aged children, (b) more young people participating in sport through clubs and organised events, (c) more young people participating in organised sport through primary and secondary schools, (d) an increase in the number of adults participating in clubs and organised events, (e) an increase in the number and quality of volunteers – especially coaches, (f) improved ability of national and regional sporting organisations to deliver sport in communities, and (g) improved financial sustainability. Table 4 provides examples of the measures / KPIs that are required for just one particular Community Sport schedule outcome. There can, in some instances, be a combination of Community Sport schedule and [organisational] Capability schedule outcomes in one combined investment schedule.

**TABLE 4: Example of an Outcome and Measures / KPIs from the ‘Outcomes’ Section of Community Sport Investment Schedules.**

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Measures / KPIs</th>
</tr>
</thead>
</table>
| - An increase in the number and quality of volunteers - especially coaches | - number of coaches in the sport  
- number of coaches that have received formal training  
- number of coach recognition functions held  
- number of coach training and / or development opportunities provided  
- number of coaches who participated in training and /or development opportunities  
- % satisfaction of new coaches with the induction process  
- % satisfaction of coaches with training and development opportunities provided  
- % participant satisfaction of coaching received |

delivery model, (b) enabling more opportunities for young New Zealanders to participate in community sport, (c) developing and supporting the volunteer base for organisations and people involved in community sport, and (d) developing the capability and capacity of organisations and people involved in community sport.
At present, baseline figures for the majority of these measures / KPIs have not yet been established by NSOs and, therefore, they are being asked by SPARC to establish them in the first year of their investment funding. Where investment is being provided beyond a single year, NSOs are required in the following years to show increases in the measures / KPIs by specified amounts. For example, year one of a Community Sport schedule may require an NSO to establish a baseline of adults participating in specified events, while year two will require a 10% increase on that figure, and year three will require a 20% increase overall. This is an example of ratchet effects and refers to the tendency for central agencies to “base next year’s targets on last year’s performance” (Bevan & Hood, 2006, p. 521).

**CAPABILITY INVESTMENT SCHEDULES**

*Capability schedules* provide investment to NSOs so that they can further enhance and develop their organisational performance. SPARC Capability schedules can, in some instances, be connected to SPARC’s Organisational Development Tool. The Organisational Development Tool is described by SPARC as an organisational ‘Warrant of Fitness’ that grades six organisational facets: leadership, planning, customer focus, sport delivery, sport management (internal), and people management (Sport New Zealand, n.d.-c). SPARC are able to use these tools to compare organisations and identify potential areas for improvement to NSOs, RSTs, secondary schools, regional organisations, member organisations, and clubs. Capability investment may be given to NSOs to improve underdeveloped areas of their business.

The most recent Capability schedules provided the following reason for investment in the ‘Introduction’ section:

For SPARC to achieve its strategic outcomes, partner organisations need to be capable of delivering a high quality sporting and recreation experience for participants, members and volunteers. Capability investment is provided by SPARC to
organisations to enable them to improve their organisational processes and practices (capability) based on the premise that this will lead to improved organisational performance.

The ‘Outcomes’ section contains outcomes such as: improved governance and delivery capability in the NSO, improved commercial capability of the NSO, and improved leadership capability within the NSO. Also within this section, strategies outline the activities the investment funding is provided for and include: (a) the creation and adoption of new constitutional arrangements, (b) the alignment and linking of planning through member organisations or regional associations to NSOs, (c) the use of scoping or feasibility studies, (d) the provision of coaching support to selected NSO personnel by having them complete coaching sessions with nominated SPARC coaches, and (e) the hiring of management consultancy firms to provide support to NSOs. The measures / KPIs associated with Capability schedules are often measured by either requiring the production, delivery, or adoption of a document (e.g. new constitution, communication pack) by a certain date or by ensuring that the activity paid for actually takes place (e.g. the hiring a management consultancy firm).

Arguably, the most significant, and certainly the most newsworthy, form of capability investment occurs when SPARC step in to maintain the financial solvency of NSOs, an outcome described as “improved financial management capability”. SPARC have stepped in to assist a number of struggling NSOs and examples include rugby league, basketball, football, and bowls (Brown, 2008; NZPA, 2010; SPARC welcomes new era for NZ Rugby League,” 2009; Worthington, 2010). In such instances, it is not uncommon for SPARC to request in the Capability schedule that the “[NSO] secures a new Board of directors to SPARC’s satisfaction” and / or that “no [SPARC] preferred applicants are dissuaded from joining the [NSO] Board due to [NSO’s] financial position”. Such requests fit with SPARC’s
purpose to “hold its partners and itself accountable for taxpayer investment and intervene where that investment is not delivering what it should” (SPARC, 2010, p. 3).

**SILOS OF FUNDING**

Having described the contents of SPARC investment schedules, it is appropriate to briefly describe how the NSOs perceived SPARC’s funding categorisations. NSOs perceived there to be a clear distinction between elite sport investment and community sport investment. The two areas were described by an interviewee as being silos: “SPARC are big on pathway but obviously their funding stream...silos you quite a lot” (Interviewee #3). Subsequent interviewees agreed with this description and went on to use the term ‘silos of funding’ themselves. The implication of the word ‘silo’ in this context indicates that the NSOs observe the funding streams to being separate and enclosed areas that are distinct from one another.41

As Hood (2007, p. 95) notes:

> Any serious research programme on modern public services has to go beyond practico descriptive accounts of such systems to look carefully at the scope and limits of performance metrics..., their intended and unintended effects, and the factors that shape their use.

Thus, this thesis will now analyse and discuss the research data by examining the NSO perceptions of the SPARC performance system – performance measures, targeted funding allocations and the status of the relationship between the NSOs and SPARC. The NSO perceptions of the system are predominately grounded in data obtained through interviews with selected NSO personnel but are also informed by documentation obtained from NSOs (such as NSO statements of intent, strategic plans, independent review reports, etc.). It is important to note that while the purpose of the study is to understand how NSOs perceive and

41 For further discussion of ‘silos of funding’, the link to self cream-skimming, and the implications for NSOs – see chapter 8, section ‘Self cream Skimming or Specialised NSOs?’, p. 109.
interpret performance measures and to identify unintended consequences that may be occurring within the performance system, discussions with interviewees invariably included references to their respective budgets, their relationship with SPARC, and their standing / status relative to other NSOs and sporting organisations.
CHAPTER 6

PERCEPTION #1 – TRUST IN SPARC

The best way to find out if you can trust somebody is to trust them (Ernest Hemingway).

This chapter discusses the implications of the first notable NSO perception – trust in SPARC. While there were a range of NSOs opinions and opposing viewpoints were present, with the majority of interviewees describing a positive relationship with SPARC. The chapter also discusses NSO perceptions related to notions of accountability, control and (earned autonomy) before touching on the way in which NSOs mobilised arguments in an attempt to ‘capture’ SPARC. Initially, however, the chapter will note the role investment schedules and performance measures play in creating, developing, and sustaining levels of trust and the relationship (or lack thereof) between the NSOs and SPARC.

INVESTMENT SCHEDULES AND MEASURES – A STARTING POINT

NSOs believed that investment schedules were useful tools for building trust between the two organisations. Investment schedules and performance measures were viewed as critical to establishing trust because they not only provided a starting point for discussion but were also a vital avenue through which ongoing communication and strengthening of the relationship could take place. As one interviewee observed, the difficulty for NSOs lay in establishing an initial connection:

I think the hard part is obviously that first conversation when we went through ...to get our funding – that is about proving your case (Interviewee #2a).
Indeed, all of the NSOs recognised the need, on their behalf, to build trust and confidence within SPARC. NSOs understood that the initial burden was on them to prove that they were capable of delivering on the outcomes and measures required by SPARC, both in terms of sporting programmes and organisational effectiveness. In discussing their NSO’s approach with respect to their elite sport programme, one interviewee observed that it was about ensuring that SPARC are confident investing in the NSO’s programme:

...we put in place, through that front end funding, a programme that completely wraps around the athletes to the best as we can. So it gives them as much support possible and I think that’s really where the confidence should come from SPARC. I think SPARC, and I know they recognise this, their purpose is to focus on the programme that we have in place. Firstly, is it creating that conveyor belt for potential talent? So does it open the door to potential talent? Does it give it enough coaching support, sport service support, everything else to give it the best opportunity to get there? (Interviewee #6).

Similarly, another interviewee (Interviewee #3b) expressed that their NSO was engaged in a “consistent sell” to the key personnel within SPARC, via performance consultants, relationship managers, elite sport support staff, as to the state of their business. Examples of the way that this might occur included “financials (where we’re under pressure financially or where we’re investing our current financials) right through to the details of care for athletes that they see on the world stage competing” (Interviewee #3b).

In return for improved performances and the achievement of outcomes and measures, a number of NSOs (Interviewees #3a, #6, #8b, #9) requested not only greater investment opportunities but also aspired for greater levels of trust and confidence as a reward, as demonstrated by the following quote:

I believe that there are some opportunities for increased funding. I’d like to think that. I believe that that is there. I guess that’s a challenge because if you exceed and do everything and you achieve everything, do you really get a significant increase? Or not....but one of the things that I would like to think is that there would be an increased level of trust so that you know if we’re putting forward something, it is something that
we have considered.... And I think that’s what you’d like to think that you got to with SPARC where there is more support for whatever you put forward (Interviewee #9).

Furthermore, it was important for the NSOs that SPARC shows trust and belief in them as it is “very important to producing outcomes” (Interviewee #5). Thus, increased trust, imparted by SPARC in the form of greater organisational autonomy or support for future projects, may itself be a sufficient reward and incentive for performing well in some instances. The notion is comparable to the use of high trust contracting by the New Zealand government in the delivery of social services through the community social service sector, where the emphasis is on ‘flexible service delivery’ over ‘ticking boxes, complex paperwork and reporting’ (Family & Community Services: A service of the Ministry of Social Development, 2012).42

Interestingly, however, NSOs perceived that it was not only those organisations with high levels of SPARC trust and confidence that receive investment but also, remarkably, those organisations instilling little or no confidence. On speaking of the challenge for NSOs to learn from their mistakes given the high turnover of board members and paid staff following periods of poor performance, one interviewee spoke of how a loss of SPARC trust and confidence may occur:

...once you get into that rut, there is just no IP [intellectual property], there can be no buy in from the regions or the rest of the sport, there can be no confidence from SPARC. And you end up in a dreadful hole where you literally do need the cavalry to come rolling in and say “what can we do?”...Swimming got to that point – just about – at the moment. [Rugby] League have been through it. Tennis have been through it. It happens (Interviewee #6).

42 High trust contracting is described as a new approach that “enables community organisations to focus more on the families they serve and less on ticking boxes, complex paperwork and reporting” (Family & Community Services: A service of the Ministry of Social Development, 2012). It operates using: (a) a short, simple funding agreement; (b) payment of funding up front, in annual instalments; (c) meaningful, outcomes focused, year-end reporting; (d) a focus on outcomes – results are agreed on and described; (e) flexible service delivery – enabling providers to better meet the needs of families in their local community; and (f) a customised approach – recognising the holistic needs of families and ensuring that the contract reflects this.
Consequently, despite some NSOs having low levels of SPARC trust, these organisations may receive funding in the form of capability investment to ensure their financial solvency and continuation. How such funding determinations are perceived by NSOs has a lot to do with their vantage point and naturally there are a range of views as to the state and nature of their relationship with SPARC. Overall, however, the majority of NSOs interviewed felt that the relationship between their organisation and SPARC was a positive one.

**RELATIONSHIP WITH SPARC – A RANGE OF VIEWS**

Seven out of the ten NSOs (Interviewees #2a, #2b, #3a, #3b, #4, #6, #8a, #8b, #9) felt that performance measures and investment schedules formed the basis of a positive relationship. For these NSOs, the performance management and measurement system used by SPARC was described as being “supportive” (Interviewees #6, #8b, #9), “negotiated” (Interviewees #2a, #2b, #3a, #3b, #6, #7, #8b), and “collaborative” (Interviewees #3a, #3b, #4, #9). Furthermore, interviewees remarked that the system was “not a dictatorial process” (Interviewee #4) but rather was based on “partnership” (Interviewees #2a, #3a, #3b, #8a, #9) and created a “strong robust relationship” (Interviewee #9). One interviewee noted that, in his experience, SPARC did not operate like any other government organisation:

> For me it’s the relationship with SPARC through collaboration. I mean, I’ve consulted in the public sector a bit in previous roles and they don’t work like any other government department, put it that way. So, whereas a typical government model is that control will drive everything, SPARC is very much an enabler (Interviewee #3a).
Expectedly, the majority of NSOs that spoke of having a collaborative and supportive partnership with SPARC were also those who were well resourced via SPARC’s investment allocations.43

In contrast, two of the NSOs (Interviewees #1 and #5) could be categorised as describing their relationship with SPARC in a relatively neutral manner. One interviewee (Interviewee #1) could be described as being on the positive side of neutral while the other interviewee (Interviewee #5) could be described as being on the negative side of neutral, although this interviewee was optimistic for the future as their organisation had recently received new investment schedules from SPARC. While these NSOs provided their opinions as to the state of the current performance system, they did not describe their relationship with SPARC by using complimentary descriptors in comparison to NSOs that described a positive relationship (as above), nor did they describe the relationship as being particularly negative or unsupportive. On the whole, these two NSO were more circumspect in their descriptions of the relationship and trust that existed between their organisation and SPARC. As one would expect, these organisations were not as well resourced as those NSOs that described having a positive relationship with SPARC and were not prioritised sports in either elite or community sport.

Lastly, one interviewee (Interviewee #7) provided a vastly different opinion as to their relationship with SPARC and was the primary dissenting voice as to the state of the system. This NSO painted a rather more pessimistic picture about their relationship with SPARC, the performance system and targeted funding allocations. The interviewee stated that only a “purely formal relationship” existed between their organisation and SPARC and that there

43 The majority of these NSOs received the greatest amount of investment and resources because they were either prioritised sports in the areas of elite sport or community sport or were receiving significant funding through the contestable process. Furthermore, it was also predominately these NSOs that felt performance measures (the system) helped to establish clarity of focus within their organisations and created an environment in which they could learn and improve. For further discussion – see chapter 7, section ‘Clarity of Focus tempered by the Ever-Changing Political Environment’, p. 94.
was a “lack of engagement by SPARC” towards their organisation. He felt that the role of their SPARC relationship manager was to simply “get his job done, to tick the boxes, and then...move on.” In essence, the NSO felt alienated by SPARC and wished to become independent from their performance management and measurement systems. The interviewee’s perception was that so long as their NSO continued to operate and run the day-to-day business of the sport, then SPARC had fulfilled its mandate and ticked the box in relation to their organisation. Furthermore, the interviewee believed that the nature of their relationship with SPARC was representative of the relationship that the majority of NSOs have with SPARC within the performance system:

...clearly and quite correctly, SPARC prioritise certain sports in order to make sure that they are maintaining the key indicators that are important for SPARC and we’re not one of those. So I don’t expect and certainly in this respect there is no bitterness, this is just an observation that this is just the way it is. It’s our job as a sport to somehow become more important to SPARC, otherwise SPARC really what they want to do is they want to maintain the colours of the rainbow. So if they give us a certain amount of money and our sport is functioning then as far as SPARC is concerned their job is done. And that would go for probably the other 70 sports that sit in that category (Interviewee #7).

As well as providing insight into this NSO’s perception of their relationship with SPARC, this quote also demonstrates a powerful ‘logic of appropriateness’ (March & Olsen, 1989) that applies with respect to the prioritisation of sports and targeted funding. Again and not surprisingly, this NSO was not as well resourced as those NSOs that described having a positive relationship with SPARC and was not a prioritised sport in the areas of elite or community sport.

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44 For further discussion – see chapter 8, section ‘Categorisation of Perceptions: Independence Seekers’, p. 106.
45 For further discussion – see chapter 7, section ‘Targeted Investment: A Logic of Appropriateness’, p. 89.
WHO’S RUNNING THE SHOW? ACCOUNTABILITY, CONTROL, AUTONOMY AND CAPTURE

In this context, it is not surprising that NSOs also touched on notions of accountability, control and (earned) autonomy. SPARC, as leader of the New Zealand sport sector, attempts to provide a clear sense of direction, to bring the sector together in a “drive for a seamless and integrated pathway for participation that runs from early childhood to old age, and spans casual sport and recreation and elite competition” (Sport New Zealand, 2012, p. 7). As per SPARC’s drive towards a ‘seamless and integrated pathway’, SPARC institute systems of performance measurement so that they can increase co-ordination and coherence within the sector.

With respect to accountability, all interviewees spoke about the requirement and necessity for accountability within a performance management system that provided investment using taxpayer money. Furthermore, all interviewees expressed a belief that SPARC were entitled to expect a return on their investment. To a degree, the assertions made by the NSOs replicated, within the sport sector, Norman’s (2002) findings, who, having conducted interviews with a cross-section of public servants within the New Zealand public sector, found that “all interviewees were in favour of general principles of control and accountability but more reserved in their support when their own resources or reputations were likely to be affected” (p. 622). Interestingly, however, there were two points of difference.

First, over half of the interviewees (Interviewees #2a, #2b, #3a, #3b, #5, #6, #8a, #9) stated that they felt more accountable to the public and the taxpayer, more so than SPARC. As one interviewee put it:
I feel accountable to the New Zealand taxpayer to deliver that return and accountable to this organisation. So yeah, not certainly to SPARC. I see SPARC more as a partnership... (Interviewee #3b).

Another interviewee similarly remarked that:

...there is an emphasis on support and partnership now. Accountable – as opposed to being held to ransom. I don’t have a problem with accountability. It’s actually the country’s money at the end of the day. So being accountable I don’t believe is a concern for [us]. It’s the nature of the partnership that you have in working towards accountability which I think is critical (Interviewee #9).

While the ‘country’s money’ in this case comes from a combination of vote and lotteries funding (and thus not all from taxpayers per se), it is doubtful that respondents were inferring this differentiation in their comments about accountability. Rather, their perceptions of public accountability are likely located in having to operate within a ‘goldfish bowl’ as a public organisation (Norman, 2003; Norman & Gregory, 2003), and being subjected to media scrutiny over their elite sport athletes’ performance, particularly during major events such as their respective world championships, the Commonwealth Games, and Olympic Games (Knight, et al., 2005).

Secondly, while NSOs talked about control, the dynamics were not necessarily clear-cut. One interviewee felt that SPARC control was very evident and that, despite there being a lot of diplomacy on behalf of SPARC, the top-down strategy provided a “very clear message from SPARC that they hold the purse strings and from that you will do what you’re told basically” (Interviewee #7). A different NSO stated that they felt that there was an element of control but that it was not “malicious” but rather intended “to help organisations to grow and be successful” (Interviewee #8a). And for yet another, control was perceived to be positive in nature, as the interviewee stated their organisation hoped to be steered and influenced by SPARC and that it was a goal, as set out in their current strategic plan, to become a SPARC targeted sport (Interviewee #5). In contrast, two NSOs (Interviewees #2a, #2b, #3a, #3b)
either denied or claimed very little control by SPARC. The remaining NSOs, despite being questioned about the topic, did not make any specific mention of control which may indicate that they did not feel controlled (Interviewees #1, #6, #8b, #9).

However, even in instances where an interviewee either denied control or perceived there to be very little, there were indications of an earned autonomy at play. As one interviewee noted, “yeah, very little control [by SPARC]. They’re very hands off in that sense, as long as they’re confident that we’re listening and on track” (Interviewee #3a). The NSO is thus granted a degree of autonomy but that autonomy is conditional on satisfying SPARC’s outcomes and targets. In effect, it is the equivalent of SPARC saying to NSOs something similar to what Hill and Hupe (2006) aptly noted took place within reforms in the United Kingdom health service: “We trust you, and will give you more autonomy when we are sure you are doing what we want!” (p. 567). Noting similar recent reforms in the United Kingdom sport sector, Green (2009) identified the “illusory notion of freedom” that was given to the United Kingdom NSOs. Underlying the notion of earned autonomy is what van Dooren et al. (2010) assert to be one of the (many) paradoxes of performance systems: “On the one hand, trust in professionalism is vital in an increasingly complex society. On the other, we are reluctant to grant this trust and hence we fall back on control and audit” (p. 177). Indeed, one interviewee noted the need to adopt recommendations following an independent review of the sport commissioned by SPARC:

We were compelled to follow [the recommendations] because at the end of the day...SPARC, like any other organisation that is investing a lot of money in you, they’ve got the right to specify or request how they would like your business run. It’s no different really to...our principal sponsor. They’ve got the right to come to us and say “well, look we’re not happy about A, B, C and we’d really like you change to do it this way so that it fits more with our way of thinking.” And we’ve then got a choice, haven’t we? Often, it’s Hobson’s choice. But you either change to keep your investor happy or you don’t and risk that person choosing to invest their money somewhere else (Interviewee #4).
Similarly, another NSO also expressed the need to follow SPARC ‘best practice’ when establishing talent identification programmes and coaching pathways:

And I guess that is that confidence that SPARC need to be able to invest – isn’t it? They need to understand that we have strong programmes in place. So like we’re still autonomous but I don’t get a sense they’re asking things just for the sake of it...there is reason behind it because that is a measure to show that your organisation has considered it or you do understand where you’re going as an organisation – you do have some programmes in place. It’s positive. Yes I still feel autonomous and I understand SPARC’s intent in what they’re asking from us and...you do sit there grudgingly sometimes and go “why the hell am I doing this?” But then you go: “if that’s what it takes to get this money I’ll do it” (Interviewee #6).

The dilemma facing NSOs is that they either follow SPARC’s suggestions and recommendations (regardless of whether they agree with them or whether they believe them to be in the best interests of their sport) or face the real risk of a loss of funding and investment. Neither option is particularly attractive but the dilemma is apt to indicate that, to a degree, all NSOs are controlled by SPARC unless the NSO is able to find another sustainable stream of revenue, other than government funding. In fact, in some instances SPARC has assumed a degree of actual control over NSOs by requiring them to select SPARC nominated applicants to their Board of Directors.⁴⁶

For seven out of the nine NSOs, however, there was a need or desire to (further) align with SPARC’s direction and performance measures (Interviewees #1, #2a, #5, #6, #7, #8a, #8b, #9), even if they only did so because it was necessary to receive investment funding (Interviewee #7). For the majority of these NSOs, aligning with SPARC’s direction was viewed as being “obviously advantageous” (Interviewee #2a) and the opinion that a sport organisation would be “silly not to” was expressed (Interviewees #6). For one NSO, alignment had flow-on effects as they had not only attempted to align their own practices with SPARC’s outcomes and measures but also those of their districts and clubs to more easily

⁴⁶See chapter 4, section ‘Capability Investment Schedules’, p. 72.
meet the reporting requirements (Interviewee #1). That NSOs would seek greater alignment with SPARC is not unexpected given institutional isomorphism predictions (DiMaggio & Powell, 1991). Accordingly, the greater the dependence of an organisation on another organisation the more similar it will become to that organisation in structure, culture and focus and the narrower an organisation’s resource supply the more it will likely change to resemble the organisation from which it depends for resources (DiMaggio & Powell, 1991). However, aligning with SPARC also presented its own challenges. Some NSOs expressed a real concern about being able to maintain their own identity and relevance as an organisation in the face of alignment with SPARC’s outcomes, goals and performance measures (Interviewees #5, #7, #8b, #9).

It is apparent that there are connections between investment schedules, which contain performance measures, and notions of control, accountability and (earned) autonomy. Van Dooren et al. (2010) noted that a primary goal of NPM was to combine managerial freedom with performance contracts and that it “somewhat courageously assumed a balance between intrinsic motivation and managerial craftsmanship on the one hand and extrinsic incentives and accountability on the other” (p. 143). While describing the way performance measures operated in regulatory and normative institutional contexts, they went on to note the role that performance indicator regimes play in the struggle over power and the power games that develop between managers and politicians (van Dooren, et al., 2010). In one sense, investment schedules and their performance measures can be considered a form of control and power that SPARC (the political principal) can wield over the NSOs (the agents) to force them to operate in the way SPARC desire i.e. earned autonomy. However, it is also possible

47 Van Dooren et. al. (2010) explain the dynamic of this power struggle – managers seek strategic autonomy on policy issues and use performance indicators to draw up the boundaries of their territory while political principals seek as much control as possible over the bureaucracy to ensure that policies are not altered or impeded by managers. In both instances, either political principals or managers may ignore performance information because it infringes on their interests.
for agents to mobilise investment schedules and performance measures to their own causes (van Dooren, et al., 2010), which brings us to the way NSOs mobilise arguments surrounding investment schedules and performance measures in an attempt to ‘capture’ SPARC.

‘Capture’ of SPARC by NSOs

Some NSOs felt that the investment schedules and SPARC’s deepening commitment to targeted investments placed them in an advantageous position over time. Some of these NSOs made comments that suggested they were in a position to ‘capture’ SPARC. For example, NSOs acknowledged that “SPARC are accountable” (Interviewee #8a) for the investments they provide and that SPARC “need to report to government but they also need to be able to justify their investments and justify sound investments” (Interviewee #6). Furthermore, NSOs understood that “it would be foolish [for SPARC] to set people up to fail” (Interviewee #6) because it would reflect badly upon them as an investor. Given this understanding, NSOs also recognise that over time, even in the event of unmet performance targets, it becomes increasingly difficult for SPARC to remove funding. Sam (2012) points out the challenge for SPARC:

...allocations may become increasingly difficult to alter over time due to the political risk of removing funding from ‘priority sports’. Indeed, this is because to drastically cut funding from a targeted sport (that has enjoyed prolonged investment) can be taken to be a failure of the regime itself and by extension, a failure of the central agency (p. 217).

Thus, NSOs begin to exploit certain arguments in order to maintain funding. For example, NSOs may play the ‘learning card’ when performance targets are not met by their organisation. When hypothetically questioned as to what the consequences for their

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48 Generally speaking, these NSOs were the organisations that were targeted sports or received significant funding through the contestable process.
organisation might be for under-performing, one interviewee raised learning as an essential argument:

But if it turned out that there was systematically something wrong with our programme then you’d probably say “what’s the learning from that? How do we right that?” rather than...I guess the big thing too is there needs to be some legacy from SPARC. You don’t just see, if they cut off all the money they’ve put in then you say well “was that a waste?” rather than saying “what did we learn from that, can we grow any further?” (Interviewee #3a).

In this light, NSOs develop relationships with key personnel within SPARC (such as relationship managers and high performance managers) who will argue the case for their particular sport because, as one interviewee put it, they “actually understand your sport, they’re one of you almost....they’re battling for you within SPARC” (Interviewee #8b). This was supported by a recent SPARC High Performance Review document which acknowledged that most prioritised sports had “found (or were developing) one person in SPARC (whether Relationship Manager or [community sport] / [elite sport] representative) who knew all aspects of their sport” (SPARC, 2011b, p. 20). In so far as these ‘boundary spanners’ are “best placed to weigh the managerial and professional interests against each other” (De Bruijn, 2006, p. 69), NSOs recognise the need to influence and gain favour with these individuals. Thus, it becomes just as possible for NSOs (particularly those receiving significant amounts of funding) to use investment schedules, performance indicators and even their relationship with SPARC staff to ‘capture’ their principals and gain a degree of power and control as a result of the system.
That’s really the great mystery about bureaucracies. Why is it so often that the best people are stuck in the middle and the people who are running things – the leaders – are the mediocrities. Because excellence isn’t what gets you up the greasy pole. What gets you up is a talent for manoeuvring... (William Deresiewicz, American writer cited in McLauchlan, 2012, p. 56).

Having outlined the NSO perceptions of their trust in and relationship with SPARC, this chapter will discuss the second key NSO perception: trust (and distrust) in the performance system itself. It examines how best-to-best allocations and targeted investments were seen as logical by NSOs and classifies the NSOs’ perceptions of the system according to Norman’s (2002) categorises of True Believers, Pragmatic Sceptics and Active Doubters. The classification of the NSO perceptions is interwoven and connected to the three significant findings of this research: (a) that the belief in the system, resulting from the clarity of focus appreciated by NSOs, was tempered by the perception of an ever-changing political environment; (b) that the propensity for belief, scepticism and doubt in relation to the performance system differed according to the type of investment; and (c) that belief (or disbelief) in the performance system did not necessarily translate into compliance but that rather it caused some NSOs to question the legitimacy of the system and seek independence (Independence Seekers).

TARGETED INVESTMENT: A LOGIC OF APPROPRIATENESS

March and Olsen (1989) point to a logic of appropriateness that operates within normative institutions. Normative institutions are the values, norms and roles that guide behaviour
An individual’s actions are determined by the institutional rules of what is appropriate behaviour and the rules are followed because they are perceived to be natural, rightful, expected, and legitimate (March & Olsen, 1989). For NSOs, there is a strong logic of appropriateness associated with the notion (rule) of targeted investment or ‘best-to-best’ funding allocations. All interviewees believed that the use of targeted funding was the correct device for SPARC to use in the circumstances. For example, even two NSOs who were less well-resourced as a result of SPARC’s prioritisation of sports stated that “clearly and quite correctly, SPARC prioritise certain sports” (Interviewee #7) and that SPARC “have to probably hang their hat on a few sports that are keys to them” (Interviewee #5). Other methods of distributing funding, such as ‘best-to-worst’ or ‘even shares’ allocations (Bevan & Hood, 2006), were not considered appropriate and were therefore not even suggested, let alone advocated, as a viable alternative by the NSOs.

CATEGORISATION OF PERCEPTIONS: TRUE BELIEVERS, PRAGMATIC SCEPTICS, ACTIVE DOUBTERS

Just as there were a range of NSO perceptions as to their relationship with SPARC, there are a range of perspectives with respect to performance measures. Norman (2002, p. 621) noted that, within the New Zealand public sector, there was a tension between a “drive for measurability and a concern about the meaning of performance information” and that public servants responses fell into three categories: True Believers, Pragmatic Sceptics, and Active Doubters. Table 5 demonstrates that, within the New Zealand sport sector, NSO perceptions of performance management and measurement reflected similar tensions and could be categorised using Norman’s (2002) system. The majority of NSOs could be described as either being or falling somewhere between True Believers or Pragmatic Sceptics. However, it was notable that some interviewees actively doubted the system, indicating that they were still unsure or dubious as to whether performance measures are able
Table 5: NSO Perceptions of SPARC’s Performance Measurement System.

<table>
<thead>
<tr>
<th>Categorisation</th>
<th>Selection of NSO (Interviewee) Perceptions of the Performance System</th>
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<tbody>
<tr>
<td><strong>True Believers</strong></td>
<td><strong>Interviewee #1:</strong> And I just think back to how we used to report two or three years ago. I think what this has done has highlighted some of the gaps within our organisation which have given us things to work on. So I think it is a good thing. You know, I probably moved from saying ‘it’s something that just has to be done, get on and do it’ to thinking ‘well ok it’s worthwhile doing now and there is some benefit in it for us’.</td>
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<td></td>
<td><strong>Interviewee #2a:</strong> It does support the clarification and ensures everything you do as an organisation is towards that and doesn’t cloud what you are doing as an organisation.</td>
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<td><strong>Interviewee #2a:</strong> ...we’ve provided the [performance] information and it has actually been more positive for us with the provision of information. So we’ve seen SPARC (High Performance Sport NZ) utilise the information that we’ve presented in a positive manner which has had a positive impact upon our organisation.</td>
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<td></td>
<td><strong>Interviewee #3a:</strong> Any measurement system is only as good as what you measure, but I think the old saying is that you say ‘manage what you measure’...I think if you have the right measures and structure in place they inform behaviour and you become what I would call a learning organisation and that is the key point.</td>
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<td></td>
<td><strong>Interviewee #4:</strong> It’s common sense and understanding that all organisations and businesses these days need to track and monitor their performance and how they are succeeding. And it’s just a reality of the world and New Zealand that you cannot expect a government agency to invest money in an organisation without tracking whether that investment is worthwhile.</td>
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<td></td>
<td><strong>Interviewee #5:</strong> So for us, we need these probably [points to investment schedule]. And I think...we probably need a pile of them because we have never been there, we’ve never considered them, the [organisational development tool] exposed that for us....I think [measurement] is obviously going to be paramount to where our business is situated moving into the future.</td>
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<td><strong>Interviewee #8b:</strong> You’re discussing things [with SPARC] in a bit more detail, so I think [measurement] is a useful tool for all organisations to do and you know we all complain about the paperwork and things like that but look it’s about accountability and I don’t think there is anything wrong with that. And it’s an evolving process, it’ll get better and better and more specific. But at the moment I think it’s very useful.</td>
</tr>
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Pragmatic Sceptics

- View reported measures as part of a new game of public management and at best a starting point for asking about the substance behind the form (Norman, 2002)
- Clear objectives and measures were to be taken with a grain of salt (Norman, 2002)

**Interviewee #1:** But I think we are getting a better picture of the benefit of some of it. I don’t necessarily agree with everything they’ve asked us to do but we are seeing some logic and some benefits in doing that because I think it will benefit our organisation as well but I suppose there is a suspicion at the back of it that we are gathering numbers for the sake of gathering numbers. And are we just simply ticking boxes so that SPARC can fill in a reporting sheet to the government, to the Minister to say we’ve done all this stuff, you know? So relevance is probably the key thing for us. If it is going to benefit us and benefit our sport and be useful for other people then that’s fine.

**Interviewee #6:** I guess I understand the purpose why they’ve got to do it...I don’t really doubt the effectiveness of the measures; it’s almost just acceptance. We need to do this because there is a purpose behind it. Whether it actually makes a difference, whether reporting against those things actually makes a difference to whether we get more money or whether it helps us improve our programme, I’m sceptical.

**Interviewee #7:** And so having some goal orientation and knowing that statistics in some ways have some relevance but...without doubt both myself and the organisation, I see as definitely taking that information with a grain of salt. Because the sands shift so often what is a cool indicator today may be out of favour tomorrow.

**Interviewee #8a:** I think that it’s important to measure but how you use that measurement is the critical thing. So the risk is that you measure for the sake of measuring. Measuring is important providing it is used for continual improvement...

**Interviewee #8b:** And so, at the end of the day you’ve got to actually have some sort of measure. Look we all realise that having so many coaching course or so many coaches go through it, doesn’t make you any better. The fact that you’re actually doing something does. What you have to actually ascertain is that what you’re doing is actually making a difference, you know. But the numbers don’t really matter but then at some stage the people sitting at the other side of the desk, like SPARC, need to know that you are doing something rather than just saying...

**Interviewee #9:** Because one of the things, the challenges with measurement that is quantitative is that is can miss the qualitative. Right? So how do you capture that? Still think it’s a challenge. Is there benefit in measurement? Yes I think there is.... And that’s a hideous sitting on the fence concept thing probably but I believe in the need for subjective, objective measurements working together.
### Active Doubters

- Believe that the ‘real work’ is relationship-based and political in nature and that measurement systems were not capable of understanding the meaning of the work (Norman, 2002).

**Interviewee #5:** They’ve asked us to change the constitution, to do that because they believe we’ve become weak and not delivered on the game very well and I guess been poor in terms of our financial management. I mean some of that can’t be recorded by measures and KPIs, it’s just decision-making that happens during the course of the year and the course of an environment.

**Interviewee #6:** It doesn’t need to be a lot and it may not even be a true performance measure. It may actually just be a gut-feel type assessment that is done through the consistent engagement between SPARC or the High Performance Sport New Zealand guys and our own programme people...justifying the structure of our programme continually. It’s about how closely engaged these guys are and I know we’ve tried to do it a lot with SPARC is to actually get them very involved in our day-to-day when they can.

**Interviewee #7:** ...it’s the human interactive context, the immeasurable, that has more impact.

**Interviewee #7:** ...if the bean-counters win and it comes down to just a simple numbers game then what we have is a lot of underlying questions that the sport is then challenged with which I think would cause an awful lot of chaos within the sport and it would become a very dissatisfied sport very quickly.

**Interviewee #8a:** ...we’ve actually had a situation this year where I’ve said: “No, I’m not doing that” because it’s only to please the reporting...we’ve had robust discussion around it and will continue to do but that’s why the relationship between high performance consultant, relationship manager, the CEO and high performance manager are really important to have those relationships.

### Independence Seekers

- Seeking independence from performance measures and/or funding policies due to:
  
  (a) Distrust in the system; or
  
  (b) Desire to gain revenue streams that are free of tagged funding requirements and performance measures.

**Interviewee #6:** See for us, it’s actually about...trying to get out of that non-sustainable funding realm, create our own revenues which then give us the ability to have non-tagged funding.

**Interviewee #7:** SPARC has a top down strategy. We have the money. Because we have the money, we have the power to influence the way you go about business. Now you might not agree with the way that we go about business but that’s just your tough shit because we’ve got the cash. And that’s a very clear, in my opinion, it’s a very clear message from SPARC that they hold the purse strings and from that you will do what you’re told basically. And of course there is a lot of diplomacy in there and you’re told all the nice things but at the end, accountability is the only criteria. And I draw back onto that, that’s exactly why I would prefer to be completely and utterly independent of SPARC; because we can still do the right things for our sport without that pressure.

**Interviewee #8a:** In terms of the investment and things like that, I think one of the things that we’re trying to do as an NSO is become self-sufficient (not reliant) and that involved...getting public sector support and private as well. So government funding – probably always going to be reliant on that to an extent. But we’re hoping to continue to develop our private thing as well so that we’re not dependent on the public funding.
to supersede the need to maintain and develop strong relationships between organisations. The importance of taking a snapshot of the current NSO perceptions of the performance system is that it provides a starting point from which future research can begin to analyse how these perceptions change over time. We would expect to see the full spectrum of opinion and perceptions by NSOs for two reasons. Firstly, because, as indicated by Norman (2002, p. 622), the spectrum of opinions reflects the varying “degrees of enthusiasm or scepticism” about performance management and measurement techniques; and secondly, because “one person’s functional system is another person’s dysfunctional system – that the difference is solely in the eye of the beholder” (Austin, 1996, p. 7).

Furthermore, there were three significant findings closely related to the classification of NSO perceptions of the system and their perception of their trust in SPARC. First, belief in the system, resulting from the clarity of focus appreciated by NSOs, was tempered by the perception of an ever-changing political environment. Secondly, the propensity for belief, scepticism and doubt differed according to the type of investment. Thirdly, belief (or disbelief) in the performance system did not necessarily translate into compliance but rather it caused some NSOs to question the legitimacy of the system.

**CLARITY OF FOCUS TEMPERED BY THE EVER-CHANGING POLITICAL ENVIRONMENT**

Almost all of the NSOs (Interviewees #1, #2a, #2b, #3a, #3b, #4, #5, #7, #8b, #9) appreciated the clarity of focus that investment schedules and performance measures provided their organisations. Clarity of focus created considerable trust in the system for the NSOs. The performance measures helped to specify objectives, identify where particular investment funding was going, and ensure the organisation communicated that information to external parties, not only SPARC but also to other investors (Interviewee #2a). Measures also assist by
providing a “clear picture of where you are at in terms of your tracking and...enabling you to make the change necessary if you’re not where you want to be” (Interviewee #3a). The clarity of focus provided NSOs with information that could be used by the organisation to help learn and improve.49 One NSO noted the change in his perception of performance measures that had come about through seeing their benefits:

And I just think back to how we used to report two or three years ago. I think what this has done has highlighted some of the gaps within our organisation which have given us things to work on. So I think it is a good thing. You know, I probably moved from saying “it’s something that just has to be done, get on and do it” to thinking “well ok, it is worthwhile doing now and there is some benefit in it for us” (Interviewee #1).

The interviewee’s perceptions had effectively shifted from being a Pragmatic Sceptic to becoming more of a True Believer in the system. Therefore, perceptions may shift over time depending on whether individuals and organisations are able to observe and recognise the benefits (or otherwise) to their organisation. As outlined in chapter 3, performance measures can be used as a means of clarifying objectives (van Dooren, 2006 cited in van Dooren, et. al, 2010). When used to motivate, clear objectives can increase performance by clarifying and aligning organisational and individual goals (Norman & Gregory, 2003) and do so by eliminating ambiguous aims and objectives within an organisation (Hoye, et al., 2009). But if the perception were to change and an NSO began to actively doubt the system and view the measures as holding their organisation to account, then a different set of consequences might occur. Indeed, therein lies the paradox of performance measures and clear objectives:

49 It can be difficult to disentangle whether it is in fact the performance measures or the funding and resources gained through investment that helps an NSO improve, as evidenced by the following quote:
...that’s definitely one purpose [reporting to government and Treasury], isn’t it? And for them to be confident in themselves that they’re making the right investment decisions which is valid. It’s a valid reason for having them, very valid for having them [laugh]. But does it change us? Probably not. And the good thing is that everything that SPARC invest in is about improvement, helping us improve. So they are good, positive. So it’s great investment because it’s positive (Interviewee #6). On this account alone, reporting is simply a form of accountability and, instead, it is the funding that provides the opportunity for improved performance.
the “clarity of objectives is both an agent for improved performance and a spur to self-defensive games” (Norman & Gregory, 2003, p. 40).

On the whole though, NSOs stated that the reporting requirements for performance measures and investment schedules were not “overly onerous” (Interviewees #4 and #6), that the due dates provided “a line in the sand” (Interviewee #3a) for when work had to be completed and were a “good checkpoint every twelve months to monitor how we’re progressing” (Interviewee #4). Two of the interviewees (Interviewees #3a and #4) spoke of how SPARC was simply asking for reporting on tasks that the NSOs should be doing anyway:

I hear a lot of people bitch about SPARC and requirements. Whereas I always look at it – they’re asking us to do this for a reason. Is it something we should do? ...there’s not much they’re asking us to do that we shouldn’t be doing. If anything, I think we set our bar higher in terms of what I’d like to see. So I mean everything that SPARC wants from us, we should be doing that and then some to be a world class organisation (Interviewee #3a).

However, the clarity of focus that NSOs appreciated was tempered by the perception of an ever-changing political environment, described by an interviewee as a ‘shifting of the goalposts’ (Interviewee #7). Four of the NSOs (Interviewees #5, #6, #7, #9) spoke of the risk that performance measures and objectives, created by SPARC in accordance with governmental policy, may change as a result of either a new policy direction or a change in the prevailing government. It is a challenge for NSOs to work alongside a Crown entity such as SPARC because “[SPARC] have other drivers on them, specifically political and government and things like that, and that can change...in three years – I mean this recent election, if it was a different government, SPARC’s strategic direction might have changed and almost overnight” (Interviewee #9). For an advantaged NSO, the concern related to a change in management and reporting style rather than a risk of reduced investment (Interviewee #6). For another interviewee, the changing political agenda at a governmental level meant that “what is a cool indicator today may be out of favour tomorrow” and
described the system as being a “very intimidating environment” (Interviewee #7). The changing political environment supported their desire to gain independence from SPARC:

...would I like to be completely and utterly independent of SPARC? Yes I would. Simply because with a change of government with a change of sometimes you kind of feel it with a change of mood, the goalposts keep getting changed but the end result for our end user doesn’t change (Interviewee #7).

Hatry (2006, p. 6) notes that one of the common complaints about outcome-based performance measures is that they may be perceived as “just a passing fad”. The NSO complaints reflect the nature of the public sector, where priorities are rarely stable or explicitly stated (Pollitt, 1990 cited in Norman & Gregory, 2003). Thus, while the NSOs’ trust in the performance system is enhanced by the clarity of focus it provides, NSOs also recognise that such clarity is the very element most at risk in the political environment surrounding sport.

**CONTRASTING PERCEPTIONS: COMMUNITY SPORT VERSUS ELITE SPORT INVESTMENT SCHEDULES**

The second significant finding of this research suggested that the propensity for belief, scepticism and doubt in relation to the performance system differed according to the type of investment. Indeed, there was a notable divergence in the way that NSOs perceived the various outcomes, performances measures, KPIs and targets used between Elite Sport schedules and Community Sport schedules.50

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50 It is of value to set out an interesting underlying logic that exists for the NSOs about the nature of elite sport. The perception of NSOs of the nature of elite sport is that it is a “hungry beast” (Interviewee #10) and a “huge big black hole – you can’t pour enough millions into that hole because that hole is just the greediest hole in the world” (Interviewee #7). The heavy investment in elite sport was effectively justified by all NSOs as being required in order to compete internationally against bigger and wealthier countries. For example, one interviewee stated that “the reality is that it takes more and more to achieve the success at the top” (Interviewee #3). In contrast, no interviewees made any similar assertions about community sport investment, which raises an interesting question (beyond the scope of this research): Why is the silo of elite sport considered to be a ‘hungry beast’ by NSOs and yet the silo of community sport is not? It must be conceivable that, if given the opportunity, NSOs would be able to create, develop, and innovate within community sport programmes that would require
With respect to Elite Sport schedules, all interviewees who spoke about elite sport targets and measures (ten out of twelve interviewees) believed elite sport was primarily measured on the basis of medal and finalist targets at pinnacle events. The following selection of quotes by NSOs illustrates this point:

...the ultimate performance management system is really every four years if you hit your medal target. And that is your really clean measure (Interviewee #3).

...pretty much the performance measures of the organisation I think in the end if I was honest is about is results. And it tends to be results after major pinnacle events (Interviewee #8b).

...the main outcome for us isn’t needing KPIs or anything like that – it’s actually medalling at London [Olympics] (Interviewee #8a).

...the high end is very straightforward isn’t it? It is Olympic medals. It’s bang, bang, bang. You must win Olympic medals. Your whole programme should be focused on Olympic medals. You need to be able to justify that your athletes are top 16 potential to invest in those things. So those are very high end measures. How many medals will you win? How many top 16’s will you get? And that is the simple stuff (Interviewee #6).

As a performance measure, medal targets were described as being “objective” (Interviewees #2, #3, #4), “simple” (Interviewee #6), and a “clean measure” (Interviewee #3), particularly when compared to community sport performance measures.

Indeed, there was far less consensus by NSOs over the nature of performance measures within the silo of community sport investment. Generally, it was more difficult and took longer for interviewees to remember, articulate and explain the full range of performance measures and outcomes within Community Sport schedules. Most interviewees noted there

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similar amounts of funding and resources as currently available to them in elite sport. This begs further questions: Is there a link between the performance measures and ‘heavy investment’? Is it because elite sport measures and targets are considered more ‘objective’ than community sport that it receives more funding? Does ‘clarity of focus’ draw greater investment?

Having said this, some additional factors were acknowledged by a small number of NSOs. For example, two NSOs (Interviewees #2, #3a, and #3b) noted that SPARC measurement tools that measure organisational capability, such as the Organisational Development Tool and Stopwatch, may have some impact on SPARC funding decisions as they could be used to predict the ability of an NSO to repeatedly produce athletes capable of winning medals. However, medal and finalist placing targets were perceived to be the predominant factor.
were a broad range of outcomes and performance indicators and often provided just one or two examples of the measures, such as the requirement to increase participation numbers or coaching numbers and the associated need to create baseline data for these areas, but stated that they would need to look at the investments schedules in order to give the full range of outcomes and measures. Community sport measures were described as being “broader” and “more comprehensive” (Interviewee #1) and “more complex...just more indicators being measured” (Interviewee #4) when compared to elite sport. Only one interviewee (Interviewee #4) considered community sport performance measures to be ‘objective’, and even then not as ‘objective’ as elite sport. The explanation difficulties may simply be attributable to the fact that there are far more outcomes and measures within Community Sport schedules when compared with Elite Sport schedules.52

Two challenges were noted by three NSOs in the area of community sport (Interviewees #1, #3, #6). The first related to whether NSOs had sufficient resourcing and processes in place to collect the performance information asked of them. The following quote is apt to explain the challenge for NSOs and their partner organisations:

[SPARC’s] community sport outcomes are very noble...they’re very noble in terms of more participation for adults, more kids taking part in events, more kids with sound fundamental movement skills and more coaches, more officials development, all that good stuff. But many sports I think are kidding themselves if they can report on what is required there. And I know that has been a bone of contention across a number of sports and also regional sports trusts as to who measures some of these outcomes for community sport because we don’t have the mechanisms. Our member management systems aren’t robust enough. Our databases aren’t strong enough (Interviewee #6).

The second challenge, briefly touched upon in the above quote, relates to who is going to collect the information – NSOs, regional sports trusts (RSTs), or regional sport organisations (RSOs) / member organisations? As the same interviewee put it:

52 See chapter 5.
...there has also been a debate between the RSOs, RSTs and the NSOs as to who should be responsible for recording or for reporting. And the RSTs of course are saying “well it's your responsibility, it's your sport RSO”. The RSOs are saying “well we're not resourced enough, we're just volunteers. We don't have full-time staff like you guys.” Then they come back to the NSOs and say “well NSOs you should be doing it.” And we're going “well we don’t have the resource either”. So who actually does this counting? Who does that data to turn out a report?” (Interviewee #6).

For one interviewee, the first challenge was largely ameliorated in their particular context as their sport was structured in such a way that they did not have RSOs:

We track all of that [community sport measures]. That just seems like good business practice to me. I don't have a challenge with it. I think the challenge may be from other sports or certainly from others that the systems or processes aren’t in place to capture some of that. Not having RSOs is not a bad thing. We don’t have someone saying ‘oh, that is too hard’ between us...so where we’re delivering directly it is quite straightforward (Interviewee #3).

Rather, it was the first challenge that presented the greatest difficulty. Their NSO needed to ensure that measurement systems were in place when providing programmes with partner organisations as, to the interviewee, “putting in place measurement systems as we go is pretty fundamental otherwise we’ve got no idea whether we’re achieving what we want to achieve” (Interviewee #3).

The difficulty lies in the fact that neither the NSOs, nor the RSOs, nor the RSTs feel that they are adequately resourced or capable of counting and obtaining the data necessary to report back to SPARC. This challenge and the associated arguments surrounding it, reflect three of the common complaints about outcome-based performance measurement noted by Hatry (2006, p. 6): (a) we do not have the data / we cannot get the data, (b) we do not have the staff resources to collect the data, and (c) it is not our responsibility. Where such complaints exist, they are bound to be reflected in whether the interviewees are True Believers, Pragmatic Sceptics or Active Doubters.
However, what is significant in this context is that there is more trust and belief in elite sport measures than there is in community sport measures. In terms of March and Olsen’s (1989) perspective of institutions, this may have significant consequences, not least of which is that the performance system may in fact reinforce (and expand) the current funding imbalances between elite sport and community sport. Moreover (and linking back to the political environment), there may be a substantial legitimacy risk for SPARC should a change in government advocate more accountability in relation to community sport rather than elite sport.

**DISTRUST AND LEGITIMACY ISSUES**

Beyond the challenges around monitoring and reporting, two other issues emerged from the data. First, there was scepticism by some NSOs as to the relevance of SPARC performance measures. Three NSOs (Interviewees #1, #6, #7) spoke of the need for the performance measures to be relevant as they “wouldn’t want to get into the situation where we’re chasing information that detracts from the more, the primary purpose of what we’re trying to do” (Interviewee #1). The difficulty for SPARC though lies in the fact that they work and partner with over 90 NSOs (Sport New Zealand, n.d.-a), but not all of these organisations will have the same aims, goals, and objectives for their sports. The interviewee who felt the most alienated by SPARC noted how this conundrum affected their organisation:

SPARC doesn’t cater for [our] particular intricacies and because their generic model says we need to be doing it this way, we aren’t actually focusing on what our constituents within our sport want or need. And so it’s always going to be the dilemma that SPARC’s never going to get it right across 99 different sports. Because they’re never going to get it right that means that we actually have to suffer because we still have to follow that modus operandi that SPARC give us in order for them to tick their boxes (Interviewee #7).

When SPARC performance measures do not align with that of the NSO, the ‘generic model’ may actually cause a form of goal displacement (Boston, et al., 1996; Norman, 2003),
as NSOs may begin to neglect unmeasured aspects (such as the interests of their membership) in order to meet demands of SPARC performance indicators.

Secondly, there was significant doubt around the way in which the performance system had been created, the *initial* prioritisation decisions made by SPARC, and the level of transparency surrounding them. Generally, those NSOs most disadvantaged by the SPARC prioritisation decisions, perceived the performance system to be the most unfair. However, even NSOs who could be considered advantaged by SPARC’s funding determinations had doubts and were dubious about the levels of transparency and fairness within the system.

Interviewees noted that there was a distinct lack of transparency around the initial funding decisions as they “were never quite sure how [SPARC] made those funding decisions” (Interviewee #3a) and that “the only thing that was imposed, in my view, was the targeted sports versus all the contestable funds” (Interviewee #8b). To be fair to all the sports, it was argued by one interviewee that a specified window of opportunity should have been given to the NSOs to prove their case in the lead up to SPARC making the initial prioritisations (Interviewee #8b). These findings reflect similar criticisms and complaints that SPARC representatives at ‘road shows’ faced from stakeholders at the meetings shortly after SPARC’s creation (see Piggin, 2010). When these SPARC representatives introduced their new organisation, policies and the overall strategy, stakeholders were “angered, dismayed, and disappointed by the way they have been treated with regard to (a lack of) consultation” (Piggin, 2010, p. 87). Similarly, an interviewee, who could be considered advantaged by SPARC’s funding determinations, found that even *present-day* SPARC funding decisions were not clear and transparent:

> In fact, what’s not clear and what’s not transparent is what projects they fund. So I don’t know what projects [SPARC] fund in other sports. We do our own thing and we take our money and it’s not until afterwards and you go and put your cards on the table to the boss of [another NSO] and he says “oh hang on, we only got half of that” (Interviewee #6).
The interviewee went on to state that he imagined that smaller sports and NSOs might feel even more in the dark than he did when it came to SPARC’s investment decisions because their relationships with SPARC would not be as strong as that between his organisation and SPARC (Interviewee #6).

It is apparent that some NSOs hold doubts about the legitimacy of the measurement system, which van Dooren et al. (2010) notes to be one of the three key dimensions to ensuring a quality measurement system.\textsuperscript{53} For the primary dissenting NSO (Interviewee #7), the perceived unfairness of the system undermined the entire credibility of performance system such that it had little (if any) legitimacy, as illustrated in the following quote:

\begin{quote}
...the system, inherently, is not democratic. Therefore, they can’t make a judgment...let’s just say we were able to rank the top 20 sports in New Zealand based on their organisational performance. I would wonder how many of those top seven [priority sports], so to speak, that SPARC look after are within that top 20. We’re talking about the ability to organise, develop, broaden their sport – whether they can actually achieve those things or not. But at the moment they’re being propped up and being looked after because they have to be. That’s the policy (Interviewee #7).
\end{quote}

As touched on above, De Bruijn (2006) notes that the cause and effect of non-performance can be debatable. When an organisation fails to perform, it is able to suggest and argue that the cause of this failure (or the success of other organisations) is not their fault but that of the performance system:

\begin{quote}
When performance is below standard, the system applies a financial sanction. This means that the resources of the relevant organisation will diminish, causing performance to fall even further, causing another financial sanction and so on. Performance measurement means that the rich get richer and the poor get poorer (De Bruijn, 2006, p. 27).
\end{quote}

In this particular instance, all disadvantaged NSOs may have an even stronger argument suggesting inherent unfairness within the system because their organisations were

\textsuperscript{53} The three dimensions of the quality of performance measurement are the functionality of the system, the validity and reliability of the performance indicators, and the legitimacy of the system (van Dooren, et al., 2010).
not given a grace period before SPARC made the initial prioritisation decisions and the creation of the cycle (i.e. the rich getting richer and the poor getting poorer) was completely beyond their control. For the primary dissenting NSO (Interviewee #7), the only way to solve the problem was to ensure that the performance system treated the NSOs equally and judged them on their merits according to their ability to meet SPARC performance measures:

Unless we are all treated equally as sports and then our performance is based on whether we are...ticking their boxes and over-performing. If we were all on a level playing field then I think most of us would be quite happy because then we would feel that our futures were in our hands. However, like I said, unless you’re in that top selected group really you could be over-performing all you want and...it has absolutely no consequence to us. It has no positive impact for our organisation whatsoever (Interviewee #7).

Accordingly, it is apparent that there is an element of distrust toward the performance system and the way it was created and that NSOs’ perceptions of trust in the performance system are not as strong as their trust in SPARC. For many of the advantaged NSOs, the doubts about the system are alleviated by their positive relationship with SPARC. The danger is that these doubts could surface should these organisations ever lose their privileged position. For the more disadvantaged NSOs, their perceptions as to the creation of the performance system worked to not only undermine trust in the system itself but also worked to undermine trust in the system’s creator (SPARC). Consequently, these organisations question the entire legitimacy of the system.\(^5\) Lawton, McKevitt and Millar (2000) argue that external legitimacy is crucial within a performance measurement system and that “organisations can fail because they have lost external legitimacy with key stakeholders” (p. 15). In an ideal situation, all organisations would support the system because when ownership and belief in the system is high, the likely result is less manipulation and gaming of

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\(^5\) This can lead to further inquiries and arguments as to whether a performance system is even appropriate within the sport sector. For example, is it fair, efficient or effective to place NSOs in competition with one another for government funding given they are, in reality, working with different products (i.e. different sporting codes)? However, such questions are beyond the scope of this research.
performance measures (van Dooren, et al., 2010). However, it may be that the way in which the performance system was created has sown the seeds for its own future re-construction (or re-creation) from the outset. NSOs are either dubious or outright distrustful of the system and its legitimacy due to the manner of its creation. For one NSO in particular, distrust in SPARC and the performance system was so high that it caused their organisation to want to seek independence from the system. This brings us to the final analysis and discussion chapter relating to unintended consequences and the creation of Independence Seekers.
Without reflection, we go blindly on our way, creating more unintended consequences, and failing to achieve anything useful (Margaret J. Wheatley, Management Consultant).

In light of the two previous sections outlining notable NSO perceptions, trust in SPARC and trust in the performance system itself, this chapter examines the unintended consequences of SPARC’s performance measures and funding silos for NSOs. The section initially proposes belief in the performance system did not necessarily translate into compliance but rather that it caused some NSOs to seek independence (Independence Seekers). The chapter then sets out three potential unintended consequences that may occur as a result of targeted funding and funding silos. First, some NSOs reported self cream-skimming and specialising in one area (elite sport or community sport). Secondly, other NSOs feared that unmeasured aspects (such as talent identification) would fall through the cracks owing to a fixation on existing measures of performance. Thirdly, NSOs also began to institutionalise the logic of targeted investment within their own organisational structures and partnerships at regional / local levels. Finally, the chapter provides evidence (albeit limited) of four further unintended consequences: myopia, complacency, misrepresentation of performance data, and stifling of co-operation.

CATEGORISATION OF PERCEPTIONS: INDEPENDENCE SEEKERS

Using Norman’s (2002) categories of perceptions, this research earlier categorised selected NSO quotes into the categories of True Believers, Pragmatic Sceptics and Active Doubters. The third significant finding from this research is that NSO belief (or lack thereof)
in the performance system did not necessarily translate into compliance but that rather caused some NSOs to seek independence from the system. It is this finding that provides the basis for the inclusion of a further category to Norman’s categorisations: Independence Seekers.\textsuperscript{55} Table 5 provides selected NSO quotes related to seeking independence from the system.\textsuperscript{56} Independence Seekers perceptions may be very similar, if not identical, to those of Active Doubters as it may be doubt in the system that causes an organisation to seek independence from it.

Three NSOs spoke of a desire to seek some form of independence from the SPARC performance system and funding silos (Interviewees #6, #7, #8a). For these NSOs, one reason for wanting to seek independence from SPARC was to gain revenue streams that were free (to varying degrees) of tagged funding requirements and performance measures.\textsuperscript{57} Funding from SPARC was viewed as “non-sustainable” because it could not be guaranteed beyond a particular investment schedule and the goal was to try “to get out of that non-sustainable funding realm [to] create our own revenues which then give us the ability to have non-tagged funding” (Interviewee #6). This view was shared by another interviewee, who stated their NSO was trying to become “self-sufficient” so that they were no longer “dependent” or “reliant” solely on public sector support which would help their NSO achieve a greater level of organisational performance over time (Interviewee #8b).

\textsuperscript{55} It is likely that Norman (2002) would not have come across this perception in his study for two reasons. Firstly, public servants within the public sector would not have the option to obtain independent revenue streams from outside the realms of government (such as gaming trusts, corporate sponsors, etc). Secondly, individual public servants who had become disillusioned by the system and performance measures would have presumably left the public sector in search of alternative employment.

\textsuperscript{56} See pp. 91-93.

\textsuperscript{57} Conversely, another interviewee (Interviewee #8b) noted a significant benefit of tagged funding in that it was used to justify to and appease regional sport organisations or member associations as to why their organisation was spending money in a certain area, such as elite sport as opposed to community sport (e.g. “we have no choice where the money can be spent”).
For the primary dissenting NSO (Interviewee #7), the perception of being alienated by SPARC and significant distrust in the performance system further validated the desire to become free of government tagged funding requirements:

My inherent wish, if I was able to put a big line underneath it, my inherent wish for our organisation would be that we are completely and utterly independent of SPARC financially – completely and utterly independent. Because then we’d just tell them to go naff off basically....At the moment they define our survival. They not only help us develop but they also restrict our growth because they simply have the purse strings. And whilst they are in that position of power, they can dictate to us what they consider to be the most appropriate use of public funds which of course is their [laugh] exactly their job – exactly what they’re mandated to do (Interviewee #7).

This complaint is linked to earlier discussion related to the scepticism surrounding the relevance of SPARC performance measures. When measures do not align with the needs of the NSOs, it may also cause NSOs to seek independence from the system because “if organisations do not see the benefits, they are very unlikely to engage in a measurement effort” (van Dooren, et al., 2010, p. 132). The danger, however, in getting off the SPARC ‘treadmill’ of funding is that you may never get back on, as was pointed out by one interviewee:

You know this treadmill type approach – we’ve always felt that we have to go to every tournament because of the ranking points. If you decide “oh we won’t go to that tournament because of the funding”, you get off the treadmill. It takes too long to get back on. This is the same with sport [organisations]...so if some sports wanted to start to get off it’s going to take them so long, it might even take...ten years to get back on again. I’d stay on even if it’s a slow treadmill. Turn it down a bit and say “well, look no funding but [SPARC] help us.” Why wouldn’t you want to help get extra resources that are free of charge? (Interviewee #8b).

Of importance for the purposes of this research, however, is the paradox created by the performance system. It can simultaneously cause NSOs to align with SPARC (representing greater coherence and co-ordination within the sector) whilst also causing NSOs to seek independence from SPARC (representing a loss of coherence and co-ordination within the
sector). And while all NSOs agreed with the logic of targeted investment, there are potential unintended consequences from the use of this funding policy.

**POTENTIAL UNINTENDED CONSEQUENCES OF TARGETED INVESTMENTS**

Sam (2012) points out that the current system of targeted investments by SPARC to prioritised NSOs in elite sport is effectively a form of ‘cream skimming’. SPARC, having recently identified seven priority sports within the community sport silo, are also effectively cream skimming in that area also. Cream skimming occurs when an organisation is able to select their intake when confronted with output measures (van Dooren, et al., 2010; Van Thiel & Leeuw, 2002).

‘Self Cream Skimming’ or Specialised NSOs?

It appears that SPARC’s targeted funding allocation decisions may have begun to enclose NSOs within a certain policy area and funding silo. One NSO stated that their organisation had come to focus more on community sport (Interviewee #7), while for three other NSOs, their organisations had become more focused on elite sport (Interviewees #2a, #3a, #3b, #4). One interviewee described how it was a mixture of the investment funding and the clarity of focus that had caused them to become more involved in elite sport to the detriment of community sport:

...the world of [elite sport] is quite removed from the world of volunteer sport in areas that...we’re fully immersed and we have obviously a 100% funded [elite sport] programme that is quite simple for us as a drive...whereas [community sport] is an area we don’t invest in as much and we’re just leaving that to [member or regional sport organisations] (Interviewee #3a).

For another NSO (Interviewee #4), their organisation’s gravitation toward elite sport was less of a choice and more of an imposition. The interviewee stated their organisation
wanted to become more involved in community sport but were not able to because SPARC did not see their organisation “as capable of delivering in community sport” and they therefore didn’t have the funding to do so (Interviewee #4). Institutional theory and path dependency (Hay, 2006) can be used to explain this dilemma. SPARC’s previous policy and funding decisions may lock an NSO into a certain pathway. Once the trajectory of the policy decision is set in motion, it can constrain future choices as we see in the above instance with the NSO struggling to receive funding for another policy area.

Furthermore, it is also conceivable that NSOs may begin to act strategically and, knowing the SPARC criteria for investment in the different funding silos, begin to select, target and focus on the funding silo(s) that they believe will provide their best chance for investment. In other words, NSOs would begin to engage in what could be described as a form of ‘self cream skimming’. Thus, a consequence of having two funding silos for elite sport and community sport may be that NSOs begin to specialise in one particular silo, while paying less attention to the other funding silo. But the danger in such a course of action, particularly if the focus is solely on elite sport, was described by one NSO:

I’ll put it very simply – if we talk about [elite sport]...let’s say Target Shooting NZ is an example. Their entire organisation was built on the success of their [elite sport] programme. It paid for everything. So the development of the sport happened based on the fact that the [elite sport] could work. And that is that Talent ID development competitive model. So when the funding got cut, of course...the entire sport framework broke down (Interviewee #7).

‘Self cream skimming’ is, in essence, goal displacement because an NSO would focus on, say for example, elite sport to the detriment of their ‘grass-roots’ community sport base. But just as particular funding silos may become ignored by NSOs, there is an even greater risk that measure fixation occurs and unmeasured aspects, of the business, such as talent identification, are ignored.
Talent Identification: Unmeasured Aspects Fall between the Cracks

Despite SPARC’s goal of developing a “coherent, joined-up strategy for talent development” (Sport New Zealand, 2012, p. 2), the perception is that there is currently little (if any) funding specifically allocated toward talent development and identification. Four NSOs (Interviewees #3a, #6, #7, #8a) feared that the silos of funding would cause the critical area of talent identification to fall between the cracks because it was becoming increasingly difficult to obtain funding for it through either community sport or elite sport silos. As one interviewee stated:

So I go in and ask for funding because I can’t get success at this level [elite sport] without this [talent identification] and they go “no, because we’re only about [elite sport]”. And you go in here [community sport] and it’s like “no, we’re about growth”. And it’s like...this bit [talent identification] actually dictates how successful we can be here [elite sport] as a nation and it’s the area that we having nothing invested in at the moment (Interviewee #8a).

What this interviewee is suggesting is that talent identification is being neglected at the expense of fixating on the existing measures within Community Sport and Elite Sport schedules, described in the literature as measure fixation (P. Smith, 1995a; van Dooren, et al., 2010). And as van Dooren et al. (2010) note, the solution to measure fixation in this case may be the addition of more performance indicators. However, if talent identification performance indicators were created and inserted into one of the funding silos, or even if they obtained their own investment silo, this would also be an example of a ‘mushrooming’ of performance indicators (De Bruijn, 2006; Pollitt & Bouckaert, 2004; van Dooren, et al., 2010). Thus, paradoxically, the solution to one unintended effect is the beginning of another.

Similarly, as had been outlined in chapter 5, SPARC has recently made a subtle change to Elite Sport schedules in that the ultimate outcome has changed from being medal targets, which have now been re-categorised and moved into the Measures / KPIs section, to
being the “improved performance of New Zealand athletes” in the relevant pinnacle event. It could be argued that this change is of little consequence given NSOs’ perceptions are that medal targets are the ultimate measure, regardless of where they are placed within the schedule. However, the new outcome may also open up the possibility for NSOs to argue that further measures and criteria should be added to the schedules and the measures / KPIs section. For example, an NSO might argue that personal best times at pinnacle events should become a relevant KPI, as it is reflective of ‘improved performance’ of their athletes. Again, if this were to occur, it would be another example of ‘mushrooming’ and apt to show the way in which, slowly but surely, the number of performance indicators within a performance system can increase over time.

**Institutionalisation of Targeted Investment Logic**

The next potential unintended consequence is related to the institutionalisation of the logic of targeted funding. Given targeted funding is appropriate at a governmental level, NSOs have begun to use this logic to justify funding decisions to their regional sport organisations, member organisations and clubs. For example, one NSO described that it was necessary for them to become more targeted with their own elite sport investments:

I mean [SPARC] are investing taxpayer’s money to get a return for the New Zealand public. So I see that is what their aims are. They want to make that worthwhile. Invest in good returns...and that is what I would do if I was making an investment. We’ve done the same within our organisation. We don’t invest in [a specific elite sport programme] to the extent we do in [another elite sport programme] because we believe we can get a return out of that (Interviewee #3b).

Thus, NSOs follow in SPARC’s footsteps and begin to ‘cream skim’. However, a challenge faced by the NSO was that its member organisations / regional sport organisations and clubs were nominating athletes for overseas competitions that the NSO was not prepared to fund (Interviewee #3b). The NSO felt these athletes would not be competitive on the world
stage, despite the athletes presumably having met the required eligibility criteria, and this was a source of tension between the different levels of organisations. The reality is that targeted investment decisions prioritise particular programmes or initiatives over others and those programmes not targeted are likely to miss out on funding. For example, a national women’s team or a youth team programme (athletes in talent identification programmes) may be dropped in order to fund a men’s team. The NSO is forced to decide whether they’ve “got a responsibility to promote the sport to women, to show to our young people there is a pathway to the [national team]” (Interviewee #5), regardless of whether SPARC will fund the women’s elite sport campaign. Just as different performance measures may be appropriate and vary with the type of relationship that is being evaluated (Lawton, et al., 2000), targeted investment may be perceived as legitimate at one level (between SPARC and NSOs) but that does not necessarily translate into legitimacy at lower levels (between NSOs and regional organisations / member organisations / clubs).

**FURTHER UNINTENDED EFFECTS**

This research examines four further unintended effects that may be occurring as a result of performance measures in relation to NSOs: myopia, complacency, misrepresentation of performance figures, and the stifling of co-operation. However, it should be noted that the following findings may be limited for two reasons. First, the sample of NSOs interviewed is relatively small and, in some instances, only one or two NSOs spoke of the unintended consequence occurring. Thus, further research would be needed to determine whether the evidence presented below merely demonstrates an isolated incident or is indicative of a more widespread problem. Secondly, some of the interviewees did not speak of engaging in the behaviour themselves but rather of knowing other NSOs or sporting organisations (RSTs, RSOs, clubs) that were engaging in the behaviour. Even in these instances, the finding is
notable in itself because, as the literature notes, the extent of gaming in a performance system is dependent on a mixture of motive and opportunity (Bevan & Hood, 2006; van Dooren, et al., 2010). If NSOs perceive other NSOs and sporting organisations to be acting strategically within the performance system, they may then feel they have no choice but to follow suit in order to keep pace – the motive to game within the system increases. When performance is rewarded for hitting the target regardless of whether an organisation hits that target legitimately, performance measures can turn ‘knights’ into ‘knaves’ (LeGrand, 2003, p. 103).

The first unintended consequence to be examined is myopia. Myopia refers to the unintended consequence of short term goals being prioritised over long-term goals (Bouckaert & Balk, 1991; van Dooren, et al., 2010). The issue of myopia arose around the funding periods for Elite Sport and Community Sport investment schedules, which typically range from between one to four years.58 Two interviewees, from the same NSO, stated they had real difficulty planning ahead as annual funding made it “hard to...focus on anything else except you know what’s there at hand” (Interviewee #8b) and that it was “very hard to be successful if you can only plan for one year” (Interviewee #8a). Another NSO noted that SPARC had recently made a change in that area and “the first thing they’ve started doing this year, which they haven’t really done in the past too much, is they’ve started looking at the future you know for the next sort of 24-48 months” (Interviewee #3a). Yet even a four year investment schedule funding period could be considered relatively myopic given it may take, by SPARC’s own admission, a number of years (even decades) to fully understand and realise the benefits and ability (or lack thereof) for a community sport or talent identification programme to consistently produce elite athletes (Sport New Zealand, 2012).59

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58 For further information on funding periods, see chapter 5.
59 “Our elite sporting stars all began their sporting journey somewhere. That ‘somewhere’ is a community in New Zealand – a school hall or a frosty field on a Saturday morning – made possible by a whole local infrastructure of volunteers, coaches, facilities and funders working together. It is Sport NZ’s job to lead, invest
The next unintended consequence examined is complacency. Complacency occurs when organisations strive for adequate performance rather than excellence (van Dooren, et al., 2010). Two interviewees spoke of the complacency occurring in relation to the Organisational Development Tool, which in turn may impact SPARC’s decisions to provide organisational capability investment. One interviewee stated the potential danger with the Organisational Development Tool:

The [Organisational Development Tool] has good value. Certainly in terms of making you look at your own organisation....but the danger is if it becomes the thing you get beaten around the head with – either you’re actually already too capable so we don’t need to help you or equally actually you’re not performing very well: “why can’t you be like these people?” So there could be some risks with it (Interviewee #9).

The NSO was fearful it might not receive Capability investment if it scored highly when compared with other NSOs because SPARC might determine that they did not need the investment. The threat of budget cuts is one reason why complacency may occur (van Dooren, et al., 2010) and it may well be that this fear has already been realised as another interviewee believed that NSOs had already become adept at not scoring too highly in the Organisational Development Tool:

I think sports are very conservative when they do it. They soon learn to sort of make sure you’ve got a few faults in there so you can show some improvement [laugh]. You know it’s not about being perfect or anything like that (Interviewee #8b).

Allowing room for improvement (complacency in performance) becomes necessary for two reasons: first, it allows an NSO to justify how future Capability investment will again improve their organisation; and secondly, the latest improvement can then be used as an example of why the organisation should be trusted with future investments. In this instance,
an organisation performing well in an environment will be punished when other organisations
do not perform well because the non-performing organisations will receive the most
assistance (De Bruijn, 2006). Thus, over-achievement is stifled (Behn & Kant, 1999).

The third unintended consequence examined is misrepresentation. Misrepresentation
occurs when performance measurement data is deliberately altered (van Dooren, et al., 2010).
Over-representation / under-representation will occur when the value of the performance
measure does not correspond with the actual reality, thus presenting a picture of either more
or less performance (van Dooren, et al., 2010). The distinction between these two
phenomenon is a fine one and effectively determined by the deliberate intent (or lack thereof)
accompanying the behaviour (van Dooren, et al., 2010). None of the interviewees stated they
had or would engage in such behaviour, which would suggest they are self-reported ‘Saints’
or ‘Honest Triers’ (Bevan & Hood, 2006). As one interviewee warned, it would not be “very
astute for an organisation to try and fudge those figures for their own gain because...it shows
lack of integrity and you know breach of trust” (Interviewee #4).

However, two NSOs (Interviewees #6 and #9) stated that they knew of instances
where these unintended effects had occurred within the realm of community sport. In the first
quote, an interviewee knows of other NSOs who took funding with the intent of making up
the numbers to appease SPARC:

I know a number of NSOs have just jumped in and said “ahh bugger it. We’re going to
take the [community sport] money. We’ll say we’ll report against the measures and
we’ll just make it up when we come to it” which to me is just not right. Well, we
could do that too but I don’t want to be held to that so we don’t do it (Interviewee #6).

The second quote provides a similar example but with respect to regional sport trusts
(as opposed to NSOs):
So one of the things [regional sport trusts were required to report on] was how many hours a week does a participant at ten years play the sport? Now we’ve got some places where kids will be playing an hour a week, practicing an hour a week. But what they were asking [regional sport trusts] to gather was...which group trained for this? So everybody was just making up numbers because actually and, I know that for a fact from other sports as well, they were just making up numbers to satisfy what they thought [SPARC] wanted (Interviewee #9).

Behn and Kant (1999) note this to be one of the pitfalls of performance contracting – it may reward promises rather than performance. They warn that “bidders who overpromise may be precisely those that have the poorest understanding about how to produce the desired performance” (p. 477) and this is apparent in circumstances where the organisations receiving investment are simply ‘making up the numbers’. In order to avoid such a pitfall, a suggested strategy is to favour those organisations with a good track record (Behn & Kant, 1999), but this is also, paradoxically, one of the criticisms of performance budgeting in sport: that over time, funding starts to resemble incremental (or bottom-up) budgeting that is the very antithesis of a performance system. Moreover, selecting organisations with a good track record may be difficult to do when a performance system is in its infancy.

The last unintended effect to be examined is of performance measures stifling co-operation. Performance measures may stifle co-operation because organisations have an incentive to optimise their own performance and a corresponding disincentive to cooperate with competing organisations (De Bruijn, 2006). While the majority of NSOs felt that the current performance system did place them in competition with one another to a certain degree, the general consensus was that they were open and happy to share information with their counterparts and that it was reciprocated. However, one interviewee (Interviewee #6) did

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61 Organisations that receive targeted funding may state that in order for long-term strategic planning to be effective and produce results they require guaranteed funding over time. This will help ward off the unintended consequence of myopia. However, as a result of limited resources, guaranteed long-term funding for prioritised organisations can mean that: (a) poor organisational performance by prioritised organisations is not punished, and (b) good organisational performance by non-prioritised organisations is not rewarded. Thus, the performance measures become meaningless and guaranteed funding over time has caused the performance system to become the antithesis of its core values.
acknowledge that when it came to a particular NSO, whose sport was of a similar nature to his own, he kept his “mouth shut” and “cards close to [his] chest” when in the same room as them.

The implications for the above findings are that further research is needed to demonstrate whether these unintended effects represent isolated incidents or are indicative of widespread problems. It is important to recognise that many unintended effects are closely related to one another and the solution to one unintended effect may create or exacerbate other effects. Furthermore, the greater the number and prevalence of unintended effects operating within the system, the more likely the performance target paradox will be in effect (van Dooren, et al., 2010).
CHAPTER 9

CONCLUSION

The truism that “perception is reality” is a real concern within government policy-making. As Sam (2007, p. 242) notes, a “wicked feature” and “persistent problem” of sport policy relates to the way in which performance and policies are evaluated because there can be multiple interests interpreting performance data in different ways and from different perspectives. Arguably, the New Zealand sport system is entering a critical evaluative juncture as SPARC has specifically stated it anticipates ten medals at the London 2012 Olympics (SPARC, 2009, 2010; Sport New Zealand, 2012). As a pinnacle event, the Olympics (and associated medal targets) represent a significant measure of success, not only for elite sport but the entire framework of a sport (i.e. the ability of a sport to develop athletes from community sport through to elite sport levels). Consequently, SPARC policies and investments (i.e. targeted investments to prioritised NSOs) are likely to be perceived and hailed as a success if medal targets are met or come under serious political and media scrutiny if they are not (cf. Piggin, 2010).

This thesis has provided insight into performance measurement systems from the perspective of NSOs. It explored the use of such systems and targeted investments within the New Zealand sport sector, locating these approaches within the wider global performance movement and NPM doctrines. More specifically, it investigated NSO perceptions and interpretations of SPARC performance measures and funding policies as well as identified (potential) unintended consequences and trade-offs that have emerged through the use of such systems.
Drawing from data gathered through document analysis and interviews with twelve participants from nine NSOs, the research provided a descriptive account and analysis of SPARC investment schedules, the performance contracts between SPARC and NSOs and a principal source of performance measures. The research also set out two notable NSO perceptions and identified the (potential) unintended consequences, premised on the academic literature, occurring within the performance system.

The first notable NSO perception related to their trust in SPARC. Naturally, how SPARC and their funding decisions were perceived by NSOs was informed by their particular perspective or vantage point and consequently a range of NSO perceptions emerged. For the most part, NSOs felt that their relationship with SPARC was strong and based upon support, collaboration, and partnership. However, it is also worth mentioning that two NSOs were relatively neutral as to their relationship with SPARC while another NSO felt alienated and that their organisation was just a box to tick as a measure of governmental performance.

Just as there were a range of NSO perceptions regarding their relationship with and levels of trust in SPARC, the second notable NSO perception related to trust in the performance system itself. NSO perceptions were categorised into True Believers, Pragmatic Sceptics, Active Doubters, and Independence Seekers by building upon Norman’s (2002) categorisation system. While the majority of NSOs could be described as either falling within or across True Believers or Pragmatic Sceptics, some interviewees actively doubted the system. To this end, and closely related to the NSO perceptions of trust in SPARC and the performance system, there were three significant findings of the research.

The first finding was that belief in the system, aided by the clarity of focus it brought, was tempered by the perception of an ever-changing political environment. Indeed, participants acknowledged the inevitability of changing goalposts (performance targets,
performance measures, and policy decisions) either as a result of a political regime change or a shift in policy direction. Thus the very element they valued most about the performance system was perceived to be the most tenuous.

The second finding suggested that the propensity for belief, scepticism and doubt in relation to the performance system differed according to the type of investment. There was a notable divergence in the way that NSOs perceived the various outcomes, performance measures, KPIs and targets used between elite sport investment schedules and community sport investment schedules. There is more trust and belief in elite sport measures than community sport measures because they are viewed as simpler and more objective in nature. These findings may have significant consequences, not least of which is that the performance system may in fact reinforce (and expand) the current funding imbalances between the two areas. Moreover, they could create a substantial legitimacy risk for SPARC should a change in government advocate more accountability in relation to community sport rather than elite sport.

The third finding suggested that neither belief nor disbelief in the performance system necessarily translated into compliance. Whether due to a general distrust of the system or a desire to be free from tagged funding requirements and performance measures, some NSOs sought independence from the system. It is thus a paradox of the system that it can simultaneously cause NSOs to align with SPARC (representing greater coherence and co-ordination within the sector) whilst also inducing NSOs to seek independence (representing a loss of coherence and co-ordination within the sector).

The thesis concluded by outlining the potential unintended consequences of targeted funding and performance measures. As a result of targeted investments, some NSOs reported self cream-skimming and specialising in one area (elite sport or community sport). Others
feared that unmeasured aspects (such as talent identification) would fall through the cracks owing to a fixation on existing measures of performance. NSOs also began to institutionalise the logic of targeted investment within their own organisational structures and partnerships at regional / local levels. Lastly, there was also evidence (albeit limited) of the unintended consequences of myopia, complacency, misrepresentation of data, and the stifling of co-operation within the performance system.

Overall, the research has demonstrated that there are a range of NSO perceptions and participants are conflicted as to the state of the current SPARC performance system and the use of targeted investments. Such a finding is to be expected because, as pointed out by Norman (2002), the spectrum of opinions reflects the varying “degrees of enthusiasm or scepticism” (p. 622) about performance management and measurement techniques. Indeed where a person stands, depends upon where they sit and as Austin (1996) notes: “one person’s functional system is another person’s dysfunctional system – that the difference is solely in the eye of the beholder” (p. 7). The significance of the research lies in the fact that perceptions and behaviour are able to change over time and the findings here thus provide a reference point as to the current state of the sport system from the perspective of NSOs. This may allow future research and analysis to determine how perceptions and behaviours have changed over time, which may be particularly useful in light of the fact that performance systems can tend to degrade in effectiveness and legitimacy (De Bruijn, 2006; Meyer & Gupta, 1994; van Dooren, et al., 2010; Van Thiel & Leeuw, 2002).

In institutional terms (Lowndes, 2005), the implications of this research are that SPARC may have sown the seeds of the performance systems’ future re-construction (or re-creation) from the outset. NSOs either harbour doubts or are outright distrustful of the system and its legitimacy due to the manner of its creation. Furthermore, selected indicators may “create creative destruction” within the current or future managerial practices (Johnsen, 2005,
It may be that desirable elements of the system, such as the clarity of focus created by performance measures and investment schedules, play a role in the reconstruction of the system as power and control struggles occur over the creation or alteration of performance indicators between the varied and multiple interested parties (politicians, SPARC, NSOs, regional sports trusts, regional sport organisations / member organisations, clubs).

Recognising the varied and multiple interested parties opens many opportunities for future research with respect to sport policy and the use of performance measures and targeted investments within the New Zealand sport system. This research only took into account one organisational perspective of the performance system – NSOs. There are many varying stakeholders (organisations and individuals) to the SPARC performance system. At an individual level, the intended and unintended effects of SPARC performance measures and funding policies and investments (e.g. performance enhancement grants and Prime Minister’s Scholarships) on elite sport athletes, coaches, and support staff could be investigated. In terms of organisational perspectives, future research could investigate the perceptions of SPARC, regional sports trusts, regional sport organisations and member organisations to NSOs, and clubs. Specifically within SPARC, relationship managers may be an avenue for fruitful research because it would appear that they face significant challenges in managing and achieving centrally-driven policy objectives while also meeting the needs and interests of their partner organisations (e.g. NSOs and regional sports trusts). Furthermore, a more complete analysis of NSOs could be conducted. Interviews and / or a survey of a larger number of NSOs could build upon the findings of this research. For example, it may be possible to determine whether the limited evidence presented in this research (regarding the unintended effects of myopia, complacency, misrepresentation of data, and the stifling of cooperation) merely demonstrates isolated incidents or is indicative of more widespread

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62 This research has already uncovered some limited evidence from NSOs that regional sports trusts may be experiencing challenges related to meeting SPARC performance measures.
problems within the performance system. In addition, understanding the spectrum of NSO perceptions (True Believers, Pragmatic Sceptics, Active Doubters, and Independence Seekers) may in fact raise more questions than it answers. For instance: What are the links (if any) between the organisational perceptions of the system and the unintended consequences created by the system? Are we likely to see more unintended consequences for Active Doubters than True Believers? Or could it be that True Believers are more susceptible to different sets of unintended consequences than Active Doubters? 63

Ultimately, how the performance system is evaluated depends both on the theories behind its use and the perceptions of those theories. That is, if SPARC uses performance systems to satisfy its overseers (such as the New Zealand Treasury) on the use of funds, then they clearly serve this purpose and it can therefore be accepted if NSOs perceive ‘counting for the sake of counting’. However, if the system is designed to improve sporting organisational performance, then a different set of questions can be posed: Does it make the trains run on time? Is it the performance measures or merely the increased funding available that enables organisational improvement? To what degree can we attribute improvement to either of these two factors? Is it equitable or fair to evaluate sporting organisational performance if there is not (at least) some parity of funding between organisations?

In this light, it is important to recognise that the creation of performance information in management systems rarely, if ever, provides the solution on its own to the improvement of service delivery (Hatry, 2006). Rather, performance information merely opens the door for debate, discussion, and interpretation of the data and allows arguments to be galvanised to certain political viewpoints and causes. Consequently, as van Dooren et. al (2010) point out:

63 For instance, could it be that True Believers are more susceptible to unintended consequences such as myopia, measure fixation, mushrooming, and organisational paralysis because they are supporters of clarification and measurement and believe the system needs to continue down the measurement pathway? Conversely, could it be that Active Doubters are more susceptible to misrepresentation and unjustifiable (dis)aggregation of data because they do not believe measurement systems are capable of understanding the meaning of their work?
“Conflict is essential for the functioning of democracy and therefore performance information should primarily refocus political debate rather than curb it” (p. 187). The challenge facing the principals (SPARC) and the agents (NSOs) of performance systems lies in power struggles over the creation and alteration of performance indicators and measures. On the one hand, the system and performance indicators need to remain stable for a period of time to allow the intended benefits and rewards of the system (e.g. clarity of focus) to accrue. Changing the indicators too early and too often creates distrust within the agents of the system. On the other hand, the longer the system is in place, the more likely it is to exhibit diminishing returns and / or unintended consequences as a result of strategic behaviour and resistance.
REFERENCES


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APPENDIX A
SAMPLE INTERVIEW GUIDE

Research Title:

*How do NSOs interpret and act upon SPARC’s performance measures, assessments and evaluations?*

What is a performance measure?

For the purposes of my research, it is basically anything that SPARC uses to assess or evaluate the performance of a sporting organisation (in this case an NSO). SPARC and HPSNZ assess the performance of NSOs in relation to its targeted / contestable funding tiers and using instruments such as the Organisational Development Tool (ODT), high performance investment plans, targets, independent reviews etc. It could include any criteria created by SPARC that ultimately becomes a target or box to tick for an NSO and could be described as any type of performance indicator, target or measure.

Types and interpretation of performance measures:

1. How does SPARC measure the performance of your organisation? Describe the current performance management and measurement systems used by SPARC – please provide examples.

2. In what form do these measures take? Where are performance measures found? Are there formal and informal measures? i.e. documents, emails, informal meetings with SPARC staff, qualitative (narrative) or quantitative (numerical) etc.

3. How many indicators would you say you are responsible for reporting? How does this compare with last year, the year before or when you were first required to start reporting to SPARC?

4. What does an ideal performance management system look like? Or what are some ways that you would improve the current use of performance measures?

Use of performance measurement:

5. What are your thoughts on SPARC’s aims with respect to performance measures?

6. From your perspective, what are SPARC performance measures used for? What do you think SPARC performance measures set out to achieve? (e.g. to help your organisation learn / to steer and influence your organisation / to control and hold your organisation to account)
7. What are the consequences for your organisation, if any, of exceeding, meeting or not-meeting performance targets, KPIs, etc?

8. Do you get an opportunity to explain the results of performance measures? Please describe.

How does your organisation act upon performance measures (i.e. the effects of performance measures on your NSO)?

9. What things can you observe that are done differently now in your organisation as a result of SPARC performance measures?

10. What would you say are the positive and negative effects of performance measures on your organisation? For instance, a positive effect is that the indicators provide a clear focus for what should be done. A negative effect might be that an organisation hits the target but misses the point (i.e. the focus of the organisation is toward measured aspects of organisational performance to the detriment of unmeasured aspects).

11. Have performance measures changed your relationship with SPARC? If yes, how so?

12. Do SPARC performance measures and funding criteria change your relationship with your regional sporting organisations? What about with other organisation (i.e. other NSOs, High Performance Sport NZ formerly NZAS, RSTs, etc)?

13. Do you feel like you have more or less autonomy as a result of performance measures? For instance, do you feel compelled to follow a particular ‘best practice’?

14. Academic literature from New Zealand has indicated that public servants’ perceptions toward measurement fell into the following categories: ‘True Believers’, Pragmatic Sceptics’ or ‘Active Doubters’. Where do you feel you sit with respect to measurement? Has your stance changed and why?

**Ending Questions:**

- Are there any aspects of the topic that have not been covered and you think are important?
- If you were me, what questions would you ask of other NSOs? (i.e. what is the most important question to ask?)
- What would you change about any of the questions I have asked?
- Any other comments / guidance.
APPENDIX B

SAMPLE LETTER OF INTRODUCTION

Date

Name of Organisation
Address Line 1
Address Line 2
Address Line 3

Dear XXX / XXX,

RE PARTICIPATION IN RESEARCH

My name is Luke Macris. I am a Masters student at the School of Physical Education, University of Otago, working under the supervision of Dr Mike Sam. We would like to invite you to participate in a research study I am currently undertaking titled *How do NSOs interpret and act upon SPARC’s performance measures, assessments and evaluations?*

Research examining sport policy and the use of performance measurement systems within the New Zealand sport sector, particularly with respect to national sport organisations (NSOs), has been very limited to date. This study aims to redress this and examine the ways in which performance measurement systems are understood and experienced by NSOs. We are interested in your views (positive, negative or neutral) on the effects, consequences and implications of performance measurements and assessments.

An information sheet providing details of the study has been included for your perusal. If you are interested in participating, or should you have any questions, then please do not hesitate to contact me. Thank you for taking the time to consider participating in this study.

Yours Sincerely,

Luke Macris, LLB(Hons) BPhEd
Email: XXX
Phone: XXX
APPENDIX C

CONSENT FORM FOR PARTICIPANTS

How do NSOs interpret and act upon SPARC’s performance measures, assessments and evaluations?

I ........................................................................................................................................ consent to participate in the study being conducted by Luke Macris under the supervision of Dr. Mike Sam, Senior Lecturer in the School of Physical Education at the University of Otago. I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage. It is further understood that I have received the following information concerning the study:

1. The study has been explained to me, I understand the explanation that has been given and what my participation will involve;

2. I understand that my participation is entirely voluntary;

3. I understand that I am free to discontinue my participation in the study at any time without any disadvantage;

4. I understand that this project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind;

5. Personal identifying information will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for at least five years. Within these restrictions, results of the study will be made available to me at my request;

6. The results of the project may be published and available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve my anonymity;

7. I understand that, at my request, I can receive additional explanation of the study at any time.

I agree to take part in this project.

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(Signature of participant) ..........................................................................................................

(Date)