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## **Performance management and strategic management at work: NPM-inspired models of management in German local governments**

### **1. Introduction**

This paper contributes to the knowledge about the implementation of performance management and strategic management in the public sector. For the case of German local governments, it will deepen the understanding of how reform ideas which were inspired by Public Management (NPM) have been implemented in public organisations. The main question of this paper is about what local governments in Germany really do when they claim to have implemented a strategic management. It will be shown how performance management and strategic management have been interpreted by practitioners and how actual practices based on these concepts have been implemented on the local level.

The corpuses of literature on performance management and strategic management somehow seem to stand for distinct lines of research. The literature on performance management seldomly draws on issues of strategic management. Publications on strategic management regularly use aspects of performance measurement and management as criteria for the maturity of management practices but explicit references on the literature on performance management is rare (Rivenbark and Kelly, 2003; Poister and Streib, 2005; Poister, 2010; Andrews et al., 2012). Complementary to this view, the approach of this paper is to try to understand actual management models from the view of the practitioners which have implemented these models. While in Germany public organisations did not generally shift to NPM instruments and managerial methods and practices, the paper will also give insights about how NPM-inspired ideas have been integrated into traditional forms of local government management.

A qualitative approach based on ten cases from local governments in Germany is used to answer the research question. While research on performance management and strategic management is often based on self-reported information from surveys, the data are based on evaluations of formal and informal documents as well as on interviews with administrative staff and council members. The case of German local governments is

interesting because managerial ideas and instruments were adopted voluntarily, mainly on the local level and without legal requirements (Pollitt and Bouckaert, 2011; Reichard, 2003; Wollmann, 2000). Understanding the German local government reform within a transformative framework (Christensen and Lægreid, 2002), it is quite clear that this reform was mainly driven by internal motives of local governments and popular reform fashions (Mussari et al., 2016).

An overview about the state of research on performance management and strategic management will be given in the next section. Afterwards, relevant aspects of the reform processes in German local governments will be illustrated. In the following section, the theoretical framework and the methodology for this study will be mapped out. The empirical section shows details of how ideas of performance management and strategic management have been implemented in German local governments. Some conclusions about the status and the future of managerial instruments in German local governments are to be found in the last section.

## **2. Performance management and strategic management in the public sector**

Performance management and strategic management are quite prominent in current discussions. Originally carried by the wave of New Public Management reforms, performance management and strategic management are also important instruments of management in 'post-NPM' times. *Performance measurement* uses financial and non-financial indicators for measuring outputs, outcomes or impacts of administrative action usually in ratio to its inputs, whereas *performance management* is usually understood as management using performance information for decision-making (Osborne et al., 1995; Ballantine et al., 1998; Poister and Streib, 1999a; Brignall and Modell, 2000; Poister, 2003; van Dooren, 2005; Sanger, 2008; Bouckaert and Halligan, 2007; Moynihan, 2008; Moynihan and Pandey, 2010; Kuhlmann, 2010; Heinrich, 2012; van Dooren et al., 2015; Kuhlmann and Bogumil, 2018). Performance management clearly was part of NPM reform ideas. Beginning in the 1990s, countries such as Australia, the United States and New Zealand, made some principles of performance management statutory (Hood, 1995; Pollitt and Bouckaert, 2011; van Dooren et al., 2015). Performance management has also become an important issue for OECD policy recommendations (Perrin, 2002; OECD, 2009; Pal, 2012). Cepiku et al. (2017) state that 'public sector performance movement has intensified during the past three decades'.

The implementation of performance measurement and performance management has been investigated broadly (Julnes and Holzer, 2001; Wang and Berman, 2001; Taylor, 2006; Askim, 2007; Ammons and Rivenbark, 2008; Moynihan, 2008; Askim, 2009; Taylor, 2011; Kroll, 2012; Kroll, 2015; Nielsen and Baekgaard, 2015; Cepiku et al., 2017; Baekgaard and Serritzlew, 2018; Petersen et al., 2018). Evidence generally points to an underuse of performance information, particularly by elected officials (Pollitt, 2006; Proeller, 2007; McDavid and Huse, 2012; Grossi et al., 2016) and unintended effects caused by gaming, blame avoidance and other forms of opportunistic behaviour (Bevan and Hood, 2006; Bevan and Hamblin, 2009; Arnaboldi et al., 2015; Nielsen and Baekgaard, 2015; Giacomini et al., 2016). The implementation of performance management and the actual use of performance information seem to depend on the quality of available performance information, the involvement of managers and politicians in the development of performance measurement instruments, and specific characteristics of the political-administrative system. For example, trust between administration staff and politicians, as well as the politicization of decision-making, have been proved to be relevant, and these parameters are themselves interdependent (Giacomini et al., 2016; Hildebrand and McDavid, 2011; Kroll, 2015; Weiss, 2017).

*Strategic planning*, understood as a 'deliberative, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why' (Bryson, 2011; Bryson et al., 2018), has a long-lasting tradition in public management. *Strategic management* links strategic planning to implementation through tool-based assessments of external and internal preconditions for future development, procedures of decision-making, leadership and other cultural aspects of an organisation (Bryson et al., 2009; Bryson et al., 2010; Bryson, 2011, 2012; Ferlie and Ongaro, 2015; Ferlie and Parrado, 2018; Hansen and Ferlie, 2015; Joyce et al., 2014a, 2014b, 2014c; Joyce, 2015; Poister, 2010; Poister and Streib, 1999b, 2005). Performance management is seen as an essential element of strategic management (Bryson, 2012).

While strategic decision-making with its roots in military thinking has had a long history in the public sector, approaches which came up with NPM reforms are strongly influenced by concepts of strategic management which were developed for the private sector. Ferlie and Ongaro (2015) describe eleven different schools of strategic management in the private and public sectors. Notably, normative blueprints for a better management as developed by Porter (1998) stand next to analytical approaches, for example by Mintzberg (2007), which are trying to explain actual practices in organisations.

There is still only little data about the implementation of strategic management and its impact on performance in the public sector (Johnsen, 2017). Poister and Streib (1994, 2005) report that 38% (1994, N=520) up to 44% (2005, N=225) of US cities which participated in their surveys indicated having implemented strategic planning. In a study of smaller municipalities with fewer than 25,000 inhabitants, Rivenbark and Kelly (2003) find 33% of the participating governments (N= 281) to use strategic planning on the organizational and programmatic level. Partly using the same survey items as Poister and Streib (1994, 2005), Johnsen (2017) analyses strategic management in Norwegian municipalities. In the sample of 176 local governments, 39% indicated having at least one strategic planning document while 43% do not have a strategic plan and have not initiated work on a strategic plan. While strategic management is undoubtedly popular in the academic research it seems that its implementation is far from being comprehensive. As Joyce et al. (2014a: 285) conclude, 'the reality of government and public sector organizations resists the development of a more strategic approach'. Main reasons seem to be the complexity of stakeholder involvement in the public sector (Conteh, 2014), politicians' as well as managers' preferences for blame avoidance (Weiss, 2017), and public managers' perception that strategic management, in the end, is more effort than added value (Kwon et al., 2014). In this point, studies indicate no or only moderately positive effects of strategic management on performance in public organisations (Andrews et al., 2012; Jimenez, 2014; Walker and Andrews, 2014, Pasha et al., 2015; Johnsen, 2017). Nevertheless, practitioners usually evaluate the impact of strategic management on organisational effectiveness positively. So, it seems that 'strategic planning and management is a way of knowing that is perceived to be working for some practitioners' (Johnsen, 2017: 20).

### **3. NPM-inspired management reforms in German local governments**

In Germany, NPM reforms on the local level were mainly driven by the *Neues Steuerungsmodell* (NSM), which was worked out by the KGSt (1993), an association of local governments (Pollitt and Bouckaert, 2011; Reichard, 2003; Vogel, 2013; Vogel and Frost, 2009; Wollmann, 2000). Even though the term *performance management* was not explicitly used, core ideas of measuring performance and using performance information were integral to the NSM. Strategic management had not been a component of the original NSM and was added to the German reform blueprints at the end of the 1990s. Publications by Eichhorn and Wiechers, (2001), Heinz (2000), the KGSt (2000a, 2000b, 2000c) as well as Schedler and Siegel (2004) shaped practitioners' ideas about strategic management (Weiss, 2018) The major reform blueprint that was propagated by the KGSt (2000a) included a

management cycle with targets and indicators on the operational level and a second management cycle on a strategic level. Explicit strategic goals following the SMART criteria (Doran, 1981) should be defined by the council, which in German local governments can include up to 50 members from different parties. Thus, it was also desired to depoliticize the council-administration relation by implementing a management by strategic objectives (Bogumil, 2002; Weiss, 2017). Later, suggestions for citizen participation in the definition of strategies were added to the concept. In 2013, the KGSt published a reviewed reform blueprint called *Kommunales Steuerungsmodell* (KGSt, 2013). This concept suggests the implementation of three major management processes: A process for managing the *Gesamtstrategie* (overall strategy), an annual process of budgeting and budget execution and a project-based task appraisal for cost-cutting issues.

In the middle of the 2000s, in some federal states a kind of double-entry accrual accounting called DOPPIK became obligatory. While the DOPPIK mainly focused on the rules for accounting, in a view cases particular aspects of performance management were linked to it (Bleyen et al., 2016; Grossi et al., 2016; Mussari et al., 2016; Ridder et al., 2005). But overall, there are no legal requirements for local governments to adopt NPM or NSM ideas until today.

In 2006/2007, an evaluation of NSM reforms indicated that a large number of local governments had only implemented some subordinated aspects of the NSM concept. Former NSM pioneers had reduced their reform efforts and already removed some instruments. In particular, only a small number of local governments practiced basic aspects of performance management (Bogumil et al., 2007; Kuhlmann et al., 2008). Up to now, the quality of available performance information is still very heterogeneous in local budget plans and indicators focus mainly on input and physical output measures (Bleyen et al., 2016; Kroll and Proeller, 2012; Weiß, 2013). The use of available performance information for budget decisions is still quite modest (Grossi et al., 2016; Mussari et al., 2016). Focusing aspects of strategic management, Weiss (2017) analysed 663 budget plans of local governments in Germany. Only 14 cases to meet the three criteria 'explicit strategy (strategic aims) defined by the council', 'strategic aims measured by performance indicators' and 'strategy focuses attention and resources' were found in this study.

In sum, the traditional institutional logic of local government organisation, grounded in Germany's strong Weberian and rule-of-law tradition, has been mainly untouched by NSM reforms and subsequent adjustments of accounting rules. The dominance of rule compliance over efficiency, the principles of input-oriented budgeting, the persistence of hierarchical control in the administration as well as the politicisation and autonomy of local

councils was nearly unaffected by the NSM reforms. In the absence of regulatory pressure to adopt a managerial logic of, the implementation of new management instruments depended on free considerations of local government executives and council decisions.

Consequently, what can be studied in the German case is which reform ideas have been chosen for implementation by reform-willing local governments and how these ideas have been implemented in the presence of traditional forms of management.

#### **4. Framework for empirical research and methodology**

In this paper, performance management and strategic management will be understood using common criteria (see table 1). Following Bouckaert and Halligan (2007; 2008), performance management is operationalized with three elements: measuring, incorporating and using performance. *Measuring performance* means collecting and processing data into performance information. *Incorporation of performance information into management* takes place by integrating it into documents, procedures and stakeholder discourses. *Using performance information* means to consider it for improving decision-making, results and accountability.

Strategic management will be analysed using three variables (Johnsen 2017): strategic planning and management, strategy content and stakeholder involvement. The criteria for evaluating these items were developed following the main ideas of recent literature by Andrews et al. (2008; 2009; 2012) and Johnsen (2017). *Strategic management* is operationalized by five criteria: The first criterion is the existence of a strategy understood as a set of perennial strategic aims for the development of the municipality. The second criterion is the existence of indicators to measure the strategic aims. The third criterion is an annual reporting on relevant strategic achievements. Fourth, a structured approach to update the strategy is needed. The fifth and last criterion is the existence of an explicit link between the strategy and the annual budget.

Studies analysing *strategy content* are regularly based on a model by Miles and Snow (1978; also Miles et al. 1978) using four types: prospectors, defenders, analyzers and reactors (Andrews et al. 2008; 2009; 2012). *Prospectors* are searching for new opportunities to develop their organisation by scanning their environment and adopting changes proactively and innovatively. *Defenders* are more conservative and usually late adopters of innovations. Usually they are waiting until innovations have been widely disseminated and proven to be successful. *Analyzers* are an intermediate category. They are not first movers

but they adapt faster than the defenders. A *reactor* is understood as an organisation without strategic management, which only mutates when change has become inevitable.

As in the analysis by Andrews et al. (2012), strategic content in this study is interpreted as a continuum, which is marked by prospectors on one end and defenders on the other, while analyzers lie in between. Furthermore, this study focuses on some qualitative aspects of the strategic aims. It records which thematic areas are addressed in the strategic aims. Since strategies of German municipalities often seem to address a broader set of aims (Weiss, 2017) while the idea of strategy is usually about focusing action, a second dimension to describe strategy content has been introduced to the analysis. Strategy content is categorized as *broad* if strategic aims cover a large part of the entire portfolio of local government services. A strategy that concentrates on more individual aspects of a municipality is indicated as *focused*. As one criterion for the evaluation as broad or focused, the *number of strategic aims* is additionally reported.

*Stakeholder involvement* is also a well-known aspect of strategic management research in the public sector (Bryson, 2004; McAdam et al., 2005; Poister and Streib, 2005). For the evaluation, both the council and administration are understood as internal stakeholders. Citizen, NGOs, business organisations, enterprises and political or administrative actors from other than the local level are summarized as external stakeholders.

Data for this study stems from five cities and five 'Landkreise', the second-tier entities on the local level in Germany comparable a county or district. All governments have published information about their systems of management, explicitly calling it *strategic*. The cases were identified based on a review of budget plans and strategy-related publications of about 700 local governments in Germany (Weiss 2017) using the discussed criteria for performance management and strategic management. An additional criterion was the willingness of administrative staff to participate in this study, to allow research interviews and to provide some internal documents. Consequently, the sample represents a kind of best practices and is in no way representative for local governments in Germany. Some of the cases have already been reported in case studies or discussed in public management literature (for example (Bayerischer Landkreistag, 2017a, 2017b); Pröller in Ferlie and Ongaro, 2015; Tolkemitt, 2014; Weiss, 2017). Nevertheless, results have been anonymized since not every government agreed to the publication of all relevant details of their cases.

The data was collected from 2013 until 2018. Results were mainly drawn from local governments' publications, especially budget plans and strategy-related information for external stakeholders. Additionally, interviews were conducted in all local governments with

at least four managers and in most cases also with up to four council members. It was attempted to verify crucial statements from the interviews by using internal documents or by cross-checking them in other interviews.

## 5. Results

Table 1 shows the results for the ten cases under investigation. All criteria developed in section 4 proved to be applicable. The evaluation of *performance management* implementation showed that all local governments report performance information. The main difference is about whether performance information is available for the public mainly by publishing it in the budget plan (evaluated with ++ in 1.2) or whether performance information is only available for administrative staff and politicians (evaluated with + in 1.2). No case was found in which budget decisions were systematically and strictly based on reported performance information. In nearly every case, some relevant administrative or council decisions could be found for which performance information was used. In one case, a tendency for an increasing relevance of performance appraisals for the budgeting could be detected. But bigger shifts of annual budgets based on outcome or impact indicators were not to be found. With regard to available documents, the use of performance information was overrated in some interviews. Obviously, interview partners selectively remembered some situations, especially from discussions in the council, where performance information had been used for arguing. But as far as these cases could be analyzed using meeting records, performance information was used as ‘ammunition’ (Giacomini et al., 2016) in these particular cases.

During research for adequate cases, several local governments were found that claimed to have a strategic management without *explicit strategic aims*. It turned out that most of these local governments had implemented some kind of performance management based on indicators and heterogeneous operational objectives. These examples were not included in the analysis. So, in all ten cases, explicitly defined strategic goals do exist. Only in three cases, *indicators* for aims on the top level have been defined. This also means that most of the local governments in this sample are hesitant to follow the SMART criteria for the definition of goals. The main reason to forego SMART goals at the top level of the organization is the effort for their formulation in a politicized environment as it can be found in German local governments. From the view of council members and politicians, non-SMART goals at the top level have only small disadvantages for the functioning of strategic



management if measurable goals are available and used for managing performance on the lower level of administrative outputs.

In the three cases where indicators for the strategic aims are available, actual values are *reported regularly*, usually on an annual basis. In two cases, where no indicators are available at the top level, strategic progress is reported qualitatively on an annual basis. Overall, public reporting on strategic issues is not regularly observable in most cases.

Strategic goals are *reviewed* in the annual budgeting process in three local governments. In four additional cases, strategic aims had been reviewed occasionally in the past. In the other three cases, strategic aims have not been substantially reviewed in the past years.

Explicit reference to strategic goals and their relevance for the *annual budget* could be found in seven cases. In the 'weak' cases, strategic aims are only mentioned in the budget plan. In the 'stronger' cases, budget plans name services—the 'Produkte' of the DOPPIK—which are to deliver strategic impacts or relevant measures to be taken. In one budget plan only one strategic aim is named occasionally while in two budget plans the strategy or strategic aims are not mentioned at all. In the later cases it showed out, that responsibilities for strategic management and budget planning are strictly separated in the organisation. While budgetary functions are assigned to a financial department—the classical German 'Kämmerei'—issues of strategic management are carried out in separate units for usually organized as staff departments. Moreover, aspects of this kind of double tracked organisation could be found in some of the other seven administrations too.

Different approaches are used to incorporate strategic aims in *budget planning and decision making*. Three governments have implemented a special kind of fundamental decision making about the distribution of main shares of the budget—known as 'Eckwertbeschlüsse'—at the beginning of the budget planning process. In some other cases, strategic priorities are taken into account more informally in the budget planning process. In some municipalities, the impact of ongoing council decisions on the strategic aims is checked and reported regularly. There is some evidence that strategic management has made a significant contribution to reduce budget deficits. Overall, indications that strategic aims have lead to extensive realignments of administrative organisations and budget shares are weak.

The *number of strategic aims* varies between four and ten, while in the later case the ten goals are related two four major topics. Twenty thematic fields of strategic aims have been identified from which 'climate and environment' (ce) and the development of the local economy (ec) showed to be the most prominent. Apparently, strategic aims differ between

the ten municipalities and in some cases obvious links to special environmental conditions or challenges could be found.

The evaluation of a *broad or focused content* is based on the number of strategic aims combined with the addressed topics. Four cases were identified in which strategic aims focus on special aspects of local government action. In three municipalities only four or five aims addressing an equal number of topics were formulated. In one case, ten goals were found, but these goals were restricted to four thematic areas. The other municipalities work with a broader range of strategic goals addressing a larger number of topics. In most of these cases, the broadness of the approach was confirmed by interview partners and explained as a consequence of the heterogeneous interests which had to be considered.

Categorising *strategy content* as prospecting, analyzing or defending was mainly based on the question if goals focus on the realisation of new strategic achievements and challenges or if objectives mainly focus on the preservation of the status quo. In the one case in which a defending strategy was identified, the strategic aims were mainly focused on the reduction of budget deficits and the management of demographic and economic change. A prospector stance was identified in three cases in which strategic aims explicitly focus on opportunities of future development. In one case, these opportunities were identified using a large-scale SWOT analysis conducted by strategy consultants.

	Inhabitants (range in thousands)	Performance management			Strategic management											
					Strategic planning and management					Strategic content				SI		
		1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	3.1	3.2			3.3	3.4	4.1
City 1	60-80	+	+	0	++	0	0	+	0	5	cd, ce, cu, ec, fi, to			b	a	i
City 2	40-60	++	++	+	++	++	++	+	++	6	ce, ec, ed, in, vw			b	d	i
City 3	40-60	++	++	0	++	0	+	++	+	8	ce, cu, ec, ed, ql, so,			b	a	i
City 4	200-400	++	++	+	++	++	++	+	++	7	cu, ec, ed, fi, mi, ud, vw			b	p	i
City 5	40-60	++	++	0	++	0	0	0	++	4	ce, ed, ff, ql			f	a	i
County 1	100-200	++	++	+	++	0	0	0	++	5	ce, dc, ed, fi, ql			f	p	i*
County 2	100-200	+	+	0	++	0	0	0	0	10	ae, cs, ec, fi			f	a	i
County 3	100-200	0	0	0	++	0	0	0	0	5	ce, cu, ec, so			f	a	e
County 4	200-400	++	++	+	++	0	+	++	++	7	ce, cu, ec, ed, ff, mo, so, sp			b	a	i
County 5	200-400	+	+	0	++	++	++	++	+	9	ce, cp, cu, ec, ed, ql, sp, to			b	p	e

1.1	data collected and processed into performance information
1.2	performance information incorporated into documents and procedures
1.3	performance information used for improving decision-making, results and accountability
2.1	formal strategy understood as a set of perennial strategic aims
2.2	indicators to measure strategic aims
2.3	annual reporting on relevant strategic achievements
2.4	structured approach to update the strategy
2.5	explicit link between the strategy and the annual budget
3.1	number of strategic goals
3.2	topics of strategic aims include ae: administrative efficiency/effectiveness, cd: community development, ce: climate/environment, cs: customer satisfaction, cu: culture, cp: citizen participation; dc: demographic change, ec: local economy, ed: education, ff: family friendliness, fi: finance/balanced budget, in: number of inhabitants, mi: migration/integration, mo: mobility/public transport, ql: quality of life, so: social security, sp: sport, to: tourism, ud: urban development, vw: voluntary work
3.3	broad (b) or focused (f) content
3.4	prospector (p) – analyzer (a) – defender (d) content
4.1	stakeholder involvement (SI) with i: strategy formulation by administration and council, e: external stakeholder involved
Criteria 1.1 to 2.5 were rated with 'strong' (++) , 'weak' (+) and 'not observable' (0)	

Table 1: Implementation of performance management and strategic management in ten German local government entities, own source.

Citizens have participated intensively in the development of strategic goals in two local governments. In one case, annual consultations with citizens are an integral part of strategic management. In the other case, an extensive process of citizen participation has been used to develop the strategic aims and measures to realise them. Aspects of performance management are weaker in both cases. This is clearly a consequence of the priorities in both governments which emphasise citizen participation. A third case is interesting in this context: County 1, which has implemented a performance-oriented type of strategic management approximately 10 years ago, initiated a process of strategic planning with intense participation of citizens. At the moment, it is not clear how the large number of projects, which has been developed in this project will fit into the 'older' strategy.

Evidence from the ten cases shows, that even without legislator pressure local governments have implemented aspects of performance management and strategic management in a meaningful way and with a benefit perceived by practitioners. Performance management and strategic management are interconnected in different ways.

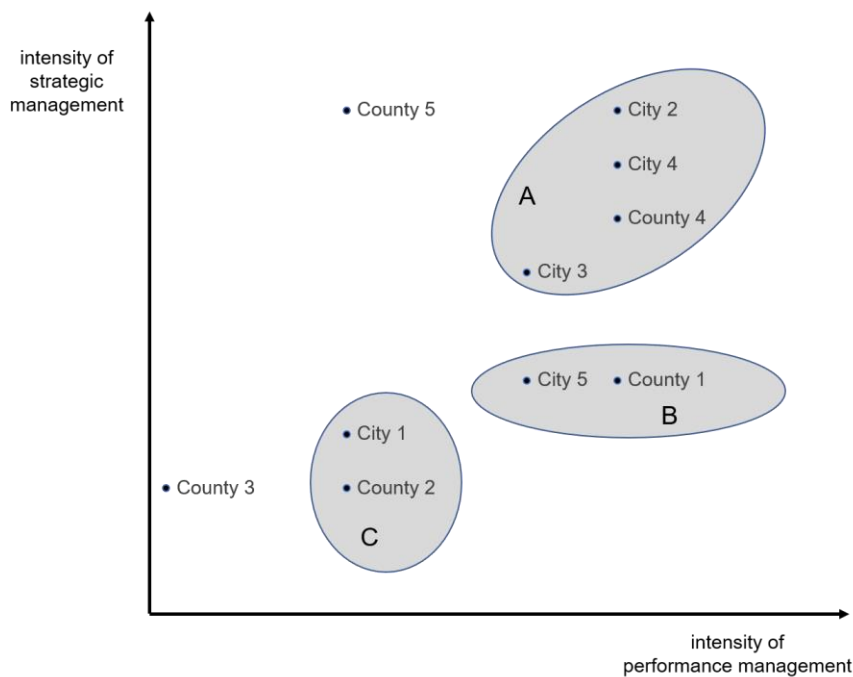


Figure 1: Models of NPM-oriented management, own source.

Figure 1 illustrates the results using the criteria of table 1 as indicators for the intensity of performance management and strategic management. With regard to various insights from the

interviews, especially about the benefits of the implemented instruments and their meanings to practitioners, a basic typology might differentiate between three main models: Model A is close to the German reform blueprints and links explicit strategic aims and processes of strategic management to aspects of performance management on the operative level. Model B is as much performance oriented as model A but strategic aims and strategic management is less important in these local governments. Model C seems to be a pragmatic model of implementing a combination of performance management and strategic management in a less rigid way than in model A. Counties 3 and 5 seem to be isolated cases. Interestingly these local governments are those with distinct citizen participation in the development of strategic aims. County 5 has implemented a mature strategic management but is not using advanced methods of performance management. County 3 could possibly be understood as standing at the beginning of a longer process of implementing strategic management. But it may also be possible, that intense practices of citizen participation hamper the implementation of performance management.

## **6. Conclusion**

Clearly, this analysis has the weakness of being based on selected 'good' practices. Nevertheless, some important insights can be derived. As shown, at least some local governments in Germany have voluntarily implemented aspects of performance management and strategic management, partly adopting a managerial institutional logic. Observable practices follow popular reform blueprints. In most of the analysed cases a quite common understanding of managerial instruments has been found, even though from most practitioners' views performance management and strategic management are strongly interwoven. In county 3, a minimised model was found that—at least in the present state—does not comply with all typical criteria for strategic management. In some cases, actual practices which local government practitioners understand as a kind of strategic management were excluded from the analysis because these models did not match minimal requirements derived from public management literature.

Looking back at nearly 25 years of reforms with managerial instruments there is obviously only a small number of local governments in Germany which have gained practical experience with management practices that are consistently based on performance information and strategic planning. It seems to be quite unlikely that these practices will become ubiquitous within the

next years. Still, for those local governments that have implemented relevant models, the question remains if the underlying efforts will be reasonable by identifiable benefits in the medium- to long-term.

The management models which have been found differ in the rigidity with which a combination of performance management and strategic management are used (models A and C). Also, a more performance-oriented model (C) could be found. These cases also seem to be quite interesting example for a hybridization of management practices (Ferry and Eckersley, 2018). Hybridity is understood here as a parallel existence of management practices which are based on different institutional logics (Friedland and Alford, 1991) and only loosely linked to each other, standing in tension or causing inconsistencies (Christensen and Lægneid, 2011; Mohr, 2016). In all cases discussed here, practices and procedures of performance management and strategic management have been added to the traditional rule-of-law logic, which is based on annual, input-oriented decisions about the budget and incremental case-to-case-decisions by the council. Especially with regard to insights from the interviews, in models B and C performance management and strategic management seem to have the character of an accessory to traditional local government management. The level of conflict between the different institutional logics is low in these cases. This is the case of *layering* institutional logics: 'old rules' remain in effect while some new rules get implemented (Mahoney and Thelen, 2010).

In local governments with model A, some procedures could be found in which the managerial logic stands in a more intense conflict with the traditional institutional logic of local government management. This is due to the fact that strategic management in these cities is partly meant as an instrument to limit incremental decision-making by the council. Restricting expenses on measures with strategic relevance is one of the main reasons why strategic management and performance management were implemented and are seen as successful in these local governments. The resulting situation could be the beginning for what Mahoney and Thelen (2010) call a *conversion*, in which inherent ambiguities of old rules are used to gradually establish aspects of new rules. Even in these cases, it is unclear if and how old rules will become less important. In the cases of county 3, county 5 and the ongoing project in county 1, citizen participation as a potential third institutional logic is introduced (Bartocci et al., 2018). A detailed analysis of how these different institutional logics interact in local governments could be based on these insights.

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