HOW DO PUBLIC MANAGERS REALLY USE THE PERFORMANCE INFORMATION WE ALL COLLECT SO DILIGENTLY? WHAT CAN NEW ZEALAND LEARN FROM INTERNATIONAL RESEARCH, AND VICE VERSA?

SPEAKER
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Thursday 1 November 2018
How do people use performance data? Behavioral insights

Donald Moynihan, Georgetown University and Oxford University
@donmoyn
Why care about the use of data

• Performance data everywhere
• Mixed track record of performance management
• Performance improvements depend on someone, somewhere using the date
• Standard formula: improve the supply of data, or attach to incentives
• Can’t get far until we understand how people react to information and use it in different ways
• Assumptions
  • For performance systems to make a difference, people have to use the data
  • Need to get the basics of performance information use right before we can really understand how to make performance regimes work
Two factors that matter: cognition & environment

Cognition
• Mental abilities, heuristics, beliefs

Environment
• How data is presented to us
• Org setting: culture, incentives, routines

Behavior
• How people use data
Behavioral science and public policy
Behavioral public administration

*Focuses behavioral science to public management issues*

*Relies primarily on experiments*
What goes on inside our head when we process performance data?
A cognitive process

To deal with complexity, we use cognitive shortcuts

Sometimes these shortcuts are efficient

Sometimes they lead us to make bad decisions – they become biases
Communicating with the public: behavioral insights
Key points

1. Performance as storytelling
2. Left digit bias
3. Denominator neglect
4. Anti-public sector bias
5. Negativity bias
Performance as storytelling

- **Insight:** Public say they prefer statistical information over anecdote, but find anecdotal information more memorable, and more emotionally engaging.

- **Lesson:** Make hard data part of a qualitative narrative.
Better Public Services Result 1 - Case Study: Reducing Long-Term Welfare Dependence through Youth Service

Last updated: 20 February 2014

Youth Service is a new way of supporting disengaged 16- and 17-year-olds as well as 16- to 18-year-old parents back into school, alternative education, training or work. The teenagers get one-on-one mentoring and support from specialist workers, such as Fati, who work for Work and Income or contracted community youth organisations.

They work intensively with the young people, helping them make plans and get whatever help and services they need to make more of their lives. In one case, where it seemed certain that a client was facing a jail sentence, it was through Fati’s support that the judge decided to give Sam a chance. Instead of jail, Sam was sentenced to community work.

Fati found community work linked with a youth programme, hoping to get Sam thinking about a positive future.

"It made me stop and think big time," says Sam. "My brother got stabbed up in jail, just about died. I don’t want to follow in his footsteps.

Fati says that Youth Service focuses on young people at a pivotal time in their lives, when almost every decision has the potential to be life-changing.
Insight: left digit bias
Present changes graphically, not numerically

School A – test score change

School B
• Insight: People are not intuitive statisticians

• Lesson: our perceptions of performance depend on how it's framed
Anti-public sector bias

• Insight: people automatically and unconsciously associate the public sector with inefficiency, red tape, and poorer performance

• Lessons:
  • Provide comparisons demonstrating positive performance
  • Advertise role of public sector in service delivery
  • Measure non-efficiency goals - e.g. equity, fairness
Postal Service Celebrates Another Awesome Day Of Delivering Mail

'We Did It Again, You Guys,' Jubilant Postmaster Declares

WASHINGTON—Emphatic cheers of "We did it again!" and "USPS is the best!" rang out from the nation's post offices Tuesday as the United States Postal Service celebrated yet another amazing day of successfully delivering the country's mail.

At 5:01 p.m., Postmaster General Patrick R. Donahoe popped a champagne cork as confetti and balloons fell from the ceiling of USPS's Washington headquarters and joyous employees cartwheeled in unison through the hallways, sources reported. Amidst the revelry, postal workers...
Negativity bias

• Insight: We are more interested in and responsive to data that is labeled as low performance
Negativity bias

• Insight: We are more interested in and responsive to data that is labeled as low performance

• Lesson
  • Present results in terms of levels of achievement, not failure
Negativity bias

• Insight: We are more interested in and responsive to data that is labeled as low performance

• Lesson
  • Present results in terms of levels of achievement, not failure
Changing the environment: behavioral insights
Learning forums

• Governments build routines of data collection and dissemination, not of use

• Organizations that use performance data a lot tend to have well-run learning forums

• Routine discussions of data focused on goal achievement, mixes data and experiential knowledge
Learning forums in practice

• Evidence from GAO (2013) survey
• Exposure to forums mandated by GPRA Modernization Act associated with learning
  • Cross-agency reviews
  • Review of agency priority goals
  • Quarterly reviews of performance
• When quarterly reviews are well run, association with performance information use even stronger
Key points

1. Benchmark
2. Let managers manage
3. Manage negativity bias
4. Positivity bias
5. Motivated reasoning
Benchmark

- **Insight:** People find comparative metrics more memorable, and more compelling

- **Lessons:**
  - Use comparative metrics to explain and motivate
  - Find the right peers
  - Targets must be realistic
Let managers manage

• Insight: Managers are more likely to use data when they have autonomy

• Provide autonomy, link it to performance
  • Focus on tasks where there is authority to change
  • If its not there, get authority to the table
  • Frame changes as experiments
Managing negativity bias

• Lessons
  • Negativity bias is reactive - make learning forums a proactive routine
  • Celebrate good performance internally
  • Political vs. professional tone: how do you get an open discussion of error, value insights and ideas
  • Use data to identify risk and problem-solve negative outliers before they become a problem
Insight: when thinking about our own performance, we assume good outcomes result of our effort, failures because of external factors

Lessons:
- Consistent standards for explaining outcomes
- Seek evidence for performance
- Devils advocate
Motivated reasoning

• Insight: People engage in motivated reasoning when they use performance data – we select, interpret and process data to fit with pre-existing beliefs
Among politicians who strongly supported public services, 92% correctly answered a case study showing that a public school performed best...

...but only 56% answered correctly when the case study showed that a private school performed best.
Motivated reasoning

- Insight: People engage in motivated reasoning when they use performance data – we select, interpret and process data to fit with pre-existing beliefs

- Lessons
  - Prior commitment toward goals
  - Prime people to accuracy as a norm
  - Shared values about goals and evidence
• Much riding on the idea that people will make good use of numbers in governing
• Focus on data analytics and administrative data will only speed up this process
• Just as in policy – we need an evidence-based approach, and attention to implementation
Comments and questions

@donmoyn
Questions?

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### Upcoming Thought Leadership Seminars

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