

# Governmental, Organisational and Individual Performance.



## *Performance Myths, Performance "Hype" and Real Performance*

By Dr Christoph Demmke\*

Today, it is widely accepted that evidence about the impact and the results of many reforms is still insubstantial. Many methodological problems still exist in measuring public performance. Also, many national and comparative studies on performance management and performance measurement are more preoccupied with describing reform measures than with the rigorous empirical verification of claimed results of administrative reforms. This article discusses the state of affairs in the field of performance measurement as well as failures and successes in managing governmental, organisational and individual performance.

### 1. Introduction

Contrary to popular perceptions, the concept of performance management is not new, not an Anglo-Saxon invention and did not come only from the private sector. In his historical analysis of performance measurement, Van Dooren<sup>1</sup> identifies 14 movements since the 19<sup>th</sup> century that have promoted performance management and measurement in government. Looking back, van Dooren comes to the conclusion that "change is not the path of glory which is often portrayed".<sup>2</sup> Yet the performance management movement was not at all useless. Rather, performance measurement also transformed over time and became more systematic, specialised, professionalised and institutionalised.

Today, it is widely accepted that evidence about the impact and the results of many reforms is still insubstantial. Many methodological problems still exist in measuring public performance. Also, many national and comparative studies on performance management and performance measurement are more "preoccupied with describing the new measures, comparing measures from various countries and assessing the impact on accountability".<sup>3</sup> However, little effort has been devoted to rigorous empirical verification of claimed results or to the identification of causal relationships underlying them.

Of course, another reason for the difficulties in measuring performance may be found in the distinct tasks of public sector organisations. Almost 30 years ago, Drucker stated that "Public service institutions always have multiple objectives and often conflicting, if not incompatible, objectives".<sup>4</sup> Such goals make it difficult for public organisations to

develop performance standards to serve as a basis for effective incentive systems".<sup>5</sup> Other problems in measuring the impact of reforms on performance can be found in the fragmentation of the public sector as such, and the difficulties of obtaining better data and information about "performance" across units, departments, sectors and countries.

The purpose of this paper is to discuss the concept of performance management. How much has it changed over the course of time? What do we know and where can we see progress?

What is the difference between governmental performance, organisational performance and individual performance? How can performance be measured? What are the main determinants that influence public-sector, organisational performance and individual performance? Are recent reforms in the field of human resource management (HRM) enhancing public-sector performance?

### 2. What can be learned from history? The concept of performance management over time

Only a few decades ago, citizens were not allowed to question government authorities at all. Since the notion of social services did not exist for a long time (until the 1950s only a few countries had anti-poverty programmes, or initiatives in the field of food safety, social security or environmental protection), most existing "public services" were tax services, military services and police services. Consequently, the most important task of the state sector was to *control* society, rather than to *serve* society and its citizens. The "Leviathan" (T. Hobbes) stood above society and governments were – until the 1970s

– more concerned with the implementation of programmes than with the evaluation of their outcomes. However, this also meant that publications documenting “government’s greatest achievements”<sup>6</sup> were also rare.

The first performance management concepts emerged only in the late 19<sup>th</sup> century and date back to Woodrow Wilson’s business approach to government (1887) or to the Scientific Management movement that promoted the detailed analysis of workers’ tasks with the objective of maximising efficiency by processes according to a mathematical and logical formula (Frederick Taylor, 1911). In Germany, Max Weber published “Wirtschaft und Gesellschaft” (1922) and tried to demonstrate that the “bureaucratic organisation” was superior and more efficient than any other organisational and management structure. Consequently, most European public and private organisations designed their structures according to the bureaucratic model until, in the 1970s, more scholars (especially in the US) started to concentrate their research efforts on monitoring policy effectiveness. Many of these so-called implementation studies showed that performance fell short of policy expectations and concern shifted from the “what?” of policy outcomes to the “why?” of policy failures. At the time, Implementation Theory as a concept became famous when Pressman and Wildavsky subtitled their classic implementation study “How great expectations in Washington are dashed in Oakland; or Why it’s amazing that Federal Programs Work at all” (1984). Parallel to the emergence of implementation as a theory, the Management by Objectives approach (MBO) departed from scientific management theories. In “What Results Should You Expect? A User’s Guide to MBO” (1976), Peter Drucker defined several pre-conditions for an effective public management system. According to Drucker, the ultimate result of management by objectives is decision. “Filling out forms, no matter how well designed, is not management by objectives and self-control. The results are!”<sup>7</sup> This was a direct assault against the traditional bureaucratic career system, with its focus on rules and procedures rather than outcomes.

However, the limitations of the MBO approach became more and more evident when researchers like Thompson pointed to the fact that a “system contains more variables than we can comprehend at one time, or that some variables are subject to influences we cannot control or predict”.<sup>8</sup> In addition, many MBO systems failed because they were too rigid and not able to take account of human factors (e.g. they failed to recognise the limitations of formal systems in influencing

employees’ motivation). From here, multi-dimensional and quality-focused systems such as the Balanced-Scorecard and Total Quality Management Systems and other quality measurement systems (such as the Common Assessment Framework – CAF) were developed for public sector organisations.

## Performance measurement also transformed over time and became more systematic, specialised, professionalised and institutionalised.

Despite all the performance management theories, until the 1990s the tasks of most states expanded further (especially in the social and education sectors) and more and more people were recruited as public employees. Consequently, personnel costs and public sector budgets reached a new peak at the beginning of the 1990s. This expansion of the public services and the increasing (personnel) costs for the public services have not necessarily improved their image. On the contrary, citizens, media and politicians have expressed more and more dissatisfaction with the costly public sector and campaigned against the bureaucrats and their expensive, slow, inefficient, and unresponsive bureaucracies. Widespread public scepticism about a state sector which is too big and too costly, and numerous clichés about the poor performance of civil servants and public organisations, also implied sharp differences between public and private organisations.

When Osborne and Gaebler published “Reinventing Government” (1992) they insisted that this publication would not present original ideas. However, their suggestions for improving public organisations became very popular and were later defined as the “New Public Management Movement”. Parallel to the emergence of the New Public Management, Implementation Theory lost much of its importance, since more people believed that the New Public Management would automatically lead to better and more effective public services. The call for privatisation of public services and criticism of traditional bureaucratic organisational structures led to a new wave of “bureaucracy bashing”. Public organisations were seen as inefficient and ineffective *per se* and private sector organisations as superior and role models for the public sector. Consequently, privatisation, delegation, decentralisation, outsourcing and public-private partnerships were recommended as the best strategies for increasing organisational performance and as solutions for solving the “efficiency” and “performance” crisis of public sector organisations.

## The discussions about governmental and public sector performance changed abruptly after the terrorist attacks in New York, Madrid, London and – later – the natural disasters in New Orleans and Pakistan.

The New Public Management hype reached its peak after the fall of the Berlin Wall, when many observers called for quick privatisation, outsourcing, delegation and decentralisation of the highly rigid, hierarchical and ineffective public services in Central and Eastern

Europe. All of these recommended reforms had a strong "efficiency" focus and aimed at "doing more with less".

The discussions about governmental and public sector performance changed abruptly after the terrorist attacks in New York, Madrid, London and – later – the natural disasters in New Orleans and Pakistan. Also, new global security threats and new risks (e.g. bird flu), have triggered renewed discussions about the need for strong public services and the protection of populations.



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In the United States, two conclusions were drawn from the September 11 attacks. First, that "the public sector" is important and "government workways are important, and indeed critical, for the nation's well-being; and second, that defects in government operations are most readily discovered in events of crisis or scandal – all too often only after the damage has been done".<sup>9</sup> These findings also provoked new discussions about the negative effects of radical downsizing policies in the public sector. In Europe, discussions about public sector performance moved slowly away from "doing more with less" to the demand for better services. In particular, concerns about capacity problems and staff shortages in the health and education sectors, about inefficiencies and programme failures as a consequence of privatisation, outsourcing and downsizing policies, and about the state's responsibility in fighting increasing levels of poverty and growing income differences between rich and poor played an important role in the shift of the public management debate.

With the changing focus in the public performance debate, there was also a change in assumptions about instruments and measures are likely to induce better performance. At the beginning of the 21<sup>st</sup> century, the public discourse on both sides of the Atlantic is becoming less ideological and more pragmatic. Experts and citizens are no longer asking for "less state involvement" but for better services, more effectiveness and efficiency, respect for equity and non-discrimination issues, diversity management, the rule of law, democracy, fairness and dignity. It does not matter whether these services are delivered by the public or the private sector, public-private partnerships or new governance structures. When Milton Friedman was asked in 2001 what the former Communist states should do in order to increase the efficiency of the public sector, he replied. "Ten years ago, I would have said 'Privatise, Privatise, Privatise'. But I was wrong. The rule of law is much more important than privatisation".<sup>10</sup>

This example illustrates that the debates about public performance have become less ideological and have left room for important new reflections. For example: why are certain countries with a big and costly public service more efficient and effective than countries with a small public sector? The outcome of this discussion has resulted in more evidence about the need for good management, political

stability, high integrity, adherence to the rule of law, and powerful public bodies in the context of effective public institutions.

Today, more observers agree that the reasons for organisational and individual poor performance are almost always very complex. A recent Dutch study on "Bewijzen van goede dienstverlening" (evidence of good services) showed that organisational performance is very different from sector to sector. Whereas the media mostly debates problems with waiting lists in hospitals, poor school education systems, inefficiencies in social security systems, failures in security, cases of corruption, waste of money in construction etc., the successes and cases of good performance of public organisations are only rarely discussed (e.g. successes in the fields of public health, life expectancy, social security, women rights).

According to the study, organisational performance is very much the result of good networking, effective accountability systems, powerful instruments, efficient coordination mechanisms, realistic public perceptions and expectations, the quality of monitoring and control systems, institutional capacities, legal certainty and the competence of personnel.

According to an expert report to the United Nations<sup>11</sup>, important dimensions of improving public sector performance and effectiveness include:

- Responsiveness to public needs
- Equity – e.g. ensuring greater equity in the distribution of services
- Quantity – ensuring that the proper quantity of services is provided
- Quality – enhancing the quality of services
- Efficiency – enhancing the cost-effectiveness and efficiency of the provision of services
- Provision – enhancing the equity, accessibility, speed and reliability of services
- Reducing economic impediments – reducing the extent to which costs, procedures and processes impede economic and social progress
- Transparency – providing timely, relevant and complete information
- Integrity – ensuring ethical behaviour.

Despite this multidimensional approach, in many countries the issue of performance is still dominated by "black and

white" discussions. For example, perceptions in the media and the population about the role and tasks of the public service are still grounded in the centralised and unified public administration which is clearly separated from the private sector. Consequently, government, politicians or public services are still held responsible for almost any "governmental failures".

Contrary to this view, the reality within national public services looks very different, and public policies are administered through increasingly complex networks, decentralised governance structures, public-private partnerships and co-operative ventures between NGO's, consultants and government. The traditional concept of the public service as a single, unified employer is disappearing. Thus, the "old paradigm" of a clearly-separated hierarchical, career public service no longer exists. Thus, a public-private discussion on performance issues is the wrong starting point, since it is less clear who is responsible for poor quality services – government, the public service, NGO's, public private partnerships, private providers of public services or public employees.

Also, too little analysis is done of why most countries have many efficient and inefficient, effective and ineffective, public organisations at the same time and in different sectors. For example, whereas in some countries the tax administration works very well, this may not be true as regards the implementation of a programme in the field of environmental protection by the Ministry of the Environment. Likewise, some may have a very effective anti-discrimination policy, but at the same time a high level of inequality between men and women. Or performance levels can be very different from school to school, police force to police force, hospital to hospital, juvenile delinquency programme to environmental protection programme etc. Too many experts link a big public sector, a high degree of regulation, high expenditure on public employment and high taxes too easily to bad public performance.

### ***3. Are the public services so bad? Why is performance management so popular?***

Today, public performance is a tremendously popular issue. A search in Google reveals 5553,000,000 hits (April 2006). Without doubt, in the field of public management the issue of public performance is the most important of all. Why has this issue become so important within the last decade? Experts have so far offered a number of explanations which can be divided into six main categories:

1. The first and most important reason for this call for better performance is the underlying conviction that governments, public services and their personnel are not performing well enough. The reasons for this are identified as too much bureaucracy and red tape, too many rules, too little delegation and decentralisation, structures which are too centralised, procedures which are too slow. Another widely believed explanation is that public employees have too much protection against being laid off, too little incentive to perform, too little pressure and too many privileges. With their structures, the story goes, public employees do not have to work hard and well. In this scenario, the public sector suffers from too many poor performers.
2. The second reason for the popularity of the performance management concept is political and ideological. Almost every political party or politician can be sure of the massive support of the electorate if measures are

announced which aim at better public performance. For example, the introduction of performance related pay is popular since it conveys the image that bureaucrats should only be paid for good performance and not automatically receive increments through "seniority". Therefore, "bashing bureaucrats" is an evergreen on the political agenda no matter whether political affiliations are more left or right. In fact, performance management can serve any political master, since everybody will agree that there is always a need and possibility for improving the performance of public organisations.

3. A third reason is that improving public performance is an important objective in the discussions about the role of Europe in global economic competition. In this discussion, public services are considered as a policy maker, regulator, service provider, investor, purchaser and employer. In all of these fields, the public sector plays an important role in economic and competition issues. Consequently, the Member States should seek to explore all possibilities in every sector for making better and more efficient contributions to sustainable growth and competitiveness.
4. The issue of performance management also has a tremendous intuitive appeal, "for it conveys that bureaucrats and public agencies are working hard and being held accountable" (Brewer). During the 3QC Quality Conference in Rotterdam in 2004, all Member States were eager to present their success stories in quality management: more customer friendly services, new standards for hospitals, electronic parking ticketing, improved waste collection, better public order policing, improved local public services through online and one-stop services, options for paying taxes online, enhanced public information and data management, more transparency etc.
5. Many citizens believe that the performance of the private sector is better than the public sector. Therefore, the public sector should try to enhance and to improve performance.
6. Stereotypes and images about public services are common all over the globe and have existed for thousands of years. Many still exist today and are the same in all Member States despite differences in culture, tradition and structure. In his dissertation, Steven van de Walle<sup>12</sup> illustrates an important paradox. When citizens consider public services as individual services which are no different to private services (e.g. banks, insurance, companies, shopping), their evaluations will probably be focused more on the service quality actually experienced<sup>13</sup> and not on whether they are services provided by the state administration. However, even if most people are satisfied with specific public services, they tend to be negative towards the public sector in general. Similarly, it seems that specific objects are always perceived more favourably than general ones. For example, it is very possible that citizens combine a positive attitude towards a specific train, with a negative attitude towards the public rail company.<sup>14</sup> The same perception is true as regards the term "public service" or "public administration". People may have positive attitudes and perceptions of specific public services (police, water supply, fire brigade, etc.), but negative attitudes towards public services in general. For example, even if people are satisfied with the motorway network, the police, the telephone service, water supply, the courts,

justice, collection of household rubbish, this does not mean that they are satisfied with the public services in general. "Katz *et al.* found that even though users were satisfied with the way service agencies handled their problem and with the fair treatment, this opinion was not necessarily generalised to all agencies or government offices. However, when citizens felt they were treated badly, they generalised their experience to the public sector as a whole".<sup>15</sup>

Today, nobody doubts that the concept of improving public sector performance is to be welcomed. Why should somebody be against improving the quality and performance of governments, organisations and public employees? Especially in times of growing awareness of cases of unacceptable and poor quality services in hospitals, schools, social and health care, risk management and in the daily lives of citizens. Thus, especially from an historical point of view, the call for performance management and the introduction of new quality management systems like the CAF or Balanced Scorecards and new performance management systems are a great step forward. There is no doubt that the benefits of being clearer about the purposes and results of quality management, both inside and outside government, are undeniable.

7. Despite the different concepts and interpretations of quality and performance in the public sector, performance management and measurement fulfils a number of important common criteria in all Member States, such as transparency in measuring and evaluating outputs; learning through experiencing what went well and what went wrong; judgement concerning the efficiency and effectiveness of an authority or an individual; and rewarding or punishing those who perform well or do not perform well.

8. Other arguments for the introduction of performance management schemes (e.g. performance targets, objectives and standards) can be summarised as the following:

- They provide a statement of what an organisation is trying to achieve. They set out the aims and priorities for improving public services and the specific results government is aiming to deliver. Targets can also be used to set standards to achieve greater equity.
- They provide a focus on delivering results. "By starting from the outcome Government is trying to achieve, the targets encourage departments to think creatively about how their activities and policies contribute to delivering those results. They also encourage departments to look across boundaries to build partnerships with those they need to work with to be successful".<sup>16</sup>
- They "provide a basis for monitoring what is and isn't working. Being clear what you are aiming to achieve, and tracking progress, allows you to see if what you are doing is working. If it is, you can reward that success; if it isn't, you can do something about it".<sup>17</sup>

- They provide better public accountability. "Government is committed to regular public reporting of progress against targets. Targets are meant to be stretching. So not all targets can be hit. But everyone can see what progress is being made".<sup>18</sup>
- They can improve performance of public employees by a) increasing employee skills and abilities, b) promoting positive attitudes and increasing motivation and c) providing employees with expanded responsibilities so that they can make full use of their abilities.

#### 4. Comparing public performance in Europe – a new hype?

It is very tempting to compare public performance in several countries, especially in those cases where Member States realise that other Member States perform differently (better/worse) in fields like education, health or social services. Logically, the more expensive or less efficient countries could learn from the "more efficient" and "cheaper" Member States. However, as the comparative "public sector performance" study makes clear: "We should note, though, that – at the present stage – it seems difficult to perform in-depth analyses, given the limited quality of and lack of detail in the data available".<sup>19</sup>

Yet only a "few studies exist that compare bureaucratic quality and/or administrative performance internationally".<sup>20</sup> The existing comparative best practices base public sector performance mainly on quantifiable variables, e.g. the comparison of costs for the health sector, unemployment rates, economic growth, payments for social security systems etc. So far, there is no study that compares the performance of ministries, judiciaries or parliaments. The reason for this is obvious: it is still very difficult to compare the performance of qualitative services and services that have an impact on human rights.

Another important obstacle is to agree upon the choice of the right performance indicators such as the level of corruption, red tape, quality of the judiciary, the degree of accountability, political stability, rule of law, ability to implement programmes, tax compliance, etc. Although government indicators are expanding as fast as organisational performance indicators and individual performance indicators, there is still considerable confusion, (sometimes)

contradiction and overlap as regards the right indicators and targets.

At the same time, there are also many obstacles in comparing public sector performance because of uncertain or problematic data. For example, how to get evidence and comparable data on the level of corruption in different countries (or how to mea-

sure the relationship between the level of corruption and public performance).

A study from the Instituut van de Overheid (2004) notes that researchers are "fortunately quite hesitant when it comes to comparing countries directly".<sup>21</sup> There is growing awareness that the quality of bureaucracies is hard to measure and experts have different concepts when they discuss the quality of public organisations. In addition, "most (...) rely to some

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extent or completely on subjective indicators".<sup>22</sup>

An OECD report on "Management in Government: Feasibility Report on the Development of Comparative Data" (2005) points to the fact that "public management reforms have been hampered by the lack of good quality comparative information, resulting in a situation where assessing progress made and learning from other countries experiences remain limited. In consequence, public management reforms have been driven significantly by assumptions concerning "best practices" rarely specified with any precision. Although there is significant growth in broad measures of "governance", most of these data are based on subjective assessments, and have little relevance for public management".<sup>23</sup>

As tempting as public sector comparisons seem to be for many, the comparability problems are still numerous. For example, it is difficult to say that countries which are supposed to have less bureaucratic structures, e.g. Sweden, the Netherlands, the United Kingdom, Finland or Estonia are quicker, more attractive, more effective and more efficient and that public officials are more motivated and perform better than in career systems. In fact, existing comparisons in public performance generally show that countries with traditional bureaucratic systems are not performing less well than other countries. Some traditional career countries (e.g. Luxemburg, France and Germany) are still rated as the best or – at least – as high performing countries.<sup>24</sup> Today, it is accepted that both career and position systems have advantages and disadvantages at the same time. For example, countries with career systems may be flexible in many respects but also offer specific strengths, e.g. predictability, stability, rationality, predictable treatment, equitable treatment.<sup>25</sup> On the other hand, employees in the so-called position system countries may be able to enter earlier in the organisational hierarchy. Thus, they have the possibility of making quicker career advances. At the same time, they also face more uncertainty about future career prospects.

However, the difficulties in making comparisons do not mean that it is not possible to compare public performance at all. For example, it is interesting that in almost all existing comparative public performance studies "Denmark, Finland and Luxemburg are found among the top three countries according to several indicators, while Italy and Greece do badly according to most indicators".<sup>26</sup> This illustrates that, while comparative studies may suffer from many deficiencies, this does not mean that they are totally irrelevant and misleading and that things cannot get better in the future.

For example, the OECD has announced the start of an ambitious multi-annual project on the development of comparable data and indicators of good government and efficient public services. If this project succeeds, it may become easier to get more evidence on "what works and what doesn't". In the long term, this could even lead to a

convergence (at least in part) of public service structures in the future. The performance movement is here to stay.

### 5. Performance in public and private organisations

Despite these positive prospects, discussions as regards the performance of public and private organisations still take too easily the direction of a) ideological discourses or b) discussions based on simple images and stereotypes. Mostly, discussions about performance assume that concepts of private sector performance should and can be transferred to the public sector. Behind this is the assumption that private sector practices are more efficient, flexible and innovative than public sector practices. Consequently, cases of high performance of public organisations and their transfer to the private sector are rarely discussed.

Also, too few observers question whether there really are distinctions between public and private organisations at all. And, if so, in which fields, when and where.<sup>27</sup> Interestingly, the literature shows that most experts doubt that there are many differences in public and private sector performance.<sup>28</sup>

Most publications about public-private organisations confirm that "governmental organisations and managers perform much better than is commonly acknowledged".<sup>29</sup>

For example, public service organisations usually score better than private organisations as regards explicit policies relating to respect, non-discrimination, dignity in the workplace, and as regards equality. Often, public organisations also score better in involving personnel and participative modes of management and informing their employees across a range of operational aspects of their job.<sup>30</sup> More employees in the private sector indicate they hardly ever receive information about their job. Finally, there is no evidence that public organisations perform less well than private organisations.

The fact that public organisations may also perform better than private sector organisations is rarely discussed. Probably because such a statement is not popular and would not fit into the political discourse and does not match classical stereotypes. Still, "distinctions between public and private performance, and for-profit and non-profit organisations amount to stereotypes and oversimplifications".<sup>31</sup> Today, one of the most important stereotypes is that public organisations are not performing well and that private companies are performing better. The media, in particular, report on the abundant examples of waste, inefficiency and poor performance in public organisations, while little coverage is devoted to private companies. In addition, most public discussions about failures of organisations focus on the waste of taxpayers' money but rarely focus on the waste of resources in private firms, higher degrees of control by public authorities and too many rules (red tape), especially with regard to personnel procedures such as recruitment,

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dismissal and training.

On the other hand, there is little daily positive discussion of items such as the high performance of the public social security systems, the accuracy of payments, the services of public water suppliers, the performance of local tax administrations, the police etc. Overall, it is assumed that public and private organisations differ in performance.

In fact, comparing public and private organisations is difficult because public organisations have various complex tasks that differ from those in the private sector. For example, the public service has important work to perform on equity and equality issues, demographic and retirement issues, security and defence policies, health care, control of drugs proliferation, reforming taxes, promoting financial security, improving education and research, providing unemployment benefits, helping victims of disasters, improving government performance, promoting and protecting democracy, increasing market competition, protecting the global climate, stabilising agricultural prices, etc.

The variety of complex tasks and their changing character means that, although the public sector enjoys success, failures also occur. Furthermore, many tasks are very specific and cannot be compared to those of a private company. Consequently, public services will always be criticised for not being able to achieve these specific public objectives and tasks.

Of course, no one can be sure what the next few years will hold in terms of public service tasks, objectives, priorities and achievement. The public services of the Member States will almost certainly launch entirely new ventures (e.g. enhancing the performance of public services under the Lisbon process). Some tasks will be driven by scientific breakthroughs, others from sudden events, catastrophes and tragedies. The national public services will also continue to work to defend their countries and to secure peace in Europe, to promote economic competitiveness, increase wealth, enhance social rights, fight discrimination, offer better education, improve infrastructure, enhance transportation, promote economic growth, spread the idea of democracy, etc.

When looking at these tasks, the public services can be proud, but at the same time they also face huge challenges today and in the future. However, governments will continue working on many of their greatest deeds of the past 50 years.<sup>32</sup> Whereas in the past, they were certainly successful in increasing life-expectancy, reducing discrimination, extending the right to vote, improving education, fighting threatening diseases, etc.,<sup>33</sup> they face huge tasks for the future, e.g. fighting new diseases, protecting the global climate, avoiding new levels of poverty, anticipating demographic changes, and maintaining economic competitiveness. Consequently, public services are always confronted by new tasks and new challenges. Successes are quickly forgotten and fade easily in the memories of the people. Apparently, "we face a dilemma in combining our legitimate scepticism about public organisations with the recognition that they play indispensable roles in society".<sup>34</sup>

## 6. Conclusions

Our findings in this study show that knowledge about public and individual performance is still too limited. There is also very little evidence as to the impact on performance of public management and HRM reforms. What is sure, though, is that a new area of performance management

has started which can be characterised by a (more constructive) period of consolidation and refinement of measurement approaches and measurement instruments. It seems that New Public Management (in its purest form) has probably run its course, but it is much less clear what is coming next. One important adjustment to be hoped for is more critical scrutiny of the seemingly almost sacrosanct proposition that what is new in the field is good theory.

A clear danger is that a new measurement culture ("Government by Measurement"<sup>35</sup>) may lead to a reborn "scientific management", with a strong emphasis on formal systems of tight specification and measurement. This focus on performance targets and measurement can even "lead to a costly investment in more bureaucracy, rather than do what it is intended to do: save money. Defining targets, setting targets, measuring targets and reporting on targets cost time and money, and the more targets there are, the more they have to be adjusted again and the more resources go to performance measurement".<sup>36</sup>

Public performance measurement can also lead to an overemphasis on quantitative performance issues. Consequently, other important issues are neglected. For example, the enthusiasm for performance related pay and new performance measurement techniques within the last few years has – so far – not really paid off. According to the OECD study on performance related pay, their introduction has not led to higher motivation and performance levels of public employees.

However, there are as many positive as critical developments taking place. For example, recent studies seem to be able to contribute more hard facts to the discussions about public performance. They confirm that "management matters" and factors such as leadership have an impact on organisational performance. At the same time, well performing organisations trigger more innovative managers. Other studies (for example by Brewer) found that whereas reforms designed to build administrative capacities tend to improve performance levels, other reforms (e.g. downsizing, contracting out and privatisation programmes) tend to undercut bureaucratic performance. Brewer also showed that contextual factors such as the social, economic and political environment exert powerful effects on bureaucracies. Van Dooren comes to a balanced conclusion about the effects of performance measurement. Despite some progress in measuring performance, negative effects are that "Quantity goes at the expense of quality", that "the measured services (...) are inflated in order to obtain good results" and that "the organization loses sight of the activities that are not measured".<sup>37</sup>

This short overview of developments in the field of performance management confirms that it is a fast expanding discipline. However, historical analysis also suggests that, despite evidence for some (modest) improvements, reforms are not always for the better.

Time is required for more evidence to be gathered, especially as regards the development of indicators and their application by public servants and politicians. From the discussions in this paper, one can derive the following conclusions: in order to gain the possible benefits of performance management approaches, public organisations must address a multitude of challenges, and they need a long-term approach, realistic expectations, good data management systems and professional performance evaluation systems.

## NOTES

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