The Disappointing Record of Performance Measurement/Management (PMM)

During the 1980s and 1990s, governments embraced PMM with enthusiasm, and often there was great fanfare involved with the launch of ambitious PMM systems. Effective PMM, it was promised, would lead to better outcomes and would strengthen democracy. The 'ideal' PMM system would do the following: have clearly defined purposes; focus on outcomes (not just inputs and outputs); use a limited number of measures; use measures that are valid, reliable, comparable and controllable; produce information that is timely, relevant, meaningful, balanced, and valued by key decision-makers; be integrated with planning, budgeting and evaluation activities; and would be widely understood, supported, and embedded in the culture of the organisation. Obviously, this ideal is a destination never reached, it represents an aspirational statement of what governments were striving to accomplish with their new, often expensive, PMM systems.

After two decades of design and development, PMM systems have entered a new stage in their life cycle — they might be described as beyond the awkwardness of their teenage years, not yet having reached mature, comfortable middle age, but far enough into adulthood that it is time to take stock of where they are going in the future. At the outset, governments tended to oversell the potential of PMM systems and to downplay the complications and pitfalls involved. This may have been necessary to 'sell' the idea to a sceptical public and to overcome resistance within the public service, but the inflated claims made on behalf of the new PMM systems have contributed to a sense of disappointment about what can be accomplished through this approach.

Before analysing the difficulties involved with implementing the PMM ideal, it is necessary to acknowledge the real progress that has been made in the field over the past two decades. PMM has become an accepted and institutionalised part of how governments operate today. There is a growing commitment by politicians at all levels of government to the idea of regular and meaningful reporting on performance, both for internal management purposes and for accountability to the public. Although not without some grumbling, most public managers eventually embraced performance management, developed their knowledge and skills of performance measurement, and found money within their existing budgets to put PMM systems in place, since usually no new money was available. On the analytical front, real progress has been made in measuring dimensions of government performance previously thought to be unmeasurable.

Creative conceptualisations and increasingly sophisticated analysis have been part of this learning process. Demonstrating the linkages between inputs, outputs and outcomes remains a significant challenge in many areas (especially where horizontal policy and program initiatives are involved), but even here governments have made headway with techniques like service effort and accomplishment (SEA) reporting, data envelopment analysis (DEA) and results chains. In countries with longer experience (such as Australia and the UK), there has been evolution away from narrow bottom lines to multi-dimensional assessments, from reliance mainly on quantitative data toward the integration of qualitative information and growing efforts to bring citizen (often unfortunately labelled 'customer') perspectives into the performance management process. Although systematic, empirical studies of utilisation are largely missing, reports from government present many examples of where evidence about performance has contributed to political and managerial decision-making. In terms of external accountability, there is more information available to legislatures, interested groups and organisations within society and to the people at large.

Despite these accomplishments, some leading jurisdictions in the field have recently reduced their PMM requirements. For example, in the United States at the national level, Congress started the PMM ball rolling in 1993 when it passed the Government Performance and Results Act. This statute was intended to require departments and managers to develop measures based upon strategic plans and to integrate performance information into budgeting and managerial decision-making. Recent congressional hearings about the impact of the GPRA have heard a flurry of complaints about too many measures, poor outcomes measures, a lack of common performance measures, poor coordination of measurement across related programs, and poor linkages of measurement activities to planning, budgeting, personnel systems, and to contracts/grants to third parties delivering public programs.

At the state level in the United States, Maria Aristigueta has demonstrated how the five leading governments in the field (Florida, Minnesota, Oregon, Texas and Virginia) all were forced by costs and lack of utilisation to drastically reduce their commitment to performance measurement.[1]

Similarly, in the United Kingdom, the Blair government released a document with its last budget (review of Devolved Decision-Making, March 2004) that promised a major reduction in the requirements that hospitals, schools, and local governments regularly report on and manage on the basis of performance indicators. *Indicatoritis* involving the proliferation of reporting requirements had led to information overload, to *gamesmanship* by the bodies funded by the central government and to a widening of disparities in services when funding was directed to the 'star' performers. While not scrapping the system, the Blair government promised more selective and careful use of performance information.

The Government of Canada's approach to PMM has been more cautious and experimental than other countries. During the mid 1990s, the government began with a small number of departments volunteering to produce performance reports intended to serve both internal management and external accountability purposes. The performance information was gathered and reported along 'business lines', which were usually based on individual programs but could involve the grouping of two or more related programs serving the same objectives. Based upon these initial pilot projects, the government eventually required all departmental and non-departmental bodies to report on performance so that today over 80 entities table annual reports with Parliament. Beginning in 2000, the Government of Canada added another annual report (entitled Canada's Performance, 2000) that presents what is officially described as a whole-of-government view on results covering key areas of responsibility for the national government. Through a process of expansion and refinement, this broad social indicators report now covers seven 'enduring federal roles', 23 'horizontal areas of impact', and 256 'strategic outcomes.' The long-term ambition is to revise the horizontal areas in line with shifting government priorities to map all departmental strategic outcomes and to present expenditure information for all departments by both horizontal area and strategic outcomes. There is an immense amount of work and more than a little subjective judgment involved with defining, measuring and reporting on performance along the lines of this multi-level model.

Canada is one of the few countries in the world to combine departmental business-line reporting (DPR) with a whole-of-government, social indicators approach. Linking the two levels of analysis and reporting is proving difficult and expensive. To the best of my knowledge, no full assessment of the impact of Canada's PMM system has been conducted. However, studies from the Office of the Auditor General suggest that DPRs are not comprehensive and balanced, and integration of planning, budgeting and performance management has not been achieved to any great extent. In terms of the goal of greater external accountability, Parliament and its committees have made almost no use of the DPRs or of the social report card on the country's progress. In short, at this point, the elaborate and expensive PMM system would itself probably fail a cost effectiveness analysis.

ENDNOTES

[1] Maria Aristiguesta. *Managing for Results in State Government*. Westport, Ct. Quorum Books, 1999.