The Obstacles to PMM

Why are Canada and other countries finding it so difficult to create a relevant set of performance measures and use them as a basis for action to improve performance? The reasons are numerous, and some of the more concrete constraints are discussed below. However, on the most fundamental level, the challenge arises from the inherent difficulty of the central tasks involved. Both performance measurement and performance management represent a contemporary version of the scientific management theory that dominated management thinking many decades ago. Derived from the experiences of private firms, performance measurement and performance management were oversold as offering an objective and rational approach to overcoming the constraints of ‘politics’ and the bureaucratic habits of self-preservation that blocked improvements in government performance.

In practice, PMM in the public sector has more resembled performance art than scientific management. This reflects the different context of a large, complex governmental system compared to the simpler context of most individual firms. Use of measures to guide action only works well when there are clear, tangible, and uncontentious goals, when the production process for achieving those goals is well understood, and when there is relative stability within the system. In government, of course, the goals are multiple, vague, contentious and shifting. Lack of knowledge, multiple uncertainties and various kinds of risk are involved with the pursuit of such goals. Rather than being stable and relatively predictable, the governmental system changes direction and content in response to election outcomes and shifts in public opinion, often reflecting short-term, high profile events.

Measures are generally considered ‘good’ if they are tangible, valid, reliable, understandable, comparable, timely and economical. At the highest levels of decision making within government, few measures meet these criteria, and intuitive decision-making predominates. Intuitive decision-making occurs when facts are limited or in dispute, when values and interests are in conflict, when future consequences of action are uncertain, when there are several plausible alternatives, and when time is limited. Cabinet ministers and senior public servants operating in the intuitive mode are not likely to draw upon ‘hard’ measures, preferring to rely on ‘softer’ forms of knowledge. Intuitive thinking draws on sources of intelligence other than data and employs different kinds of knowledge, especially that derived from experience and past exercises of judgment. Such approaches to understanding and decision making do not necessarily lead to poorer results than actions driven by performance evidence. Actions are more easily deduced from measurement at lower levels of public organisations because goals are simpler and operational in character, the
production processes are better understood, and there is more stability within less complicated systems.

These fundamental limitations of PMM in the public sector lead to more obvious practical constraints on the use of performance evidence to achieve improved results. For the sake of simplicity and space, these constraints will be discussed briefly under four headings: technical, financial, institutional, and political.

The technical problems involved with PMM are numerous, but significant headway has been made in measuring dimensions of performance previously thought to be unmeasurable. Despite analytical advances, it remains difficult to attribute societal outcomes to government interventions, especially when more than one program or level of government is involved. Lack of agreement on what qualifies as ‘success’ leads to a lack of clear standards to judge performance. Most measures represent ‘dumb data’ in the sense that they do not speak for themselves; or more precisely, they say different things to different people. Providing comparable performance information for the varied organisations that comprise government is difficult. Different audiences look to performance measurement to provide evidence for different kinds of action. Aggregation of data necessary to avoid information overload, leads to the loss of information and the contextual knowledge needed to support fully informed decision-making. Finally, providing complete, meaningful and actionable information to the right people in the right format, at the right time represents both an analytical and practical challenge.

The financial challenge involved with PMM is relatively straightforward. It is expensive to produce comprehensive, valid and consistent performance information. Most governments have insisted that their public services do this with no new money or even during a time of budgetary cutbacks. The pragmatic response has been to focus on a select number of indicators, often based on what the governing party has promised and/or what the public is alleged to want to know. Cost considerations often lead to reliance on routinely gathered administrative data and to a short-run focus since new and continuous data generation is expensive. Another consequence of pragmatism is to measure what is measurable about performance rather than what is truly important, such as the quality of services and the progress achieved within society.

Institutional obstacles to the practice of PMM can be numerous. Organisations may not have the administrative and technological capability to gather the relevant data. There may be a requirement for training to provide staff with the appropriate knowledge and skills. Leadership from the minister and the department or agency head may be lacking because they know that news about performance will not always be good. Negative news, it is feared, will be used by budgetary agencies to eliminate or to reduce programs seen as ineffective or inefficient. And negative news will also attract outside scrutiny and criticism.
The quantitative emphasis of performance measurement might be seen as biased against organisations that deliver less tangible services to address more complex social problems. In short, based on their mandate, leadership, administrative infrastructure, staff capabilities, and internal cultures, different public organisations will be more or less ready to rise to the challenges of performance measurement and performance management.

Political considerations, broadly defined, are central to explaining the poor record of PMM. By ‘politics’ I mean the need to recognise and to accommodate competing interests and values within society, a process reflected in the dynamics of cabinet and bureaucratic decision-making within government. Public organisations and public programs are born and shaped through the political process, which is appropriate in a democracy. Therefore, to talk about the constraints of politics interfering with the rational processes of performance measurement and performance management is to ignore or to discount the requirements for legitimacy and public support for the actions of government. Performance measurement should be seen as a way to improve the quality of the political process, not to substitute for it. If PMM is to strengthen democracy, more ingenious methods and greater efforts must be used to incorporate public perspectives into the process, particularly the views of those segments of society that are deemed to be the beneficiaries of policies and programs.

Reflecting their origins in the political process, public organisations and public programs have broad, rhetorical goals intended to maximise political support. This makes it difficult to devise precise measures. As presently practiced, cabinet-parliamentary government tends to be mainly adversarial, negative, and theatrical. To err may be human, but in politics it leads more to blaming than to learning. As part of the permanent election, which is the essence of parliamentary life on a daily basis, opposition parties have a stake in denigrating the performance of government. Ministers and their public service advisors seek to cover up or react defensively when scandals, failures or deficiencies in performance are exposed. In short, the current culture of parliamentary government clashes with the ideal of a PMM system, in which a balanced, constructive and learning approach is assumed. These fundamental facts of political life were not adequately recognised when PMM systems were introduced. The staunchest of proponents of such systems assumed that performance was ‘out there’ to be objectively discovered, measured and improved. In fact, performance is a subjective and social construct that arises out of the political process and will always involve controversy.

The analytical, financial, institutional and political obstacles described above make PMM more difficult, but not impossible. Acknowledging them should lead to more realistic expectations for two seemingly rational processes operating in the political context of a complicated, dynamic and highly diversified
governmental system. During the 1980s and 1990s, most governments embraced the mantra, 'if you can’t measure it, you can’t manage it'. If this were indeed true, large parts, including some of the most socially important parts of government activity, would be unmanageable because what is produced is intangible and subjective, and how it is produced is uncertain. Intangibility and subjectivity are not excuses not to measure, but concrete measures may miss the most important dimensions of government interactions. The assumption that PMM systems can generate the necessary evidence to explain the causal linkages between inputs, outputs and outcomes, to serve as the basis for better management and in turn, better performance (about which everyone agrees) has proven naive and unrealistic. Moreover, some measurement is not always better than none; and there are other types of knowledge, such as intuition derived from experience, which can provide a more reliable guide to action than the latest measures. Measurement creates the impression of science, objectivity, credibility and continuous improvement. This explains why PMM acquired such symbolic (and to a lesser extent, practical) importance within governments during the past two decades when they were facing severe financial stress and deep voter discontent. Governments oversold the promise of PMM. Recent stock taking in the leading jurisdictions has created more realistic expectations and led to a scaling back of PMM efforts. Yet governments cannot and should not abandon their efforts in the field.