

The Future of PMM

Up to now, governments have focused on designing and implementing measurement systems. As these systems move into a more mature phase, the emphasis must shift to how we use measurement to manage better. How can we define and operationalise various concepts and dimensions of performance to make them more amenable to meaningful measurement? How can we extract greater insight about what works, and why, from available data? How can we better communicate those insights to the multiple audiences served by the performance measurement system? How can we ensure that measurement influences policy formation and managerial behaviour, which in turn leads to improved outcomes? How do we apply the PMM approach to horizontal areas of policy-making and service delivery that transcend departmental and governmental boundaries? How do we employ PMM to improve the management and results of contracting out service delivery to third parties? Finally, how do we ensure that performance measurement is itself both cost-effective and accountable? These are the areas that governments, consultants and academics should be addressing in the future.

In the future, less emphasis should be placed on reporting data and more should be placed on allowing program managers to tell 'the performance story.' Managers have the most intimate knowledge of the context in which effective performance is being sought. They know what factors — both within and beyond their control — influence outputs and outcomes. If judgments about programs are to be well informed, and if accountability is to be fairly enforced, there must be a recognition of the contextual factors that condition performance. Allowing organisations to tell their own story involves the risk of self-congratulatory, or at least flattering, reports that lack credibility. To counter this natural tendency, the challenge function represented by Parliament and its committees would need to be strengthened. MPs would have to become more committed to understanding performance and be prepared to contribute constructively to its improvement, as opposed to always playing partisan games. More professional staff for committees would be needed.

For the future, we should see PMM as less about sophisticated conceptualisation and precise analysis and more about interaction and seeking a consensus on what should be measured, how and with what consequences. The process should be less top-down and bureaucratic. It should involve consultation with the key stakeholders and the public at large, so that the results of the PMM system have more legitimacy and support, especially among the people most directly affected by programs. This would also improve the relevance and importance of performance reports in the eyes of ministers and parliamentarians. Under this model, communications becomes a strategic activity, not simply a debate over

how best to array information in order to present in the best possible picture of performance. Ideally, a reasonably informed, interested user should be able to learn about the availability of performance reports and should be able to access, understand and use reported performance information. Consistency in reporting to allow for comparison must be balanced with the need to adapt and improve performance measures. Given the multiple, potential audiences for its performance reports, information should be presented on a number of levels and should be communicated through a variety of mediums, suitable to the various intended users. None of this is easy, but a shift in focus from measurement per se to communication about performance would be a valuable first step.

Measuring outcomes will continue to be the 'Holy Grail' of performance management and the most challenging analytical task faced by program managers. Understanding the linkages among inputs, outputs, and eventual outcomes within society is obviously crucial to learning and improvements in actual performance. However, governments, Parliament and others must recognise that outcomes are problematic for accountability purposes, for such recognised technical reasons as attribution difficulties, multiple causality, and long time scales. It is inefficient and unfair to hold ministers and departments accountable for eventualities over which they have limited control. A robust performance-based approach to accountability based on measured outputs and intermediate outcomes should not be ridiculed as second-rate because the valid attribution of outcomes in society to governmental actions will remain an elusive goal.

Attribution issues will become an even greater challenge as governments are increasingly 'joined up' with one another and seek to achieve more holistic, integrated approaches to policy/program development and service delivery. Coordination of performance measurement, reporting and management across programs, departments, orders of government, and private contractors providing public services will become more important in order to avoid duplication, lack of consistency and/or gaps in coverage. Also, in the world of joined-up governments and growing requirements for horizontal management, there must be a substitution of more collective and constructive approaches to accountability for the present approaches, which are mainly individual in focus, negative in tone, and end up blocking organisational learning.

A shift to a collective and constructive approach to accountability will be more cultural than it is organisational and procedural. The political and administrative cultures of government overlap and intersect. As noted above, the political culture of cabinet-parliamentary government is mainly adversarial and theatrical, leading ministers to insist on error-free performance and causing public servants to be risk adverse. Publishing results on a regular basis, and having honest debates about shortcomings in performance can prove embarrassing and

damaging to the reputations of governments. Until this external political culture changes, more balanced and forthright discussions of performance will not take place.

Learning from success *and* failure

The tendency to date has been to follow a ‘best practice’ approach searching for what works elsewhere. The risk of this approach is that it takes inadequate account of the particular circumstances of different organisations. We need to examine both **successful** and **unsuccessful** efforts to introduce performance measurement. **Exhibit 8** presents a listing of some of the general conditions needed to support the development of an effective performance measurement system. Although we can learn from ‘leading’ organisations, we also need to examine the experiences of ‘not-so-successful’ organisations that are trying to improve their performance measurement efforts in spite of the constraints identified throughout this paper.

Exhibit 8 — Conditions Favouring Performance Measurement

- Agreement on what constitutes performance.
- Activities involved are amenable to measurement on a quantitative or qualitative basis.
- Cause-effect relations are reasonably well understood and attribution is possible.
- Scale of operations is large enough to spread the costs of designing and operating the measurement system.
- Leadership support for the activity and the culture of the organisation supports dialogue over what the evidence is saying.

Decades of past efforts to improve public sector performance suggest that progress is more likely to be made on a gradual, incremental basis than on the basis of a single spectacular breakthrough. Consistent with the main theme of this paper, **Exhibit 9** offers ‘A Baker’s Dozen Hints for Better Performance Measurement’. This is meant as a small reward for the durable reader who has persevered to the end of a long paper.

Exhibit 9 — A Bakers' Dozen Hints for Better Performance Measurement (PM)

1. Conduct a feasibility study to determine the readiness of your organisation to develop a PM system.
2. Develop an approach to PM, which fits with the mission and nature of the tasks of your organisation.
3. Consult the relevant stakeholders before adopting measures or indicators for your organisation and its programmes.
4. Link measurement activities to strategic/business plans.
5. Set forth as clearly as possible performance expectations and compare to actual results.
6. Strive for balance in your PM system between: comprehensiveness vs. relevance/simplicity; financial vs. non-financial, short-term vs. longer-term; control vs. learning, outputs and outcomes; quality from an internal, professional perspective with quality from an external, user perspective.
7. Promote a culture of performance management within your organisations. Create incentives or remove disincentives for the use of performance measure.
8. Encourage the development of causal models of programmes which link outputs to desired outcomes.
9. Ensure fairness in the use of performance data to appraise the performance of organisations and individuals. Allow for the recognition of factors beyond their control.
10. Approach the task of communicating about performance in a strategic fashion by paying attention to the needs of different audiences.
11. Take a pragmatic approach: use pilot projects in areas more amenable to measurement, make use of existing data sources, acknowledge the limits of existing data, but do not wait for the 'best' data to become available and review the cost-effectiveness of your system periodically.
12. Consider benchmarking your performance to that of superior comparable organisations and share knowledge with other organisations.
13. Recognise the limits of measures. Don't be mesmerised by the numbers. Ensure the continued relevance of your measures. Avoid doing the wrong things well, based on your PM system.