Introduction

The Government is extremely fond of amassing great quantities of statistics. These are raised to the nth degree, the cube roots are extracted and the results are arranged into elaborate and impressive displays. What must be kept in mind, however, is that in every case, the figures are first put down by a village watchman and he puts down anything he damn well pleases.

Sir Josiah Stamp, Her Majesty's Collector of Inland Revenues, more than a century ago.

As the quotation from Sir Josiah Stamp suggests, governments have long collected information about their own performance and about their impacts on society. A healthy scepticism has always surrounded such data. However, in recent years performance measurement and performance reporting have become even more important within most governments. 'If you can't measure it, you can't manage it' has become a familiar refrain.

Performance measurement and a number of related processes are seen as the key tools of performance management within public organisations. There is a confusing array of buzzwords used on this general topic: reinventing government, new public management, performance management, results-driven government, results-based budgeting, performance contracting, etc. Whatever the name of the initiative and the actual techniques, the common goal is to improve the performance of government and to enhance its value to society. For the purpose of this paper, performance measurement will be defined as the regular generation, collection, analysis, reporting and utilisation of a range of data related to the operation of public organisations and public programs, including data on inputs, outputs and outcomes.

The theory behind these approaches seems simple and straightforward. On the other hand, the actual experience with performance reporting and performance management is, at best, mixed. It is easier to find examples of where performance measurement systems have been abandoned or drastically scaled back than it is to find examples where such systems have become an influential feature of government decision-making and have contributed demonstrably to improved performance by public organisations. Therefore, this paper asks the question: 'What makes performance measurement so attractive in theory, yet so difficult in practice?' There is not an easy, single and non-controversial answer to this seemingly simple question. Different analysts would emphasise different factors in explaining why performance measurement systems have generally been disappointing in terms of the actual use of performance data to guide decision-making and to achieve improved performance.

There are a great many things done by government that cannot be measured. Given the problems of attribution, all measures of program impacts must remain open to debate as to their validity, reliability and significance. Furthermore, there is no technical procedure available to rank and to combine different types of measures to reach a judgement about the relative worth of different policies and programs. Such judgements must ultimately be left to the political process. The real value of performance measurement and reporting comes not from providing the 'right' answers, but by helping to frame questions and to structure a dialogue about how to improve public services.

Performance measurement and performance management will remain important approaches to the improvement of government performance and to the restoration of citizen confidence about government spending. However, after four decades of design and development of measurement systems, the emphasis must now shift to how we use measurement to manage better. Utilisation has been the Achilles heel of performance measurement and performance reporting. The discouraging record of non-use of performance information has many causes. As performance measurement systems enter a more mature phase, the challenge for governments is to ensure that measurement influences actions, which in turn deliver results. The greatest obstacles to the integration of measurement and management are human and cultural, not analytical and technical. Developing a culture of performance management will require sustained, shared leadership and a more systematic approach to cultural change than has been followed to date.

Some commentators emphasise the analytical challenges involved in applying the concepts of performance measurement to public policies and public programs. Developing measures to track **inputs** (the combination of money, staff, materials and other resources) and **outputs** (the goals, services and activities produced) is fairly straightforward and governments have made significant progress on this front. However, we have a long way to go in terms of providing valid and reliable measures of **outcomes** (the actual impacts of policies and programs within society). The development of causal models which allow us to attribute outcomes to programs and to distinguish program impacts from non-program effects within society continues to be difficult in most program fields. The analytical challenges to valid measurement become even greater when we attempt to measure the overall success of policy in such broad fields like health, social policy, the environment, where complex interactions take place among different jurisdictions, their programs and the activities of other actors within society.

Other commentators would emphasise the institutional obstacles to successful performance measurement in the public sector. They would argue that it is simply naïve and unrealistic to expect public organisations and the people who work in them to conduct and to present unbiased and complete accounts of their

own performance. Also, the nature of public sector goals (multiple, vague, shifting and even conflicting), the structure of the public sector (hierarchical, rigid and fragmented) and the written and unwritten rules of behaviour (compliance with red tape, an insistence on no mistakes, the avoidance of blame, etc.), all represent additional institutional obstacles to the adoption and use of performance measurement systems.

Another explanation might be financial. The development of comprehensive and reliable performance measurement systems is expensive, both in terms of generating data, staff time and investments in information technology. In the last several decades, however, money and staff have been in short supply. Governments have launched performance measurement systems at the same time they have been downsizing their public services and cutting budgets. Indeed, many public servants fear that performance measurement is nothing more than a budgetary axe intended to cut down a perceived jungle of overgrown programs and organisations. If performance measurement is directly and immediately linked to resource allocation decisions, it becomes more of a potential threat to programs and bureaucracies and there is a greater incentive for public managers to report selectively on performance.

While these analytical, institutional and financial obstacles are obviously part of the explanation for the disappointing record of performance measurement, this paper offers more of a political explanation. In this perspective, performance measurement is viewed as a subjective, value-laden activity, taking place in a political context. Performance measurement systems are not strictly objective and neutral in their operation and their effects. They have an impact on the distribution of authority and influence within organisations, as well as on the types of evidence deemed legitimate to guide decision-making. For the staunchest advocates, the development of performance information is meant to reduce the extent of decision-making based upon narrow, self-interested calculations, whether these calculations are made by politicians, bureaucrats or both.

However, performance measurement can never — and should never — be completely divorced from 'politics' in the broadest sense of that term. By politics I mean the process for recognising and accommodating competing values, interests and demands to define the public interest. Performance measurement can contribute to this process, but we must recognise its limits. Also, if we want performance information to improve the 'quality' of political debate and public sector decision-making, then we will have to design performance measurement systems to serve the needs of elected politicians. Many proponents of performance measurement recognise the political context in which they are working. However, the content and the reporting of performance results often do not encourage utilisation by politicians because they fail to directly address their most immediate and compelling concerns.

This monograph identifies the ways that 'politics' enters into the creation of performance measurement systems, the selection of the official and unofficial aims of such systems, the selection of performance criteria and measures, the interpretation of findings, the responses to such findings and the implications of performance reporting for the accountability of both politicians and public servants. Along the way, both the conditions favouring and the obstacles to successful performance measurement will be highlighted.