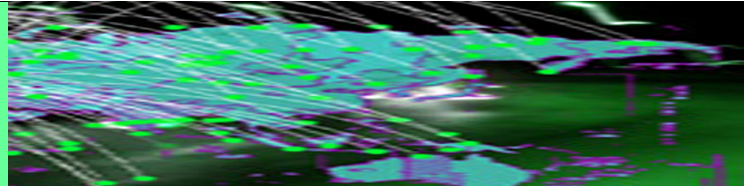


PERFORMANCE MEASUREMENT



Performance measurement can bring substantial benefits to governments in the form of greater efficiency, effectiveness and accountability, but there are substantial obstacles to its successful implementation.

What is Performance Measurement?

Performance measurement is an ongoing process of ascertaining how well, or how poorly, a government program is being provided. It involves the continuous collection of data on progress made towards achieving the program's pre-established objectives. Performance indicators, or measures, are developed as standards for assessing the extent to which these objectives are achieved.

It is essential to distinguish performance measurement from several related concepts. The terms performance measurement and *performance management* are often used interchangeably. However, performance management is a broader term that includes not only performance measurement but also the determination of the appropriate level of performance, the reporting of performance information, and the use of that information to assess the actual level of performance against the desired level.

Performance measurement is often confused with *program evaluation*, which is an in-depth study conducted on a periodic, rather than an ongoing, basis to determine, in the light of current conditions, whether the objectives of a program are still appropriate, whether it is properly designed, and whether it is achieving adequate results. Performance measures are a valuable input into a program evaluation.

Finally, performance measurement is sometimes mistaken for *performance evaluation* (or performance appraisal), which is a concept associated with human resource management that refers to the systematic collection and analysis of data on the performance of an employee over time.

Why Measure Performance?

The current focus on performance measurement in the public sector has been significantly influenced by the New Public Management (NPM) movement, which, following private sector practice, places heavy emphasis on managing for results. NPM in general and, since the late 1980s, performance measurement, in particular, have been offered as approaches to help governments reduce their annual budgetary deficits, lower their accumulated debt and improve service delivery.

Ideally, performance measures support a wide range of financial and human resource practices that are designed to improve the development, implementation and evaluation of government programs. Robert Behn notes that public managers, as part of their general management strategy, can use performance measurement to evaluate, control, budget, motivate, promote, celebrate, learn and improve. International organizations and individual states that provide economic assistance to developing countries have encouraged or required these countries to generate performance data.

Types of Performance Information

Performance measurement systems can provide several types of information, including information about inputs, activities, outputs, outcomes and impacts. These are illustrated here with reference to a government employees' training program, with sample indicators shown in brackets.

- *Inputs* are the human, financial and material resources that are used to implement a program (e.g. the money spent).



- *Activities* involve the use of the inputs to implement a program's objectives (e.g. developing training courses)
- *Outputs* are the short-term achievements that result from the activities undertaken to implement the program (e.g. the number of public servants trained).
- *Outcomes* are the medium-term changes that result from achieving the outputs (e.g. the improved skills of employees).
- *Impacts* are the long-term changes that result over time from achieving the program's outputs and outcomes (e.g. improved program delivery).

It is often easier to generate performance data on inputs and outputs than on outcomes and impacts.

Obstacles to Successful Performance Measurement

The barriers to effective performance measurement fall into several categories.

- *Methodological barriers.* The relationship between inputs and outputs is relatively easy to measure, but measuring the relationship between inputs and outcomes is much more challenging. It is difficult to isolate the influence of the inputs from the many other factors that can affect the outcomes. For example, the improved skill-level of employees can result not only from training but also from other forms of learning.
- *Financial barriers.* The operation of an effective performance measurement system is costly in terms of employees' time and the technology required. Government leaders have to decide whether the payoff from expenditures on performance measurement is worth the investment.
- *Government barriers.* Measuring performance in government is, in general, more difficult than it is in the private sector. Many government programs are very complex and have multiple and changing objectives, thereby making the development and application of performance indicators more challenging.
- *Political and public service barriers.* Politicians will not support performance measurement if they anticipate negative results that could provide embarrassing ammunition for their opponents. Similarly, public servants are tempted to protect their own interests by implementing programs in a way that will make the programs look good in light of the established performance indicators. It is commonly argued that what gets measured gets done. The result is that sometimes what gets done is not what should be done.

Given the barriers to successful performance measurement, it is not surprising that there is much disagreement about its utility and that in practice much of the measurement focuses on inputs and outputs rather than on outcomes or impacts. While performance measurement can be an effective means of promoting accountability for efficient and effective program delivery, both elected officials and public managers should consider carefully the concerns discussed above and in the readings shown below.

Readings

Behn, Robert D. "Why Measure Performance? Different Purposes Require Different Measures." *Public Administration Review*, vol. 63 (September 2003), pp. 586-606.

Carroll, Barbara Wake, and David I. Dewar. "Performance Management: Panacea or Fools' Gold," in Christopher Dunn, ed. *The Handbook of Canadian Public Administration*. Toronto: Oxford University Press, 2002, pp. 413-26.

Halachmi, Arie, and Geert Bouckaert, eds. *Organizational Performance and Measurement in the Public Sector*. Westford, Connecticut: Quorum Books, 1997.

Halachmi, Arie. "Performance Measurement: Test the Water before you dive in." *International Review of Administrative Sciences*, vol. 71 (June 2005), pp. 254-66.

