

**A COMPARATIVE APPROACH TO PERFORMANCE MANAGEMENT:
CONTRASTING THE EXPERIENCE OF AUSTRALIA, NEW ZEALAND AND
THE UNITED STATES¹**

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¹ The initial work on this paper took place in the summer of 2002 when I was a Visiting Fellow in the Political Science Department of the Research School of Social Sciences at the Australian National University.

If one looked at the public management literature across the globe it would be clear that the concern about performance management is a shared agenda. Almost anywhere one goes in the world, management reformers and politicians are talking about performance. This is particularly true in English speaking countries. One example of this nearly universal focus is found in the GAO report, “Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries’ Performance Management Initiatives,” highlighting experiences in Australia, Canada, New Zealand and the United Kingdom.²

Despite the use of the same vocabulary and seemingly similar agendas, the experience of these countries cannot be comprehended without attention to the different contexts in which these countries operate. For while individuals use the same words, the meanings that they give to these terms are not always the same. One of the reasons that this is so is that there is not a single motivation for concern about performance. There are at least three agendas at play:

1. *A Negative Agenda:* This is an anti government agenda; it tends to blame the bureaucrat for problems and seeks to cut back on responsibilities of government.
2. *A Neutral Agenda:* This focuses on a concern about change. Individuals who work from this agenda argue that what worked in past does not always make sense in the current or future environment.
3. *A Positive Agenda:* Advocates of this approach want to get value for taxes and emphasize efforts to assure accountability.

This paper seeks to compare the performance management experience in three English speaking countries: Australia, New Zealand and the United States. It focuses on a number of issues including the structure or context of the institutional arrangements in the

² U S General Accounting Office, “Report to Congressional Subcommittees: Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries’ Performance Management Initiatives, August 2002,

country; the process of defining outcomes; issues related to timing; availability and investment in data systems; predominant values that are at play; experience with gaming; and accountability arrangements. It provides thumbnail sketches of the framework and experience of the three countries and compares their experience in performance management. Despite significant differences that emerge from the differences in context, there are some shared dynamics in the process; I have called these “normal tensions” in the system. Yet these tensions have been largely ignored in the development of the performance management movement.

Although this work focuses on performance management, it is relevant to note that the interest in performance goes beyond the management agenda. In the US it includes educational testing agenda and the proliferation of what is called the “report card” strategy.³ The education sector has increasingly relied on standardized tests that are thought to provide a basis for comparing different jurisdictions and settings. In addition, the performance mindset is also found in the private sector. During the first weeks of the Enron disclosures, former Federal Reserve Chairman Volker observed that much of what was behind the Enron problems was the pressure on corporations to report their profits on a quarterly basis.⁴ This is another variation of the performance mentality; it leads pressure on executives to report profits frequently and many believe that it leads to negative consequences

While one can comprehend why individuals in contemporary Western societies are concerned about performance, there are many ways in which that concern can be expressed. Yet there seems to be a predominant approach to performance that relies on a control oriented, seemingly technocratic mode of behavior. One can ask: what assumptions are

GAO-02-862.

³ William T. Gormely, Jr. and David L. Weimer, 1999, Organizational Report Cards, Cambridge, MA: Harvard University Press.

⁴ Interview, Paul Volker, Public Broadcasting System, “Frontline”, April 4, 2002.

behind this approach and what does it ignore? I suggest that there are at least three possible explanations for this behavior.

- *Individuals behave using different forms of intelligence.*

Howard Gardner's work on this topic is relevant as he discusses how individuals process information. Some are lateral thinkers or what we normally associate with the scientific approach.⁵ These individuals think in a way that moves from one piece of data to another. Thus a leads to b leads to c, etc. .Often these individuals often focus on the literal meanings of words and information. Others, by contrast think in symbolic forms, dealing with multiple meanings, and often reasoning by analogy. The work by Murray Edelman on symbolic uses of politics points one into that direction.⁶

2. *There are different approaches to uncertainty and interconnectedness*

There is an interesting book called the Logic of Failure by Dietrich Dorner which emphasizes the problems that are associated with complexity, fluidity and constant change.⁷ He argues that we take actions that seem sensible when viewed individually but when viewed collectively they lead to perverse consequences. Performance management tends to look at individual activities without attention to their impact on other activities.

3. *Some individuals approach issues using inductive logic; others use deductive logic.*

The deductive approach begins with a conceptual framework and seeks to fit the world of practice into that framework. By contrast, an inductive approach begins with a description of the world and seeks to find ways to explain those phenomenon. This approach rarely generates a clear and consistent framework.

My sense is that the interest in performance carries quite a lot of baggage that fails to capture the attributes that are found in a democracy, particularly the unanticipated

⁵ Howard Gardner, 1993, Frames of Mind: The Theory of Multiple Intelligences, New York: Basic Books.

⁶ Murray Edelman, 1971, Politics as Symbolic Action, Chicago, Markham Publishing Company.

consequences that emerge from multiple players and interests. When taken together, one sees that many who focus on performance call on a literal rather than symbolic approach to information and intelligence; they assume that one can establish cause and effect relationships that ignore the uncertainty and interconnectedness in complex systems; and they attempt to deal with issues in a deductive top-down approach, ignoring the unique attributes of the context involved.

Within this broader context, one can analyze the approaches that have been taken in the performance management movement. These include:

- *Issues of structure and context*

This looks at the structure of government (particularly the structures associated with federalism); centralizing tendencies; and the movement toward contracting out and privatization.

- *The process of defining outcomes*

What do we use as standards for defining success? How do we deal with conflicting goals found in a single program?

- *Issues of timing*

What is the periodicity of reports? Are they annual or more frequent? Do they involve short term or long term approaches? Are there different dynamics involving timing in particular policy areas (for example, research activities)?

- *Questions related to data*

What sources of data are available? Do we tend to count what is easy to count? What are quality standards for the data; what benchmarks are used to establish data systems? Is the data available in aggregated or disaggregated forms? Is data provided that allows managers and policymakers to “tell their story?” Is there evidence that decisionmakers actually use available data?

⁷ Dietrich Dorner, 1996, The Logic of Failure: Recognizing and Avoiding Error in Complex Situations, Cambridge, MA: Perseus Books.

- *Predominant values*

Does the performance movement highlight efficiency values over all others?
 How are effectiveness values approached? What about access and equity values?
 Does the system actually reinforce the existing distribution of power related to a program or policy area?

- *Gaming the System*

Does performance management activity lead to a range of “games” that are designed to avoid the intent of the effort? Do games include creaming, focus narrowly on the data collected (what might be called teach to the test), or forms of cronyism or corruption? Does the activity actually create a compliance mentality?

- *Accountability*

Romzek and Dubnick have provided a framework that focuses on four different sources of accountability expectations that vary in terms of degree of control and sources of control. These include hierarchical, legal, professional, and political expectations.⁸

: <u>Types of Accountability Mechanisms</u> (Romzek and Dubnick)			
		<u>Source of Control</u>	
		Internal	External
<u>Degree of Control</u>	High	Bureaucratic	Legal
	Low	Professional	Political

These are the seven dimensions that I have used to compare the performance management experience in Australia, New Zealand and the United States.

⁸ Barbara S. Romzek and Melvin J. Dubnick, “Accountability in the Public Sector: Lessons from the Challenger Tragedy,” Public Administration Review, 47 (May-June 1987), pp. 227-238.

A Snapshot of the Australian System

Australia is a federal system that is made up of six states and two federal territories. While the population of the country is not large (less than 20 million people), the population is dispersed in the coastal areas of an island that is approximately the size of the continental US. The parliamentary and governmental systems of the federal government and of each of the six state governments are based on the British Westminster model and institutionalized when the Australian Constitution established the federal government in 1901. However, because the country has an upper house with strong powers that is elected by a proportional representation system that differs from the lower house, the system produces a dynamic that has some similarities to that of the US. In addition, unlike the UK, the states have power to pass laws on virtually any matter which has relevance to that state. While the bulk of the taxes come from a national income tax, approximately one-sixth of the country's budget is sent to the states as a form of general revenue sharing. Other funds are provided to the states for specific purposes (as a form of categorical grants).

Thus, while formally a Westminster system, the combination of a strong upper house (the Senate) and federalism have created a mixed system. In fact, one Australian political scientist termed the Australian institutions the "Washminster" system, signifying a blend of the US and Westminster systems.

An interest in performance management in Australia dates back to a report on Australian Government Administration in 1976 (this was called the Coombs' Report). The first activity in this area took place in the late 1980s in the Department of Finance of the then Labour Government where the budget office of the national government sought to use a variation on PPBS to determine budget allocations for specific programs. The early effort (called FMIP) also tried to encourage the use of evaluations in the budget process.⁹

⁹ Royal Commission on Australian Government Administration, 1976, Report, (known as the Coombs Report,) AGPS, Canberra, Australia.

According to the OECD, the public management reform efforts in Australia since the 1980s have attempted to devise fiscal policies that would curb domestic demand and reduce inflation.¹⁰ As a part of this approach, the federal government provided incentives to budget-funded bodies to reward good performance and the achievement of “value for money”. By the 1990s, a change of government to a more conservative Coalition Government emphasized efficiency, deregulation, and increased contracting out of government services. But while that Government took power because it had control over the lower House of Representatives, they did not control the Senate where an admixture of smaller parties had a different agenda.

In February 1993, a paper called “Performance Information and the Management Cycle” was issued by a Management Advisory Board and the Management Improvement Advisory Committee. It asserted that ‘performance information is being used in both program management and in central decision-making, including in the budget and context; and the quality of performance reporting is improving.’¹¹

Despite this rhetoric, some of those involved in the process believed that little progress was made and there were systemic barriers to delivering these improvements including:¹²

- a. No real link between appropriations and objectives. The federal government had a system of so called program budgeting but in reality had program reporting only. The budget process and the legislative appropriations process was largely determined by history.
- b. No clear relationship between the budgeted performance promises and the actual performance report in annual reports.

¹⁰ Organisation for Economic Cooperation and Development (OECD), Public Management Profiles, 1992, Australia, p. 17.

¹¹ Management Advisory Board Australia, 1993, Performance Information and the Management Cycle, AGPS, Canberra.

¹² Speech by Stephen Bartos, Australian Department of Finance, April 26, 2000.

- c. Responsibility for program definition and reporting was devolved almost entirely to departments and agencies, with little legislative or executive oversight. This was reinforced by a cabinet system in which the specific cabinet Minister charged with responsibility for a department was not likely to take “orders” from a peer (the Finance Minister).

In addition, departments varied tremendously in their approach to the performance management requirements. Few held individuals accountable for outcomes; the best tended to highlight outputs. Departments with high degrees of interaction with states had special problems in getting the states to agree to the process. And when the Australian Senate became interested in particular programs, members were likely to raise issues that were quite different from those that came from the Finance Department.

A Snapshot of New Zealand

New Zealand is a small country made up of two islands with a population of less than 4 million people. Its governmental structure is based largely on the Westminster style of government but is a unicameral system with only one body in the parliament. Like Australia, since the mid 1980s there was a shift away from a strong government approach to economic management in favor of a much greater use of market mechanisms. Before that time, the public managed systems was seen to be dominated by bureaucracy and process (what one observer called “doing the job correctly and lawfully”). The then Labour government began a process of public management reform, especially working to deregulate what had been government run enterprises. According to the OECD, since 1986 many state-owned enterprises were privatized in the interests of debt reduction and efficiency gains. The effort also sought to reduce the size of the state and to rely on the

philosophy of “user pays” where clients are charged for goods and services provided by government departments.¹³

By 1988, a major restructuring occurred, coincident in time with the change of political parties in control of government, moving to the more conservative of the two major parties. The State Sector Act of 1988:

- a. altered the way departmental chief executives were appointed;
- b. redefined the primary relationships of chief executives to ministers; and
- c. devolved to chief executives the responsibility for most personnel and financial authorities previously administered by central control agencies (the State Services Commission and the Treasury).

Further reform was enacted in the Public Finance Act of 1989, focusing on financial reforms in the public sector.

The period between 1984 and 2000 has been characterized as the development of managerialism and focusing on outputs (what was described as “doing the job efficiently”), According to participants in the process,¹⁴ the strengths of the 1986-94 reforms were transparency, greater focus on delivery and efficiency, and improved financial management and accountability. The changes were largely driven from an economic basic of public choice and agency theory and, as a result, also had limitations.

- a. They broke up the public sector into smaller units (e.g. funders, purchases and providers, policy and delivery agencies, and commercial and non commercial interest. This was called decoupling or fragmentation.
- b. They hard-wired managing for results in an output-based management system and, consequently, under emphasized outcomes and capability.

¹³ Organisation for Economic Cooperation and Development (OECD), Public Management Profiles, 1992, New Zealand, p. 215.

¹⁴ <http://www.ssc.govt.nz/display/document.asp?NavID=177&DocID=2757>

This was described as inability to fit the public sector to its broader purposes.

- c. They strengthened a culture and practice of Wellington-based policy making (the central government role) and de-emphasized evidence-based, citizen and community-centered policy making, service design and delivery.

While acknowledging that reforms had accomplished some goals, the activities of the pre 2000 period were viewed as the “easier” efforts. Remaining were jobs of focusing on staffing and skills, outcomes, and working with other communities.

At the same time that this was taking place, a dramatic change was made in the country’s electoral system. In 1996, a system of proportional representation was introduced that replaced the single-member constituency, plurality electoral system with a system known as Mixed Member Proportional (MMP). About half of the members of Parliament would be elected in the traditional manner and the other half was elected from nationwide party lists. This change moved the country from a two-party system to producing multi-party parliaments. This meant that single-party majority governments were replaced by coalitions and/or minority governments.

In 2001, a Labour-lead coalition government came into power as a result of the new electoral system. That government commissioned a review of the public management activities. Called the Review of the Centre, that effort was an overview of the current state of the public management system, an analysis of the strengths and weaknesses of the system, and made recommendations for future activity.

The Review concluded that the existing system had the following elements:¹⁵

- a. Interaction with government was not easy for citizens;
- b. There was no systematic approach to setting and achieving outcome goals and priorities;

¹⁵ Ibid.

- c. The fragmented state sector made it difficult to pursue complex or cross-cutting objectives;
- d. The system is weak at developing and managing capability; and
- e. Many agencies were struggling to understand and meet the needs of the Maori Pacific Island population.

The recommendations for change called for a greater focus on outcomes and results. It also sought to find ways to get more citizen and community centered, moving from Wellington-centered problem solving. Further, it sought to integrate structures and processes and build stronger staff, culture and leadership.

A Snapshot of the United States

This discussion focuses on the Government Performance and Results Act (GPRA), enacted in 1993. While there are other earlier as well as later management reform efforts, GPRA is the only effort that has taken the form of official legislation; most management reform has been undertaken through executive orders or White House action, GPRA, however, was initiated through congressional action and, as well received presidential support.¹⁶

On its face, the GPRA legislation seems quite straight forward -- indeed, almost innocuous. It clearly follows the tradition of past reform efforts within the federal government. In a report on the historical antecedents of the performance budgeting movement, the General Accounting Office concluded that GPRA "can be seen as melding the best features of its predecessors. ... Nonetheless, many of the challenges which

¹⁶ Much of this discussion is drawn from Beryl A. Radin, "The Government Performance and Results Act (GPRA) and the Tradition of Federal Management Reform: Square Pegs in Round Holes?" *Journal of Public Administration Research and Theory*, January 2000. See also Beryl A. Radin, "Intergovernmental Relationships and the Federal Performance Movement," *PUBLIUS: The Journal of Federalism*, Winter 2000 as well as Beryl A. Radin, "The Government Performance and Results Act (GPRA): Hydra-Headed Monster or Effective Policy Tool?", *Public Administration Review*, July-August 1998.

confronted earlier efforts remain unresolved and will likely affected early GPRA implementation efforts.”¹⁷

At the same time, there are differences between GPRA and earlier efforts. Its enactment as legislation (rather than as executive orders) has built in a role for Congress that is relatively unusual in government reform efforts. In addition, GPRA’s inclusion of pilot projects and providing a number of years for start up are not the usual way for reform efforts to be conceptualized. Although GPRA was enacted in 1993, its real requirements did not take effect until 1997.¹⁸

To some degree, the passage of GPRA and the interest in its implementation reflect the public attention to management that has been a characteristic of the 1990s. Embraced by the Clinton administration and viewed as complementary to the Gore reinvention effort, GPRA’s focus on performance of government agencies is an example of the almost ubiquitous interest in this topic. The multiple aspects of legislation – particularly its emphasis on the relationship between budgeting and performance – can be viewed as an attempt to respond to public concerns about the ways that public monies have been expended. The report from the Senate Committee on Governmental Affairs attached to the legislation noted that “Public confidence in the institutions of American government is suffering from a perception that those institutions are not working well. ... the public believes that it is not getting the level and quality of government service for which it is paying.”¹⁹

GPRA was embraced by the Republican leadership in both the House and the Senate as a means of putting pressure on the Democratic administration. House Majority Leader Richard Armey established a grading system to rate the “progress” of federal

¹⁷ General Accounting Office, Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation, GAO/AIMD-97-46, March 1997, p. 7.

agencies as they submitted both their strategic plans and their annual performance plans to the Congress as well as the White House. The Senate Governmental Affairs Committee used the GPRA framework to highlight problems of waste, fraud and mismanagement within federal agencies. Neither setting focused on the difficulties that federal agencies had in establishing measures of performance for programs designed as block grants or with high levels of discretion provided for third-party implementers, particularly state agencies.

In fact, when one examines the GPRA legislation and its history, there is little in that background that provides real guidance regarding federal agency dependence on other levels of government. The only specification of consultation with “external” parties is found in fairly vague language regarding the development of the agency strategic plans. Agencies are not required to deal with these “external” parties as they devise their annual performance plans. Some have actually been concerned that state and local governments who act as agents for the federal government are relegated to the category of “external” parties. Similarly, there has been little attention to the form that the program takes (e.g. whether it is a competitive grant program, a block grant, or some other form of formula funding).

Over the past several years, at least some federal agencies have been pressured by Congress and some of its agents to take direct responsibility for the performance outcomes achieved through federal programs, whether or not the federal agency actually delivers the services provided through federal funding. In some instances, this has moved the agency away from a focus on performance that values state flexibility and discretion and back to a more traditional compliance oriented posture. GPRA has tended to highlight the federal role of defining goals at a national level rather than leaving it to states (often termed the Laboratories of Democracy) to bargain about specific goals and outcomes for their jurisdictions.²⁰

¹⁹ Committee on Governmental Affairs, U.S. Senate, “Report to Provide for the Establishment, Testing, and Evaluation of Strategic Planning and Performance Measurement in the Federal Government, and for Other Purposes,” <http://server.conginst.org/conginst/results/gprapt.html>

²⁰ See, for example, Helen Ingram, “Policy Implementation Through Bargaining: The Case of Federal Grants-in-Aid,” *Public Policy*, Vol. 25 (Fall 1977), pp. 499-526.

Despite the optimism that has surrounded the performance movement, there are signals that these expectations are not easy to achieve. As this discussion has argued, the government-wide approach to performance measurement in the U.S. has not been very effective or helpful to those concerned about improving federal government management. The efforts that have been undertaken by the Congress and its arm, the GAO, have clearly communicated a control agenda.

Embedded in GPRA is a very unrealistic belief that a single set of documents (strategic plans, annual performance plans, annual performance reports) can serve the diverse interests and needs of a range of actors and functions. If there is anything that we have learned in the past few decades it is that it is important to acknowledge the different perspectives of the Congress, the White House, Departments, agencies, and program managers. GPRA does not appear to have benefited from those lessons. In addition, the design of GPRA assumes that performance information can be linked to the basic range of decision processes in the US system -- budget process, the planning process and management -- without being realistic about the demands of those processes.

Much of the rhetoric that has been used to justify GPRA and the agenda of at least some of the GPRA advocates have been based on the goal of eliminating politics from federal program decisionmaking. Moving in a direction that can be viewed as a replay of the politics-administration dichotomy, GPRA focuses on technically driven and data defined decisionmaking processes.

The GPRA experience confronts several different types of constraints. Unlike many other political systems in the world, US institutional structures

are designed to be complex, fragmented and to limit the extent of power that is provided to the national government. GPRA directly confronts a number of these attributes. The American structure of government has been designed to accept (indeed, to create) conflict between the legislative and executive branches of government. The system is very different from a parliamentary structure (or a private company) in this regard. Yet GPRA contains an expectation that the same set of documents can serve the interests of both institutions.

The principles of fragmentation and conflict are also built into the structures of the US Congress. The separate processes around authorization (creating programs) and appropriations (providing funds for the programs) generate very different perspectives on the same programs or issues. The appropriations process is annual while the authorizing process has a longer time frame, also providing opportunities through the oversight function to review the substance of the program implementation.

Unlike parliamentary systems, with the exception of wartime and a few crisis situations, there is not a mechanism within the US system to move the federal government in a particular direction as a whole. OMB is the only actor in the executive branch that actually looks at the government as a whole. Yet it too has limited ability to operate in unison. Even OMB budget examiners exhibit high levels of autonomy and independence.

The most recent developments in intergovernmental relations in the US appear to have been largely ignored in the way that GPRA has been designed and, to some extent, implemented. The end of the twentieth century has been a time when the role of the

federal government has dramatically diminished in many program areas and more discretion has been provided to state and local governments in the way that federal dollars are expended. Because so many of the federal programs involve intricate intergovernmental relationships, federal agencies have struggled with ways to structure these relationships. Federal agencies are balancing two competing imperatives. On one hand, they are attempting to hold third parties accountable for the use of the federal monies but, on the other hand, they are constrained by the political and legal realities that provide significant discretion and leeway to the third parties for the use of these federal dollars. In many ways, the performance movement at the federal level collides with strategies of devolution and a diminished federal role. As a result, there is a conflict between devolution strategies and the GPRA goal of holding federal agencies (not those who actually decide how to spend the funds) accountable for performance. Several other intergovernmental issues are also relevant. This has become an era of contracting out and privatization, continuing the spirit of devolution. There are dramatic differences in the political cultures of states; and it is increasingly difficult to deal with states as a monolith. Finally, many states have devised their own performance measurement systems and are not willing to adopt a federal performance system if they believe that their current system serves the purposes within the state.

Comparing the Three Countries

As was noted earlier, the three English-speaking systems can be compared along seven dimensions: structure/context, defining outcomes, timing, data, values, gaming, and approaches to accountability.

Structure/Context

Australia. The attributes of the institutional structure that define the Australian performance management effort involve at least five elements. First, is the structure of the Parliament. Although often described as a Westminster parliamentary system, the presence of a vigorous and independent upper house – the Senate – means that the Prime Minister is often thwarted by this element of a bicameral system. This limits the ability of this individual to speak for the entire government.

Second, the Australian executive has to acknowledge that there are separate states, some of which are dominated by political parties in opposition to the parties in power at the national level. There are times when attempts to act as if the nation was a unitary system does not extend beyond a rhetorical posture.

Third, despite its relatively small size, the Australian national government contains a wide variety of programs with quite different histories, political constituencies, and problems. Attempts to treat the entire Commonwealth government as if marched in lock step are rarely successful.

Four, as a result of fiscal and management changes over the past 25 years, a number of programs that had been operated by public entities have been contracted out. In these instances, while the government has the ability to establish contractual

relationships with non-government entities, in some significant instances they have limited ability to enforce specific performance requirements.

Finally, the Australian political party system is characterized by strong and independent political factions. The three main political parties contain very different perspectives on a number of policies and programs. Two of these parties have been in a long-time coalition and are now in power.

New Zealand. There are four elements that should be emphasized to understand the institutions and context of New Zealand's performance management activities.

First, the formal political system is centralized and (despite efforts at administrative decentralization) the system is run from the national capital. Related to this is the reality that the country is very small.

Second, the monocameral legislative body makes the decisionmaking process relatively simple. There are not multiple decision venues present in that system.

Third, like Australia, New Zealand has gone through serious efforts at contracting out services that had formerly been provided by central government agencies or state-owned enterprises.

And fourth, the current government in power is a coalition government. The coalition is not a permanent one and includes groups that do not always agree on the political agenda. The need to keep a coalition together can act as a brake to slow down central government activity.

United States. There are at least five attributes related to structure and context that impact the way that the US has undertaken performance management activities.

First, the system of shared powers, especially between the Congress and the President, limits the power of either entity to move completely independently. This is true whether or not the legislative bodies are controlled by the same political party as is the President. This system limits the ability of the Executive Branch's Office of Management and Budget to impose requirements beyond rhetorical pronouncements.

Second, the system of American federalism clearly confines the ability of the federal government to impose requirements on the states (and, to some extent, on the localities) if the particular state chooses to ignore or fight those qualifying factors.

Third, the size and complexity of the system and the society has created a crazy-quilt of federal programs. There is significant variation between policy areas and program instruments and strategies. It becomes very difficult to impose a uniform set of requirements on all federal programs.

Fourth, as a result of various efforts over the past several decades, fewer federal agencies actually deliver services to citizens. Rather, as one former cabinet secretary put it, "we deliver dollars and regulations, not services." Others, especially state and local agencies and increasingly non-public agencies actually deliver the services either through block grants or contracts. Given their discretion, they are not always willing to accept the performance expectations defined by the federal government.

Finally, despite the presence of a two party system, the American political system contains a wide variety of perspectives, ideologies and approaches within both political parties. This requires administrative activities that are attuned to the political consequences of these varied views.

Defining Outcomes

Australia. Three elements are of interest in the Australian experience. First, many programs enacted by the Parliament contain multiple goals. As a result, it is not always easy to determine what outcomes were anticipated by the authorizing body.

Second, the central agencies in the Australian government (especially the Department of Finance) have played an important role in the definition of program and policy outcomes. At the same time, the cabinet form of government that has been in place recently gives significant discretion to each minister; this means that all ministers are formally equal and few programmatic ministers are willing to accept the “advice” let alone the directions of the Minister of Finance.

And third, the chief administrative officer or the CEO (usually a career public servant) is selected by the minister and almost always loyal to that minister.

New Zealand. There are two attributes that are particularly important in the process of defining outcomes in New Zealand. First, the goals of programs are largely defined by central agencies (especially the Treasury Department). And second, the CEO in each of the ministries is selected by a central agencies – the State Services Commission. Both of these elements lead to a more centralized process.

United States. Three elements help one understand the process in the US. First, the system has many nodes of decisionmaking and a wide array of players involved in the process. Second, the complex process of decisionmaking with the American system produces programs that often contain multiple goals. Outcomes are rarely simple or easy to define. And third, the dynamics of the political process within the US, especially the

role of the intergovernmental system as well as strong interest groups, make it difficult to establish standards that can be used to develop outcomes.

Timing

Australia. The performance management efforts in Australia are built on annual budgets as well as annual reports. Although there is a system of forward estimates that attempts to look beyond a single year and provide a longer range perspective, the focus is annual.

New Zealand. Like Australia, the New Zealand system is constructed on a system of annual budgets and annual reports. The past efforts assumed that departments and agencies already had strategic plans and a longer range perspective. This turned out to be a false assumption.

United States. The US GPRA system is built on a yearly budget process and annual performance plans and annual performance plans are linked to that process. Agencies are expected to develop five year strategic plans but the scope and substance of the plans do not always mesh with the structure of the appropriations process.

Data

Australia. Most Australian departments have the ability and resources to collect data on their programs' performance. In some cases, however, there is resistance on the part of states to such requests. In addition, there are instances of professional resistance to the data definitions established by the central government; for example, medical doctors have resisted certain data collection requests from the government.

New Zealand. It appears to be the norm in New Zealand for departments to have both the ability and resources to collect data on program performance. But, like Australia, there are instances of political resistance to such efforts by groups such as medical doctors.

United States. Most federal departments have found that they do not have data systems in place that will allow them to determine whether performance of programs has been achieved. In addition, it has been difficult to get funding for such data systems and they collide with requirements of the Paperwork Reduction Act. A number of federal programs have encountered political opposition to efforts to collect data about performance, particularly from states and localities when they have been given discretion to determine how funds will be spent through block grants and other programmatic forms.

Values

Australia. The performance management efforts in Australia have largely focused on efficiency values. In some cases, programs do attempt to define performance measures that deal with effectiveness. It is not common for agencies to focus on access or equity values.

New Zealand. Like Australia, the New Zealand system has highlighted efficiency values, emphasizing outputs rather than outcomes. Although the performance management system does not ask for data that reports on access or equity values, there is a separate requirement within the system that departments disaggregate data and report the ways that their programs serve Maori/Pacific Island populations. However, this is not viewed as a part of the performance management system.

United States. The GPRA system has produced performance measures that largely highlights efficiency values. While some of the measures do deal with effectiveness values, it seems to have been difficult for agencies to focus on access/equity values. Few of the performance measures collect data on the way that programs may disproportionately affect racial and ethnic minorities.

Gaming

Australia. The Australian response to the performance management requirements has included two kinds of games: compliance games and creaming. There also have been reports that the system has led to various practices of cronyism.

New Zealand. Compliance and creaming games have been found in New Zealand.

United States. The experience in the US has evoked various games, including compliance, creaming, counting what is easy to count, teaching to the test, and some reports of cronyism and corruption.

Accountability

Australia. The accountability relationships that have been emphasized in the Australian system have largely emphasized hierarchical relationships with the central government. The system has found it difficult to deal with areas in which professional sources of accountability establish a different set of expectations than those emanating from the hierarchy. In addition, political and some fiscal accountability demands have sometimes collided with those that come from the central government, particularly in areas related to outsourcing and contracting out of services that in the past had been under the control of the government.

New Zealand. Like Australia, New Zealand has emphasized hierarchical accountability relationships within its performance management activities. That experience has also encountered conflict between professional sources of accountability and those coming from the government; this is particularly true in policies and programs involving medical doctors.

United States. The complexity of the American system has created multiple accountability expectations; however, the demands that come from the hierarchy are the strongest among these sources. The GPRA experience is extremely varied, depending on the particular program or policy undertaken. However, it appears that many program units have found it difficult to deal with the accountability demands of various political actors in the system and professional sources that are articulated through strong interest groups. In addition, like Australia, there are conflicts that emerge as a result of outsourcing and contracting out of services.

Where Does This Leave Us? Similarities or Difference

As this comparison indicates, while there are some similarities in the performance management experience in the three countries, the variability in the context and structure of the three countries has led to quite different realities. The size and structure of the New Zealand institutional system clearly has made it much easier to engage in the performance management agenda than in either of the other two countries. But the new electoral system is likely to produce very different dynamics than occurred in the past. This makes it doubtful that one could really replicate the New Zealand experience in the

other settings (since New Zealand itself is not likely to continue along the same path).

One can find similar experiences in the area around the annual timing of requirements. In addition, there are some shared experiences around the predominance of efficiency values in all three countries. Not surprisingly, the major differences between the three countries were found in the structure/context category. There were also differences in the process of defining outcomes, collecting data, and accountability relationships. (Insert Figure)

At the same time, some of the similar behaviors in the three countries lead one to acknowledge that there are what I call “normal” tensions in all three democracies.

These are:

- Tension between political actors and career officials
- The dynamics that emerge from conflicts that result from internal party factions and the need for both formal and informal coalitions
- The relevance of dealing with the pressures which emerge from interest groups
- The conflict between central agencies and their control agenda and departmental desire for autonomy and discretion
- The differences between a fiscal approach to performance (linked to resource allocation and the budget process) and a programmatic approach
- The desire for actors within the system to search for autonomy that is linked to their professional identity.

It is somewhat ironic that these tensions, found in all three settings, have been effectively ignored in the performance management movement. Rather, that movement seems to foster a technocratic approach that ignores the need for tradeoffs between

essential elements in the system. Those who designed the changes seem to have focused on narrow literal meanings, ignored the dynamics of interconnectedness, and sought to impose a deductive, one size fits all system on all three systems. They seem to have ignored the reality that democracies, by definition, must deal with different perspectives, value clashes, role conflicts, multiple agendas and players. These elements do not lend themselves to a system that is simple, clear, and value neutral. Unfortunately, the performance movement has wrapped itself in those attributes.

Table 1

A Comparison of the Performance Management Experience in Australia, New Zealand and the United States

Issue	Australia	New Zealand	United States
<u>Structure/context</u>	Federalism Senate Variation by program Contracting out Political Factions	Centralized Unicameral Contracting out Coalition government	Federalism Shared powers Variation by program Not deliver services Contracting out Political Factions
<u>Defining Outcomes</u>	Multiple goals Central agencies play major role CEO selection by ministers	Goals defined by central agency CEO selected by SSC	Multiple goals in many programs Difficult to establish standards Multiple players
<i>Timing</i>	Annual budgets Annual reports Forward estimates	Annual budgets Annual reports Assumes existence of strategic plans	Annual budgets Annual reports 5 year strategic plan
<u>Data</u>	Departments have ability to collect data Some state and professional resistance	Departments have ability to collect data Some professional resistance	Data systems not there Difficult to get \$ for data Political opposition to data collection To
<i>Values</i>	Efficiency predominates Effectiveness second Variable focus on access/equity values	Efficiency predominates Some departments report performance for Maori/Pacific Islander populations	Efficiency predominates Effectiveness second Difficult to focus on access/equity values
<u>Gaming</u>	Compliance Creaming Corruption	Compliance Creaming	Compliance Creaming Count what easy to count Teach to the test Corruption
<u>Accountability</u>	Hierarchical Difficult to deal with professional sources Issues related to outsourcing to NGOs	Hierarchical Some professional sources	Multiple but hierarchical strongest Difficult to deal with political and professional sources Issues related to outsourcing to NGOs