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Factors Affecting Uses and Impacts of Performance Measures in Mid-Sized U.S. Cities

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To the Graduate Council:

I am submitting herewith a dissertation written by Yeonsoo Chung entitled "Factors Affecting Uses and Impacts of Performance Measures in Mid-Sized U.S. Cities." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Political Science.

David H. Folz, Major Professor

We have read this dissertation and recommend its acceptance:

Michael R. Fitzgerald, William Lyons, Bruce E. Tonn

Accepted for the Council:

Dixie L. Thompson

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

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Accepted for the Council:

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Vice Chancellor and
Dean of Graduate Studies

(Original Signatures are on file with official student records)

FACTORS AFFECTING USES AND IMPACTS OF
PERFORMANCE MEASURES IN MID-SIZED U.S.
CITIES

A Dissertation
Presented for the
Doctor of Philosophy
Degree
The University of Tennessee, Knoxville

Yeonsoo Chung
May 2005

Dedication

This dissertation is dedicated with love and appreciation to:

my parents, Gil-Hwa Chung and Jung-Soo Cho,

my wife, Jooyoung

and

my children,

Hunkyo & Emily

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Abstract

This research investigates the factors that affect municipal use of and the impacts they experience with performance measures among mid-sized U.S. cities. The goal of this research project is to advance our knowledge about the adoption, use, and impact of performance measures among mid-sized cities. Several research questions were developed and a mail survey was administered to 670 city officials in cities with populations 25,000 to 250,000 in order to help provide answers to these questions. A total of 280 completed surveys were returned for a response rate of about 42 percent.

Among the chief findings of this study are that larger mid-sized cities are more likely to adopt and use performance measures. Performance measures also are more likely to be adopted and used by cities that have a council-manager form of government rather than by cities with a mayor-council form of government.

The performance results expected to be achieved by municipal officials respondents corresponded with the three reasons that local officials cited as being most important for adopting. Analysis indicated that there is very little, if any, “cognitive dissonance” with respect to the reasons offered for adopting performance measures and what local officials expected to see as a result of their implementation.

The study’s findings suggest that local officials in mid-sized cities believe that performance measures have real value for improving the quality of management and budget decisions. Moreover, they think that the information generated by these measures helps their cities to respond to citizen demands for greater accountability. In addition, many local officials believe that the use of performance measures has helped

to improve the quality of communications with citizens about how well the city performs its service responsibilities.

Performance measures tend to be used more extensively when managers are the primary audience for performance data, when their staff has data analysis talent and when council understands performance information and provides adequate financial support for collecting performance data.

This study finds that support by government stakeholder groups, particularly department heads, line supervisors and city employees, local elected officials, particularly city council members, and citizens and community interest group leaders are especially important in terms of whether performance measures are likely to be perceived as having a significant positive impact on the local decision making process.

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CHAPTER 1

INTRODUCTION

I. Problem Statement

Performance measurement in public organizations has gained a great deal of interest since the 1990s. Paul Epstein, a long-time supporter of performance measurement, proclaimed that “the time for performance measurement is finally coming!” (Epstein 1992, 513). Performance measurement also has been touted as a strategy for “reinventing” government (Osborne and Gaebler 1992).

The idea that government performance should be measured, however, is not new. The history of performance measures begins with Fredrick Taylor’s principles of scientific management at the turn of the century (de Lancer Julnes 1999; Rivenbark and Kelly 2000; Streib and Poister 1998). As Charles A. Bowsher, comptroller general of the United States, stated in his testimony before the U.S. Senate in 1992: “Public officials must be able to better ensure our citizens that the government can effectively account for where their tax dollars go and how they are used. ... States, localities, and other countries are moving forward on performance measurement. It creates a focus on results and can improve government operations” (Bowsher 1992, 1). He also stated

that citizen surveys consistently report that Americans believe that some 40 percent of public funds are either wasted or spent unnecessarily (Bowsler 1993).

It is now widely believed that performance measurement in public organizations can enhance public confidence by informing citizens about the use of their tax dollars (Benowitz and Schein 1996; Grifel 1993; Wholey 1999). Ammons argues, for instance, that “Performance measures document what was done by various governmental department or units, and ideally, how well it was done and what difference it made. Through documentation, outstanding departments and entire organizations earn the trust of their clients and citizens as they demonstrate a good return in services provided for tax dollars” (Ammons 1995a, 17).

Several national organizations such as the National Academy of Public Administration (1991), the American Society for Public Administration (1992), the Governmental Accounting Standards Board (1994), and the Governmental Finance Officers Association (1994) have encouraged expansion of measurement to support decision making, reporting, and management (Epstein and Olson 1996; GASB 1997; Streib and Poister 1998; Tigue 1994). The International City/County Management Association (ICMA) and the Urban Institute also favor performance management

(Ammons 1995a; Liner et al. 2001). The ICMA's Center for Performance Measurement, along with the Urban Institute, continues to support efforts to institutionalize the use and effectiveness of performance monitoring, measurement, and reporting by local governments (Willoghby and Melkers 2001).

Performance measurement has received increased interest and attention from a diverse group of proponents that includes public officials, business leaders, community activists, and average citizens concerned about educational quality, health care outcomes, crime control results, and whether public programs are providing-as the British put it-"value for money" (Shick 1990, 33). Schick suggests that "measurement of performance is an old practice that is taking on a new lease" (Schick 1990, 26).

Despite widespread interest, only a small number of public organizations actually conduct performance measurement studies, report performance indicators and use this information in actual decision making (de Lancer Julnes 1999; de Lancer Julnes and Holzer 2001; GASB 1997; Hatry et al. 1990; Walker 2001). The American Society for Public Administration admitted that "use of performance measurement is still the exception rather than the norm in American government organizations" (ASPA 1992, 1). Nyhan and Marlowe (1995) also concluded that despite the many

recent improvements, performance measurement in the public sector remains in an “embryonic” stage. Despite the advantages of using performance measures, such as supporting decision making, improving service performance, enhancing reporting, and other rationales noted in the literature, the majority of state and local governments have not systematically developed and used performance measures (de Lancer Julnes 1999; GASB 1997). Coplin et al. (2002) argue that “Despite some significant examples of use, measuring government performance is far from a common practice” (700).

Most government agencies may collect data that is or could be used for performance measurement; however, they do not have a system in place to use those data as part of the decision-making about resource allocation or resource deployment (Coplin, Merget, and Bourdeaux 2002). Further the literature has comparatively few examples of how local governments have used performance measures to support decision making, performance monitoring, improving service performance, or its effects.

II. Research Questions and Objectives

A performance measurement can generate a great deal of information but it also can be very expensive to collect performance data. In order to justify the cost, the information from performance measurement actually should be used. Collecting and reporting information is a meaningless exercise if the information is not used to inform decisions about the things that the information is intended to affect. If that is the case, performance measurement may eventually fall into disuse. The difficulty that many local governments face is not necessarily in knowing how to develop appropriate and reliable performance measures, but rather in understanding how best to integrate the results from these measures into the management and operational decision-making of the organization (Grifel 1996).

The purpose of this study is to examine the factors that affect adoption, use and impact of performance measures in mid-sized U.S. cities. For those localities that adopt performance measurement, the objective is to ascertain whether and how they use performance information for different types of policy and management decisions. (de Lancer Julnes and Holzer 2001).

The problem of utilization of performance measures is a multifaceted one (Patton 1978). As the GAO has observed, having good performance measures is important, but it is also important that they actually be used by decision makers (U.S. General Accounting Office 1992). Though a number of jurisdictions regularly monitor performance, relatively few report that they use this information in substantive ways to improve services (Coplin, Merget, and Bourdeaux 2002; Poister and Streib 1999; Wholey and Hatry 1992). Kamensky (1993) argues that even when organizations develop performance measures, the biggest challenge is to get them to use their measures for their intended purposes.

The goal of this research project is to advance our knowledge about the adoption and use of performance measures in mid-sized cities. The aim is to provide information that may be useful for jurisdictions that may be considering using various measures or that have not yet fully implemented performance measures. Which measures are most frequently adopted and why? How are they actually used? What do managers report about their value and utility? The specific questions discussed in this research are: (1) what are the major factors that affect uses of performance measures in

local government, and (2) what are the major impacts of using performance measures in local government.

III. Research Methods

This section explains the research methods employed in this study. Survey questions were developed for this research and a mail survey was administered to city officials in mid-sized cities to gather information about the adoption and use of performance measures in local governments. The survey instrument designed for this survey is shown in appendix. The distribution of survey responses and the profiles of respondents are presented in this section as are the limitations of this study.

The data collected for this research project were collected from a mail survey and from US census data sources. A mail survey was sent to 670 chief administrative officials in US municipalities with populations 25,000 to 250,000. These mid-sized cities are the target population. There are a total of 1,339 municipalities with populations in the 25,000 to 250,000 range. A stratified random sample of 670 cities (about 50%) was obtained from the International City/County Management Association (ICMA) in 2004. The names and addresses of local chief administrative

officers were obtained from the ICMA along with a data file containing descriptive data for each city such as population, region, metropolitan status, and form of government.

There are several reasons for choosing cities with populations between 25,000 and 250,000 as the target population. First, data are available for these cities from secondary sources. Secondly, the cost to include the larger number of smaller cities is prohibitive. In addition, the adoption and use of performance measures in smaller cities is believed to be less prevalent because of their more limited fiscal resources and technical expertise to implement performance measurement. Finally, previous researchers, such as Streib and Poister (Streib and Poister 2002, Poister and Streib 1999; Streib and Poister 1998) used the same population class for their study of municipal performance measures. Using the same population class allows the results of this study to be compared with previous research findings.

The survey instrument was mailed in two rounds during the summer of 2004. A total of 280 completed surveys were returned for a response rate of about 42 percent. Most surveys were completed by city managers (147, 54.0%) or assistant city managers (43, 15.8%), but in some cases they were filled in by mayors and chief of

staff to the mayor (12, 4.4%), finance or budget directors (18, 6.6%), human resource directors (16, 5.9%), or other high level-officials (36, 13.2%).

Table 1-1 shows that the distribution of responses obtained are comparable to the distribution of cities in the target population. In the case of population, the survey response percentages generally are within a few percentage points of target population. In terms of geographic region, municipalities from the northeast are 6.7% under represented. In terms of form of government, municipalities with mayor-council form of government are 6.6% under represented and municipalities with council-manager form of government are 7.4% over represented.

IV. Dependent Variables

There are two main sets of dependent variables in this research. The first set concerns the uses of performance measures. These include the types of performance measures that mid-sized cities use, the reasons they adopted these measures, the results that local officials expected to see based on the use of these measures, and the types of decision applications for which various performance measures are used.

Table 1-1. Distribution of Survey Responses, September 2004

Classification	Target population		Survey responses		Difference
	Number	Percent	Number	Percent	%
Population group					
100,000-249,999	88	13.1	44	15.7	2.6
50,000-99,999	197	29.4	75	26.8	-2.6
25,000-49,999	385	57.5	161	57.5	0
Total	670	100	280	100	0
Geographic region					
Northeast	164	24.5	50	17.8	-6.7
North Central	165	24.6	70	25.0	0.4
South	162	24.2	77	27.5	3.3
West	179	26.7	83	29.7	3.0
Total	670	100	280	100	0
Form of government					
Mayor-council	219	32.7	73	26.1	-6.6
Council-manager	422	63.0	197	70.4	7.4
Commission	11	1.6	5	1.8	0.2
Town meeting	5	.7	1	.4	-0.3
Representative town meeting	13	1.9	4	1.4	-0.5
Total	670	100.0	280	100.0	0

Classifications that describe the types and extent of the adoption of performance measures, such as output, outcome, efficiency, service quality, and citizen satisfaction are identified.

The second set of the dependent variable involves the perceived impacts of performance measures. These include executive ratings of the actual impact of performance measures and their perceptions of the overall helpfulness of performance measures. These variables are analyzed to determine the extent to which the use of various performance measures affect executive decision making in terms of services, programs, budgets, staffing levels, and other types of organizational decisions.

V. Independent Variables

There are three main sets of independent variables. The first concerns the features and characteristics of mid-sized U.S. cities that use performance measures. The second set concerns the characteristics of municipal executives. The final set concerns the organizational features of the municipal performance measurement efforts. These features are important for understanding which mid-sized cities use

performance measures. They also help to advance our understanding of the variation in experiences among the municipalities that use performance measures.

The features of the mid-sized cities that use performance measures include city size, region, structural features, the extent of employee unionization and mean income, racial and educational characteristics. The profile data for the responding municipal executives include their official title or position, their length of tenure in that position, and their length of professional service in local government. The organizational features of municipal performance measurement efforts include the locus of primary responsibility for developing or devising service and performance measures, the primary audience for reports on or information about service performance, the length of time that cities have used performance measures, and the respondents' assessment of the overall capacity and adequacy of city's resources for collecting and using performance information. Also used are the attitudes of various municipal actors that concern the uses and applications of performance measures in their cities. Finally, executive perceptions about city staff and citizen's perspectives on the use of performance measures are used as independent variables.

VII. Scope and Limitations of Research

The focus of this research is to identify the factors that affect the adoption, use and impacts of performance measures among mid-sized cities. The findings of this research can only be generalized to cities with the 25,000 to 250,000 population range. This research is cross-sectional so generalizations can only apply to the state of performance measurement uses and impacts in 2004.

CHAPTER 2

LITERATURE REVIEW

This chapter summarizes the literature on performance measurement in the public sector and the development and use of performance measurement in local government. Then literature relevant to the adoption and use of performance measures in local government is discussed. And then several ongoing municipal performance measurement programs in the States are overviewed. Performance measurement project from North Carolina, South Carolina and Tennessee will be illustrated. Finally, potential barriers to effective use of performance measures and the relationship between performance measurement and program evaluation are also discussed.

I. Performance Measurement in the Public Sector

Performance measurement in the public sector has expanded due to a great deal of interest since the 1990s. Wechsler and Clary (2000) report that “the 1990s witnessed an explosion of efforts designed to improve government performance”

(264). The current emphasis on performance measurement does not mean that this is a new field to public organizations (Bouckaert 1990). The first use of performance measurement can be traced back in activities of the New York Bureau of Municipal Research in 1907 (Cope 1996; Williams 2003). According to Williams (2003), the efforts of the New York Bureau of Municipal Research were well-known as the origins of modern budgeting but were less well-known as the origins of performance- and productivity-measurement practices. The development and use of performance measures has also been traced to a 1938 document by Ridley and Simon (Fisher 1996; Hatry 1996). Ridley teamed with Simon and wrote a book urging local governments to measure their performance and offered guidelines (Ridley and Simon 1943). They suggest various types of information that local governments might use to monitor various local services and to assess how well these services were being delivered. Performance measurement has been supported on federal, state, and local governments in the United States since the 1940s (Nyhan and Marlowe 1995).

Development of budget mechanisms at the federal level contributed to growth in the use of performance measurement at federal, state, and local levels. The

Hoover Commission worked successfully to streamline the federal government by introducing the concept of performance budgeting (Ammons 1995c; Fisher 1996). During the 1960s, 1970s, and 1980s, the use of performance measurement gained a great deal of attention in many localities, states, and federal agencies (Wholey 1997). Performance measurement was often supported in conjunction with efforts to introduce new budget models such as planning-programming-budgeting systems (PPBS), zero-based budgeting (ZBB), management by objectives (MBO), performance based budgeting (PBB), and benchmarking (Fisher 1996). The Total Quality Management (TQM) movement of the 1990s emphasized the importance of focusing on customers, monitoring fact-based quality, and using of performance measurement data as input to the analysis of program performance. Thus, it is consistent with those local governments that measure customer/citizen perceptions of service and seek to focus on quality and outcomes (Leithe 1997).

By the early 1990s, many national associations and organizations were encouraging additional emphasis on performance measurement and monitoring. The American Society for Public Administration (ASPA), the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA),

the International City/County Management Association (ICMA), and the National Academy of Public Administration (NAPA) have all supported the improvement of performance measurement and monitoring (Ammons 1995c; Fisher 1996). The establishment of Vice President Gore's National Performance Review (NPR) and passage of the federal Government Performance and Results Act of 1993 (or GPRA) also supported performance measurement activities at the federal level and encouraged the adoption of performance measurement initiatives at the state and local level (Fisher 1996). The results of NPR strongly encouraged the use of performance measures as one of the several recommendations to improve government (Gore 1993). GPRA requires all federal agencies to develop strategic plans, set agreed-upon goals and objectives, and measure their progress toward these goals.

Expanded use of performance measurement is an international phenomenon, as indicated by performance measurement initiatives in New Zealand, Australia, and Great Britain (Hatry 1999; Leithe 1997). According to Ghobadian and Ashworth (1994), performance measurement and review became vogue among local governments in the United Kingdom in the early 1980s. They provide five reasons:

pressure from the central government; greater public expectations and consumerism; compulsive competitive tendering (contracting to provide local government services); changing culture and attitudes among local government managers; and loss of confidence in government. Bouckaert (1996) also supports performance measurement as one of the four administrative reforms taking place in Europe. He argues that there are some major common evolutions in performance measurement in all European countries. Performance measurement is becoming more “extensive,” more “intensive,” and more “external” (234). Kouzmin and his colleagues (1999) conclude that a major trend in OECD (the Organization for Economic Cooperation and Development) countries is “the development of measurement systems which enable comparison of similar activities across a number of areas,” (122) and which “help to establish a performance-based culture in the public sector” (123). Kettle (1997) calls measuring government performance a “Global Revolution” in performance management.

II. Development and Use of Performance Measurement in Local Government

This section presents summaries of research on performance measurement development and use in local government. The vast majority of research on the development and use of performance measures has been based on surveys trying to measure the extent of use and the types of performance measures used.

Ammons (1995b) provides an extensive review of research from 1970s and 1980s on local government performance. The research concludes that significant numbers of jurisdictions reported their use of performance measures. Ammons's own survey (1995b), conducted in 1993, is focused narrowly on recreation and library services. He found that despite survey responses indicating widespread and fairly sophisticated performance measurement systems, more exacting research involving examination of actual performance reporting documents reveals far more limited development (Ammons 1995b; 1995c). Ammons, through the comprehensive review of prior research on the use of performance measurement, concludes that most cities and counties place limited emphasis on and make little use of performance measures. Ammons (1995b) argues that "Despite growing momentum in support of performance measurement and even recent legislation

requiring measurement at the federal level and in some states, as yet no decree has forced broad compliance at the local level” (38). Ammons concluded that “Only gradual gains in local government performance measurement have been evident in a recent decade. Even among jurisdictions with fairly sophisticated measurement systems, the extent to which those measures are incorporated into managerial and legislative decisions remains an open question” (46).

Tigue (1994) reports the survey results of 1,000 GFOA members of local and state governments in the United States and Canada. The study showed that 60 percent of the respondents reported the use of performance measurement for management, budgeting, or planning. Budget documents were the most common instrument for reporting performance measures (69 percent), followed by internal management reports (57 percent), other public reports written for elected officials and citizens (39 percent), and finally, annual financial reports (23 percent). The majority of respondents (62 percent) reported using performance measurement in all three activities (management, budgeting, and planning), although more survey respondents reported using performance measures in management activities than either planning or budgeting. This is in contrast to Ammons’s conclusion (1995b)

that even in the most sophisticated performance measurement systems, the extent to which performance measures have been integrated into managerial decision-making remains an open question.

The GASB research series titled *Service Efforts and Accomplishments: Its Time Has Come* covered 12 state and local services, focusing on services offered by many state and local governments. Hatry, et al. (1990) summarized the research results in an overview volume. The research methodology included literature reviews, examination of reports from state and local agencies, interviews with practitioners and public officials, and in some cases, mail surveys of public officials. Research issues included the types of SEA (Service Efforts and Accomplishments) indicators considered for reporting; the extent to which these measures are valid; disaggregation of data; comparison to be reported; explanatory data and how it should be presented; communication and display of SEA information; the feasibility of obtaining and reporting SEA data; and the uses for and users of SEA data. The GASB concluded that up-to-date technology had developed sufficiently to warrant widespread experimentation with the use of SEA indicators in external reports, including the annual financial report. The GASB identified six uses of performance

data: (1) providing greater accountability; (2) motivating public employees; (3) stimulating public interest; (4) aiding budget decision-making; (5) providing a factual basis for policy decisions; and (6) encouraging improvement in government programs and policies.

In 1996, two years after the issuing of GASB's Concept Statement No. 2, the GASB, working in conjunction with the National Academy of Public Administration, undertook a survey to follow-up on their earlier research to assess the extent of experimentation. The survey is intended to understand whether the extent of use of performance measures had changed, by examining current and planned development and use (GASB 1997). The GASB found that 53 percent of the 900 entities that responded (a response rate of 18 percent out of 5,013) had developed some form of performance measures but only 33 percent reported having developed output or outcome measures. Over 57 percent of county officials that responded reported having developed performance measures, while less than 40 percent of counties that responded reported having developed output or outcome measures. Less than 45 percent of municipal officials that responded reported they have developed performance measures (30 percent of municipalities that respond

have developed outputs or outcomes). When asked whether output or outcome measures were used for strategic planning, resource allocation, or program monitoring, only 23 percent to 28 percent responded affirmatively. These results appear to be somewhat consistent with the earlier research reviewed by Ammons (1995b) from the 1970s and 1980s. The results from the GASB survey, however, indicated fewer claims of development and use of performance measurement, despite the increased popularity of performance measurement within the public administration.

The result of the GASB's survey indicated that while the number of organizations that have attempted to develop performance measurement systems is encouraging, the focus of these efforts is not always on outputs or outcomes. Of particular concern is that the information derived is not always used to guide decision making (de Lancer Julnes and Holzer 2001). The result of the GASB's second survey indicates that most of the state and local governments have developed and implemented performance measures. The survey result also shows that most of these measures, however, are input or activity/process measures. The researchers

conclude that many of state and local governments are still working to develop true outcome and explanatory measures (GASB 2002).

David Walker, comptroller general of the United States, reports the survey results of 3,800 federal managers at the Performance Conference subtitled Managing for Results, which was sponsored by National Academy of Public Administration on June 12, 2001. He argues that even though a greater percentage of federal managers reported that their programs had various performance measures, the benefit of collecting performance information is only fully realized when this information is actually used. Managers reported that their use of performance information was significantly lower for important management activities, including setting program priorities, adopting new program approaches, and coordinating program effort with other organizations (Walker 2001).

Poister and Streib (1999) conducted a survey of municipalities with populations in excess of 25,000. In a survey where over one-half (694 of 1,218) of the cities responded, the authors found that 38 percent of respondents reported using performance measures. The most frequently cited motivations for using performance measures were support for management decisions and citizen accountability,

although citizen groups were rarely involved in developing performance measures. The functions for which performance measurement was deemed most important were strategic management, strategic planning, and budgeting. In terms of problems with performance measures, over 80 percent of respondents said that they sometimes or usually have trouble measuring the quality of programs and services, while almost 60 percent reported trouble keeping performance measures current, and just over 60 percent reported trouble getting lower level employees to support performance measurement systems. Over 50 percent reported timeliness as being a problem.

Berman and Wang (2000) reports the results of a 1998 survey administered to county managers in jurisdictions with populations over 50,000. Consistent with other recent surveys, the authors found that 33.6 percent of U.S. counties use performance measurement. The survey assessed county readiness for performance measurement. Increased awareness of the need for accountability, and increased ability to determine service efficiency, effectiveness, and timeliness were the most frequently cited outcomes from the use of performance measurement.

III. The Literature Relevant to Adoption and Use of Performance Measures in

Local Government

This section presents factors that affect adoption and use of performance measurement in local government. Literatures are reviewed on three approaches- political factors, managerial factors, and demographic factors. Political factors affecting the adoption and use of performance measures in local government include external support from council members and citizens and top management commitment. Managerial factors include professional competency, resources, mission/goal orientation, and organizational culture. Demographic factors consist of unionization, population size, budget size, and form of government.

III-I. Political Factors

1. External support from council members and citizens

Theories of management reform regard external support, such as support of elected officials, as an important condition for implementation. Support from elected officials and citizens legitimizes and encourages performance measurement in public organizations because performance measurement can be viewed as an

administrative response to citizens' demand for accountability and service quality (Aristiqueta 2000; Cope 1995; Kettle 1994).

Organizations experimenting with performance measures asserted that the success of a performance measurement system depends partly on the support of elected officials and the public (Bowden 1996; Cannon 1996). De Lancer Julnes and Holzer (2001) suggest that "The support from citizens and elected officials may come in two ways: first, by allowing the organization to devote resources to the effort, and second, by using the information even when the results contravene a political agenda" (697).

External support also stabilizes top management responses to delay or even opposition by lower managers and employees. Wang and Berman (2000) found that support from elected officials and citizens enhances the deployment of performance measurement. Wang and Berman (2000) assert that "Although performance measurement is often viewed as an effort to make government more entrepreneurial and businesslike, its implementation occurs in a context of bureaucratic politics that involves elected officials" (405). Furthermore, Newcomer (1997) argues that "Defining performance is an inherently political process... Knowledge of political

context is more valuable than methodological expertise in this endeavor, though both are necessary skills” (12). Kearney and Berman (1999) also contend that “If politics is disjointed from efforts to implement performance improvement, success is extremely unlikely” (4).

2. Top management commitment to performance measurement

One of the findings of the NPR study includes the importance of leadership in designing and deploying performance measurement systems (NPR 1997). Strong leadership from the top is often cited as a critical determinant of success in any management innovation (Mihm 2002; Sanders 1998; Wholey 2002). Hendrick (2000) reports that strong political leadership and the capacity of managerial appointments are crucial to the implementation of performance-oriented government reform. Grifel (1993) also argues that clear support and directions from the city manager or chief administrator are critical to the success of a performance measurement system.

The fragmentation of local government has long been cited as an impediment to coordination, accountability, equitable financing, and economies of scale (Morgan 1984). Various researchers discuss the leadership roles of central management

agencies, such as budget and finance offices and the office of the city managers, in the implementation of performance measurement (Radin 1998). These offices play an important role because performance measurement often requires a broad and cross-departmental perspective of government performance. For example, measuring outcomes in local economic development often requires economic development agencies as well as planning departments. Central agencies also play an important role ensuring that performance measures reflect the interests of external stakeholders. In addition, the coordinated efforts by central management offices help ensure that all departments follow similar procedures and develop measures.

III-II. Managerial Factors

1. Professional competence

Professional competence refers to the personnel's ability to develop, implement, and analyze of performance measurement. Many researchers suggest a close link between effective implementation of management initiatives and professional competency (Rainey 1998; Streib and Poister 1990; Thompson and Sanders 1998). For example, Wildavsky (1997) argues that planning-programming-

budgeting systems require agencies to meet the rigorous and difficult requirements of technical analysis for forecasting, estimating, and analyzing each alternative.

The shortage of analytical skills has long been recognized as a significant barrier to a local government's ability to identify performance strengths and weaknesses (Hatry and Fisk 1971; Holzer 1976). In the performance measurement literature, scholars have argued the importance of competent personnel. They also argue that the professional competence can be measured as competent personnel and adequate information infrastructures. (Grizzle 1985; Lee 1997; Wholey and Hatry 1992). If professional competence is important, then ensuring it must become central in development and use of performance measurement.

2. Resources

Adequate and consistent resources can be critical for the use of performance measurement. The availability of resources can become a key obstacle to the adoption of a comprehensive system of performance measures. As noted by Wholey and Hatry (1992), "The cost of performance monitoring must always be balanced against the value of performance monitoring in improving government performance and credibility" (609). Organizations need adequate funds to hire competent

employees, to develop appropriate performance indicators, to collect performance data, and to analyze performance. A continual budget allocation and adequate funding are necessary for an organization to develop a long-term, historical performance information data set.

3. Mission and goal orientation

Missions are the reasons why organizations exist. Scholars have argued that a primary function of performance measurement is to specify and articulate broad and abstract goals and missions so that goals and missions can be evaluated (Ammons 1995a; Hatry et al. 1992; Leithe 1997). Bowsheer (1992) argues that the first step for agencies to improve accountability for program results is to clearly articulate their missions (1992). Fisher (1996) also argues that developing performance measures begins with a clear statement of the program's mission. Clearly, mission/goal orientation can spur the initiation of performance measurement.

However, success in developing a mission does not always lead to the implementation of performance measurement. A thoughtful procedure is needed to define and articulate a mission and specify appropriate performance indicators to

assess achievement (Wang and Berman 2000). This procedure often requires extensive preparation in indicator development, data analysis, and evaluation. Sometimes the same goal may have different meanings for different stakeholders (Perrin 1998). The impact of mission/goal orientation on the actual use of performance measurement is unclear.

4. Organizational culture

Culture is an important aspect of the performance measurement process, one that often is overlooked in the pursuit of excellence. Implementing a performance measurement system means fundamental changes that may be threatening to an organization, regardless of their potential value in a particular context (Marshall 1996; Merjanian 1996). For change to occur in an organization, managers must create or seek favorable conditions for it. Creating such a climate requires the organization first to build the awareness that change is needed and then gain the support of the people who must implement and cooperate with the change.

Hendrick (2000) argues that one important factor for successful implementation of reform is “an open, flexible, tolerant, and forgiving culture that allows organization to explore options, learn, and make mistakes” (316). Marris and

Rein (1973) suggest that public bureaucracies are slow to innovate because the dominant social classes prefer the status quo. Risk-taking offers the public sector manager few tangible rewards for success, but substantial public criticism and penalties for failure (Ammons 1985).

III-III. Demographic Factors

1. Unionization

Unionization can be a deterrent to the implementation of performance measures. Ammons argues that unionization is a deterrent to innovation and change (Ammons 1992). Unions have tended to oppose differential treatment based upon productivity, employee reductions, and outsourcing government functions (Stanley 1972). Unions have also opposed innovations in personnel development or technology when the result is considered disruptive or threatening to employees (Greiner et al. 1981). If unionization has a tendency to oppose practices that could disrupt or threaten employees, it would be expected that the level of unionization would be negatively related to implementation of performance measures. However, the negative impact of unionization on the implementation of performance measures in local government might be small. Hayes (1977) argues that major conflicts

between management and organized labor have occurred in relatively few cities and suggests that most municipal employees view productivity improvement with “equanimity, if not indifference.”

2. Population size and form of government

Larger jurisdictions are more likely to have resources for performance measurement systems and to monitor performance results. Poister and Streib (1999) found that performance measurement use was more common in larger jurisdictions. Performance measures are used by only 30 percent of cities with populations less than 50,000, while they are used by over 75 percent of cities with 250,000. Poister and Streib (1999) also found that performance measures are used more frequently in cities with the council-manager form of government than in those with mayor-council system.

IV. Ongoing Municipal Performance Measurement Programs in the States

This section introduces three recent performance measurement projects in local government. It includes that the North Carolina Local Government Performance Measurement Project, The South Carolina Municipal Benchmarking Project, and The

Tennessee Municipal Benchmarking Project. The reviewing of these three projects can help us to understand some lessons learned and obstacles that cope with.

IV-I. The North Carolina Local Government Performance Measurement

Project

Overview

In the fall of 1995, fourteen large cities and counties in North Carolina agreed to participate in a performance measurement project that would attempt to measure and compare selected local government services and costs that would allow them to compare their performance with other cities in the state. A meeting was held in early 1995 involving representatives from larger localities as well as staff from the Institute of Government, the North Carolina League of Municipalities, and the North Carolina Association of County Commissioners. Seven of the jurisdictions were the state's larger cities, forming Phase I of what is now known as the North Carolina Local Government Performance Measurement Project. Seven service areas were selected: (1) Residential refuse collection; (2) Household recycling; (3) Yard waste/leaf collection; (4) Police patrol; (5) Police investigations; (6) Emergency communications; and (7) Street maintenance and repair.

Phase II was initiated in January 1996, with seven large counties participating. Seven services were selected for study during this phase of the project: (1) Building inspection; (2) Environmental inspections; (3) Emergency medical services; (4) Jail operations; (5) Pretrial release; (6) Foster care; and (7) Abuse and neglect investigations. Phase III of the North Carolina Project began in January of 1997, constituting of fourteen medium-size cities and seven medium-size counties from North Carolina jurisdictions. The participating units studied the same areas of services as Phase I and II. Information on the North Carolina Government Performance Measurement Project is obtained from The Institute of Government (2004). Additional information can be found from the web site listed in the reference.

The Goals of the North Carolina Local Government Performance

Measurement Project

1. To develop/expand the use of performance measurement in local government.
2. To produce reliable performance and cost data for comparison.
3. To facilitate the use of performance and cost data for service or process improvement.

Types of Performance Measures

Three types of performance measures have been used:

1. Workload measures: These measures are used to demonstrate the extent of

the need for a particular service that is provided by a locality. An example of a workload measure is tons of residential refuse collected.

2. Efficiency measures: The project uses efficiency measures to assess the relative cost or efforts expended in the provision of a service. These measures may include cost per unit of service provided, cost per unit of output, or the cost of service provided per full time equivalent position. An example of efficiency measures is cost per ton of residential refuse collected.
3. Effectiveness measures: These measures assess service quality by documenting the extent to which the locality responds to a specific need or demand; and/or by reporting the citizens' perception of quality or effectiveness. An example of an effectiveness measures is complaints per 1,000 collection points of residential refuse.

Performance and Cost Data Reports

The performance and cost data reports published by the North Carolina project are partitioned by the service area and by jurisdiction. A standard two-page layout is employed for illustrating a unit's performance and cost data for each service area. The first page contains the result of workload, efficiency and effectiveness measure. The second page contains four clusters of information.

The first provides the city or the county profile-representing statistics like population density, land area served, topography, median age and unemployment rate, which may affect service performance and cost. Some of the general characteristics, such as population, appear in the city profiles for all of the service areas. Others, such as the crime rate for serious offenses, appear in only selected

profiles. The second cluster provides the full cost profile by actual dollars and by a percentage. A cost accounting model is used to calculate full or total cost of providing each service area under study. The third cluster contains the service profile data. This identifies important dimensions of service organization and method of delivery. It contains the data used to calculate the performance measures and other important statistics for the service area under study. The final cluster contains the explanatory information. It provides a description of the service area; processes of delivery; and discusses the conditions that affect service, performance, and cost. The explanatory information often provides the critical factors in explaining variances in performance measures.

Some Lessons Learned

1. Local governments can produce accurate, reliable, and comparable performance and cost data, which can be used for service or process improvement.
2. Specific service definitions are vital to performance measurement, including explanatory information.
3. Data availability and quality are very important to performance measurement.
4. Auditing or verifying the accuracy of performance data is a necessary component of performance measurement and benchmarking.
5. Performance measurement and cost accounting are time consuming. However, performance measures provide valuable information in the quest to provide quality services at reasonable cost.

Benefits and Results

In addition to the specific results for participating cities, this project has achieved some overall goals and produced some lessons regarding cost accounting and performance measurement. A guide to the North Carolina Local Government Performance Measurement Project has been developed that describes the methods and techniques developed and used in the project. The project's methodology describes unit and service profiles, performance measurement, cost accounting, and results have been explained. Useful comparative performance and cost data have emerged from the project for the services studied. The project succeeded in achieving consensus on service definitions and measurement formulae by involving many officials from the participating cities.

IV-II. The South Carolina Municipal Benchmarking Project

Overview

In 1996, the Governmental Research and Services unit of the Institute for Public Services and Research in the University of South Carolina began a pilot project to provide municipalities in South Carolina with a means to easily compare performance data on municipal services. The services that are included in this effort

are: police, fire, solid waste services, and parks and recreation. Parks and recreation measures were in the pilot phase in 1996 and the committee developed and refined measures over the next year.

As the department managers meet in each of these areas to share data and analyze performance results, they are able to learn best practices from their peers and how they are handling service delivery challenges. City managers and administrators learn about efficient service delivery methods and the true cost of service delivery. Information on the South Carolina Municipal Benchmarking Project is obtained from Berger (2002) and Berger and Tomes (2002).

Current Project Status

Phase I of the Benchmarking Project, which focused on the development of service measures and creating collection methodologies, was successfully completed in the spring of 1999. At that time, the Steering Committee decided to open the Project to all interested cities with a population of 5,000 or greater. This population size was chosen based on the level of resource commitment (i.e., money and staff time) that it had required from the pilot phase of participants.

In a strategic direction meeting in the fall of 2001, the Steering Committee decided to add parks and recreation as a new service area. A draft report of the performance results was published in the fall of 2002.

Participants

There were currently 17 participating municipalities in the 2001-2002 project year. Nine of these municipalities have been participants since the pilot phase of the Project in 1996.

Measures

Once the service areas were identified, the service committees began developing a standard set of balanced measures and were encouraged to identify measures from the following categories: input, output, outcome, efficiency, and quality.

One of the challenges of the Benchmarking Project is balancing the needs of the different audiences and users (e.g., city managers/administrators, department managers, citizens, etc.). City council members are interested in an “executive summary” review of their city departments, while department managers find more value in a detailed analysis of the performance results. Project staff have created

reports tailored to meet the interest and needs of the varying audiences. Each year the participants are asked to refine the list of measures based on the utility of the performance information.

Service Profile

An immediate discovery in the pilot phase of this Project was that not all cities deliver services in a similar manner. When benchmarking, it is imperative that all services and measures be fully defined to avoid erroneous comparisons. Each service committee took on the task of creating a “service profile” for its area to account for the operational differences in the participating departments.

Process Model

The South Carolina Municipal Benchmarking Model can be replicated by using the project’s process model.

Step 1: Establish goals and deliverables for the project

In 1996, eleven cities were asked to participate in the pilot phase of the Benchmarking Project based on demographic representation across the state, interest in measuring organizational performance, and their demonstrated leadership abilities in encouraging and sustaining organizational participation in such a project.

Eleven cities agreed to commit their resources to the three-year pilot project and

work to accomplish the following deliverables:

- To develop a standard set of performance measures for three key services and define consistent data retrieval methods;
- To develop a standard costing methodology for each service area;
- To develop and implement a standardized customer survey instrument to collect quality measurement information;
- To create a common list of profile such as level of service, method of service delivery, and other information that should be considered when comparing performance and cost statistics; and
- To create a training component for the second phase of the Project when new municipalities would be invited to participate.

Step 2: Create a structure to support the attainment of the goals and deliverables

Careful consideration was given to how the Project would be staffed and structured. The Benchmarking Project is structured according to the following committees: Steering Committee, Finance Committee and Service Committees for each service area.

Steering Committee

The Steering Committee is composed of the city managers and administrators from the participating municipalities. Representatives from the Municipal Association of South Carolina, the State Comptroller General's Office, and Clemson University's Strom Thurmond Institute were also asked to lend their

expertise and cooperation in the Project's infancy. The primary purpose of the Steering Committee is to provide leadership and direction for the Project as well as ensure full participation from staff serving on the service committees.

Responsibilities of the committee are summarized below:

- Selection of core services to be included in the Project;
- Final approval of all performance measurement and profile information to be included in the system;
- Determine reporting formats and methods for distributing performance information;

Finance Committee

The structure and purpose of Finance Committee has evolved since the pilot phase of the Project. The primary charge of the Finance Committee was to develop the cost accounting model for the Project and to identify potential vendor to provide this service for participating cities. The committee membership has since been expanded to include finance director/officers from each of the participating jurisdictions.

Service Committee

The service committees are designed to provide expertise and buy-in from the managers who would most likely be positioned to implement the changes and improvements that commonly occur from benchmarking performance.

The service committee members' major tasks are:

- Development profile factors related to the service area (e.g., functions performed, collection method, etc.);
- Develop standard performance measures for Steering Committee approval;
- Collect and submit performance measurement data for their department as defined by the committee;
- Serve as peer reviewers of the data;
- Analyze the performance of their departments; and,
- Seek out the best practices for their service and ways to adapt these to their departments.

Project Staff

Staff from the Governmental Research and Services unit serves as Project managers and provides facilitative and operational support to the Project.

Major tasks are:

- Development of the Project model;
- Facilitating meetings;
- Coordinating logistics;
- Collecting data;
- Developing the database;
- Publishing reports; and,
- Sustaining participants in the analysis and utilization of the benchmarking

results.

Step3: Select service areas to be benchmarked

After much discussion and debate, the Project's Steering Committee decided to focus on police, fire and solid waste services for the pilot project. As is the case in many jurisdictions, the majority of the municipal budget is dedicated to these three service areas. It is important to maximize efforts by selecting those services that have greater opportunity for improvement.

There are several components to these services and not all cities define them or deliver services in similar manner. When benchmarking, it is imperative that all services and measures be fully defined to avoid erroneous comparisons. Since there will always be differences among organizations, each service committee took on the task of creating a service profile for its areas to help delineate some of the uniqueness.

Step 4: Develop a balanced set of performance measures

In order to achieve balance of indicators, the service committee members were encouraged to identify measures from the following categories: input, output, outcome, efficiency, and quality. The committees reviewed measures that had been

developed from the North Carolina Performance Measurement Project, largely so that municipalities would have the option to benchmark across state lines if they had similar sets of measurement data. Since interstate benchmarking was a secondary goal, the South Carolina Municipal Benchmarking Project allowed committees to refine or develop new measures where appropriate.

Step 5: Develop a set of profile factors to assist in selecting partners

The service committees also developed profile factors that would explain differences in service populations, terrain and other factors that might affect performance. The profile factors are also helpful in selecting benchmarking partners. Since each service is different, a set of profile information was created for each service area.

Step 6: Determine which measures should be collected through an outside source to ensure integrity

Quality measures by nature can be subjective because they gauge how well an organization met the expectations of its customers. Most systems rely on customer complaints to evaluate quality. Problems of this passive method of data collection are that it can be skewed tremendously by “over zealous” citizens

(selection bias). A random, telephone survey of citizens in each participating city was developed and employed.

Rather than focusing on rank, the Steering Committee created categories and each city was placed according to their score. The Project's Steering Committee decided to develop a standard costing methodology that included both direct and indirect costs. The traditional "cost per capita" method can provide a skewed perspective to an interested citizen wanting to evaluate the efficiency of his city's services. Since smaller jurisdictions usually serve a smaller population, the cost per unit of service will most likely be higher than that of their larger counterparts.

In directing cost software:

Governmental Software Systems, Inc. (See www.gss-software.com)

DMG Maximus

Step 7: Test data collection methods and redesign measures where necessary

Each of the service committees collected data for each measure and then discussed collection problems or issues they encountered while trying to capture results. Several measures were altered or removed due to the collection costs or concerns that the data would not be useful.

IV-III. The Tennessee Municipal Benchmarking Project

Beginning in fall 2000, the Municipal Technical Advisory Service (MTAS) formulated a proposal and secured approval from the University of Tennessee Institute for Public Service for a project to begin a comparative performance measurement, or benchmarking, project with a small group of Tennessee cities. The goals of the project are to compare the relative cost, efficiency and effectiveness of a set of municipal services by using a collaborative approach with the participating cities, and to set standards and identify “best practices” in municipal government for use and comparison by all Tennessee cities.

After researching similar projects nationally and in other states, MTAS staff concluded that the model that appeared to be the most adaptable to Tennessee was a project operated by the Institute of Government at the University of North Carolina - Chapel Hill. UNC developed a project beginning in 1995 involving, initially, 10 large North Carolina cities. They later replicated the project with a group of large counties, and a group of smaller cities and counties.

A group of eleven Tennessee cities initially agreed to participate in January 2001. The participant cities were selected based on their previously expressed interest

in such a project, along with other municipalities that MTAS staff felt were either already familiar with benchmarking, or who had the strong potential to be active participants. While there are a number of Tennessee cities that could participate, the goal was to select only a few cities, balanced by both form of government and geographically, that could contribute to and make a success of the project. Three cities in the group have a Strong Mayor form of government and the balance are Council-Manager governments.

The cities that agreed to participate met with two representatives of the UNC program in a two-day conference in January 2001, in Knoxville. At the conclusion of that conference, the participating cities selected three services (Police Patrol, Fire Services, Residential Solid Waste Collection) to be “benchmarked” in the first year of the project. After the initial meeting involving eleven cities, three cities later withdrew from the program because of internal demands on their staff time and turnover among key staff, and one city was added. The project now has nine participating cities.

Each city designated at least one representative from each service area, along with a finance representative, to serve on “Service Area Committees,” which defined the boundaries of the service to be measured, developed benchmarks for all aspects of

the service, and reported those results back to a Steering Committee of one representative from each city, which has overall responsibility for all aspects of the project. In the case of the Finance Committee, their task was to determine a common cost accounting methodology to apply to the services being benchmarked.

In the initial phase, some staff time in each department was needed to review proposed data collection forms, which are simple one or two page surveys for each service. As services are added, additional Service Area Committees will be formed, which will meet infrequently once benchmarks are established for that service.

Data collection is consciously designed to not require any additional effort beyond information that is currently collected for standard police, fire, and solid waste operations and required reporting.

The plan for this project is to expand it slowly over time by adding both services to be benchmarked and participant cities. Over the next year, one or two service areas may be added and there may be additional 2 to 5 cities that choose to participate.

One of the long-term benefits to all Tennessee cities will be the development of a wealth of information on municipal costs and performance that other cities and

towns can use, even if they are not direct participants. The project will also generate conferences and publications discussing “best practices” that will inevitably emerge as cities begin to compare themselves with each other in such an in-depth project. The intention is to use the information generated by this project to evaluate and improve the efficiency and effectiveness of all Tennessee cities’ services. Information on Tennessee Municipal Benchmarking Project is obtained from the Municipal Technical Advisory Service (2003).

V. Limitations of Performance Measurement

The types of performance measures being used in local government depend, in large part, upon the proposed uses of measures being collected. Performance measures have been used for determining the efficiency of public programs by following a private sector model that compares inputs to outputs produced. Since the 1990s, performance measurement systems have focused on monitoring the effectiveness of programs by focusing on intermediate and long-term outcomes. The difficulty in doing so is that performance measurement on its own may not be

accountable for all of the factors that may influence outcomes being achieved

(Newcomer 1997; Newcomer 1996).

Despite the advantages of using performance measures for decision-making, program monitoring, and reporting, performance measurement does have some limitations. These limitations may influence the success of the performance measurement system. Many scholars have discussed the limitations and unintended consequences of measuring performance with suggestions of preventing these negative factors of performance measurement (Ammons 1999; Bouckaert and Peters 2002; Grizzle 2002; Hatry 2002; Hatry, Gerhart, and Marshall 1994).

Perrin (1998) provides a list of eight factors and he argues that these were “inherent flaws and limitations in the use of performance indicators to ascertain program performance” (370). These included:

- varying interpretations of the “same” terms and concepts;
- goal displacement;
- use of meaningless and irrelevant measures;
- cost shifting;
- disguising of subgroup distinctions through misleading aggregate indicators;
- the limitations of objective-based approaches;
- uselessness for decision making and resource allocation; and
- less focus on outcomes.

In addition, Perrin argued that the failed history of earlier performance measurement efforts is evidence of its inherent limitations. Bernstein (1999), on the other hand, counter-argued that some of these opinions may be equally said of other efforts by governments to be accountable. However, Perrin's opinions may represent widely held opinions.

Perrin argues that for performance measurement to be used effectively: (1) programs need to be provided with adequate resources, including technical expertise, for the effective development of performance indicators; (2) stakeholders need to be actively involved in the development and use of measures; and (3) considerable time needs to be provided to develop, test, refine, revise and update measures (377).

VI. Performance Measurement and Evaluation

Exploration of the differences between performance measurement and evaluation is useful, because it highlights legitimate claims that performance measurement may be limited, and indicates the importance of emphasizing the appropriate use of performance measures. It is tempting to blur the distinction between performance measurement and evaluation, because it is held that there is a

relationship between performance measurement and evaluation (Kimm 1995; Wholey 1989). The two are historically linked because much of the basis for performance-based management comes from the use of program evaluation techniques to improve performance (Kimm 1995).

A critical distinction of the relationship between evaluation and performance measurement lies in assessing factors that influence the results reported with performance measurement system. Assessing factors that influence performance is beyond the scope of most performance measurement systems, because such systems usually are not comprehensive enough to eliminate plausible alternative explanations for changes that may not have resulted from the program itself, but rather from factors beyond the program manager's control. Identifying and communicating the reasons that programs do not perform as expected is the area of program evaluation (Wholey and Newcomer 1997). Performance measurement typically captures quantitative indicators that may measure what is occurring with regard to program outputs and perhaps outcomes but, in itself, does not address how and why changes may be occurring (Newcomer 1997).

Information on how to improve program operations must venture beyond performance data to more detailed and comprehensive research than performance measurement systems are able to provide. Funders and elected officials demand evidence of a program's impact, but conducting evaluations to provide such evidence is methodologically demanding and resource-intensive. The movement in the 1980s toward rapid, low-cost program and management reviews that evaluate processes rather than results led to expanded use of performance measurement (Newcomer 1996).

Performance measurement can be considered a field of program evaluation. However, program evaluation usually refers to in-depth, special studies that not only examine a program's outcomes but also identify the "whys," including the extent to which the program actually caused the outcomes. Because of the time and cost involved, in-depth evaluations are usually done much less frequently and only for selected programs. Thus, performance measurement systems and in-depth program evaluations are complementary activities that can nourish and enhance each other (Hatry 1999). In addition, Hatry (1999) presents three limitations of performance measurement.

These include:

1. Performance data do not, by themselves, tell why the outcomes occurred.
2. Some outcomes cannot be measured directly (e.g., prevention of crime or reduction of illicit drug use).
3. The information provided by performance measurement is just part of the information managers and elected officials need to make decisions.
Performance measurement does not replace the need for basic expenditure data or political judgments, nor does it replace the need for common sense or good management.

CHAPTER 3

A PROFILE OF MID-SIZED CITIES THAT USE PERFORMANCE

MEASURES

The purpose of this chapter is to describe the features, characteristics and survey results for mid-sized U.S. cities that use performance measures. This chapter also profiles the municipal executives who responded to the national survey. In addition, the organizational features of municipal performance measurement efforts are described. These features are important for understanding which mid-sized cities use performance measures. In Chapter 4, these features are used as independent variables in analyses that help to advance our understanding of the variation in experiences among the municipalities that use performance measures.

The features of the mid-sized cities that use performance measures reported in this chapter include distributions by city size, region, structural features, the extent of employee unionization and mean income, racial and educational characteristics. Profile data for the responding municipal executives include their official title or position, their length of tenure in that position, and their length of

professional service in local government. The organizational features of municipal performance measurement efforts include the locus of primary responsibility for developing or devising service and performance measures, the primary audience for reports on or information about service performance, the length of time that cities have used performance measures, and the respondents' assessment of the overall capacity and adequacy of city's resources for collecting and using performance information. Also reported are the attitudes of various municipal actors that concern the uses and applications of performance measures in their cities.

I. Features and Characteristics of Mid-Sized Cities that Use Performance

Measures

Of the total of 280 survey responses, 185 cities indicated that they adopted and actually use performance measures, 87 cities reported that they have not adopted any type of performance measures and only 8 cities reported that they have adopted some type of performance measures but never actually used them. The profile data for mid-sized cities presented in this section compares the 87 cities that have not

adopted performance measures with the 185 cities that have adopted and actually use performance measures.

I-I. City Size, Region, and Form of Government

City size was measured by population size, total operating budget for FY 2004, and the number of full time city employees (FTEs). Table 3-1 shows the population distribution of cities based on whether they have or have not adopted and currently use performance measures.

This distribution shows that cities in larger population categories are more likely to adopt and use performance measures. In fact, the relationship between population size and whether a city adopts and uses performance measures is strong (gamma = .404) and statistically significant ($\chi^2 = 20.252$; $df = 4$, $p = .000$). This finding reflects the fact that larger cities may have more resources and a higher level of expertise to develop and use performance measures.

Likewise, Table 3-2 shows that the cities with larger operating budgets are more likely to adopt and use performance measures. There is a statistically significant, strong positive relationship between budget size and the adoption and use of performance measures.

Table 3-1. Adoption and use of performance measures by city population size (in percentages)

	Population range					Number	Total percent
	25,000-29,999	30,000-39,999	40,000-49,999	50,000-99,999	100,000 & larger		
Not adopted	53.1	39.4	29.5	21.4	16.3	87	32.0
Adopted and use	46.9	60.6	70.5	78.6	83.7	185	68.0
Number	49	66	44	70	43	272	
Percent	100.0	100.0	100.0	100.0	100.0		100.0

Note: gamma = .404; $\chi^2 = 20.252$; df = 4, p = .000

Table 3-2. Adoption and use of performance measures by municipal budget size (in percentages)

	Operating budget ranges FY 2004					Number	Total percent
	Less than \$25,000,000	\$25,000,000-\$39,999,000	\$40,000,000-\$64,999,999	\$65,000,000-\$99,999,999	\$100,000,000 & up		
Not adopted	46.2	39.0	36.0	24.0	20.3	83	32.3
Adopted and use	53.8	61.0	64.0	76.0	79.7	174	67.7
Number	52	41	50	50	64	257	
Percent	100.0	100.0	100.0	100.0	100.0		100.0

Notes:

a) gamma = .311; $\chi^2 = 11.507$; df = 4, p = .021

b) There are 15 missing cases.

Almost 80 percent of the cities that have budgets larger than \$100 million reported that their city has adopted and uses performance measures while only about 54 percent of the cities with budgets of less than \$25 million reported that they adopted and use performance measures.

Table 3-3 shows another general indicator of city size. The mean size of the municipal workforce for mid-sized cities is 566 employees. There is a statistically significant, strong positive relationship between a city's number of full-time equivalent employees and its adoption and use of performance measures. Cities with larger municipal workforces are more likely to number among the mid-sized cities that adopt and use performance measures. In fact, more than 80 percent of the cities that has 400 or more full-time employees use performance measures. On the other hand, less than 60 percent of the cities with smaller full-time workforces use performance measures.

Using the traditional dichotomy of municipal government structure, Table 3-4 indicates that the mid-sized cities with council-manager structures are more likely to adopt and use of performance measures (Cramer's $V = .158$) than mayor-

Table 3-3. Adoption and use of performance measures by the number of full-time municipal employees (in percentages)

	Size of municipal employee workforces				Number	Total percent
	Less than 226	226-400	401-650	More than 650		
Not adopted	44.0	41.7	20.0	18.5	87	32.0
Adopted and use	56.0	58.3	80.0	81.5	185	68.0
Number	75	72	60	65	272	
Percent	100.0	100.0	100.0	100.0		100.0

Note: gamma = .370; $\chi^2 = 17.505$; df = 3, p = .001

Table 3-4. Adoption and use of performance measures by form of government (in percentages)

	Form of government		Number	Total percent
	Mayor-council	Council-manager		
Not adopted	43.8	27.4	84	31.9
Adopted and use	56.2	72.6	179	68.1
Number	73	190	263	
Percent	100.0	100.0		100.0

Note: Cramer's V = .158; $\chi^2 = 6.579$; df = 1, p = .010

council cities. The relationship is statistically significant ($\chi^2 = 6.579$; $df = 1$, $p = .010$). Cities with mayor-council governments are much less likely to adopt and use performance measures. Total number of cities for this analysis is 263. Nine cities are excluded. They are 5 cities with commission form of government, 1 town meeting form of government, and 3 representative town meeting form of government.

Table 3-5 shows the relationship between region and adoption and use of performance measures. The relationship is weak (Cramer's $V = .187$) but statistically significant ($\chi^2 = 9.466$; $df = 3$, $p = .024$). Western and southern cities are more likely to adopt and use performance measures than cities in the north-central and northeastern regions. It is suspected that this relationship occurs because these regions may have a larger number of mid-sized cities with a council-manager form of governmental structure.

Evidence of this connection between region and form of government is shown in Table 3-6. There is a statistically significant, moderately strong relationship between form of government and region.

Table 3-5. Adoption and use of performance measures by region (in percentages)

	Region				Number	Total percent
	Northeast	North Central	South	West		
Not adopted	48.9	34.8	27.0	24.4	87	31.1
Adopted and use	51.1	65.2	73.0	75.6	185	68.9
Number	47	69	74	82	272	
Percent	100.0	100.0	100.0	100.0		100.0

Note: Cramer's $V = .187$; $\chi^2 = 9.466$; $df = 3$, $p = .024$

Table 3-6. Form of government by region (in percentages)

	Region				Number	Total percent
	Northeast	North Central	South	West		
Mayor-council	44.2	40.3	25.4	11.0	73	27.8
Council- manager	55.8	59.7	74.6	89.0	190	72.2
Number	42	67	71	82	263	
Percent	100.0	100.0	100.0	100.0		100.0

Notes: Cramer's $V = .294$; $\chi^2 = 22.764$; $df = 3$, $p = .000$

Western and southern cities are in fact more likely to have council-manager form of government than north-central and northeastern cities. This regional over-representation of the council-manager form helps to explain why cities in these regions are more likely to adopt and use performance measures. There are simply more council-manager governments in the West and South.

I-II. A Profile of the Structural Features of Mid-Sized U.S. Cities

To what extent have mid-sized U.S. cities adopted the changes in municipal structure that are described by Frederickson, Johnson, and Wood (2004)? Frederickson, Johnson, and Wood (2004) argue that the debate over the strengths and weaknesses of the two dominant forms of American local government, the council-manager system and mayor-council system, has tended to obscure a profound pattern of changes that have been under way in each form of city government. Because of this, structural changes in American cities in the last 50 years are not well understood.

Most public administration scholars believe that governmental structure and form matter for a variety of reasons (Lineberry and Fowler 1967; Morgan and England 1999; Svava 1990; Weaver and Rockman 1993; Welch and Bledsoe 1988). How power and authority in local government are structured, for example, shapes the nature and

process of decision making and represents an authoritative allocation of values (Lasswell 1936). The structure of local government also affects citizens' access to decision making arenas, the ability of different interests to achieve their goals and consequently what policies emerge from the governmental process.

How do these structural features relate to the adoption and use of performance measures by cities? Data were collected on several structural characteristics of mid-sized cities. Table 3-7 summarizes the distributions of several key features of municipal structure.

Following the conceptual definitions advanced by Frederickson, Johnson, and Wood (2004) and Folz and French (2005, forthcoming), cities were classified into one of the three basic types: "political" (the traditional mayor-council form), "administrative" (the traditional council-manager form) and "adaptive" (a combination of features from the other two types). These scholars conceptualized the three main forces that have influenced the contemporary pattern of structural change and diffusion as drives for "political leadership," "political responsiveness," "and administrative efficiency." They suggested that if the observed patterns of

Table 3-7. City features

	Features	N	No		Yes	
			N	Percent	N	Percent
Q1	Mayor is directly elected by citizens	267	73	27.3	194	72.7
Q2	Mayor is selected by council	253	192	75.9	61	24.1
Q3	Most council members are elected by district	258	146	56.6	112	43.4
Q4	Most council members are elected at-large	260	113	43.5	147	56.5
Q5	Council members elected by a mixed district & at-large system	252	206	81.7	46	18.3
Q6	City has a Chief Administrative Office (CAO) position	263	36	13.7	227	86.3
Q7	Mayor presides over council meetings	266	50	18.8	216	81.2
Q8	Department heads report to the Mayor	263	219	83.3	44	16.7
Q9	Department heads report to a CAO	263	42	16.0	221	84.0
Q10	Mayor appoints and terminates CAO <i>without</i> consent of council	253	231	91.3	22	8.7
Q11	Mayor appoints and terminates CAO <i>with</i> consent of council	251	184	73.3	67	26.7
Q12	Council appoints and may terminate city manager	250	56	22.4	194	77.6
Q13	Statutory charter form is “Mayor-Council” form of government	260	183	70.4	77	29.6
Q14	Statutory charter form is “Council-Manger” form of government	253	79	31.2	174	68.8
Q15	Statutory charter form is “Commission” (without administrator)	248	243	98.0	5	2.0

change in municipal structure continue, there will be fewer cities in the “political” and “administrative” categories and more cities in one of the “adaptive” categories. Accordingly, the modal city of the future may likely have a directly elected mayor, a professional city manager or chief administrative officer, some or all council members elected from districts, a civil service merit system, formal bid and purchasing controls, and required external audits.

Empirical analyses by Frederickson, Johnson and Wood of 1996 data that they obtained from the ICMA and their 1998 survey of a small sample of cities larger than 10,000 population suggested that most cities with one of the two dominant charter forms (between 69% and 71%) already have adopted at least some of the features of the other type that qualifies them for placement in one of three “adapted city” types. They estimated that cities in the “political” category comprised between 8% to 16.3% of the all cities while “administrative” cities constituted about 14.7% to 21% of the total.

To what extent have mid-sized US cities emulated these changes? The cities in this study were classified into one of the three types according to the following features:

“Political” cities:

- Mayor-council charter form
- Direct popular election of the mayor
- No chief administrative officer
- Most council members elected from district

“Adapted” cities:

- Statutory charter form either mayor-council or council-manager
- Mayor either directly elected or selected by council & may have veto power
- Has or likely to have a chief administrative officer
- Council elected by district, at-large or mixed

“Administrative” cities:

- Council-manager form
- Mayor is selected from among council or has no executive powers
- Full-time professional administrator usually called a city manager
- Most council members elected at-large

The specific method used to classify cities into one of the three categories followed these decision rules: Cities that answered “Yes” on Q1, Q3, and Q13, and “No” on Q6 in Table 3-7 were placed in the “political” category. Cities answered “Yes” on Q2, Q4, Q11, and Q14 in Table 3-7 were categorized as “administrative” cities. The remaining cities that had a mix of features from each of the two other types were categorized as “adapted” cities.

My findings are compared with those reported by Frederickson, Johnson, and Wood (2004) and Folz and French (2005, forthcoming) in Table 3-8.

These data show that structural changes are pervasive in cities in each of the 3 studies, but they are most pronounced in mid-sized cities. One could conclude that mid-sized cities are at the vanguard of adopting those features of political or administrative structures that municipal officials believe will help to advance the responsiveness as well as the accountability of their municipal functions and services.

The relationship in Table 3-9 shows no evidence of a statistically significant association between the type of governmental structure and the adoption and use of performance measures by mid-sized cities. However, it is clear that adapted and administrative cities have much higher rate of adoption and use of performance measures when compared to political cities.

Features of political cities and adapted cities were compared in order to explore why adapted cities have a comparable level of adoption and use of performance measures with administrative cities.

Table 3-8. Government structures in US cities

Type structure	Frederickson et al, 1998		Folz & French, 2000		Chung, 2004 Cities 25,000- 250,000	
	Large cities		Small cities		N	Percent
	N	Percent	N	Percent		
Political	19	16.3	63	12.4	22	8.2
Adapted	80	69.0	281	55.3	194	71.4
Administrative	17	14.7	164	32.3	52	19.4
Total	116	100.0	508	100.0	268	100.0

Table 3-9. Adoption and use of performance measures by government structures (in percentages)

	Government structures			Number	Total percent
	Political	Adapted	Administrative		
Not adopted	50.0	29.9	30.8	85	31.7
Adopted and use	50.0	70.1	69.2	183	68.3
Number	22	194	52	268	
Percent	100.0	100.0	100.0		100.0

Note: Cramer's V = .118; $\chi^2 = 3.714$; df = 2, p = .156

The presence of a chief administrative officer (CAO) is the main distinguishing feature between political cities and adapted cities. Table 3-10 examines whether the cities with the mayor-council charter form have a CAO. There are 73 cities with mayor-council form of government among 268 cities. Among these 73 cities, 48 cities (65.8%) have a chief administrative officer (CAO).

As can be seen in Table 3-10, there is a statistically significant, moderately strong relationship between mayor-council cities that have a CAO and adoption and use of performance measures.

Table 3-10. Adoption and use of performance measures by the presence of CAO position in mayor-council form of government (in percentages)

	City has a CAO position			Total percent
	No	Yes	Number	
Not adopted	62.5	33.3	31	43.1
Adopted and use	37.5	66.7	41	56.9
Number	24	48	72	
Percent	100.0	100.0		100.0

Notes:

a) Cramer's $V = .278$; $\chi^2 = 5.552$; $df = 1$, $p = .018$

b) There is 1 missing case.

Thus, it is clear that many of the cities that have a mayor-council form of government also have a CAO and are therefore more likely to adopt and use performance measures than mayor-council cities that do not have this professional assistance. The presence of professional administrators appears to help facilitate the adoption and use of performance measures in mid-sized cities.

I-III. Unionization and Labor-Management Relations

Table 3-11 shows the relationship between the percent of FTEs unionized and the adoption and use of performance measures. The relationship is negative but not statistically significant ($\chi^2 = 4.529$; $df = 3$, $p = .210$).

Table 3-11. Adoption and use of performance measures by the percent of full-time equivalent employees unionized (in percentages)

	Percent of full time municipal employees unionized				Number	Total percent
	0%	1-60%	61-80%	More than 80%		
Not adopted	31.9	30.6	23.3	40.3	87	32.1
Adopted and use	68.1	69.4	76.7	59.7	184	67.9
Number	72	62	60	77	271	
Percent	100.0	100.0	100.0	100.0		100.0

Note: $\gamma = -.083$; $\chi^2 = 4.529$; $df = 3$, $p = .210$

This finding suggests that cities with the largest proportions of their workforces that are unionized appear to be among those that are least likely to adopt and use performance measures.

Table 3-12 shows the relationship between the nature of labor-management relations among city employees and the adoption and use of performance measures. While the relationship is not statistically significant ($\chi^2 = .957$; $df = 2$, $p = .620$), the local officials that most often characterize their labor-management relations among city employees as “good” are the cities that appear to adopt and use performance measures with somewhat higher frequency.

Table 3-12. Adoption and use of performance measures by the nature of labor-management relations among city personnel (in percentages)

	Nature of labor-management relations			Number	Total percent
	Poor	Fair	Good		
Not adopted	33.3	35.5	29.6	82	31.8
Adopted and use	66.7	64.5	70.4	176	68.2
Number	6	93	159	258	
Percent	100.0	100.0	100.0		100.0

Note: $\gamma = .125$; $\chi^2 = .957$; $df = 2$, $p = .620$

I-IV. Income, Race and Education

Table 3-13 shows the relationship between performance measures and selected mean city characteristics. No statistically significant relationships are found among the city characteristics and the adoption and use performance measures. This finding suggests that mid-sized cities with different economic, racial, and educational features are equally likely to adopt and use service performance measures.

II. Profile of the Responding Municipal Executives

Table 3-14 profiles the executives of mid-sized cities that responded to the national survey. Following their proportion of the target population, most surveys were completed by city managers (54.2%) or assistant city managers (15.5%). Mayors or their chief of staffs completed 4.5% of the surveys while finance or budget directors completed 6.8%, human resource directors completed 6.1% and other municipal executives completed 12.9% of the surveys.

Table 3-13. Adoption and use of performance measures by selected mean city characteristics

	City characteristics				
	Median household income	Per capita income	Percent White	Percent of high school graduates	Percent of college graduates
Not adopted	47,542.28	22,709.63	76.79	82.42	28.97
Adopted and use	48,872.76	23,751.03	76.86	84.16	29.80
All cities	48,445.82	23,416.85	76.84	83.60	29.53

Note: None of city characteristics are associated with adoption and use of performance measures at a statistically significant .05 level.

Table 3-14. Distribution of responding municipal executives, September 2004

Survey Respondents:	Number	Percent
City Manager	143	54.2
Assistant City Manager	41	15.5
Mayor or Chief of Staff to the Mayor	12	4.5
Finance or Budget Director	18	6.8
Human Resource Director	16	6.1
Others	34	12.9
Total	264	100.0

Note: There are 8 missing cases.

Table 3-15 shows the length of time that the responding municipal executives have held their respective positions. About one-half of municipal executives have held their current positions for less than 5 years. About one-fourth of executives have held their positions between 5 to 10 years. Just over one-quarter have served in their current positions for more than 10 years.

Table 3-16 indicates the range of experience that the responding municipal executives have in local government. About one-half of municipal executives have served in local government about 20 years. Over one-quarter of executives answered that they have served more than 28 years in local government.

There are no statistically significant relationships between adoption and use of performance measures and the tenure of municipal executives, or the length of their experience in local government. Consequently, municipal officials, regardless of their experience in local government service, appear to see some merit in adopting and using performance measures.

Table 3-15. Tenure of responding municipal executives in that position, September 2004

How long have you that position	Number	Percent
1-2 years	69	25.4
3-4 years	63	23.1
5-10 years	69	25.4
More than 10 years	71	26.1
Total	272	100.0

Table 3-16. Tenure of responding municipal executives in local government, September 2004

How many years of local government services do you have	Number	Percent
1-12 years	70	25.7
13-20 years	65	23.9
21-28 years	65	23.9
More than 28 years	72	26.5
Total	272	100.0

III. The Organizational Features of Municipal Performance Measurement

Efforts

This section describes the organizational locus of primary responsibility for developing or devising performance measures, the primary audience for reports or information about the service or performance measures, the length of performance measurement use, and the overall capacity and adequacy of city's resources for collecting and using performance information. This section also reports findings concerning the attitudes of both management and non-management employees' toward organizational changes and city council members' extent of support for the use of performance measures.

III-I. Location of Primary Responsibility for Developing or Devising

Performance Measures

The location of primary responsibility for developing or devising performance measures offers some insights into how performance measures are developed or devised by mid-sized cities. Respondents were asked to identify the individuals or groups who have the primary responsibility for developing or

devising performance measures for their jurisdiction. The choices covered a range of administrative and elected positions. Table 3-17 shows the response distribution.

One-half of city officials indicated that the primary responsibility for developing or devising performance measures is located in operating departments. It is not a surprise that operating departments are most likely to involve development of performance measures. Each department knows their work more than any other part of the administration. When combined with the 10 percent that delegate this responsibility to the budget office, it is apparent that the largest proportions of mid-sized cities have decentralized the locus of responsibility for developing performance measures.

Table 3-17. Location of primary responsibility for developing or devising performance measures

	No. reporting	% of reporting
City Manager's office	62	34.1
Mayor's office	9	4.9
Operating Departments	91	50.0
City Council Staff Office	1	0.5
Budget Office	19	10.4

Note: Based on 182 responses

Only 5 percent of cities locate the primary responsibility for developing or devising performance measures in the office of the mayor. Among the 182 valid responses, only 1 city placed the source of primary responsibility for developing or devising performance measures in the city council staff office. Clearly, developing performance measures is an executive branch function that for the most part has been delegated to line or staff departments.

III-II. Primary Audiences for Reports or Information about Service or Performance Measures

Examining who receives reports or information about service or performance measures provides some insights into how performance measurement efforts are used. Respondents were asked to identify those individuals and groups who are the primary audience for performance measurement reports in their jurisdiction. The options covered a range of administrative and elected officials as well as state and federal funding agencies and citizen advisory boards or groups.

Table 3-18 shows the results. It may be that different levels of detail are presented to each group of recipient because survey results do not indicate the

Table 3-18. Primary audiences for reports or information about service or performance measures

	No. reporting	% of reporting
City manager, chief administrative officer, or other executive staff	145	78.4
City council members	131	70.8
Department heads, program managers, other line managers	119	64.3
Mayor or professional staff in the mayor’s office	68	36.8
Budget officials, personnel officials, other professional staff	70	37.8
Citizen advisory boards or groups	37	20.0
State and federal funding agencies	11	5.9
Other	4	1.4

Note: The percentages are based on 185 responding.

amount, frequency and type of information received by the different individuals and groups listed. However, it is clear that top administrative officers are most likely to receive performance measurement reports. However a prominent recipient is the city council.

Over 70% of respondents indicated that the city council members are the primary audience for performance data and reports. Interestingly, department heads were less likely to be placed as a primary audience than were city council members suggesting that audience for data on performance measures is mostly external to the

departments. Finally, citizen advisory boards and state and federal agencies were far less likely to be chosen as a primary audience for performance reports.

III-III. The Length of Performance Measurement Use

Table 3-19 indicates the length of time that cities have used performance measures. That the use of performance measures is still in its nascency is suggested by the finding that over half of the cities reported that they have used performance measures less than 7 years. Only 18 percent of the cities reported that they have used performance measures for more than 10 years.

III-IV. Performance Measurement Capacity

Table 3-20 shows that more than half of the respondents indicated that most city departments in their city have adequate or sufficient funding to collect performance data. Less than half reported that most city departments have the capacity to compare service performance data with that obtained by other cities.

Just over one-third of city officials think that most city departments have the staff with the skill to analyze performance data. Less than one-fourth of city officials report that their city departments use the measures to track service performance over time and to set annual performance.

Table 3-19. How long your city used performance measures

	No. reporting	% of reporting
Less than 4 years	36	23.2
4 to 6 years	43	27.7
7 to 10 years	48	31.0
More than 10 years	28	18.1
Total	155	100.0

Table 3-20. Performance measurement capacity

	N	Yes (%)	No (%)	Don't know (%)
<u>Most</u> city departments:				
have sufficient funding to collect performance data	188	52.1	38.3	9.6
compare service performance with that obtained in other cities	188	44.7	43.6	11.7
have staff with the skill to analyze performance data	188	36.7	57.4	5.9
track service performance over time	189	23.8	70.4	5.8
set annual performance targets	188	22.9	68.6	8.5
use performance measure info to support management decisions	188	18.6	73.9	7.4
identify annual goals for programs	189	16.9	77.8	5.3

Less than 20% of respondents reported that most city departments use performance measurement information to actually support management decisions and to identify annual goals for programs. That most cities do not actually use performance data to support management decision or to set annual performance goals, suggest that most cities have not yet realized the potential benefits or impacts that performance measurement promises for promoting more accountable government operations.

III-V. Management and Non-Management Employees' Attitudes toward Organizational Changes

Table 3-21 shows the results of management and non-management employees' attitudes toward organizational changes. More than 90% of respondents agree that management is willing to implement organizational change whenever appropriate while less than half (40.5%) of respondents agree that non-management employees generally are receptive to change in organizational policies. Almost 90% of respondents agree that management views performance measurement as an important basis for making decisions.

Table 3-21. Management and non-management employees’ attitudes toward organizational changes (in percentages)

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Management is willing to implement organizational change whenever appropriate.	176	1.7	7.4	64.8	26.1
Management views performance measurement as an important basis for making decisions.	170	1.2	10.0	69.4	19.4
Non-management employees generally are receptive to change in organizational policies.	168	7.1	52.4	37.5	3.0
Elected officials generally support innovative ideas for improvement.	171	1.2	9.4	69.6	19.9
We have a reward/incentive system that encourages risk-taking.	167	15.6	56.3	23.4	4.8

Moreover, about 90% of respondents agree that elected officials generally support innovative ideas for improvement. Yet, only about one-quarter of respondents agree that their city has a reward/incentive system in place that encourages risk-taking. The apparent disconnect is troubling between the low report of the actual use of performance data for making management decisions and setting goals, and the large proportion of executives who “strongly agree” that performance data are important for making decisions. If executives are not using these data for making management decisions, what management decision applications do performance data have? This issue will be explored in more depth in Chapter 4.

III-VI. Council or Commission Members' Support for Performance Measures

Table 3-22 indicates that over two-thirds of city officials agreed that their city council members support the use of performance measures. Over one-half of respondents reported that their city council members understand the performance measures they use, but less than one-third of respondents agreed that their city council members provide adequate funding for performance measures.

Table 3-22. Council or commission members' support for performance measures

	N	Disagree	Neither agree nor disagree	Agree	Don't know/ NA
City council members support the use of performance measures	186	3.8%	25.8%	66.1%	4.3%
City council members understand the performance measures we use	187	12.3%	29.4%	51.3%	7.0%
City council members support funding for performance measures	187	16.6%	36.4%	31.0%	16.0%
City council members helped to design some measures used	187	56.1%	15.0%	20.9%	8.0%

IV. Summary

This chapter described the features and characteristics that mid-sized cities that use and do not use performance measures. It also profiled responding municipal executives, and the key organizational features of municipal performance measurement efforts.

Larger cities, in terms of population size, operating budgets and full time employees are more likely to adopt and use performance measures. Performance measures also are more likely to be adopted and used by cities with a council-manager form of government than by cities with a mayor-council form of government.

Western and southern cities are more likely to adopt and use performance measures than north central and northeastern cities but these regional differences are explained by the fact that western and southern cities have a larger number of council-manager governments. Following the conceptual definitions advanced by Frederickson, Johnson, and Wood (2004), cities were divided into three categories, such as “political,” “adapted,” and “administrative.” Comparing with previous research, this study finds that structural changes are especially pervasive in mid-

sized cities. Mid-sized cities have the largest proportion of “adapted” city structures. Mid-sized administrative cities also have much higher rate of adoption and use of performance measures when compared to political cities. “Adapted” cities have a comparable level of adoption and use of performance measures with administrative cities because of the widespread presence of professional administrators (CAOs).

The level of unionization and labor-management relations suggests that those with higher levels of employee unionization may be somewhat less likely to adopt and use of performance measures. The mean city characteristics on income, race, and education are not statistically significantly related to the adoption and use of performance measures.

Top administrative officers are most likely to receive performance measurement reports; however city council members are also a prominent audience for performance reports. Over 70% of respondents placed the city council members among their primary audience. Interestingly, department heads and mayors were less likely to be placed as a primary audience than were city council members. Citizen advisory boards and state and federal agencies were far less likely to be chosen as a primary audience.

Half of the cities reported that they have used performance measures less than 7 years. Less than 20 percent of the cities reported that they have used performance measures more than 10 years. More than 90% of respondents agree that management is willing to implement organizational change whenever appropriate while less than half (40.5%) of respondents agree that non-management employees generally are receptive to change in organizational policies. While most respondents agree that management views performance measurement as an important basis for making decisions, only about 20% strongly agree with this view. About 90% of respondents agree that elected officials generally support innovative ideas for improvement but only about one-quarter of respondents have a reward/incentive system in place that encourages risk-taking.

Only about one-third of city officials think that most of their city's departments have the staff with the skill to analyze performance data. Less than one-fourth of city officials report that their city departments use the measures to track service performance over time and to set annual performance. Less than 20% of respondents reported that most city department use performance measure information to support management decisions and to identify annual goals for

programs. Over two-thirds of city officials agreed that their city council members support the use of performance measures. Finally, over one-half of respondents reported that their city council members understand the performance measures they use, but less than one-third of respondents agreed that their city council members provide adequate funding for performance measures.

CHAPTER 4

ANALYSES OF THE APPLICATIONS AND IMPACTS OF PERFORMANCE MEASURES IN MID-SIZED CITIES

The purpose of this chapter is to report the survey results and to analyze the relationship between key dependent variables and the independent variables discussed in Chapter 3. This chapter has two main parts: (1) the uses and applications of performance measures and (2) local officials' views about the impacts of performance measures.

I. The Uses and Applications of Performance Measures

This section describes and analyzes the factors associated with the types of performance measures used by mid-sized cities, the reasons they adopted these measures, the results that local officials expected to see and the types of decision applications of the various performance measures. Following the principle objective of this research project, analyses of these variables can help to advance our understanding of how mid-sized cities actually use performance measures and what

variables may be useful in explaining variations in their use. In other words, this chapter explores the variation among cities in terms of the type of performance measures used, the reasons these particular measures are used, what local officials expected as a result of the use of these measures and the extent to which they use various performance measures for different types of decisions.

I-I. The Types of Performance Measures Used

The respondents were asked whether they had “not adopted,” “adopted but do not currently use,” or “currently use” different types of performance indicators. These types included workload or output measures, efficiency or unit cost measures, outcome or effectiveness measures, service quality measures and client or citizen satisfaction measures. Table 4-1 indicates that workload or output measures are the most widely used measures (55.7%) followed in frequency by citizen satisfaction measures (49.5%) and service quality measures (49.1%). Efficiency or unit cost measures are adopted and used by less than 40% of mid-sized cities.

Altogether, less than nine percent of cities indicated that they have adopted but do not currently use any performance measures. Of the 280 surveys returned by municipal officials, only 87 or 31.1% indicated that their cities had not adopted *any*

Table 4-1. Types of performance measures adopted and used

	Not adopted	Adopted, not used	Currently use
Workload or output measures	112 (40.0%)	12 (4.3%)	156 (55.7%)
Efficiency or Unit cost measures	147(53.5%)	20 (7.3%)	108 (39.3%)
Outcome or Effectiveness Measures	122 (44.5%)	24 (8.8%)	128(46.7%)
Service quality measures	126 (45.8%)	14 (5.1%)	135 (49.1%)
Citizen satisfaction measures	122 (44.4%)	17 (6.2%)	136 (49.5%)

Note: Based on 280 responses

type of performance measure. These findings show that about half of all mid-sized cities have adopted at least some type of performance measure.

I-II. Factors Associated with Adoption of the Types of Performance Measures

Dummy variables, e.g., “adopted workload” and “did not adopt workload,” were created for each of the types of performance measures to examine the relationships between the types of measures adopted and the independent variables from previous chapter. No statistically significant relationships were found between the types of measures adopted and the features and characteristics of cities such as city size, region, structural features, the extent of employee unionization, mean income and racial and educational characteristics. There also were no statistically significant relationships between the types of measures adopted and the profile

features of municipal executives. Analysis of the organizational features of performance measurement efforts also indicated that none of these factors was associated with the adoption of the various types of performance measures.

However, two attitudinal variables were related to the adoption of particular types of performance measures. Table 4-2 shows that, in cities where city executives view performance measures as an important basis for making decisions, the use of efficiency, outcome and service quality measures is more common.

Table 4-2. Adoption of types of performance measures and attitudinal variables

	Organizational Features				
	Management willing to implement organizational change	Management views performance measurement as an important basis for making decisions	Non-management employees are receptive to organizational change	Elected officials generally support innovative improvements	City has a reward/incentive system that encourages risk-taking
Workload	.223	.361	.452*	.138	.041
Efficiency	.141	.454*	.066	.276	.155
Outcome	.259	.566*	.255	.227	.197
Service quality	.266	.393*	.293	.321	.259
Citizen satisfaction	-.027	.139	.096	.114	.122

Notes: Gamma values shown

* .05 significance level

This finding suggests that these types of performance measures may have more value for managerial decision making. Also, in cities where employees are generally receptive to organizational policy change, a city is more likely to adopt and use workload measures. This finding suggests that employee resistance to the adoption of workload measures is likely to be low when workers are generally receptive to organizational changes, especially those that they may perceive as non-threatening. None of the other attitudinal variables were related at a statistically significant level with the adoption of particular types of performance measures.

Table 4-3 shows that two of the features of the city councils' views on performance measures are associated with adoption of different types of performance measures. The cities with council members that the respondents think understand performance measures are more likely to adopt and use workload, service quality, and citizen satisfaction measures to gauge service performance. Also, the cities in which council members support funding for performance measurement are more likely to adopt outcome and citizen satisfaction measures.

Table 4-3. Types of measures adopted by council support for performance measurement

	Council/Commission Stake:			
	City council members understand performance measures	City council members support the use of performance measures	City council members helped to design some measures used	City council members support funding for performance measures
Workload	.190*	.016	.087	.075
Efficiency	.105	.038	.025	.086
Outcome	.116	.035	.081	.219*
Service quality	.211*	.128	.071	.185
Citizen satisfaction	.210*	.145	.029	.272*

Notes: Cramer's V measures shown

* .05 significance level

Clearly, the type of performance measures a city is likely to adopt appear to be influenced by the extent to which the city council understands what's involved in measuring performance. This understanding appears to lead to financial support for performance measures. Both of these factors point to a higher probability that a city will adopt at least outcome and citizen satisfaction measures. In fact, city council members' understanding of performance measures is strongly associated with council members' support funding for performance measures ($r = .643, p = .000$).

I-III. Types of Performance Measures Used For Different Services

What types of performance measures are used in the variety of services provided by cities? Table 4-4 indicates that considerable variation exists in the use of performance measures used in different service areas. The data in Table 4-4 are ordered by the frequency of use of workload measures, which is the most widely used type of performance indicator among mid-sized cities.

Performance measures generally are used most often for the city services that typically comprise the largest proportions of municipal budgets. These include public safety services, streets, code enforcement, fleet maintenance and parks and recreation. On average, about half of all mid-sized cities use all five types of performance measures for these services. Not surprisingly, these services also tend to be among the services for which performance is easiest to measure. Typically, these services have outputs and outcomes that are more readily quantified. By contrast, the various staff functions and human services provided by cities present more difficult and challenging measurement issues in terms of performance. Accordingly, cities use performance measures much less frequently and also use fewer types of measures for these services.

Table 4-4. Types of performance measures used in different services

Service Area	Types of Measures Used (%)				
	Workload	Efficiency	Outcome	Service quality	Citizen satisfaction
Police	77.5	48.9	68.7	53.8	54.9
Fire Prevention/Suppression	67	46.2	58.8	50.5	39.6
Street Maintenance	63.7	47.8	52.2	41.2	41.2
Code Enforcement/Inspection	62.6	40.1	52.7	36.3	33.5
Fleet Maintenance	59.9	50	48.4	40.7	20.3
Parks & Recreation	56.6	41.2	52.7	47.8	52.2
Planning/Zoning	52.2	30.8	50	37.4	34.6
Solid Waste Collection/Disposal	51.6	46.2	42.9	33.5	34.1
Budget & Finance	48.4	41.2	53.3	33.5	21.4
Personnel/Human Resources	48.4	38.5	52.2	34.6	18.7
Water Supply/Sewerage	46.7	41.8	42.3	39	30.8
Traffic Engineering	44	33.5	41.2	26.4	26.9
Emergency Medical Service	42.9	30.8	41.8	38.5	29.1
City Clerk	42.3	26.4	33.5	26.9	16.5
Data Processing	37.9	30.8	41.8	26.4	12.6
Purchasing	37.4	34.1	36.3	24.7	13.7
Animal Control	36.8	24.2	24.2	19.2	17.6
Risk Management	34.1	30.8	45.6	23.1	10.4
City Attorney	33	16.5	26.9	18.1	6.6
Libraries	26.4	19.8	22	23.6	25.3
Municipal Courts	23.1	16.5	20.9	13.7	7.1
Housing	22.5	17.6	31.3	18.7	19.8
Public Transit	15.4	15.4	14.3	12.1	12.6

Note: Based on 182 responses

In terms of the specific types of performance measures, the distributions in Table 4-4 show that more cities use workload and outcome measures than service quality and citizen satisfaction measures for various city services. Generally, efficiency measures are the type of performance measures that are used least frequently. Perhaps local officials have decided to place a more emphasis on service outcomes rather than on service efficiency in keeping with trends in the private sector service industries. On the other hand, perhaps they have encountered more employee resistance in measuring efficiency. Alternatively, perhaps cities simply have found efficiency measures to be less useful than other measures for making various types of decisions. Considering the array of possible circumstances and conditions that affect service efficiency, indicators that simply measure the unit costs of a service may not have the same value as measures that focus on whether valued outputs and outcomes are actually achieved. The following section examines some of the factors that are associated with the particular types of measures used for the six services most commonly provided by mid-sized cities.

I-IV. Factors Associated with Types of Performance Measures Used for Most Commonly Provided Services

The six most commonly provided services, police, fire, streets, code enforcement, fleet maintenance and parks and recreation, were chosen for analyses among the twenty-three services provided by municipal governments. A score for each city was computed for each of the six services that ranged between 0 and 5 depending on the number of different types of performance measures the city used for that service. A “cumulative performance measurement score” was then computed for each city based in the sum of scores for each of the six core services. These cumulative scores measure the extent to which cities use different types of measures for the six services. The scores ranged between 0 and 30. These cumulative performance measurement scores are used as a dependent variable in analyses with the independent variables described in Chapter 3. The objective is to understand what factors may be linked with cities that use a broader or more extensive range of measures for commonly provided services.

These analyses yielded several statistically significant relationships that merit comment. As one might expect, larger cities as measured by population size,

size of operating budget and the number of full-time employees are more likely to use a broader, more extensive array of different types of performance measures for the six services. The relationships for total population size show that $r = .336$, $p = .000$. For operating budget, $r = .373$, $p = .000$. For the number of employees, $r = .418$, and $p = .000$. At least in part, the magnitude of available resources appears to account for why some cities use a broader array of performance measures. They can simply afford to do more than cities with less abundant resources.

The relationships between various organizational features of municipal performance measurement efforts and the cumulative performance measurement scores are presented in Table 4-5. In particular, this table shows the relationships between cumulative performance measurement scores and the primary audiences that respondents identified for the reports or information about collected performance measures. The cities that identify the city council, department heads and state or federal funding agencies as important stakeholders in performance reports are also the cities that are more likely to use a broader array of performance measurement types to evaluate the performance of the six commonly provided services.

Table 4-5. Cumulative performance measurement score by primary audiences for reports or information about the service or performance measures

	Primary audiences				
	City Manager, CAO, Mayor, or Mayor's Staff	City Council Members	Dept. Heads, Program Manager, Budget, Personnel Officials, or other professional Staff	State and Federal Funding Agencies	Citizen Advisory Boards or Groups
Cumulative performance measurement score	.136	.154*	.274*	.225*	.074

Notes: Pearson correlation coefficients shown

* .05 significance level

This finding suggests that there appears to be a particular type of “Matthew effect” at work here; to those that have, more will be given (McMahon Forthcoming). In other words, the cities that can afford to apply more types of performance measures and that have a broader array of stakeholders interested in the results from these measures are the ones that do in fact use a more extensive array of measures.

Another feature related to the extent to which cities use more types of performance measures is the length of time that cities have used performance measures ($r = .261, p = .001$). The cities that have used performance measures for a

longer period of time are also more likely to use a broader array of performance measures to evaluate the six core services.

Table 4-6 shows relationships between cumulative performance measurement score and indicators of the overall capacity of cities for collecting and using performance data. Most of the features of city departments in Table 4-6 are related in the expected positive direction with the cumulative performance measurement scores.

Table 4-6. Cumulative performance measurement score by capacity for and applications of performance measurement

	Most city departments:						
	have staff skilled in data analysis	have sufficient funding to collect performance data	track service performance over time	compare service performance with other cities	identify annual goals for programs	use performance measure info to support management decisions	set annual performance targets
Cumulative performance measurement score	.289*	.216*	.141	.249*	.227*	.274*	.244*

Notes: Pearson correlation coefficients shown

* .05 significance level

The cities that apply a broader range of performance measures to the six commonly provided services have staff skilled in analyzing performance data, sufficient funding to collect performance data, an interest in comparing performance with other cities, use performance data to help identify annual program goals, use performance measures to support management decisions and, also use these data to set annual performance targets.

The relationships between the cumulative performance measurement score and other features of the city's organizational culture are presented in Table 4-7. Broader use of different types of performance measures is more common among cities where management is willing to implement organization change, views performance data as an important factor in making decisions, and has in place a reward/incentive system that encourages risk-taking. It is also more likely among cities where non-management employees are more receptive to change in organization policies. Clearly, various features of organizational culture appear to matter in terms of the executives' use of a wider array of measures to track the performance of those services that consume large proportions of the typical municipal budget.

Table 4-7. Cumulative performance measurement score and organizational features

	Organizational Features				
	Management is willing to implement organizational change	Management views performance measurement as an important basis for making decisions	Non-management employees generally are receptive to change in organizational policies	Elected officials generally support innovative ideas for improvement	Have a reward/incentive system that encourages risk-taking
Cumulative performance measurement score	.241*	.279*	.202*	.115	.255*

Notes: Pearson correlation coefficients shown

* .05 significance level

The final variable related to a city’s cumulative performance measurement score is the level of council support for funding the performance measurement effort. Previous analyses suggested that the support by council members is quite important to the character of local performance measurement efforts. Once again in this case, there is a strong connection between the level of council support and the character of the performance measurement effort. Cities with council members that are more likely to support funding for performance measures are much more likely to use a

broader array of different performance measures for the six most commonly provided services ($r = .293, p = .000$).

I-V. The Reasons for Adoption of Performance Measures

What reasons do city officials offer for why their jurisdictions adopted performance measures? Respondents were asked to rank what they considered to be the three most important reasons among six possible choices. This question was partially open-ended and allowed respondents to write in another reason that was not among those listed.

A fairly strong consensus on the reasons for adopting performance measures emerges in the response distribution illustrated in Figure 4-1. The three reasons cited most often by local officials for why their city adopted performance measures were “to improve management decisions” (81.9%), “to support budget recommendations/decisions” (71.9%) and “to respond to citizen demands for greater accountability (68.6%).” Just over a third (35.7%) selected “to comply with the wishes of elected city officials.” Only small proportions chose one of the remaining reasons. Seven respondents provided a reason that was not among those listed.

These included to improve service delivery, to provide quality service and equity, to

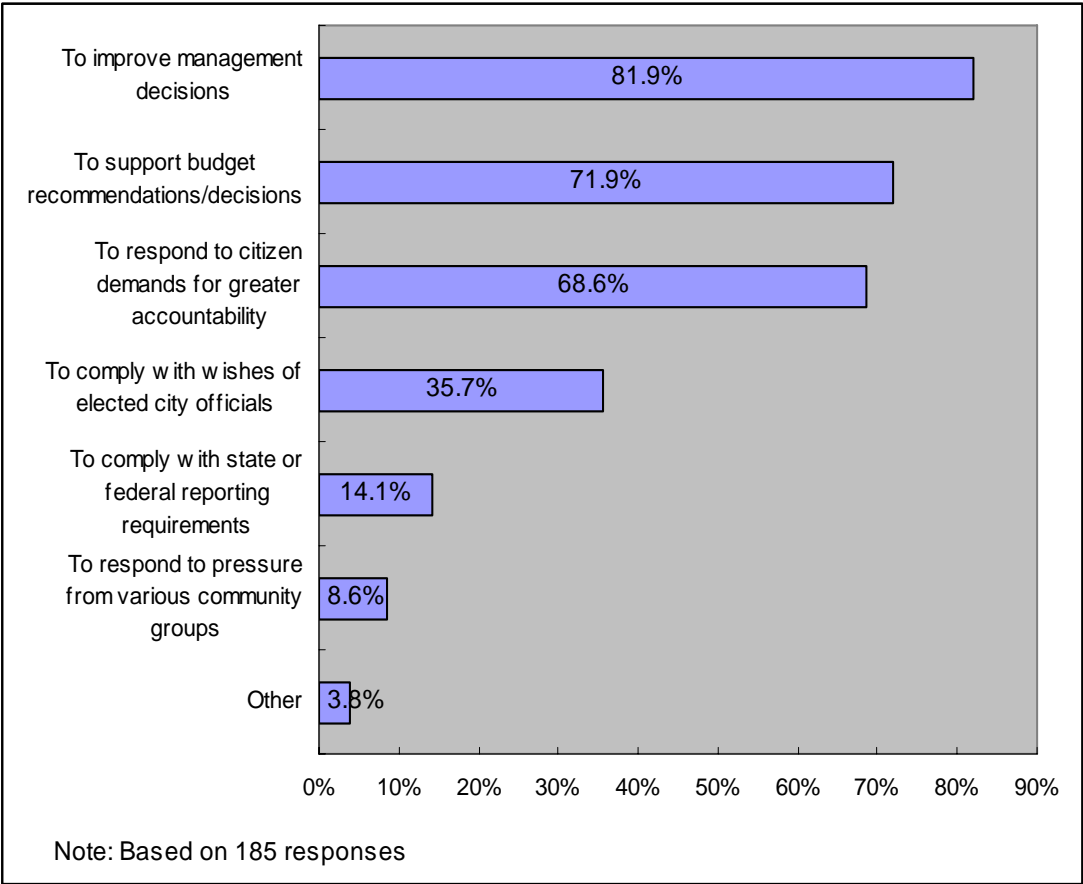


Figure 4-1. Why performance measures are adopted

measure how well the city serves its citizens, to improve customer service, to improve performance, to improve efficiency and effectiveness and to gain feedback. “To improve employee performance” was not listed as one of the choices in question number 3 (see Appendix). The rationale for this decision was to ascertain whether any local officials considered this reason to be important enough to write in the blank for the “other” choice in that partially closed-ended question. That no local officials identified “improving employee performance” as a reason for adopting performance measures suggests that they understood the purpose of the performance measures that were being adopted. In other words, they appreciated that these measures would apply to programs and services and not to individual employees.

The reasons reported in Figure 4-1 are generally consistent with those reported by previous research. For instance, Streib and Poister (1998) found that the three most often cited reasons for beginning using performance measures were “to make better management decisions” (94%), to respond to “citizen demands for greater accountability” (44%), and to respond to “pressure from elected officials” (26%). Unlike previous research however, this survey finds that support for making budget recommendations and decisions is now one of the most important reasons

reported for adopting performance measures. This suggests that local officials may be realizing the value of integrating performance measures in decisions and recommendations about budget allocation decisions to an extent not reported previously.

I-VI. The Results Expected from the Use of Performance Measures

What results did city officials *really* expect to see after using the performance measures they adopted? To what extent do these expected results actually correspond to the most prominent reasons why they adopted performance measures in the first place? What the analyses in this section attempt to measure is whether there is any cognitive disconnect that may exist among city officials with respect to the rationales they offered for adopting performance measures and what they actually expected to see in terms of concrete results after the use of these measures. In other words, to what extent do the expected benefits of adopting performance measures correspond to what city officials really believe will be achieved through their use? Is the adoption of these measures merely “window dressing,” a response to pressures by peers or other community stakeholders who do not wish for their community to seem non-progressive since other cities are

measuring performance? Do city officials really expect to see results that relate to the avowed reasons for adopting performance measures?

City officials were asked to indicate what specific results they expected to see after using the performance measures adopted by their city. Respondents were instructed to choose as many of the outcomes that applied to them or to write in results they expected to see but which were not listed. Figure 4-2 illustrates that the three most commonly expected results were “stronger justification for management decisions” (73.5%), “stronger justification for budget requests” (72.9%) and “improved communication with citizens about service performance” (68.0%). Even though improved employee performance is not on the most important reasons for adopting performance measures, almost half of city officials expected to see improvement of employee performance after adopting performance measures.

The results expected to be achieved by respondents appear to correspond to the three most frequently cited reasons why their city adopted performance measures. Correlation analyses indicate moderately strong, statistically significant relationships between the respondents’ ranking of the three most prominently mentioned reasons for adopting performance measures and the three most frequently cited expected

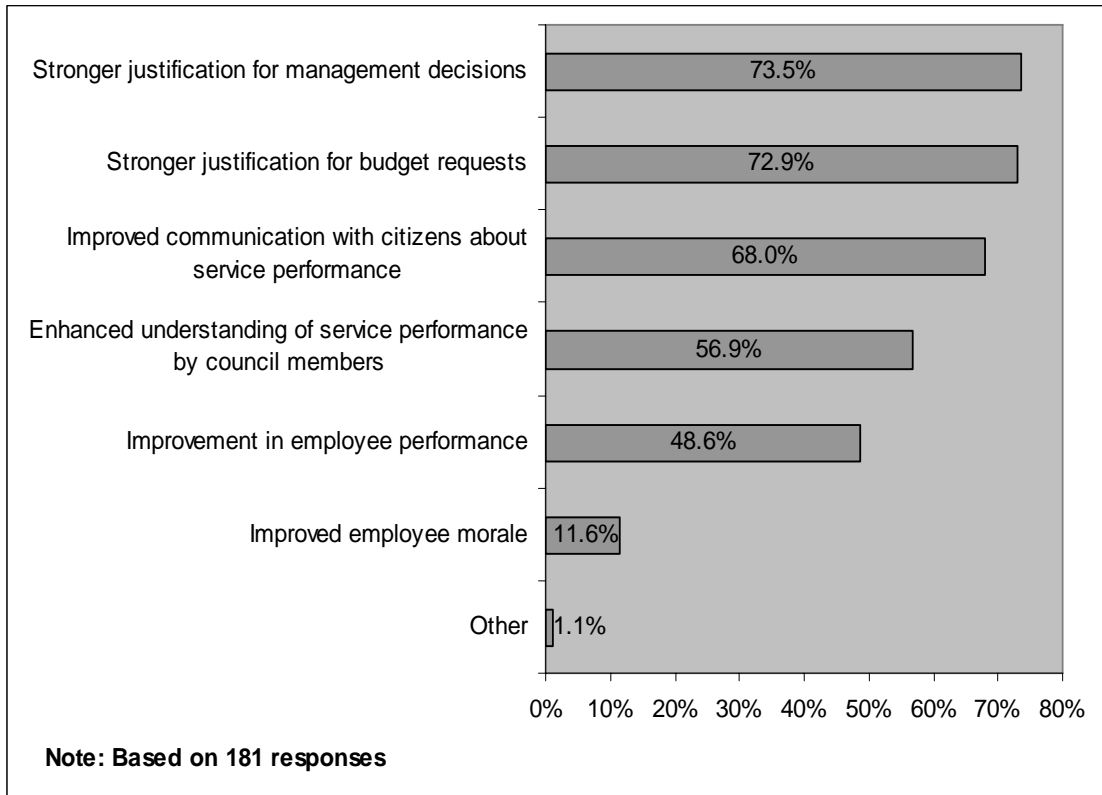


Figure 4-2. City officials' expected results for performance measures

results. The correlation between the ranking of the management rationale and the expected result of having a stronger justification for management decisions is $-.19$. The correlation between the budget rationale and stronger justification for budget requests is $-.20$ and the relationship between the greater accountability to citizens rationale and the expected result of improved communication with citizens about service performance is $-.21$. All of these relationships are statistically significant at the $.05$ level.

These relationships are substantively significant in that they suggest that there is very little, if any, “cognitive dissonance” with respect to the reasons offered for adopting performance measures and what local officials expected to see as a result of their implementation. For some time now, a point of debate in the government performance literature has concerned whether performance measures are used more for public relations purposes (“window dressing”) or for improving the quality of management and budget decisions. These findings suggest that local officials in mid-sized cities appear to believe that performance measures have real value for improving the quality of management and budget decisions. Moreover, they appear to believe that the information generated by these measures can help the

city to respond to citizen demands for greater accountability and to improve the quality of communications with citizens about how well the city performs its service responsibilities.

I-VII. The Use of Performance Measures for Different Types of Decisions

What types of performance measures do city officials use for qualitatively different types of decisions? Figure 4-3 indicates that cities generally use performance measures somewhat less often for strategic planning and reporting to citizens/ media than for other decisions related to resource allocation, managing/evaluating programs, reports to elected officials, and internal management reports.

Generally, outcome measures are the most widely used type of performance measure. Only for resource allocation decisions are workload measures used more frequently than outcome measures. The widespread use of outcome measures suggests that city officials value the type of performance data that indicate how well services and programs are performing. This finding generally corresponds to that reported by De Lancer Julnes and Holzer (2001) and previous GASB studies (1997).

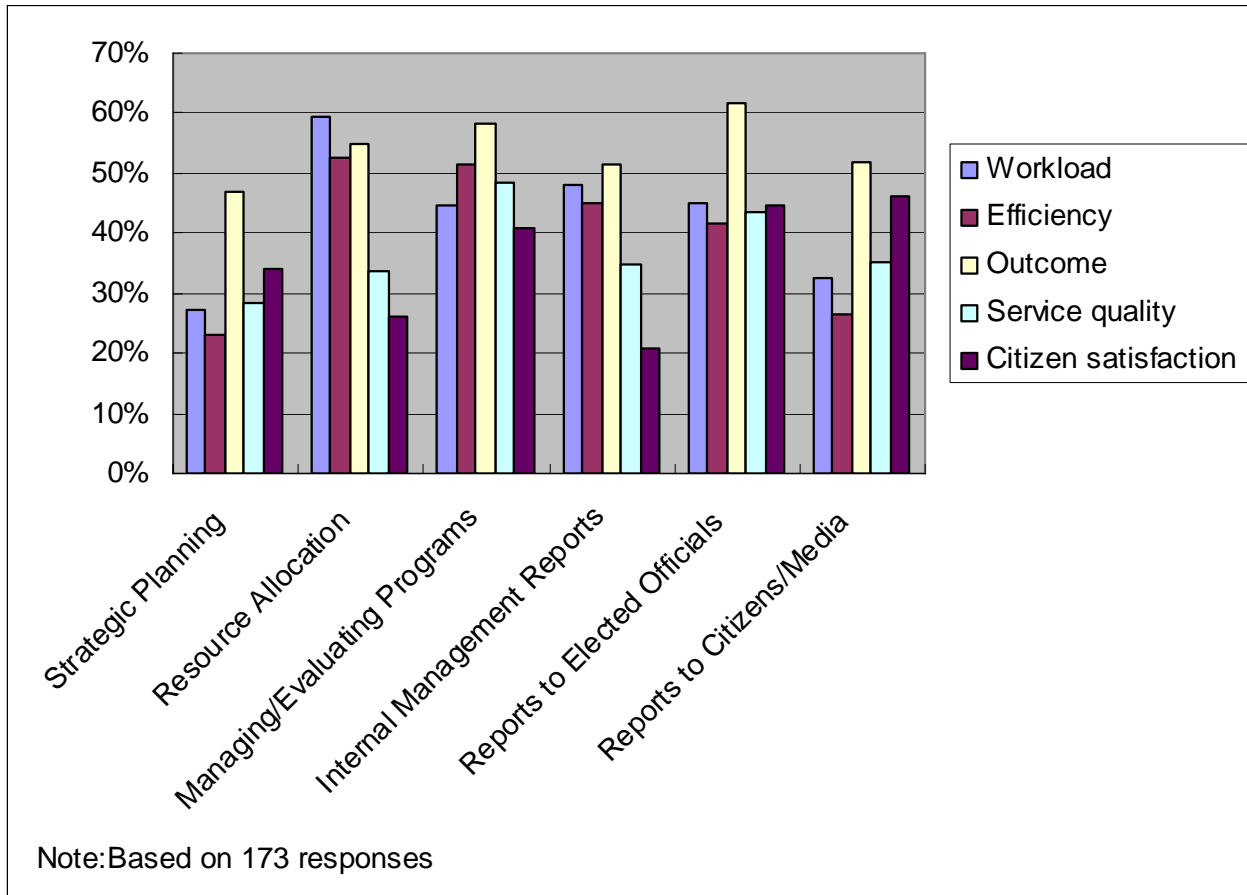


Figure 4-3. Type of measures used for each activity

These studies also found that output measures were the most widely used for different types of decisions. That workload measures tend to be used more frequently for resource allocation decisions makes intuitive sense considering the fact that service demands are and should be of principal importance in allocating major slices of the budget resource pie.

I-VIII. Explaining Differences in Decision Applications of Performance Measures

While the previous analyses indicated the types of measures that cities generally rely upon for different types of decisions, this analysis examines the extent to which cities actually use each particular measure to help make decisions in various areas. In other words, how extensively do cities use particular measures for different decision applications? To measure the extent to which cities relied on a particular measure for different types of decisions, new variables were created. The objective is to understand what factors are related to those cities that rely on particular measures to a greater extent in making different types of decisions.

For each type of performance measure, cities were categorized as being one of three groups. The cities that used workload measures for four or more types of decisions were placed in a “high use” category. Cities that used workload measures for

two or three types of decisions were placed in a “moderate” category. Cities that used workload measures for only one or no decision applications were placed in the “low use” category. The same method was used to classify the extent to which cities used the other types of performance measures for different decision applications. These recoded variables serve as dependent indicators that measure the extent of use of each type of performance measure. Table 4-8 shows the distribution of cities in low, moderate and high use categories for each type of measure.

These data indicate that outcome measures are indeed the most extensively used type of performance indicator. Just over half of all cities use them for at least four

Table 4-8. Classification of the extent of use of performance measures for different types of decisions

Type of measure	Low		Moderate		High		Total	
	N	%	N	%	N	%	N	%
Workload	60	35.7	54	32.1	54	32.1	168	100.0
Efficiency	66	39.3	45	26.8	57	33.9	168	100.0
Outcome	44	26.2	38	22.6	86	51.2	168	100.0
Service quality	76	45.2	41	24.4	51	30.4	168	100.0
Citizen satisfaction	74	44.0	51	30.4	43	25.6	168	100.0

or more types of decision applications. The measures likely to be used for the fewest types of decisions are service quality and citizen satisfaction evaluations.

What features of the local performance measurement effort are related to the extent to which cities use the various performance measures? The statistical results of several bivariate analyses are reported in Table 4-9. These associations indicate that statistically significant relationships exist only for those cities that report that the primary audiences for performance data are department heads, line supervisors and budget officers.

Table 4-9. Extent of use of each measure by primary audiences for reports or information about the service or performance measures

	Primary audience for performance reports				
	City Manager, CAO, Mayor, or Mayor's Staff	City Council Members	Dept. Heads, Program Managers and Budget Officers	State and Federal Funding Agencies	Citizen Advisory Boards or Groups
Workload	.070	.097	.266*	.159	.040
Efficiency	.027	.100	.081	.168	.137
Outcome	.094	.096	.207*	.162	.115
Service quality	.133	.188	.239*	.158	.140
Citizen satisfaction	.090	.161	.063	.066	.081

Notes: Cramer's V measures shown

* .05 significance level

For these cities, workload, outcome, and service quality measures are the most widely used for more types of decisions. These associations suggest the types of measures that are most likely to yield the kind of information of most value to managers for the broadest array of decisions that confront them.

Other features of municipal performance measurement efforts that proved to be related to the extent to which certain performance measures were used for different types of decisions are presented in Table 4-10. These associations show that having staff with the skill to analyze performance data is related to the extent to which each type of performance measure is used. The cities that have sufficient funding to collect performance data are most likely to use workload and efficiency measures for more types of decisions.

For cities that track their performance over time, efficiency and service quality are the measures used most extensively. For cities that engage in performance comparisons with other jurisdictions, workload, efficiency and citizen satisfaction measures are more widely used.

Table 4-10. Extent of use of performance measures by capacity indicators of performance measurement programs

	<u>Most city departments:</u>						
	have staff to analyze data	have sufficient funding to collect performance data	track service performance over time	compare service performance with other cities	identify annual programs	use performance measure info to support management decisions	set annual performance targets
Workload	.254*	.277*	.078	.216*	.217*	.172	.271*
Efficiency	.199*	.313*	.210*	.260*	.139	.143	.214*
Outcome	.304*	.114	.171	.121	.340*	.287*	.330*
Service quality	.307*	.125	.203*	.114	.170	.227*	.185
Citizen satisfaction	.220*	.165	.159	.224*	.038	.138	.209*

Notes: Cramer's V measures shown

* .05 significance level

Among the cities that use performance data for identifying annual program goals, workload and outcome measures are used most extensively. The cities that report actually using performance data to support management decisions rely most extensively on outcome and service quality indicators. For cities that use performance data to set specific performance targets for programs and services, all measures except those that measure service quality are used extensively.

Finally, Table 4-11 shows the relationships between the extent of use of particular performance measures and particular features of the local city council.

Among the cities that report that their city council members understand what information performance measures provide, workload, efficiency, service quality and citizen satisfaction measures are the most likely to be widely used. As noted earlier, council understanding of performance data is linked to their funding support for performance measurement.

Table 4-11. Extent to use of performance measures by city council features

	Council/Commission Stake:			
	City council members understand the performance measures we use	City council members support the use of performance measures	City council members helped to design some measures used	City council members support funding for performance measures
Workload	.344*	.320*	-.053	.294*
Efficiency	.230*	.129	.171	.296*
Outcome	.171	.242	.139	.262*
Service quality	.237*	.165	.077	.248*
Citizen satisfaction	.284*	.325*	.068	.339*

Notes: Gamma measures shown

* .05 significance level

Not surprisingly, when council funding support is forthcoming, cities are likely to use each of the five types of performance measures for the broadest array of decision applications.

These analyses specify the various types of circumstances that are related to how extensively cities use different types of performance measures for making various decisions. Generally, these findings indicate that performance measures tend to be used more extensively when managers are the primary audience for performance data, when their staff has data analysis talent and when council understands performance information and provides adequate financial support for collecting performance data.

II. The Impacts of Performance Measures

The section examines several dimensions of how local executives perceive the actual impacts that resulted from their city's use of performance measures. To what extent did the cities' experiences with the performance measures they adopted meet, exceed, or fall short of executives' expectations? What explains variation in these assessments? To what extent do municipal executives consider the use of performance measures to have been helpful in making progress on a variety of challenges that

confront mid-sized cities? What factors are associated with the executives' perceptions about the relative helpfulness of these measures? What kind of impact has the use of performance measurement data had on the quality of the executive decisions and why? Finally, this section examines what executives think about the extent to which the use of performance measures has received support by local stakeholders that include various municipal staff and community actors.

II-I. Executive Ratings of the Actual Impact of Performance Measures

To make some general assessment about the impact of performance measures, respondents were asked to indicate whether their city's *actual* experience with performance measures generally "fell short," "met," or "exceeded" their expectations. As Table 4-12 shows, the majority of executives thought that results matched their expectations. Less than 10 percent indicated that their experience with performance measures actually exceeded their expectations. Consequently, just over two-thirds of executives in mid-sized cities think that the impacts that they observed as a result of using performance measures either met or exceeded their expectations. Of course, this analysis assumes that the direction of these impacts was positive and not negative.

Interestingly, almost 20% or about one in five executives thought that their

Table 4-12. City officials' actual experience with performance measures

	No. reporting	% of reporting
Fell short of the expectations	34	18.5
Met expectations	108	58.7
Exceeded expectations	16	8.7
Don't know/ not sure	26	14.1

Note: Based on 184 responses

cities' use of performance measures fell short of the expectations. Some 14% of respondents answered that they do not know or were not sure about the impact of performance measures compared to their expectations. In other words, these respondents indicated that they could not assess impacts versus expectations.

II-II. Factors Associated with Differences in the Ratings of Actual Experiences with Performance Measures

What factors distinguished cities whose experiences with performance measures met or exceeded expectations versus those cities whose experiences fell short of expectations? Several independent variables suggested by previous research were examined. These included organizational factors such as form of government and extent of unionization, various features peculiar to the city's performance measurement effort, and particular characteristics of the local organizational culture

such as the level of stakeholders support for organizational change and the use of performance measures. In addition, the different ratings that executives assigned to their actual experience with performance measures was compared with the particular results that they expected to see from the use of performance measures that are reported in Figure 4-2.

For purposes of analysis, the dependent variable “city officials’ actual experience with performance measures” was recoded to create a dichotomous variable categorized as “fell short of the expectations” or “met or exceeded expectations.” The “don’t know/not sure” responses were excluded from these analyses.

Table 4-13 shows the relationship between cities’ actual experience with performance measures and their form of government. A moderately strong, statistically significant relationship exists (Cramer’s $V = .216$). This result indicates that cities with a council-manager form of government are more likely to have an experience with performance measures that met or exceeded their expectations compared to cities that have a mayor-council form of government. Clearly, executives in council-manager governments appear to have had an experience with performance measurement implementation that more closely aligned with their expectations.

Table 4-13. City's actual experience with performance measures by form of government (in percentages)

	Form of government			Total percent
	Mayor-council	Council-manager	Number	
Fell short of the expectations	37.5	16.1	31	20.7
Met or exceeded expectations	62.5	83.9	119	79.3
Number	32	118	150	
Percent	100.0	100.0		100.0

Note: Cramer's $V = .216$; $\chi^2 = 7.030$; $df = 1$, $p = .008$

Previous research has suggested that the extent to which the city's labor force is unionized might affect perceptions about the actual impact of performance measures in a community. No statistically significant relationship exists between a city's form of government and its extent of employee unionization. However, this factor may have an independent effect on the perceptions of impact. In fact, analysis indicates a fairly strong, negative and statistically significant relationship between these two factors. The larger the percentage of full-time employees who were members of unions, the more likely executives perceived performance measures to have fallen short of their expectations ($r = -.203$, $p = .013$). Conversely, the executives of cities with smaller proportions of their workforce that were unionized are more likely to perceive that

performance measures met or exceeded their expectations. Consequently, this finding suggests that there may be other factors in addition to the level of professionalism among city executives that affect their perceptions of the actual impact that performance measures have had compared to their expectations.

Accordingly, several features of the organizational environment were analyzed to determine whether any relationships exist that may help to specify why executives' perceptions of the actual performance measures differed from their expectations.

It was found that the length of time a city has used performance measures is correlated with the executives' perceptions of their actual impact ($r = .200$). This relationship is statistically significant at the .05 level. It indicates that cities with more experience with performance measurement are more likely to have an actual experience that met or exceeded their expectations. Conversely, cities with less experience were more likely to have executives who indicated that performance measures had not met their expectations. This finding suggests that the longer performance measures are in place and the more experience local officials have with them, the more likely perceptions of their impact correspond to expectations.

The importance of a city’s resources and capacity for applying performance measures in different decision applications already has been underscored. What impact might these features have on perceptions about the actual impact of performance measures in terms of whether they met or exceeded, or fell short of expectations?

Table 4-14 shows the results of bivariate analyses of several resource and capacity variables with the dependent “expectations” variable. Four factors were associated with whether or not executives perceived the impact of performance measures to meet/exceed or to fall short of expectations. These included the staffs’

Table 4-14. City’s actual experience with performance measures by overall capacity and adequacy of cities’ resources for collecting and using performance data and information

Most city departments:	City’s actual experience with performance measures
have staff with the skill to analyze performance data	.254*
have sufficient funding to collect performance data	.155
track service performance over time	.197*
compare service performance with that obtained in other cities	.139
identify annual goals for programs	.107
use performance measure info to support management decisions	.360*
set annual performance targets	.179*

Notes: Cramer’s V measures shown

* .05 significance level

skills to analyze performance data, tracking service performance over time, using performance measurement information to support management decisions, and setting annual performance targets. In practical terms, these associations mean that in the cities that have the staff resources and skills to analyze performance data, executives are more likely to perceive that their expectations for performance measures were met or exceeded.

This relationship remains statistically significant even after controlling for form of government. Among those cities that lack the skill to analyze performance data, 34% of executives perceived that actual impacts fell short of expectations. Likewise, about the same proportion perceived that actual impacts fell short of expectations among the cities that did not track performance over time or use performance data to set annual performance targets for programs.

For cities that used performance measures to support management decisions, a strong correlation exists with an assessment of impact that met or exceeded expectations. Conversely, among those municipalities where performance information was not used to support management decisions, 52% felt that the impact of using these measures fell short of expectations.

Regression analysis of the variables identified as being related to the dependent variable “impact” rating (met/exceeded or fell short of expectations) is displayed in Table 4-15. Several regression diagnostic procedures were used to test for collinearity, but no evidence of this problem was found in this model. This analysis shows that all of the variables in the model explain about 14% of the variation in how executives perceive the impact of performance measures.

Table 4-15. Regression of performance measures’ impact rating and selected organizational and program features

Variable	Un-standardized Coefficients B	Standardized Coefficients Beta	t	Sig.
constant	-.133		-.466	.642
Form of government	7.327E-02	.073	.772	.442
Percent workforce unionized	-2.101E-03	-.187	-2.005	.048
Length of time performance measures used	8.405E-03	.133	1.450	.150
Staff with analytical skills	.181	.203	2.123	.036
Track performance over time	-2.242E-02	-.023	-.224	.823
Use performance data to support management decisions	.292	.266	2.510	.014
Use performance data to set annual performance targets	5.560E-03	.006	.059	.953

$R^2 = .198$, Adjusted $R^2 = .140$

N = 105

As indicated by the standardized beta values, the three variables that are most important in terms of having an independent effect on whether executives are likely to think that performance measures met or exceeded expectations, controlling for the effects of all of the other variables in the model are: the use of performance measures to support management decisions, having staff with analytical skills, and having a lower proportion of the workforce that is unionized.

Another set of factors that previous research suggested might be related to how city executives perceive the impacts of performance measures involve characteristics of the organizational culture. These include the perspectives of local stakeholders such as employee support for organizational change and the city council's understanding of and support for the performance measurement effort. Table 4-16 shows that eight features of the local organizational culture are positively related to executives' assessments of the impact of performance measures. In other words, among cities that exhibit these features, executives are much more likely to perceive that the actual experience with performance measures has met or exceeded expectations. Of course, the converse is also true; among the cities that do not exhibit

Table 4-16. City’s actual experience with performance measures by organizational features

Organizational Features:	City’s actual experience with performance measures
Management is willing to implement organizational change whenever appropriate.	.504*
Management views performance measurement as an important basis for making decisions.	.477*
Non-management employees generally are receptive to change in organizational policies.	.460*
Elected officials generally support innovative ideas for improvement.	.795*
We have a reward/incentive system that encourages risk-taking.	.481*
City council members understand the performance measures we use	.255*
City council members support the use of performance measures	.310*
City council members support funding for performance measures	.272*

Notes: Gamma measures shown

* .05 significance level

these features, executives are more likely to believe that performance measures have fallen short of expectations.

Table 4-17 shows the results of a regression analysis involving the impact rating as the dependent variable and seven organizational culture variables that remained in the model. Several regression diagnostic procedures were used to test for collinearity, but no evidence of this problem was found in this model. Altogether, the variables in the model explain over 57% of the variation in how executives perceive the impact of performance measures.

The two characteristics of organizational culture that are most important include whether managers view performance measures as an important basis for making decisions and whether management is willing to implement whatever organizational changes are appropriate in light of the results suggested by performance evaluations. None of the other variables in the model had a statistically significant independent impact on how executives perceived the impact of performance measures. This analysis suggests that what is important in determining whether performance measures meet or exceed expectations is whether managers see performance data as an important element in making more informed decisions and then whether they are

Table 4-17. Regression of performance measures' impact and characteristics of the organizational culture

Variables	Un-standardized Coefficients B	Standardized Coefficients Beta	t	Sig.
Constant	1.040		5.051	.000
Management willingness to implement change	-1.009	-.736	-3.639	.000
Management views PM as important for decisions	.944	.944	4.999	.001
Non-management employees receptive to policy changes	-1.643E-02	-.026	-.161	.873
Have reward/incentive system that encourages risk-taking	.113	.165	1.072	.293
City council understands performance measures	1.158E-02	.010	.046	.964
City council supports use of performance measures	2.800E-02	.025	.112	.911
City council provides funding support for PM	-.119	-.131	-.517	.609

$R^2 = .499$, Adjusted $R^2 = .369$

N = 49

actually willing to make the organizational changes suggested by the performance data that they have collected.

To determine which factors, regardless of type, were the most important in explaining whether performance measures met or exceeded official's expectations, a regression model was created that included only the five statistically significant factors from the previous two regression models. Several regression diagnostic procedures were used to test for collinearity, but no evidence of this problem was found in this model. Table 4-18 shows the results of this regression analysis.

This analysis shows that the five variables in the model explain just over 21% of the variance in the perceived impact of performance measures. Interestingly, the only variables that were statistically significant were the three organizational and program features that proved to be significant in the model in Table 4-15.

Consequently, it is clear that the specific organizational and program characteristics are more important in explaining whether performance measures met or exceeded officials' expectations than were features of the city's organizational culture.

Table 4-18. Regression of performance measures' impact and selected organizational and program features and selected characteristics of the organizational culture

Variables	Un-standardized Coefficients B	Standardized Coefficients Beta	t	Sig.
Constant	-.103		-.532	.596
Management willingness to implement change	.143	.092	1.071	.287
Management views PM as important for decisions	.192	.152	1.680	.096
Percent workforce unionized	-.002	-.182	-2.249	.026
Staff with analytical skills	.147	.172	2.011	.047
Use performance data to support management decisions	.242	.227	2.510	.013

R² = .244, Adjusted R² = .211
N = 123

A final set of factors was examined that involved the variables presented in Figure 4-1. The objective was to determine if any statistically significant relationships might exist between the various results city officials expected to see after implementing performance measures and their perception of whether these measures met/exceeded or fell short of these expectations. Among the six variables in Figure 4-1, only one proved to be related at a statistically significant level with how executives perceived the impact of performance measures (See table 4-19). Among those cities that expected the use of performance measures to result in a stronger justification for

Table 4-19. Correlations of expectations for and actual results realized from the use of performance measures

Expectations:	City's actual experience with performance measures
Stronger justification for management decisions	.140
Improved communication with citizens about service performance	.152
Enhanced understanding of service performance by council members	.036
Stronger justification for budget requests	.204*
Improved employee morale	.132
Improvement in employee performance	.037

Notes: Pearson correlation coefficients shown

* .05 significance level

budget requests, executives were more likely to perceive that the city's actual experience with performance measures met or exceeded expectations ($r = .204$).

However, one other relationship is worth noting even though it did not attain statistical significance at the .05 level. Among those cities that expected to see improved communication with citizens, it appears that several executives were not disappointed in the results they experienced from the use of performance measures. ($r = .152$).

These relationships suggest that the municipal officials who expected performance measures to buttress budget requests and to improve communication with

citizens were also likely to think that performance measures helped them to realize these expectations.

II-III. How Helpful Are Performance Measures?

Respondents were asked to rate the overall helpfulness of the performance measures used in their city with respect to several specific management challenges. As shown in Table 4-20, most city officials believe that performance measures used by their city were either somewhat or very helpful in most of the areas offered in the survey. The data in table 4-20 are ordered by the percentage of respondents who thought that performance measures were very helpful in the particular ways offered.

More than half of the officials believed that performance measures used by their city were very helpful in improving quality of decisions and facilitating the setting of program goals. Over 40% of officials indicated that their performance measures were very helpful for focusing program priorities, enhancing accountability of individual managers, and making better communication between administrators and elected officials.

Many city officials also reported that performance measures were at least somewhat helpful in several other areas. About half of the respondents thought they

Table 4-20. The helpfulness of performance measurement with specific management challenges

Possible impacts	N	Helpfulness Level (in percents)			
		Not helpful	Somewhat helpful	Very helpful	Don't know/ not sure
Facilitated program goal setting	186	7.5	30.6	53.2	8.6
Improved quality of decisions & decision capacity	184	5.4	33.7	51.6	9.2
Focused program priorities	184	13.6	32.1	47.8	6.5
Enhanced accountability of individual managers	185	6.5	43.8	43.8	5.9
Better communication between administrators & elected officials	185	7.0	39.5	43.8	9.7
Made positive changes in program emphasis	185	4.3	49.7	38.4	7.6
Increased service quality level	184	8.7	45.7	35.9	9.8
Enhanced employees' understanding of goals	186	17.7	45.2	25.8	11.3
Realized some cost savings for city service(s)	185	15.7	49.7	25.4	9.2
Improved relations with community groups	182	18.1	40.1	24.2	17.6
Supported personnel performance appraisals	183	27.9	32.8	23.0	16.4
Improved performance among employees	185	14.1	51.9	22.2	11.9

were somewhat helpful in making positive changes in program emphases and in realizing some cost savings for city services.

The largest proportion of respondents (27.9%) thought that performance measures were not helpful at all in terms of supporting personnel performance appraisals. This finding is not surprising since performance data are mainly aimed at evaluating the different dimensions of service or program performance rather than that of individual employees. Still more than half of executives thought that these data were at least somewhat helpful in this regard. Perhaps the performance measures used helped managers to focus on the particular areas of programs and services or the various groups of employees that exhibited either particularly low or high performance levels. Streib and Poister (1998) found that there were very few areas in which large percentages of the respondents reported that performance measures made a substantial impact. They found that the highest percentages for improvements concerned the accountability of managers (30%) and improvements in employee focus on organizational goals (28%). In both cases, this study shows that approximately 40% of the respondents thought that performance measures were at least somewhat helpful. Only 20% of the respondents to the Streib and Poister (1998) survey indicated that a

substantial impact was made on two additional items: improvements in service quality and improvements in the quality of decisions or decision-making capacity. Since these findings were reported, this study shows that municipalities have made substantial gains in realizing the benefits of measuring performance in these areas.

II-IV. Have Performance Measures Affected the Quality of Decisions?

As the section title suggests, it is important to understand whether municipal officials think that the use of performance measures has helped them to make qualitatively *better* decisions than they would have without the information generated by the performance measures that they use. The judgments rendered by municipal executives on how performance measures have affected the quality of decision making by the city officials that use this information and data are summarized in Table 4-21.

Table 4-21. The overall impacts of performance measures on the quality of decision making

Impacts	Percent
No impact	7.1%
Slight positive impact	59.8%
Significant positive impact	29.0%
Don't know/ not sure	4.1%

Note: Based on 169 responses

Just under one-third of executives believe that the use of performance measures has had a significant positive impact on the quality of decision making by local officials. Another 60% of executives believe that the use of performance measures has had at least a slight positive impact on the quality of decision making. Only 7.1% believed that the use of performance measures had no impact on the quality of decision making. That 88.8% of responding executives thought that performance measures had at least some kind of positive impact on the quality of decisions is certainly encouraging for advocates of performance measurement.

What factors help to explain why some executives thought that performance measures had no or a slight impact and why others thought that they had a significant positive impact on decision making? The variables associated with this opinion on the impact of performance on the quality of decisions are presented in Table 4-22.

The key features of city departments that are associated with executive judgments that performance measures had a significant positive impact on the quality of decision making are the practice of using these measures to track performance over time and using these data to support management decisions. The organizational

Table 4-22. The overall impacts of performance measures on the quality of decision making by the key features of city departments and organizational features

	Overall impacts of performance measures on the quality of decision making
Most city departments:	
track service performance over time	.178*
use performance measure info to support management decisions	.332*
Organizational Features:	
Management views performance measurement as an important basis for making decisions.	.135
Elected officials generally support innovative ideas for improvement.	.226*
We have a reward/incentive system that encourages risk-taking.	.131
City council members support the use of performance measures	.113
City council members support funding for performance measures	.345*

Notes: Pearson correlation coefficients shown

* .05 significance level

features that were related at a statistically significant level are having elected officials who are generally supportive of innovative ideas for improvement and having city council members who are willing to allocate sufficient funds to support the performance measurement program.

These findings suggest the particular ways that performance data are used and the organizational features that, if present, appear to lead to performance measures having a significant positive impact on the decision making process in mid-sized cities. Once again, having the support of local elected officials and particularly having city council members who are willing to support the performance measurement program are factors of paramount importance in understanding whether performance measures are likely to have a significant positive impact on the local decision making process.

II-V. City Staff and Citizens' Perspectives on the Use of Performance Measures

In order to be successfully implemented, performance measures should have support from the city staff who are responsible for collecting and using these data, and ideally, support from citizen stakeholders who have an interest in what they reveal about how well city services and programs perform. This section focuses on city staff and citizens' perspectives on the use of performance measures.

Table 4-23 shows that virtually all executives indicated that their city’s chief executive officer supports the use of performance measures. Moreover, about 80% believe that most department heads in their city support the use of performance measures. Less than two-thirds agree that most staff administrators support it and just over 40% think that most line supervisors support performance measures. Remarkably, only about 30% of respondents agree that most city employees support the use of performance measures. These data indicate that while performance measurement is embraced by top management, support for the use of performance measures erodes significantly further down in the ranks of municipal employees.

Table 4-23. City administrators’ opinions about the performance measures employed

City administrators’ stake	N	Disagree	Neither agree nor disagree	Agree	Don’t know/ NA
The CEO supports the use of performance measures	188	1.1%	3.2%	95.7%	0.0%
Most department heads support the use of performance measures	188	3.7%	16.0%	80.3%	0.0%
Most staff administrators support the use of performance measures	187	8.0%	21.9%	63.6%	6.4%
Most line supervisors support the use of performance measures	188	14.9%	33.5%	42.0%	9.6%
Most city employees support the use of performance measures	188	18.6%	42.6%	29.3%	9.6%

When less than one in three executives think that most employees support performance measures, much additional work appears to be required in order to persuade or convince municipal workers to embrace or to at least see the merits of supporting local performance measurement efforts.

Berman & Wang (2000) found the similar results in their survey of county government use of performance measures. They reported that almost 90% of county manager supported the use of performance measures, about three-quarters of department heads supported the use of performance measures, and almost half of line supervisors supported performance measures. However, only 36.5% of county executives thought that most county employees supported the use of performance measures.

Analyses indicate that support from each of these government stakeholders is certainly important in terms of the impact that performance measures have on the quality of local decisions. As Table 4-24 indicates, support by government stakeholder groups, particularly department heads, line supervisors and city employees is especially important if performance measures are to have a significant positive impact on the quality of local decisions.

Table 4-24. The impact of performance measures on the quality of decision making when support is evidenced by government stakeholders

City administrators' stake	Impact of performance measures on quality of decision making
The CEO supports the use of performance measures	.292*
Most department heads support the use of performance measures	.406*
Most staff administrators support the use of performance measures	.411*
Most line supervisors support the use of performance measures	.329*
Most city employees support the use of performance measures	.358*

Notes: Cramer's V measures shown

* .05 significance level

Another set of stakeholders that executives rated as being an important audience for performance measures are citizens and community interest group leaders. As noted previously, a widely held expectation by executives was that performance measures would help to improve communication with these community stakeholders. To what extent do executives think that citizens and community leaders exhibit buy-in to the local performance measurement effort? The distributions in Table 4-25 indicate that local officials have made some progress among community leaders. Not quite half of executive respondents (44.7%) think that community leaders support the city's use of performance measures.

Table 4-25. Citizens' support for local performance measurement effort

Citizen/ community stake	N	Disagree	Neither agree nor disagree	Agree	Don't know/ NA
Community leaders support the use of performance measures	188	4.8%	28.2%	44.7%	22.3%
Citizens think the city is more accountable for results because performance measures are used	188	10.1%	29.8%	33.5%	26.6%
Citizen advisory boards support use of performance measures	187	10.2%	24.1%	30.5%	35.3%

However, only about a third of executives think that citizens now believe that the city is more accountable for results since using performance measures. Likewise, only 30.5% of executives think that their citizen advisory boards support the use of performance measures. Clearly, much more work remains to be done to communicate the value of performance measures and what local officials believe to be the impact these measures have had on the quality of local decisions.

The bivariate analyses presented in Table 4-26 suggest that it would definitely be worth the effort of local officials to engage citizens and citizen advisory board members in discussions and communications about the impacts that performance measures have on the quality of decisions by local officials.

Table 4-26. The impact of performance measures on the quality of decision making and citizens' support for the local performance measurement effort

Citizen/ community stake	Overall impact of performance measures on quality of decision making
Community leaders support the use of performance measures	.193
Citizens think the city is more accountable for results because performance measures are used	.325*
Citizen advisory boards support use of performance measures	.363*

Notes: Cramer's V measures shown

* .05 significance level

In those mid-sized cities where executives agree that citizens think the city is more accountable for results and where executives think that local citizen advisory boards support the use of performance measures, local officials certainly think that performance measures have a significant positive impact on the kind and quality of their decisions.

III. Summary

This chapter reported and analyzed the survey results concerning the uses and applications of performance measures and local officials' views about the impacts of performance measures. The first section of this chapter described and analyzed the factors associated with the types of performance measures used by mid-sized cities, the

reasons they adopted these measures, the results that local officials expected to see and the types of decision applications of the various performance measures.

This research finds that workload or output measures are the most widely used measures (55.7%) followed in frequency by citizen satisfaction measures (49.5%) and service quality measures (49.1%). Efficiency or unit cost measures are adopted and used by less than 40% of mid-sized cities. However, about half of all mid-sized cities have adopted at least some type of performance measure.

The types of performance measures a city is likely to adopt is influenced by the extent to which the city council understands what's involved in measuring performance. This understanding appears to lead to financial support for performance measures. City council members' understanding of performance measures is strongly associated with council members' support funding for performance measures.

Performance measures are most often used by those city services that typically comprise the largest proportions of a municipal budget such as public safety, streets, fleet maintenance and parks and recreation. On average, about half of all cities use all five types of performance measures for these services. These services also tend to be among the easiest types of services to measure the performance. By contrast, the

various staff functions and human services provided by cities present more difficult and challenging measurement issues in terms of performance. Not surprisingly, cities that provide these services generally use performance measures less frequently and also use fewer types of measures.

In terms of the specific types of performance measures, more cities use workload and outcome measures than service quality and citizen satisfaction measures for various city services. Generally, efficiency measures are the least frequently used. Perhaps local officials have decided to place a more emphasis on service outcomes rather than on service efficiency in keeping with trends in the private sector service industries.

Larger cities as measured by population size, size of operating budget and the number of full-time employees are more likely to use a broader, more extensive array of different types of performance measures for core six services. The cities that identify the city council, department heads and state or federal funding agencies as important stakeholders in performance reports are also the cities that are more likely to use a broader array of performance measurement types to evaluate the performance of the six commonly provided services. This finding suggests that there appears to be a

particular type of “Matthew effect” at work; to those that have, more will be given. In other words, the cities that can afford to apply more types of performance measures and that have a broader array of stakeholders interested in the results from these measures are the ones that do in fact use a more extensive array of measures. The cities that have used performance measures for a longer period of time are also more likely to use a broader array of performance measures to evaluate the six core services.

Clearly, the various features of organizational culture appear to matter in terms of the willingness to use a wider array of measures to track the performance of those services that consume large proportions of the typical municipal budget.

Previous analyses suggested that the support by council members is quite important to the character of local performance measurement efforts. This study also finds a strong connection between the type of council support and the character of the performance measurement effort. Cities with council members that are more likely to support funding for performance measures are much more likely to use a broader array of different performance measures.

The three most often cited reasons for their adoption and use of performance measures are to improve management decisions (81.9%), to support budget

recommendations/decisions (71.9%) and “to respond to citizen demands for greater accountability (68.6%).” Just over a third (35.7%) selected “to comply with the wishes of elected city officials. Much smaller proportions indicated that performance measures were adopted “to comply with state or federal reporting requirements” (14.1%) and to respond to pressure from various community groups. These findings are generally consistent with previous research (Streib and Poister 1998). Unlike previous research however, this survey finds that support for making budget recommendations and decisions is now one of the most important reasons reported for adopting performance measures. This suggests that local officials may realize the value of integrating performance measures in decisions and recommendations about budget allocation decisions to an extent not reported previously.

The three most commonly expected results from the use of performance measures were “stronger justification for management decisions” (73.5%), “stronger justification for budget requests” (72.9%) and “improved communication with citizens about service performance” (68.0%).

The results expected to be achieved by respondents appear to correspond to the three most frequently cited reasons why their city adopted performance measures.

These relationships are substantively significant in that they suggest that there is very little, if any, “cognitive dissonance” with respect to the reasons offered for adopting performance measures and what local officials expected to see as a result of their implementation. For some time now, a point of debate in the government performance literature has concerned whether performance measures are used more for public relations purposes (“window dressing”) or for improving the quality of management and budget decisions. These findings suggest that local officials in mid-sized cities appear to believe that performance measures have real value for improving the quality of management and budget decisions. Moreover, they appear to believe that the information generated by these measures can help the city to respond to citizen demands for greater accountability and to improve the quality of communications with citizens about how well the city performs its service responsibilities.

Generally, outcome measures are the most widely used type of performance measure. Only for resource allocation decisions are workload measures used more frequently than outcome measures. The widespread use of outcome measures makes it apparent that city officials value the type of performance data that indicate how well

services and programs are performing. This finding generally corresponds to that reported by De Lancer Julnes and Holzer (2001) and previous GASB studies (1997). Performance measures tend to be used more extensively when managers are the primary audience for performance data, when their staff has data analysis talent and when council understands performance information and provides adequate financial support for collecting performance data.

The second section of this chapter examined several dimensions of how local executives perceive the actual impacts that resulted from their city's use of performance measures. Over two-thirds of executives in mid-sized cities think that the impacts that they observed as a result of using performance measures met or exceeded their expectations. Cities with a council-manager form of government are more likely to have an experience with performance measures that met or exceeded their expectations compared to cities that have a mayor-council form of government. It was found that the length of time a city has used performance measures is correlated with the executives' perceptions of their actual impact. This indicates that cities with more experience with performance measurement are more likely to have an actual experience that met or exceeded their expectations. This finding suggests that the

longer performance measures are in place and the more experience local officials have with them, the more likely perceptions of their impact correspond to expectations.

This research finds that executives are more likely to perceive that their expectations for performance measures have been met or exceeded when city staffs have the resources and skills to analyze performance data. The standardized beta values of the regression analysis indicates that the three factors that are most important in terms of having an independent effect on whether an executives are likely to think that performance measures met or exceeded expectations are the use of performance measures to support management decisions, having staff with analytical skills, and having a lower proportion of the workforce that is unionized.

Analyses indicate that what is important in determining whether performance measures meet or exceed expectations is whether managers see performance data as an important element in making more informed decisions and then whether they are actually willing to make the organizational changes suggested by the performance data that they have collected. The municipal officials who expected performance measures to buttress budget requests and to improve communication with citizens also were likely to think that performance measures helped them to realize these expectations.

Most city officials believe that the performance measures used by their city were either somewhat or very helpful. Almost 90% of responding executives thought that performance measures had at least some kind of helpful impact on the quality of decisions. These findings suggest that the particular ways that performance data are used and the presence of certain features of organizational cultures lead to performance measures having a significant positive impact on the decision making process in mid-sized cities. Having the support of local elected officials and particularly having city council members who are willing to support the performance measurement program are factors of paramount importance in understanding whether performance measures are likely to have a significant positive impact on the local decision making process.

Support by government stakeholder groups, particularly department heads, line supervisors and city employees are especially important in terms of whether performance measures are perceived to have a significant positive impact on the quality of local decisions. Another set of stakeholders that executives rated as being an important audience for performance measures are citizens and community interest group leaders. A widely held expectation by executives was that performance measures would help to improve communication with these community stakeholders.

However, these results suggest that much more work remains to be done to communicate the value of performance measures to these community actors.

CHAPTER 5

CONCLUSION

Based on a randomly selected stratified sample of executives in mid-sized cities, 66% indicated that they adopted and actually use performance measures, 31% reported that they have not adopted any type of performance measures and only 0.03% have adopted some type of performance measures but have never actually used them. In terms of features and characteristics of mid-sized cities that use performance measures, this study finds that larger cities in terms of population size, operating budgets and full time employees are more likely to adopt and use performance measures. This finding reflects the fact that larger cities typically have more resources and staff expertise to develop and use performance measures.

Performance measures also are more likely to be adopted and used by cities with a council-manager form of government than by cities with a mayor-council form of government. Western and southern cities are more likely to adopt and use performance measures than north central and northeastern cities, but these regional

differences are explained by the fact that more western and southern cities have a larger number of council-manager governments.

Following the conceptual definitions advanced by Frederickson, Johnson, and Wood (2004), this study finds that structural changes are especially pervasive in mid-sized cities. The largest proportion of mid-sized cities has an “adapted” city structure. Mid-sized “administrative” cities have much higher rate of adoption and use of performance measures when compared to political cities but “adapted” cities have a comparable level of adoption and use of performance measures with administrative cities because of the widespread presence of professional administrators (CAOs) in this structure.

The level of unionization among city employees indicates that those cities with higher levels of employee unionization are somewhat less likely to adopt and use of performance measures. The mean city characteristics of income, race, and education are not statistically significantly related to the adoption and use of performance measures. This means that mid-sized cities with different economic, racial, and educational features are equally likely to adopt and use service performance measures.

Municipal officials, regardless of their experience in local government service, see some merit in adopting and using performance measures.

One-half of mid-sized city officials indicated that the primary responsibility for developing or devising performance measures is located in operating departments. It is not a surprise that operating departments are most likely to involve development of performance measures. Developing performance measures is an executive branch function. For the most part, it has been delegated to line or staff department heads.

That the use of performance measures is still in its nascency is suggested by the finding that over half of the cities reported that they have used performance measures less than 7 years. Only 18 % of the cities reported that they have used performance measures for more than 10 years.

More than 90% of respondents agree that management is willing to implement organizational change whenever appropriate while less than half (40.5%) of respondents agree that non-management employees generally are receptive to change in organizational policies. While most respondents agree that management views performance measurement as an important basis for making decisions, only about 20% strongly agree with this view. About 90% of respondents agree that elected officials

generally support innovative ideas for improvement but only about one-quarter of respondents have a reward/incentive system in place that encourages risk-taking.

Only about one-third of city officials think that most of their city's departments have the staff with the skill to analyze performance data. Less than one-fourth of city officials report that their city departments use the measures to track service performance over time and to set annual performance. Less than 20% of respondents reported that most city departments use performance measure information to support management decisions and to identify annual goals for programs. That many cities do not actually use performance data to support management decision or to set annual performance goals, suggest that most cities have not yet realized the potential benefits or impacts that performance measurement promises for promoting more accountable government operations. However, among those cities that do use performance measures for these functions, executives are much more likely to think that the use of these measures has met or exceeded expectations.

Over two-thirds of city officials agreed that their city council members support the use of performance measures. Over one-half of executives reported that their city council members understand the performance measures they use, but less than one-

third of respondents agreed that their city council members provide adequate funding for performance measures.

Consistent with previous research findings, this study shows that cities are less inclined to use unit cost or efficiency measures than other types of measures even though efficiency measures are often presumed to be important for budgeting purposes.

The type of performance measures a city is likely to adopt appear to be influenced by the extent to which the city council understands what's involved in measuring performance. This understanding appears to lead to financial support for performance measures.

Performance measures generally are used most often for the city services that typically comprise the largest proportions of municipal budgets. These include public safety services, streets, code enforcement, fleet maintenance and parks and recreation. On average, about half of all mid-sized cities use all five types of performance measures for these services. The cities that identify the city council, department heads and state or federal funding agencies as important stakeholders in performance reports are also the cities that are more likely to use a broader array of performance measurement types to evaluate the performance of the six commonly provided services.

The cities that apply a broader range of performance measures to the six commonly provided services have staff skilled in analyzing performance data, sufficient funding to collect performance data, an interest in comparing performance with other cities, use performance data to help identify annual program goal and use these data to support management decisions and to set annual performance targets. Broader use of different types of performance measures is more common among cities where management is willing to implement organization change, views performance data as an important factor in making decisions and has in place a reward/incentive system that encourages risk-taking. It is also more likely in cities where non-management employees are more receptive to change in organization policies. Clearly, the various features of organizational culture matter in terms of a city's use of a wider array of measures to track the performance of those services that consume largest proportions of the typical municipal budget.

The three reasons cited most often by local officials for why their city adopted performance measures were “to improve management decisions” (81.9%), “to support budget recommendations/decisions” (71.9%) and “to respond to citizen demands for greater accountability (68.6%).” Just over a third (35.7%) selected “to comply with the

wishes of elected city officials.” Unlike previous research however, this survey finds that support for making budget recommendations and decisions is now one of the most important reasons reported for adopting performance measures. This suggests that more local officials realize the value of integrating performance measures in decisions.

The three most commonly expected results were “stronger justification for management decisions” (73.5%), “stronger justification for budget requests” (72.9%) and “improved communication with citizens about service performance” (68.0%).

The results expected to be achieved by respondents correspond to the three most frequently cited reasons for why their city adopted performance measures. These relationships are substantively significant in that they suggest that there is very little, if any, “cognitive dissonance” with respect to the reasons offered for adopting performance measures and what local officials expected to see as a result of their implementation. While there has been debate in the government performance literature concerning whether performance measures are used more for public relations purposes (“window dressing”) than for improving the quality of management and budget decisions, these findings suggest that local officials in mid-sized cities believe that performance measures have real value for improving the quality of management and

budget decisions. Moreover, they appear to believe that the information generated by these measures can help the city to respond to citizen demands for greater accountability and to improve the quality of communications with citizens about how well the city performs its service responsibilities.

Generally, this study finds that performance measures are used more extensively when managers are the primary audience for performance data, when their staff has data analysis talent and when city council members understand performance information and provide adequate financial support for collecting performance data.

This study indicates that most city officials recognize the value of performance measures for helping to improve management decisions. Top city officials appear to have a high level of commitment to refining these measures and extending their application to more community services. However, one of the main challenges they confront continues to be “buy-in” by line supervisors and their employees with respect to the value and applications of performance measures. This finding suggests that there continues to be a certain level of fear or anxiety about the use of performance measures among most city employees.

This research finds that over two-thirds of executives in mid-sized cities think that the impacts that they observed as a result of using performance measures met or exceeded their expectations. Cities with a council-manager form of government are more likely to have an experience with performance measures that met or exceeded their expectations compared to cities that have a mayor-council form of government. The length of time a city has used performance measures is correlated with the executives' perceptions of their actual impact. The longer performance measures are in place and the more experience local officials have with them, the more likely perceptions of their impact correspond to expectations.

This research finds that executives are more likely to perceive that their expectations for performance measures have been met or exceeded when their staffs have the resources and skills to analyze performance data. The use of performance measures is most likely to meet or exceed expectations when performance measures are used to support management decisions, when staffs have adequate analytical skills, and when a lower proportion of the workforce is unionized.

Analyses suggest that what is important in determining whether performance measures meet or exceed expectations is whether managers see performance data as an

important element in making more informed decisions and then whether they are actually willing to make the organizational changes suggested by the performance data that they have collected. The municipal officials who expected performance measures to buttress budget requests and to improve communication with citizens also were likely to think that performance measures helped them to realize these expectations.

Most city officials believe that the performance measures used by their city were either somewhat or very helpful in most decision areas. Almost 90% of executives thought that performance measures had at least some kind of positive impact on the quality of their decisions. Having the support of local elected officials and having city council members who are willing to support the performance measurement program are factors of paramount importance in understanding whether performance measures are likely to have a significant positive impact on the local decision making process.

Support by government stakeholder groups, particularly department heads, line supervisors and city employees are especially important if performance measures are to have a significant positive impact on the quality of local decisions. Likewise, support by citizens and community interest group leaders is also important. While

most executives thought that performance measures would help to improve communication with these two groups of stakeholders, clearly, much more work remains to be done to communicate the value of performance measures to employees and the impact performance feedback has had in terms of improving the quality of decisions and enhancing the city's accountability for results.

This research finds that 66% of mid-sized U.S. cities adopted and actually use performance measures. Earlier research conducted by Poister and Streib (1999) indicated that only about 38 percent of cities in this population range had adopted performance measures. Consequently, it appears that mid-sized cities have been very active in terms of adopting performance measures during this five year period. They may very well be in the vanguard of both adopting using and refining measures for service and program performance. Future research might compare the rate of adoption of performance measures by mid-sized cities with communities below or above this population range to determine whether mid-sized cities are the source for the diffusion of innovations in performance measures.

This research also finds that government structure really matters the adoption and use of performance measures. Why are the governments with council-manager

form more likely to adopt performance measures than the governments with mayor-council form? One possible avenue of explanation that merits additional study concerns the impacts and consequences of having professional administrators (CAOs) responsible for managing and using performance measures.

This research finds that while performance measurement is embraced by top management, support for the use of performance measures erodes significantly further down in the ranks of municipal employees. Further research should seek to determine why lower-level employees are less supportive of performance measures and what would be required for them to boost their level of support for these measures. Since this study finds that cities with higher levels of employee unionization do not appear to realize all of the expected benefits of measuring performance, future study should focus on understanding how collective bargaining might conflict with the objectives of a performance measurement system.

In depth comparative case studies are needed to investigate why some local governments adopted and use performance measures and why others do not. While idiographic research has limitations, it also has the advantage of avoiding problems in trying to compare communities that have widely varying measures for services.

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Appendix

National Survey of Municipal Performance Measurement Practices

ADOPTION/ DEVELOPMENT OF PERFORMANCE MEASURES

Cities may employ one or more of these types of measures:

Workload or Output Measures - Amount of work or service provided or performed. *Examples:* tons of trash collected, number of calls answered.

Efficiency or unit cost Measures - Dollar cost per unit of output or workload. *Examples:* cost per police car dispatched, cost per refuse collection account served.

Outcome or Effectiveness Measures - Extent to which objectives, needs or desired impacts are achieved, met or produced. *Examples:* reduction in the number of commercial burglaries, reduction in substandard housing units.

Service Quality Measures - A value-based assessment of services. *Examples:* convenience level, response time, accuracy rate, safety level, turn-around time, courtesy rating.

Client or Citizen Satisfaction Measures - Extent to which clients think their needs are met; citizen ratings of programs. *Examples:* total complaints received, percent positive rating on a measure of service satisfaction; (information usually derived from surveys).

1. Considering these descriptions, please indicate whether your city has “Not adopted,” “Adopted but not used currently,” or “Currently use” each type of measure. (Please circle the number that applies to each type of measure).

Type of Measure	Not adopted	Adopted, not used	Currently use
Workload or Output measures	1	2	3
Efficiency or Unit Cost measures	1	2	3
Outcome or Effectiveness measures	1	2	3
Service Quality measures	1	2	3
Client or Citizen Satisfaction measures	1	2	3

If your city has “not adopted” any of these measures, please go to the last page and answer questions 17 – 24 and return the survey in the enclosed reply envelope. If your city has adopted or currently uses any of the above measures, please proceed to question #2.

2. Cities adopt service measures for different reasons, some of which are listed below. In thinking about *why* your city adopted the measures you circled, please rank order the **three** most important reasons with “1” being most important.

Rank

_____	To improve management decisions
_____	To respond to citizen demands for greater accountability
_____	To comply with wishes of elected city officials
_____	To respond to pressure from various community groups
_____	To support budget recommendations/decisions
_____	To comply with state or federal reporting requirements
_____	Other (please specify):

3. In your opinion, which results did city officials *really* expect to see after using the service or performance measures adopted by your city? (Please circle the numbers of **all** that apply).

1	Stronger justification for management decisions (e.g. personnel or resource deployment)
2	Improved communication with citizens about service performance
3	Enhanced understanding of service performance by council members
4	Stronger justification for budget requests
5	Improved employee morale
6	Improvement in employee performance
7	Other: (please specify):

4. In thinking about the above expectations city officials may have had for the impact of service performance measures, would you say your city’s *actual* experience with these measures *generally* “fell short,” “met,” or “exceeded” these expectations? (Please circle one number).

- 1 Fell short of the expectations
- 2 Met expectations
- 3 Exceeded expectations
- 4 Don’t know/ not sure

5. Which of the following has primary responsibility for **developing or devising** service and performance measures in your city? (Please circle one number).

- 1 City Manager’s office
- 2 Mayor’s office
- 3 Operating Departments
- 4 City Council Staff Office
- 5 Budget Office
- 6 Other (please specify):

6. Who is/are the **primary** audience(s) for reports or information about the service or performance measures your city currently uses? (Please circle all that apply).

- 1 City manager, chief administrative officer, or other executive staff
- 2 Mayor or professional staff in the mayor’s office
- 3 City council members
- 4 Department heads, program managers, other line managers
- 5 Budget officials, personnel officials, other professional staff
- 6 State and federal funding agencies
- 7 Citizen advisory boards or groups
- 8 Other (Please specify)

B. USE & APPLICATIONS OF SERVICE/ PERFORMANCE MEASURES

7. Please circle the number of each type of measure city officials may use for each activity. Just skip any activity not relevant to your city or that is not supported by any type of performance measure.

Activity	Type of Measure				
	Workload	Efficiency	Outcomes	Quality	Citizen sat. surveys
Strategic Planning	1	2	3	4	5
Resource Allocation (Budgeting)	1	2	3	4	5
Managing/ Evaluating Programs	1	2	3	4	5
Internal Management Reports	1	2	3	4	5
Reports to Elected Officials	1	2	3	4	5
Reports to Citizens/ Media	1	2	3	4	5

8. Please circle the number of *all* the types of measures currently used by personnel in each service area.
 Just skip any service not provided by your city or that does not use any type of measure.

Service	Type of Measure				
	Workload	Efficiency	Outcomes	Quality	Citizen sat. surveys
Police	1	2	3	4	5
Fire Prevention/Suppression	1	2	3	4	5
Emergency Medical Service	1	2	3	4	5
Animal Control	1	2	3	4	5
Planning/Zoning	1	2	3	4	5
Code Enforcement/Inspection	1	2	3	4	5
Housing	1	2	3	4	5
Water Supply/Sewerage	1	2	3	4	5
Solid Waste Collection/Disposal	1	2	3	4	5
Street Maintenance	1	2	3	4	5
Traffic Engineering	1	2	3	4	5
Public Transit	1	2	3	4	5
Libraries	1	2	3	4	5
Parks & Recreation	1	2	3	4	5
City Attorney	1	2	3	4	5
City Clerk	1	2	3	4	5
Municipal Courts	1	2	3	4	5
Purchasing	1	2	3	4	5
Fleet Maintenance	1	2	3	4	5
Risk Management	1	2	3	4	5
Data Processing	1	2	3	4	5
Budget & Finance	1	2	3	4	5
Personnel/Human Resources	1	2	3	4	5

C. IMPACTS OF PERFORMANCE MEASUREMENT

9. How would you rate the overall helpfulness of the performance measures used in your city with respect to each of these possible impacts? (Please circle one number for each possible impact).

Possible Impact	Helpfulness Level			
	Not helpful	Somewhat Helpful	Very Helpful	Don't know/ not sure
Made positive changes in program emphasis	1	2	3	4
Improved performance among employees	1	2	3	4
Improved quality of decisions & decision capacity	1	2	3	4
Facilitated program goal setting	1	2	3	4
Focused program priorities	1	2	3	4
Supported personnel performance appraisals	1	2	3	4
Increased service quality level	1	2	3	4
Enhanced employees' understanding of goals	1	2	3	4
Improved relations with community groups	1	2	3	4
Realized some cost savings for city service(s)	1	2	3	4
Better communication between administrators & elected officials	1	2	3	4
Enhanced accountability of individual managers	1	2	3	4

D. CONSUMERS OF PERFORMANCE MEASUREMENT INFORMATION

10. How have the majority of city council or commission members received the information about the service or performance measures used. (Please circle the number for your opinion that best describes the majority of members on the council/commission).

Council/ Commission Stake	Disagree	Neither Agree nor Disagree	Agree	Don't know/ not applicable
City council members understand the performance measures we use	1	2	3	4
City council members support the use of performance measures	1	2	3	4
City council members helped to design some measures used	1	2	3	4
City council members support funding for performance measures	1	2	3	4

11. Overall, what impact has the information derived from performance measures had on the **quality of decision making** by the city officials that use this information? (Please circle one).

- 1 No impact
- 2 Slight positive impact
- 3 Significant positive impact
- 4 Don't know/ not sure

12. What do citizen groups generally think about the city's use of performance measures? (Please circle the number that best describes your opinion about these items).

Citizen/ Community Stake	Disagree	Neither Agree nor Disagree	Agree	Don't know/ not applicable
Citizen advisory boards support use of performance measures	1	2	3	4
Citizens think the city is more accountable for results because performance measures are used	1	2	3	4
Community leaders support the use of performance measures	1	2	3	4

13. What do city administrators think about the performance measures employed? (Circle the number that best fits your opinion).

City Administrators' Stake	Disagree	Neither Agree nor Disagree	Agree	Don't know/ not applicable
The CEO supports the use of performance measures	1	2	3	4
Most department heads support the use of performance measures	1	2	3	4
Most staff administrators support the use of performance measures	1	2	3	4
Most line supervisors support the use of performance measures	1	2	3	4
Most city employees support the use of performance measures	1	2	3	4

E. PERFORMANCE MEASUREMENT CAPACITY

14. Now we'd like to know what you think about the overall capacity and adequacy of your city's resources for collecting and using performance data and information.

	No	Yes	Don't know
Most city departments:			
have staff with the skill to analyze performance data	1	2	3
have sufficient funding to collect performance data	1	2	3
track service performance over time	1	2	3
compare service performance with that obtained in other cities	1	2	3
identify annual goals for programs	1	2	3
use performance measure info to support management decisions	1	2	3
set annual performance targets	1	2	3

15. About how long has your city used performance measures? _____ years

F. ORGANIZATIONAL FEATURES

16. Please indicate the extent to which you disagree or agree with each of these statements.

Organizational Feature	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know
Management is willing to implement organizational change whenever appropriate.	1	2	3	4	5
Management views performance measurement as an important basis for making decisions.	1	2	3	4	5
Non-management employees generally are receptive to change in organizational policies.	1	2	3	4	5
Elected officials generally support innovative ideas for improvement.	1	2	3	4	5
We have a reward/incentive system that encourages risk-taking.	1	2	3	4	5

G. CITY CHARACTERISTICS

17. Please indicate whether your city has any of the following features.

Feature	No	Yes
Mayor is directly elected by citizens	1	2
Mayor is selected by council	1	2
Most council members are elected by district	1	2
Most council members are elected at-large	1	2
Council members elected by a mixed district & at-large system	1	2
City has a Chief Administrative Office (CAO) position	1	2
Mayor presides over council meetings	1	2
Department heads report to the Mayor	1	2
Department heads report to a CAO	1	2
Mayor appoints and terminates CAO <i>without</i> consent of council	1	2
Mayor appoints and terminates CAO <i>with</i> consent of council	1	2
Council appoints and may terminate city manager	1	2
Statutory charter form is "Mayor-Council" form of government	1	2
Statutory charter form is "Council-Manger" form of government	1	2
Statutory charter form is "Commission" (without administrator)	1	2

18. What was your city's total **operating** budget for FY 2004? \$ _____

19. About how many full-time equivalent employees (FTEs) are employed in your city? _____

20. About what percent, if any, of all FTEs are unionized? _____%

21. Generally, how would you characterize the nature of labor-management relations among city personnel? (Please circle one choice).

1	Poor --	Relations are strained in many areas, creating a multitude of problems
2	Fair --	Relations are good in some areas, but there are problems in others
3	Good --	Management & labor usually work well together; only a few minor problem areas

22. What is your official title/position? _____

23. How long have you held that position? _____ years

24. About how many years of local government service do you have? _____ years

Thank you very much for answering these questions. Your help is sincerely appreciated!

If you would like to receive an executive summary of the results of this national survey, please print your e-mail address here: _____

Vita

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