

## GOVERNMENT PERFORMANCE IN INDICATORS VERSUS ORGANIZATIONAL THEORY

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### ABSTRACT

*There are localities in Malaysia where local government performance is systematically superior and others where it is inferior. Similar institutions perform systematically better here than there always opens up queries and objection among people. Recognizing the enormous practical implications of this question for local democratic governance in Malaysia, this paper aims on the decision-makers and researchers to assess and explain local government performance. Thus, this paper try looking forward the concept of local government performance and uses a wide variety of variables to gauge its variance on the one hand, and its roots in economic, political, legal, cultural and social factors on the other.*

**Keywords:** Local government, measurement, performance, governance, political

### INTRODUCTION

Over the years, the local authorities in Malaysia have been soundly criticized for poor services. Due to the importance of local government services that local authorities provide, they are subjected to daily barrage of questions and complaints directly in the press and tougher higher ups at the state and federal levels. The question on what is the meant by performance in the public service context, and how can it best be measured always arise due to lack of services and human resources and often times, due to poor management and incompetence and not mention sheer arrogance, fraught with problems (Kloot, 1995).

### THE CONCEPT AND MEASUREMENT OF LOCAL GOVERNMENT PERFORMANCE

The variable to be explained in the research is the political performance of local governments. There is no single, widely accepted definition of government performance in the social sciences. Consensus on the measurement of local government performance, in particular, is conspicuously absent in the literature. Still, insights from two disciplines, political science and organizational theory, can be relied on in conceptualizing local government performance.

### ORGANIZATIONAL THEORY

Organizational theory developed highly sophisticated measures of organizational performance. Three approaches emerged to evaluate performance (Robbins, 1998);

1. The oldest approach focuses on how well an organization attains its goals. This approach assesses organizational performance in terms of accomplishing goals rather than means. The exclusive use of the goal-attainment approach inevitably faces

- of goals (e.g. short-term vs. long-term goals, actual vs. multiple goals).
- performance in terms of means to achieve goals. The focus is on internal efficiency measured in ratios (usually output/input). The International City/County Management Association (ICMA) developed a series of indicators for the measurement of administrative efficiency in local governments (e.g. average number of days to replace a defective streetlight, percent of help desk calls resolved at time of call, number of employee grievances and appeals per 100 full time employees; see Kopczynski and Lombardo (1999) and ICMA web page).
3. The third approach stresses the stakeholders' importance in the organization. The strategic constituencies approach (or participant satisfaction model) suggests that a well-performing organization is the one that satisfies the needs of those whose cooperation is necessary for the success of the organization. For local governments, the strategic constituency is mainly the citizens of a municipality.

## POLITICAL SCIENCE

The other discipline taking institutional performance seriously is political science. Since its emergence, the problem of "good government" has been one of the most important items on the research agenda of the discipline. In empirical studies of democracy, comparisons have been drawn, sometimes on a large scale, between countries by means of disaggregated performance indicators such as political corruption, personal freedom, government fairness, responsiveness to citizens' needs and demands, speed and comprehensiveness of policy response to environmental change such as change in oil prices, etc. The political performance indices produced by these studies usually measure the performance of the political system as a whole.

Robert Putnam and his associates (1993) made a pioneering effort to measure and explain institutional performance on the sub-national level. Their central empirical question was as follows: "What are the conditions for creating strong, responsive, effective representative institutions?"

Representative political institutions, Putnam claims, must decide things *as well as* do things. They must achieve agreements *as well as* attain goals. High-performance institutions are "effective in using limited resources to address [...] demands". But, a democratic institution must be "sensitive to the demands of its constituents". Putnam's conception of both effective and responsive institutions is based on the following model of the governmental process: "societal demands → political interaction → government → policy choice → implementation." Institutional performance, thus, includes the recognition of demands, decision-making, and the execution of decisions.

The question worth raising is whether such democratic features as transparency, political competition, citizen participation, NGO activism, and so forth have an impact on government performance, and under what conditions is this impact positive and significant. What are the specific characteristics of the environment that facilitate or trigger better performance? *Does a local government in a democratic environment perform better than a local government in a less democratic political system?* Is it democracy that explains performance or something else? These are the questions this research project will address.

## MENT PERFORMANCE

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From the viewpoint of policy processes (‘maintenance’ in the functionalist language; ‘operational efficiency’ for the student of public administration (Polidano, 1999)), effectiveness means the ability of the local government to conduct its internal operations smoothly and efficiently. The operating assumption here is that frequently delayed or modified decisions indicate the lack of information, poor preparation by the administration or serious disagreements among decision-makers (Putnam, 1993).

The second column shows the conceptualization of responsiveness. On the level of individual citizens, responsiveness means the helpful and prompt activity in the offices of the local government. If citizens experience relief, benevolence and efficiency, the local government has achieved a good level of responsiveness in this respect.

A more substantive responsiveness can be captured through the correspondence between budget allocation of local government and public concerns, respectively. Thus, on the level of goals, responsiveness is the congruence between local government policy objectives and citizens’ wants and needs. If local government is able to address local people’s demands, it shows responsiveness. It is to be examined, however, what qualifies for representing public concerns in the eyes of decision-makers and administrative officials: the opinion of elected representatives, the general public opinion (gauged through local polls, for instance), and the opinion of the noisiest or the best organized or otherwise resourceful groups in the local community. Finally, responsiveness also implies the implementation of policies in a way that meets people’s expectations. The level of satisfaction with the services and programs of local government shows this kind of responsiveness.

### ‘DOING MORE WITH LESS’ OR ‘DOING LESS WITH LESS’

Since local authorities are the level of government that is closest to the people, they also faced increased pressures for more accountability and transparency. In addition, the local authorities are facing greater challenges, due to increase in urbanization and education levels of the population, also industrialization of the country (MHLG, 2003). Besides the administrative pressures, such changes have also exerted pressure on the management of local government finance. Besides that, local authorities have to bear the burden of having to pay for some of privatized services such as privatization of solid waste disposal and related cleaning services. Under the interim period of the privatization plan, the private consortium which undertook the provision the solid waste disposal and urban cleaning services are paid by the local authorities. A number of the poorer district authorities have been faced with lack of funds to pay the consortium due to higher cost of private provision of the services. Nevertheless, these events have led local government in the country to be more focused in the remaining services. Thus, we need to look hard at what is working well and what is not working well at present by expressing this as ‘doing more with less’ or ‘doing less with less’ by looking for what priority to measure performance in local government.

exist because too many local governments conceive of policies by influencing of political circumstances. could rely on organizational theory such as leadership, commitment, decision making and so forth when measuring performance in local government. The showstopper problems, however, are almost always the problems that flow from the politics of organizational change, in other words, the political will of the leaders in local government is of importance as well as being realistic with the challenges of implementing ambitious in their respect municipality (Rao, 1993). The queries always rise up as; "Should a service be judged by its accessibility or its financial matter", and "who should do the judging"? "How can moves to increase the managerial responsibilities and decision-making powers of public servants be reconciled with democratic control and effective auditing procedures"? These questions make scholars in dilemmas evaluating for public agencies are "Whether the public manager is doing the right things or doing the good things".

It is difficult to assess how well a local authority in performing because there is no owner with equity stake in the local authority demanding or requiring measurement. There is no bottom-line of profitability or easily quantifiable outcomes that can be used as a benchmark. As a government agency, local authority is not focusing on profitability but rather on providing services for the well being of its community. By determining whether public agencies doing the right thing or not, there are questions need to be answered. Are the programs achieving the agreed objectives? Are the resources used economically? Does the public manager face the right incentives for forging appropriate partnership of constructing within and beyond government?

What activities are programme should or could be transferred in whole or part to the private or voluntary sector? To answer these questions is tends to subjective because local authorities maybe efficient doing their functions, but does they are effective as a social and development agent? In other words, even the public communities may assess the performance of their local authority by looking at whether they have been served to their satisfactory level but still not enough. The public is not so much concern whether the local authority is having sufficient resource or not since they expect that resources would come from the government. The public also not further looking at local authorities practicing development oriented than service oriented which have limitation in certain condition.

Local authorities are accountable for performance of their organizations. The stakeholders who are interested to know their performance include the members of the House of Representatives, the local authorities council members, the community or the tax payers the local authorities are serving, the public large as well as the mass media. In recent years, the media has taken an active role in highlighting many issues that concern the public interest, which demand the local authorities to be more accountable. Is the general public receiving the best value for its tax dollars? Because of some political circumstances, this question lead to factor that public does not get many explanations from their local authorities until some problem or issues cropped up and received the media coverage in the press or televisions. Because of this, the community is becoming more vocal in voicing their grouses over the services provided by their local authorities. Their also demanding clearer and greater accountability for the way local authority make decision.

## PERFORMANCE INDICATOR (KPI) IN LOCAL GOVERNMENT

Local authorities that audited are means for the local authorities to show their accountability to the stakeholders. However, not much information is made available in that report other than the audited general reports. In addition there have been a number of issues raised with regards to the published State reports of the local authorities. There are some of examples of poor performance of local authorities. The implementation of key-performance-indicator (KPI) system to monitor and measure the performance of the public sector delivery system as proposed by the Federal Government is still at infancy stage. The poor performance of local authorities will lead the challenge posed by KPI is that of *õdo* the structure and ways of working in the current local government are fit for the improving local service delivery? And what significant changes can be proposed and necessary if we are to realize the potential of federal government and state government agenda? In other words, our tasks is that how to make local government effective and efficient in service deliveries at local levels.

In Malaysia, although elections are held to elect people's representatives at the federal and state level, none is available at the third level where the office bearers are appointed by the state government, which is statutory owner. The citizenry are also ill-equipped with what can be expected from their local governments although their awareness on this respect has been rising over time. For instance, the man on the street is often confused about the functions of local government in Malaysia although its importance to him is very real and personal (Ambrin Buang, 2006). As such, it is not surprising to note that most local governments are also uninterested to disseminate information to their residents on how their revenue is spent fearing that they will be burdened with too many unwanted quires and objections. This view is on the contrary to the statement that the performance of different local government organizations must be publicized in the form of scorecards in the new media. Lack of the check-and-balance system by the people has led most local authorities in the country complacent and self-governing.

## POLITICAL MASTERS IN PUBLIC AGENCIES

Despite the variety of changes and interest and commitment of political masters at federal, state and local levels, these changes have resulted a slight shift in the fulcrum balancing the agency interest vis-a- vis those of users cum customers. Arguably, the changes have been a symbolic, tactical and mechanical embracement of the practices. For example, the Client Charters are in place but there is no public report of performance of the agency, there is still not active consultation with users in designing processes especially if they are a diffused and non-vocal lot (Hazman, 2003). There is no significance attempt to enable tracking of transactions including online arrangements, the laws that enable limited disclosure-habits with practices that symbolize accountability and transparency, focus on productivity rather productive outcomes.

Having multiple stakeholders with conflicting needs may result in the measure used to evaluate local authorities' performance to be in conflict. The measurement and evaluation of public agencies performance is further complicated due to the vagueness of public policy (Cheung, 1993). Policy objectives may result in contradictory and completing goals. As a result, it is very difficult to determine which objectives are most important and to whom it is important. The multiple and vague goals would result in difficulty in measuring performance

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## CONCLUSION

Given the above, what measures of performance should be used within the public agencies, specifically the local government authorities. Then, the question arises on what measures to use and how do we formulate measures for performance? Should the focus be on input indicators (units of output/service provided), outcome indicators (the results of service provided), the cost effectiveness indicators or the productivity indicators (focus on both effectiveness and efficiency). Finally, the main question on whether the performance measurement in Malaysian local government influenced by political indicators or organizational theory indirectly shown by above phenomenon's.

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**Keywords:** Local government, measurement, performance, governance, political

### INTRODUCTION

Over the years, the local authorities in Malaysia have been soundly criticized for poor services. Due to the importance of local government services that local authorities provide, they are subjected to daily barrage of questions and complaints directly in the press and tougher higher ups at the state and federal levels. The question on what is the meant by performance in the public service context, and how can it best be measured always arise due to lack of services and human resources and often times, due to poor management and incompetence and not mention sheer arrogance, fraught with problems (Kloot, 1995).

### THE CONCEPT AND MEASUREMENT OF LOCAL GOVERNMENT PERFORMANCE

The variable to be explained in the research is the political performance of local governments. There is no single, widely accepted definition of government performance in the social sciences. Consensus on the measurement of local government performance, in particular, is conspicuously absent in the literature. Still, insights from two disciplines, political science and organizational theory, can be relied on in conceptualizing local government performance.

### ORGANIZATIONAL THEORY

Organizational theory developed highly sophisticated measures of organizational performance. Three approaches emerged to evaluate performance (Robbins, 1998);

1. The oldest approach focuses on how well an organization attains its goals. This approach assesses organizational performance in terms of accomplishing goals rather than means. The exclusive use of the goal-attainment approach inevitably faces

- of goals (e.g. short-term vs. long-term goals, actual vs. multiple goals).
- performance in terms of means to achieve goals. The focus is on internal efficiency measured in ratios (usually output/input). The International City/County Management Association (ICMA) developed a series of indicators for the measurement of administrative efficiency in local governments (e.g. average number of days to replace a defective streetlight, percent of help desk calls resolved at time of call, number of employee grievances and appeals per 100 full time employees; see Kopczynski and Lombardo (1999) and ICMA web page).
3. The third approach stresses the stakeholders' importance in the organization. The strategic constituencies approach (or participant satisfaction model) suggests that a well-performing organization is the one that satisfies the needs of those whose cooperation is necessary for the success of the organization. For local governments, the strategic constituency is mainly the citizens of a municipality.

## POLITICAL SCIENCE

The other discipline taking institutional performance seriously is political science. Since its emergence, the problem of "good government" has been one of the most important items on the research agenda of the discipline. In empirical studies of democracy, comparisons have been drawn, sometimes on a large scale, between countries by means of disaggregated performance indicators such as political corruption, personal freedom, government fairness, responsiveness to citizens' needs and demands, speed and comprehensiveness of policy response to environmental change such as change in oil prices, etc. The political performance indices produced by these studies usually measure the performance of the political system as a whole.

Robert Putnam and his associates (1993) made a pioneering effort to measure and explain institutional performance on the sub-national level. Their central empirical question was as follows: "What are the conditions for creating strong, responsive, effective representative institutions?"

Representative political institutions, Putnam claims, must decide things *as well as* do things. They must achieve agreements *as well as* attain goals. High-performance institutions are "effective in using limited resources to address [...] demands". But, a democratic institution must be "sensitive to the demands of its constituents". Putnam's conception of both effective and responsive institutions is based on the following model of the governmental process: "societal demands → political interaction → government → policy choice → implementation." Institutional performance, thus, includes the recognition of demands, decision-making, and the execution of decisions.

The question worth raising is whether such democratic features as transparency, political competition, citizen participation, NGO activism, and so forth have an impact on government performance, and under what conditions is this impact positive and significant. What are the specific characteristics of the environment that facilitate or trigger better performance? *Does a local government in a democratic environment perform better than a local government in a less democratic political system?* Is it democracy that explains performance or something else? These are the questions this research project will address.



## MENT PERFORMANCE

ence can be conceptualized in a two-way table in which columns represent the distinction between rational organizational effectiveness and responsiveness; and rows divide government activity into three types: policy processes, policy content, and policy implementation.

From the viewpoint of policy processes (‘maintenance’ in the functionalist language; ‘operational efficiency’ for the student of public administration (Polidano, 1999)), effectiveness means the ability of the local government to conduct its internal operations smoothly and efficiently. The operating assumption here is that frequently delayed or modified decisions indicate the lack of information, poor preparation by the administration or serious disagreements among decision-makers (Putnam, 1993).

The second column shows the conceptualization of responsiveness. On the level of individual citizens, responsiveness means the helpful and prompt activity in the offices of the local government. If citizens experience relief, benevolence and efficiency, the local government has achieved a good level of responsiveness in this respect.

A more substantive responsiveness can be captured through the correspondence between budget allocation of local government and public concerns, respectively. Thus, on the level of goals, responsiveness is the congruence between local government policy objectives and citizens’ wants and needs. If local government is able to address local people’s demands, it shows responsiveness. It is to be examined, however, what qualifies for representing public concerns in the eyes of decision-makers and administrative officials: the opinion of elected representatives, the general public opinion (gauged through local polls, for instance), and the opinion of the noisiest or the best organized or otherwise resourceful groups in the local community. Finally, responsiveness also implies the implementation of policies in a way that meets people’s expectations. The level of satisfaction with the services and programs of local government shows this kind of responsiveness.

### ‘DOING MORE WITH LESS’ OR ‘DOING LESS WITH LESS’

Since local authorities are the level of government that is closest to the people, they also faced increased pressures for more accountability and transparency. In addition, the local authorities are facing greater challenges, due to increase in urbanization and education levels of the population, also industrialization of the country (MHLG, 2003). Besides the administrative pressures, such changes have also exerted pressure on the management of local government finance. Besides that, local authorities have to bear the burden of having to pay for some of privatized services such as privatization of solid waste disposal and related cleaning services. Under the interim period of the privatization plan, the private consortium which undertook the provision the solid waste disposal and urban cleaning services are paid by the local authorities. A number of the poorer district authorities have been faced with lack of funds to pay the consortium due to higher cost of private provision of the services. Nevertheless, these events have led local government in the country to be more focused in the remaining services. Thus, we need to look hard at what is working well and what is not working well at present by expressing this as ‘doing more with less’ or ‘doing less with less’ by looking for what priority to measure performance in local government.

exist because too many local governments conceive of policies by influencing of political circumstances. could rely on organizational theory such as leadership, commitment, decision making and so forth when measuring performance in local government. The showstopper problems, however, are almost always the problems that flow from the politics of organizational change, in other words, the political will of the leaders in local government is of importance as well as being realistic with the challenges of implementing ambitious in their respect municipality (Rao, 1993). The queries always rise up as; "Should a service be judged by its accessibility or its financial matter", and "who should do the judging"? "How can moves to increase the managerial responsibilities and decision-making powers of public servants be reconciled with democratic control and effective auditing procedures"? These questions make scholars in dilemmas evaluating for public agencies are "Whether the public manager is doing the right things or doing the good things".

It is difficult to assess how well a local authority in performing because there is no owner with equity stake in the local authority demanding or requiring measurement. There is no bottom-line of profitability or easily quantifiable outcomes that can be used as a benchmark. As a government agency, local authority is not focusing on profitability but rather on providing services for the well being of its community. By determining whether public agencies doing the right thing or not, there are questions need to be answered. Are the programs achieving the agreed objectives? Are the resources used economically? Does the public manager face the right incentives for forging appropriate partnership of constructing within and beyond government?

What activities are programme should or could be transferred in whole or part to the private or voluntary sector? To answer these questions is tends to subjective because local authorities maybe efficient doing their functions, but does they are effective as a social and development agent? In other words, even the public communities may assess the performance of their local authority by looking at whether they have been served to their satisfactory level but still not enough. The public is not so much concern whether the local authority is having sufficient resource or not since they expect that resources would come from the government. The public also not further looking at local authorities practicing development oriented than service oriented which have limitation in certain condition.

Local authorities are accountable for performance of their organizations. The stakeholders who are interested to know their performance include the members of the House of Representatives, the local authorities council members, the community or the tax payers the local authorities are serving, the public large as well as the mass media. In recent years, the media has taken an active role in highlighting many issues that concern the public interest, which demand the local authorities to be more accountable. Is the general public receiving the best value for its tax dollars? Because of some political circumstances, this question lead to factor that public does not get many explanations from their local authorities until some problem or issues cropped up and received the media coverage in the press or televisions. Because of this, the community is becoming more vocal in voicing their grouses over the services provided by their local authorities. Their also demanding clearer and greater accountability for the way local authority make decision.

## OR (KPI) IN LOCAL GOVERNMENT

Local authorities that audited are means for the local authorities to show their accountability to the stakeholders. However, not much information is made available in that report other than the audited general reports. In addition there have been a number of issues raised with regards to the published State reports of the local authorities. There are some of examples of poor performance of local authorities. The implementation of key-performance-indicator (KPI) system to monitor and measure the performance of the public sector delivery system as proposed by the Federal Government is still at infancy stage. The poor performance of local authorities will lead the challenge posed by KPI is that of *ōdo* the structure and ways of working in the current local government are fit for the improving local service delivery? And what significant changes can be proposed and necessary if we are to realize the potential of federal government and state government agenda? In other words, our tasks is that how to make local government effective and efficient in service deliveries at local levels.

In Malaysia, although elections are held to elect people's representatives at the federal and state level, none is available at the third level where the office bearers are appointed by the state government, which is statutory owner. The citizenry are also ill-equipped with what can be expected from their local governments although their awareness on this respect has been rising over time. For instance, the man on the street is often confused about the functions of local government in Malaysia although its importance to him is very real and personal (Ambrin Buang, 2006). As such, it is not surprising to note that most local governments are also uninterested to disseminate information to their residents on how their revenue is spent fearing that they will be burdened with too many unwanted quires and objections. This view is on the contrary to the statement that the performance of different local government organizations must be publicized in the form of scorecards in the new media. Lack of the check-and-balance system by the people has led most local authorities in the country complacent and self-governing.

## POLITICAL MASTERS IN PUBLIC AGENCIES

Despite the variety of changes and interest and commitment of political masters at federal, state and local levels, these changes have resulted a slight shift in the fulcrum balancing the agency interest vis-a- vis those of users cum customers. Arguably, the changes have been a symbolic, tactical and mechanical embracement of the practices. For example, the Client Charters are in place but there is no public report of performance of the agency, there is still not active consultation with users in designing processes especially if they are a diffused and non-vocal lot (Hazman, 2003). There is no significance attempt to enable tracking of transactions including online arrangements, the laws that enable limited disclosure-habits with practices that symbolize accountability and transparency, focus on productivity rather productive outcomes.

Having multiple stakeholders with conflicting needs may result in the measure used to evaluate local authorities' performance to be in conflict. The measurement and evaluation of public agencies performance is further complicated due to the vagueness of public policy (Cheung, 1993). Policy objectives may result in contradictory and completing goals. As a result, it is very difficult to determine which objectives are most important and to whom it is important. The multiple and vague goals would result in difficulty in measuring performance

tion is what are the key objectives of local agencies for

In addition, many researchers has been formulated a conceptual model in performance measurement that is holistic and takes into consideration the social, political and cultural context in which local government operates but this models just advocates both by academics and consultants, such as the balance scorecard, performance value scorecard and Performance Pyramid, were based on rationalistic viewpoint which mainly ignored the power relationship and political bargaining process (Atkinson *et al.*, 1997). These models didn't show actual emphasis on various performance dimensions is linked to various stockholder's interests. An ongoing study on the effectiveness of the local government in Malaysia found that local government officers and councilors indicated that they are largely responsible and accountable to the State and Federal agencies but the people they serve. On the other hand, the Public Complaints Bureau under Prime Minister's Department identified that about 17% of total complaints received are attributed to local governments throughout the country.

## CONCLUSION

Given the above, what measures of performance should be used within the public agencies, specifically the local government authorities. Then, the question arises on what measures to use and how do we formulate measures for performance? Should the focus be on input indicators (units of output/service provided), outcome indicators (the results of service provided), the cost effectiveness indicators or the productivity indicators (focus on both effectiveness and efficiency). Finally, the main question on whether the performance measurement in Malaysian local government influenced by political indicators or organizational theory indirectly shown by above phenomenon's.

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