Performance measurement and government productivity

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Abstract

To be able to compete in the global economy, firms must become more efficient, more flexible and, above all, more customer-oriented. The competitive edge of firms is determined not only by their own strategic choices, but also by what their respective governments do (or fail to do) in terms of providing a supportive infrastructure that helps them compete. This paper examines the changing nature of government, and in particular the changing nature of performance measurement and management as governments attempt to balance accountability for the resources they manage with flexibility in terms of the services they provide.

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The nature of performance measurement and management in government is changing to meet changing agendas. For example, Arnold *et al.* (1998) observe a change of paradigm in Australia from centrally regulated systems towards performance-oriented public service systems. They also comment on the various approaches countries are taking in meeting modern challenges of government, particularly in striking the right balance between accountability and increased flexibility. Across a number of countries, there are related efforts to boost accountability and prudent use of resources through performance measurement and new budgetary techniques such as performance budgeting, activity-based costing (ABC) and the use of an accrual-based accounting. Increased flexibility is also attempted in many countries through inter- and intra-governmental contracts (Halachmi and Boorsma, 1998; Halachmi and Holzer, 1993) as well as by outsourcing and privatization. Such moves do not go unnoticed, and result in attention and comment from/by various countries and international organizations; this, in turn, sustains the continuation of these trends and puts pressure on other, individual countries to examine where they stand and identify what they need to do to catch up with the rest of the developed world.

For example, at the October 1997 meeting of the Commonwealth Association for Public Administration and Management (CAPAM, 1997), it was noted that despite the diversity of Commonwealth countries there was a common pattern pertaining to a new public administration which:

- emphasizes the role of public managers in providing high quality service valued by citizens;
- advocates increasing managerial autonomy, particularly by reducing central agency controls;
- demands, measures, and rewards both organizational and individual performance;
- recognizes the importance of providing the human and technological resources that managers need to meet their performance targets;
- is receptive to competition and open-minded about which public purposes should be performed by public servants as opposed to the private sector

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or non-governmental organizations; and more recently
- recognizes the changing nature of the political/administrative interface in the Westminster system of governance.

The OECD (1998) offers a similar conclusion:

> In place of the old paradigm which was largely process and rules driven with an emphasis on hierarchical decision making and control, the new public management environment is characterized by:
> - a focus on results in terms of efficiency, effectiveness, quality of service and whether the intended beneficiaries actually gain;
> - a decentralized management environment which matches authority and responsibility so that decisions on resource allocation and service delivery are made closer to the point of delivery, and which provide scope for feedback from clients and other interest groups;
> - a greater client focus and provision for client choice through the creation of competitive environments within and between public sector organizations and non-government competitors;
> - the flexibility to explore more cost effective alternatives to direct public provision or regulation, including the use of market type instruments, such as user charging, vouchers and the sale of property rights; and
> - accountability for results and for establishing due process rather than compliance with a particular set of rules, and a related change from risk avoidance to risk management.

To understand the context of this paradigm shift, one must consider many factors such as: changes in education and economic development; geo-political changes; and the emergence of a mass culture with a core which is not country specific. For our purpose here, one factor – the evolution of a global village – deserves special consideration. With the unfolding of global markets for many goods and services, firms experience more and harsher competition than at any other point in the past. This is only if they are still part of a viable industry which is not on its way to extinction. To be able to compete in the global village, firms must become more efficient and more customer-oriented. However, the competitive edge of firms is determined not only by their own strategic choices, but also by what their respective governments do (or fail to do) to help them compete (Halachmi and Bouckaert, 1995). Helping firms compete in the global village is more than a service to tax-payers. Successful firms provide employment and economic development that can reduce the burden of services a government may have to provide. For example, corporate health-plans, grants to educational institutions, stipends to employees and members of their family, sponsorship of cultural, sport and entertainment events can reduce the demands on government resources. Poor showing in the global village by firms of a given country, on the other hand, can translate into greater demands for public resources to meet the basic needs of citizens in that country. The extent to which the drive for reforms that resemble the US Government Performance and Results Act (GPRA) is well illustrated by the way the Finnish Minister of Finance articulated the challenge facing government when she introduced the decision to go ahead with the reform:

> . . . efficient, correctly proportional and high quality policy management is in all our interest. Those served by public management would have increased confidence in its effectiveness and capacity for making decisions. Efficient government is also essential amid today's growing internationalism. Finland must ensure its vital competitive edge in this respect (Kanerva, 1994).

Yet, international competition is not the only thing that governments should be wary of in the global village. As I have explained in earlier papers (Halachmi, 1996a; 1997) developments in information technology (IT) have resulted in the evolution of what I have labeled "the CNN generation". Owing to the global reach of media reports about the well being or poor luck of citizens in other countries, citizen of countries that are exposed to such reports make greater demands for services and develop higher expectations as to their quality. Such exposure can help governments in countries that are doing well in the global village. However, for the same reasons, media reports can make it even more difficult for governments to meet demands for service or expectations about their scope and quality in countries that are falling behind. In particular, when growing demands for more or better services translate into higher taxes without radical improvements in the quality of services, political and economic instability may ensue.

This, in turn, may reduce the ability of firms from that country to gain the competitive edge they need in the global

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market. This new reality is one of the reasons governments must examine their operations and take the necessary steps to improve their productivity.

Matheson (1998) describes how most countries are finding centrally regulated public service policies a hindrance to the effective delivery of public services in modern globally competitive conditions. He asserts that an alternative approach to public management is emerging in which the quality of performance, both institutional and individual, replaces the quality of compliance as the basic management principle. Many governments are now moving the balance of their public management system toward performance-oriented public management systems. The eight attributes of performance-oriented systems or organizations according to Matheson (1998) are:

(1) clarity of role;
(2) clarity of purpose;
(3) responsible managers;
(4) incentives for good performance;
(5) budget and management systems which support performance;
(6) accountability and transparency;
(7) appropriate staff capability; and
(8) culture and values aligned with organizational performance.

Matheson's list of attributes provides a possible starting point for examining the various efforts in different countries to reform government operation to make it more productive and conducive to meeting the needs of its citizens. However, for the sake of this paper, I am going to concentrate on only one issue: the US effort to affect government reform through the mandatory use of performance measurement. This resembles an earlier effort to improve government performance through the use of a planning programming and budgeting system (PPBS) in the late 1960s (Boorsma, 1999).

Rationale and justification for performance measurement

For experienced managers, many of the reasons why they should have access to timely and reliable performance measurement are intuitive as illustrated by the incomplete list that follows:

- If you cannot measure it you do not understand it.
- If you cannot understand it you cannot control it.
- If you cannot control it you cannot improve it.
- If they know you intend to measure it, they will get it done.
- If you do not measure results, you cannot tell success from failure.
- If you cannot see success, you cannot reward it.
- If you cannot reward success, you are probably rewarding failure.
- If you will not recognize success you may not be able to sustain it.
- If you cannot see success/failure, you cannot learn from it.
- If you cannot recognize failure, you will repeat old mistakes and keep wasting resources.
- If you cannot relate results to consumed resources you do not know what is the real cost.
- If you do not know the actual cost you cannot tell whether or not you should do or outsource it.
- If you cannot tell the full cost you cannot get the best value for money when contracting out.
- If you cannot demonstrate results, you may undermine your ability to communicate with important stakeholders and you cannot win public support because you provide value for money.

As part of the effort to appeal to common sense and to gain the support of managers many elements of this list can be found in various publications that were issued in recent years to help managers develop a workable system of performance measurements, including various publications of governments at the national, sub-national and local levels all over the world. This is part of the reason for OECD's observation that governments are in search of results and that performance management is the key aspects of public sector reforms in OECD countries (OECD, 1997). However, it should be noted that even though most publications do not articulate it, performance measurement in the public sector is meant both for internal accountability and external accountability. Internal accountability has to do first of all

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with the relationships between superiors and subordinates, appointed or elected heads of agencies and the respective career civil servants that are assigned to such agencies. Here accountability means the individual's responsibility before superiors, subordinates, and peers. Internal accountability has also to do with the responsibility for creating (or preventing) certain conditions that are deemed necessary for successful functioning of other units within the same agency or at another agency. Accountability in this sense is at the unit or aggregate level. External accountability, on the other hand, has to do with meeting standards that pertain to legal, ethical, political, professional, economic aspects of institutional or individual behavior. Such standards are used by outsiders, such as the legislature, different publics, the media, the courts and auditors to ascertain the extent to which important societal norms and expectations are, or are not, violated.

When performance measurement is used primarily to assist administrators to manage their agencies, the task of developing them is more likely to be seen as an investment. Such measurement is likely to address many issues that are likely to fall under "internal accountability". However, when the development of performance measurement is imposed from the outside, even though it may help internal accountability, it is more likely to be seen as a means of assuring external accountability, and thus may meet with resistance (Townley and Cooper, 1998). Though there is not time here to elaborate on this important subject, it is necessary to point out that there are many problems and obstacles on the way to successful implementation of any performance measurement program. These problems result from the nature of the metrics or the instruments used for benchmarking and assessing change in performance, the political context of agency operations and the possible dysfunctions of performance measurement (Halachmi, 1996b; 1997; Halachmi and Boorsma, 1998).

The American Government Performance and Results Act of 1993 (GPRA) as a strategy for reform

De Laine (1997) says that in seeking to understand the process of change, it is possible to distinguish between two kinds of changes:

(1) changes which are concerned with the role, boundaries and structure of governments; and
(2) changes which are more concerned with the internal management "paradigm" of the public sector.

She notes that since there are elements of change common to both, the distinction is not entirely satisfactory, but the structure and boundaries of the state are changing in many countries. Referring to recent reform efforts, de Laine(1997) asserts that the kinds of major change seen in the UK and in New Zealand are clearly examples of the first category; with the USA in the second category. In the case of Canada, de Laine (1997) suggests that its focus until recently has been on the internal management paradigm but is gradually moving into the former area.

American efforts to improve the performance of government have a long and a well-documented history. At the federal level, in particular, reform efforts took place in several ways. First there have been at least six special task forces or commissions since the 1930s including the Bronlow Commission in 1936, the Hoover Commissions in 1947 and 1953, the Ash Commission in 1971 and the Grace Commission in 1982. In the early 1990s Vice President Al Gore led the National Performance Review (NPR) in following up on the recommendations of *Reinventing Government* (Osborne and Gaebler, 1993) which influenced the electoral platform of President Clinton during his first presidential campaign (Shafritz and Russell, 1997, p. 119). In addition to these efforts to change the structure of government organizations or their administrative practices through taskforces, committees or commissions reforms were established in the USA through single pieces of legislation, as documented by Light (1997) and through the use of executive orders, memoranda and circulars from central staff agencies, e.g. the Bureau of the Budget and later OMB. For example, President Johnson introduced PPBS to the federal government in August 1965 by making a statement to his cabinet on "the new government-wide planning and budgeting system" (Johnson, 1965) followed by Circular A-11 and other communications from the Bureau of the Budget. What characterizes the recent wave of administrative reforms in the USA, as accurately observed by de Laine (1997) is the use of single pieces of legislation to modify strategic aspects of government operations in the hope of affecting a tangible change.

In January 1993, President Clinton announced a six-month review of the federal government and charged Vice President Gore with leading the effort. The Vice President gathered experienced federal employees and challenged them to identify problems and offer solutions and ideas for savings. The focus was on how government should work, not what it should do. The idea was to reinvent a government that "works better and costs less". On August 3, 1993, President Clinton signed into law the Government Performance and Results Act of 1993 (GPRA), Public Law 103-62. The act is intended to provide for the establishment of strategic planning and performance measurement in the federal government, and for other purposes as will be listed below. But first it is prudent to look at some elements of the GPRA context.

On the face of it, GPRA is a case in point for illustrating how altering the administrative process may change the mix, quantity and quality of the output and outcome of government operations. However, GPRA is not an isolated reform activity. It is part of a wider effort. To understand GPRA one should consider it in the context in which it was introduced as an instrument for reform.

Collins (1997) notes that as public attention has increasingly focused on improving the performance and accountability of federal programs, bipartisan efforts in Congress and the White House have produced new legislative mandates for management reform. These laws and the associated administration and congressional policies call for a multifaceted approach – including the provision of better financial and performance information for managers, Congress and the public, and the adoption of integrated processes for planning, management and assessment of results. Recent laws include specific new requirements for performance reporting:

(1) The Chief Financial Officers Act of 1990 (CFO Act) establishes chief financial officers in major federal agencies. The responsibilities of the CFO include maintenance of an integrated agency accounting and financial management system that provides for:
   - complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;
   - the development and reporting of cost information;
   - the integration of accounting and budgeting information; and
   - the systematic measurement of performance.

   The Act does not elaborate on the meaning of systematic measurement of performance.
(2) Performance reporting in the Government Performance and Results Act of 1993 (GPRA) is part of a larger system to be adopted by each federal agency in order to integrate planning, budgeting, management, and performance assessment.
(3) The Government Management Reform Act of 1994 (GMRA) calls for various activities to improve government efficiency, e.g. the establishment of franchise funds, electronic payments etc. Title III of GPRA, Streamlining Management Control (Sec. 301. Authority to increase efficiency in reporting to congress) establishes a statutory requirement for reports to Congress and committees of Congress including the elimination or consolidation of duplicative or obsolete reporting requirements and adjustments to deadlines that shall provide for more efficient workload distribution or improve the quality of reports. GMRA authorized the Office of Management and Budget (OMB) to simplify and consolidate agency reporting requirements. To this end, OMB and the agencies are in the process of developing accountability reports that will streamline reporting by providing critical financial and program performance information in a single report.
(4) The Federal Financial Management Improvement Act of 1996 (FFMIA) is intended to increase the capability of agencies to monitor the execution of their budgets by providing better support for the preparation of reports that compare

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spending of resources to results of activities. FFMIA notes that incorporation of FASAB concepts and standards into federal financial management systems should enable agencies to produce cost and financial information that will assist the congress and financial managers to evaluate the cost and performance of federal programs and activities and thus facilitate improved decision making. Building on and complementing the CFO Act, GPRA, and GMRA, the Act provides for the establishment of uniform accounting systems, accounting standards, and accounting reporting systems in the federal government and for related purposes. It is intended to increase the capability of agencies to monitor the execution of their budgets by providing better support for the preparation of reports that compare spending of resources to results of activities. The director of OMB is required to submit a report to congress by March 31 of each year about the implementation of the Act, and agency inspectors general and the comptroller general of the USA are required to report to Congress about compliance matters.

(5) The Information Technology Management Reform Act of 1996 (ITMRA) is intended to improve the ways that agencies acquire, use, and dispose of information technology (IT) and, thereby, to improve the productivity, efficiency, and effectiveness of federal programs. The act requires consideration of IT goals in strategic planning and IT contributions to agency goals and performance. ITMRA requires the head of each executive agency, in consultation with the agency's chief information officer (CIO) and CFO, to establish policies and procedures that will ensure that:
   - The accounting, financial, and asset management systems and other information systems of the agency are designed, developed, maintained, and used effectively to provide financial or program performance data for financial statements.
   - The financial and related program performance data are provided on a reliable, consistent, and timely basis to agency financial management systems.
   - The agency financial statements support:
     – assessments and revisions of mission-related processes and administrative processes of the agency; and
     – performance measurement for agency investments in information systems.

As part of his July 16, 1996, Executive Order on Federal Information Technology, President Clinton established a chief information officers council which serves as the principal forum for executive agency CIOs to discuss and recommend strategic directions for the federal information infrastructure. The council is chaired by the OMB deputy director for management.

This impressive set of laws represents a multi prong approach for reforming the federal government. This becomes even more evident when one considers the fact that most of the Bills for these laws were introduced while the Vice President was leading his national performance review to address many of the issues covered by the laws. As a matter of fact, GMRA, for example, is the attempt to legislate some of the NPR's recommendations as listed in Al Gore's 1993 report (Gore, 1993). The term multi prong approach is being used to indicate that in addition to the use of various laws to affect different management practices and operations the administration used executive orders and memoranda which include directives from the Office of Management and Budget. Against this background, I would like to highlight some of the main features of GPRA.

Section 2 of GPRA starts with a set of findings that congress used to justify passage of the law:
- waste and inefficiency in federal programs undermine the confidence of the US people in the government and reduce the federal government's ability to address adequately vital public needs;
- federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance;

- Congressional policy making, spending decisions and program oversight are seriously handicapped by insufficient attention to program performance and results (GPRA, 1993, Sec. 2).

One may question the need to provide specific reasons to justify a law that mandates performance measurement or even the empirical validity and implications of such finding (Halachmi, 1997). By the same token, one must wonder about the similarity between these findings and the way the Finnish Minister of Finance (Kanerva, 1994), as quoted earlier, articulated the challenge of reform facing Finnish public administrators. Is it a simple coincidence? A review of similar laws and announcements of recent reforms that resemble GPRA in Australia, New Zealand, Sweden and many other OECD countries suggest that great minds think alike or imitated each other because re-invention of government is now in vogue.

With this in mind, it should be noted that in the US case, the listing of such findings helps both congress and the administration to spin some political symbols the right way. That is, it helped both congress and the administration preempt any request to delay the implementation of the law, any petition from an agency to be exempt from it (as happened in 1967, the US Department of State asked to be exempt from PPBs) or, any question about the benefit and cost of the new law. The findings provide an iron-clad rationale for the purposes of the law and make non-compliance with the law a grave political liability. In the symbolic language of today's politics, making less than the maximum possible effort to comply with the law equates with being un-American since each item corresponds to common complaints about government, i.e. you cannot trust government, government is not responsive to changing circumstances, government is not effective, customer satisfaction does not get due attention, government is inefficient, congress is not doing its job. The purposes of GPRA are an articulation of Congress and the administration's responses to these concerns of the public:

- improve the confidence of the US people;
- initiate program performance reform;
- improve federal program effectiveness;
- improve service delivery;
- improve internal management; and
- improve Congressional decision making.

In order to focus attention on managing for results, GPRA and the OMB guidance documents for its implementation are quite specific about the concepts which should anchor the planning and assessment efforts. Performance assessments should report:

- outputs which are the immediately observable products of program activity (e.g. not teaching, but graduates); and
- outcomes which are the longer-term results for which a program is designed (e.g. not graduates, but graduates who obtain jobs).

There is a clear preference in GPRA for the use of measures in the specification of goals and the assessment of outputs and outcomes. However, GPRA provides that, if an agency, in consultation with the Director of OMB, determines that it is not feasible to express performance goals for a particular program in an objective, quantifiable, measurable form, the director of OMB may authorize an alternative form. GPRA stipulates that the alternative form should include separate descriptive statements of a minimally effective program and a successful program with sufficient precision to allow for an accurate, independent determination of whether or not the agency's actual performance meets the criteria for a minimally effective program or a successful program. Agencies may also propose other alternative forms, or state why it is infeasible or impractical to express a performance goal in any form.

Agency strategic plans were due in Congress for the first time on September 30, 1997. Annual performance plans had to accompany annual budget requests, starting with the fiscal year 1999 budget – due OMB September 1997, and due in Congress February 1998. The first annual performance report was due in Congress March 31, 2000. Specifically, according to GPRA:

(1) The strategic plan had to include:
    - a comprehensive mission and vision statement;
    - general goals and objectives, including outcome-related goals and objectives;
    - a description of how the goals and objectives are to be achieved;
    - a description of how the performance goals included in the plan relate to

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the goals and objectives in the strategic plan;
- an identification of key factors external to the agency which may influence performance; and
- a description of the program evaluations used in establishing or revising general goals and objectives.

(2) Annual performance plans based on the strategic plan, setting performance goals will:
- establish performance goals to define the level of performance to be achieved by a program activity;
- express such performance goals in an objective, quantifiable, and measurable form;
- describe the operational processes, skills and technology, human, capital, information, or other resources required to meet performance goals;
- establish performance indicators used in measuring or assessing relevant outputs, service levels, and outcomes of each program activity;
- provide a basis for comparing actual program results with the established performance goals; and
- describe the means to be used to verify and validate measured values.

(3) Starting in March 2000, annual performance reports had to compare actual performance with goals established in the strategic plans. The reports will include the following:
- an evaluation of program performance for each of the performance indicators established in the performance plan for that fiscal year;
- assessment of the performance compared to the goals established in the performance plan for that fiscal year that support general goals and objectives in the organization's strategic plan;
- an analysis of progress toward goals and an explanation of any deviations experienced or problems encountered;
- a discussion of the effectiveness of any of the waiver provisions relative to program performance; and
- a summary of the findings of program evaluation completed during each fiscal year covered by the report.

Some overt and covert attributes of GPRA as an instrument of reform

- GPRA can be considered as a textbook example for the introduction of a planned change. The legislation provides a long lead time to allow agencies to prepare and learn how to comply with the stipulation of GPRA. Indeed, it provided for pilot testing of the different provisions of the law to prepare agencies for the real thing which was scheduled to start in September 1997. The long lead time and the pilot test of GPRA at seven major agencies allowed OMB and GAO to gear up their operations to handle the reviews of the documents submitted by the agencies. To facilitate the developments of the documents and to reduce the odds of controversy after the development of the various documents the law required the agency to consult with various stakeholders. The strategy used in GPRA is consistent with the process used in Australia for introducing performance measurements.
- Relating programme intentions to the consumption of resources. OMB Circular A-11 was issued as part of the implementation of GPRA to require that agencies include schedules and the levels of resources necessary to complete key actions. Forcing agencies to synchronize planning and budgeting at their earliest stages was designed to contribute to better management of agencies by preventing the initiation of new programs the agency was not likely to be able to support.
- Strategic planning. GPRA required the agency to identify the forces that may influence its performance. To identify these forces the agency needed to assess its strengths, weaknesses, opportunities and any threats (SWOT analysis). While doing the strategic planing and carrying out the SWOT analysis managers were able to develop not only better but a common understanding of the environment they needed to deal with and the various stakeholders they needed to satisfy.
- By establishing benchmarks and selecting performance measurements about important aspects of agency operations and how they meet the needs or

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expectations of key stakeholders, managers and employees could develop a better understanding and a common understanding of what is being done and what are the resulting outcomes. Such measures can indicate the development of problems or the success of new initiatives.

- Use of evaluation. Previous legislation and other stipulations required agencies to evaluate their programs. However there was never a good way to convert evaluations that derive lessons from past experience into wisdom and insight that influence planned activities. GPRA required agencies to explain how they are using evaluations of past activities as input for improving new ones.
- Internal logic of programs. GPRA required agencies to explain how various activities contribute to the attainment of short and long-term goals. The annual review of such explanation forced managers to examine in a critical way assumptions they made in the past in light of developments in information technology, demography, economics and research. Such reviews led to the development of new approaches to the delivery of services or to the conclusion that certain program outlived their usefulness.
- Use of common definitions and measurements. The work done by OMB to establish definitions of common terms such as: mission, goal, objective, output, load, outcome, impact etc. facilitated more uniform reporting and better communication between agencies and central staff agencies as well as between them and congress or the public. A related benefit resulted from the generic examples developed by OMB to illustrate how to measure various aspects of agency operations or which indicators may be used in measuring output, outcomes and impact. Comparing those to the ones developed by states and some local authorities provided managers and policy makers with a better idea about which aspect of a given operation is more salient at various levels of government.
- Use of possible competition for seniority and influence between OMB and GAO to assure that in compiling the reports for congress "no stone is being left unturned". Neither OMB nor GAO could afford to overlook anything since the other agency may highlight the omission and cause an embarrassment.
- One up on PPBS: affecting a reform of administrative processes in the name of accountability, customer satisfaction and better planning by the clever use of political symbols and the internal workings of the administration. Any attempt to reduce compliance with GPRA involves both political risks, for violating political symbols, and possible loss of allocations by acts of OMB or congress.
- Educating the media and legislators. Linking activities to program goals and program goals to missions helps educate the media, legislators, and thus the public, about the reasons and the logic of government operations. It makes government more transparent and reduces prevailing notions that government is capricious, arbitrary or deliberately wasteful.

GPRA can be dysfunctional too

GPRA has been marketed as an important element of the ongoing effort to reinvent and improve the performance of the US federal government. Although performance measurement, *per se*, can be useful to managers and employees in their effort to monitor and improve performance, it can also impede sustained adaptation to changing circumstances, even when the change results from better insight into activities and the nature of the environment.

GPRA may be a good example of how "too much of a good thing" can be harmful, i.e. instead of enhancing performance GPRA may increase the overhead of government operations without corresponding growth of the benefits that result from them. The performance measurement mandated by GPRA can become dysfunctional for at least four reasons. First, it is susceptible to all the pathologies of any measurement and appraisal system (Halachmi, 1992; 1996b, c), e.g. it creates pressure on managers and employees to do things right (i.e. to do what would land them a higher rating) rather than do the right things. Second, it may be resisted as time goes on and public managers find that first of all it is meant to be a political tool in the

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intra-governmental fight for control over what they and their subordinates are doing, how they do it and how successful they are at doing it. Resistance to any reform initiative raises the cost of reform and reduces the odds for success. Third, because it seems to be geared to serve the needs of top policy makers in congress and in the executive branch to cope with their respective information overloads rather than to improve performance, as alleged by the law, it may not contribute anything to the expected improvements in government operations. This prospect has to do with the external validity of the documentation generated under GPRA. If it is to have high external validity to serve the needs of central staff agencies and legislators they are likely to be of marginal value to managers and employees at middle management and below.

If, on the other hand, it is to serve the needs of middle managers and below, where it is likely to have the greatest effect, it may be inconsequential to central staff units and legislators. Put differently, in the first case "because of the forest the sight of the tree is lost". In the second case, "because of the trees the view of the forest may be lost". Fourth, in relative terms GPRA puts more pressure on small or low capacity agencies, which are likely to have only a marginal level of slack resources, to move more of them from "production" to "overhead". The same pressure is not as critical in the case of large agencies and the well-performing ones due to their ability to find and to use slack resources before starting to siphon away resources from production.

GPRA provides politicians with an opportunity to manipulate such popular political symbols as "accountability", "transparency of government operation", "war on waste and abuse" and "reinventing government". Yet, given the GAO review of the first batch of documents which have been prepared under the stipulations of GPRA, one must wonder if the certain cost of this "reform of government operations" is justified by the marginal benefits that have yet to materialize. My concern is that the push for the uniform implementation of GPRA across the board may undermine future efforts of managers to develop and use *ad hoc* performance measurement in house. Given the experience with PPBS, which collapsed under the weight of all the required paper work, and also because determining a single way for improving economic rationality and better controls across the board is probably impossible, can the fate of GPRA, which has similar attributes, be different?

Concluding remarks

Performance measurements can improve performance, and organizations should certainly use them. However, which performance measurements are used, when and, for what purpose they are used should be left to managers. Using qualitative and quantitative means, legislators should make an effort to define more precisely the intended results of the laws and programs they authorize. Yet, the legislature should leave managers enough latitude to select what should be done and which measures to use in order to demonstrate progress toward achieving the results prescribed by law makers. Such an approach would be consistent with the emerging practice of employing senior managers by performance contracts.

Central staff units, within and outside the agencies are making undue demands and exercise almost an authoritarian posture when it comes to the approval of strategic and annual action plans and, in the selection and use of performance measures. This "oversight activity" is not welcomed by managers. The development of negative attitudes towards the access intervention of "outsiders" may be undermining the prospect of greater productivity and more responsiveness to customers' preferences through the prudent use of performance measurement.

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