

Book Reviews

cannot distinguish between better and worse languages, if the languages determine the reality seen, how could I judge, as I very much want to do, Farmer's book as being better than most others? I suggest that a fruitful line of inquiry, still well within the relativist camp, might be to valorize the empathetic indwelling in as many languages as can be accomplished. In such a way we can pronounce Farmer's multiple indwellings wiser than those trapped in narrower paradigms.

Charles J. Fox
Texas Tech University

REFERENCE

Fox, Charles J., and Miller, Hugh T.
1995 *Postmodern Public Administration: Toward Discourse*. Newbury Park, Calif: Sage.

Performance Measurement

Arie Halachmi and Geert Bouckaert, eds. 1996. *Organizational Performance and Measurement in the Public Sector: Toward Service, Effort and Accomplishment Reporting*. Westport, Conn.: Quorum Books, 347 pp.

In bringing together the chapters for this work, editors Halachmi and Bouckaert indicate their purpose is to ". . . help managers develop a better understanding of both the overt and covert parts of performance measurement systems" (p. 2). Not only is this a lofty and an ambitious goal, it suggests an element of intrigue associated with what is perhaps more often found to be a rather mundane topic. The reader is led to suspect that just beyond the normal purview lies a key to understanding the typically much publicized, highly rationalized performance measurement endeavor found in public organizations. One is impelled to reach out and grasp this new knowledge.

Organizational Performance and Measurement in the Public Sector: Toward Service, Effort and Accomplishment Reporting is divided into four major divisions: "The Challenge," "Service Efforts and Accomplishment Reporting," "Performance Measurement in Context," and "Performance Measurement: International

Book Reviews

Perspectives." Hints as to what follows are offered in the editors' introduction: What is a measurement system? What is a *good* measurement system? Does the measurement system focus on measuring results or on measuring the process for attaining results? Can the system meet the needs of diverse users? Can one learn from the experiences of others and avoid reinventing the wheel when designing and implementing performance measurement systems? While rather commonplace on their face, these questions and others like them lead to a number of important and useful insights, illustrative examples, case histories, and interesting observations throughout the book.

Part 1, "The Challenge," is without doubt the most hard hitting and generally enlightening portion of the book. Beginning with the description of a rich yet emergent performance measurement concept, part 1 cites technical language from the U.S. General Accounting Office and the Governmental Accounting Standards Board in order to establish a precise focus for the book. Continual refinement of the language of performance measurement and the related conceptual machinery is seen here as "reflect[ing] the increasing sophistication of our understanding of public sector performance measurement and the complexities it entails" (p. 13). However, it is quickly noted, the inherent complexities reflected in the refined language are "symptomatic of some of the difficulties that continue to inhibit the acceptance and use of performance measurement within the public sector . . ." (p. 14).

Following a brief presentation of statistics and cases that illustrate expanding performance measurement initiatives in the public sector, the book suggests that while it no longer can be asserted that government productivity is unmeasurable, substantive use of the reported measures in decision-making processes is lacking. ". . . [M]ore typical now is the use of performance measures merely to decorate a budget document" (p. 16). This brazen assertion is first documented with examples, and then various explanations for the rather questionable state of affairs are given. In general, the lack of utility for reported measures in decision-making processes is attributed to obstacles embedded in the public sector itself. These are categorized as institutional, pragmatic, technical, or financial.

The range of obstacles included in this typology is wide. On the one hand, a major institutional obstacle is the simple fact that public program managers are nonquantitative. That is "they tend to be uncomfortable with and mistrustful of measurement-based approaches to perceiving and understanding government problems, operations and results" (p. 17). Performance measurement,

Book Reviews

as it is normally conceived, is not a fundamental organizing theme found in the *verstehen* of a substantial number of public program managers.

The pragmatic point of view suggests that while the "development of performance measures is a demanding, controversial, time-consuming process . . . most performance information seems either to confirm what managers and staff already know or to provide new information for low-priority areas" (p. 21). Additionally, from a technical perspective, the intrinsic delays in collecting and analyzing data so that reports can be issued to decision makers often extend beyond the time constraints imposed on the decision-making process. Likewise, "government services typically require several different [yet highly technical] measures to adequately characterize their performance . . . currently there is no accepted procedure for combining and interpreting multiple performance measures" (pp. 23-24). Many problems remain to be resolved with respect to the analysis of multiple performance measures. These technical considerations quickly become formidable.

Finally, from the financial point of view, substantial costs are incurred by those who would implement performance measurement systems. While "the costs of performance monitoring must always be balanced against the value of performance monitoring in improving government performance and credibility . . . there are few bottom-line results to which managers can point to justify performance measurement" (p. 28).

After presenting this somewhat discouraging analysis of current performance measurement dynamics in the public sector, the book rather surprisingly predicts continued and increased uses for performance measures in the public decision-making process.

This trend is attributed to several forces. First among these forces are the expected new developments in both technical and conceptual tools. These include enhanced management information systems and more reliance, by managers, on high-power computers equipped with newly developed software products that provide for expanded synthesis, analysis, and presentation of data useful for decision making.

Second, the intensification of financial pressure on local government agencies due to expanded demands for service, increased mandates, limited state and federal assistance, and the correlative tendency to downsize and outsource production of government service will present an even stronger need for

Book Reviews

enhanced monitoring of results. This leads to more emphasis on performance measurement by these entities.

Likewise, trends toward a *knowledge society* coupled with an expanded multicultural workforce may produce an intensified ethnic awareness such that pride and sensitivity will likely impact the basic elements of performance measurement as we presently construct the concept. Like efficiency and effectiveness, performance measures will tend to focus on a third and equal factor, equity. This conceptual expansion will focus even more intense attention on performance outcomes and their measures, and it will enlarge the relevant audience.

Finally, government accountability is driven by broad economic trends that reflect growing international competition as well as anticipated and real stagnation and decline in some sectors. This is accompanied by increasing demands for control of taxation and elimination of fat in government. "Taxpayers want to know what they are getting for their tax dollars; they do not trust government to spend those dollars effectively, efficiently and wisely" (p. 36). This citizen mindset drives improved public accountability and implicitly requires expanded performance measurement initiatives on the part of public managers, if they are to successfully meet the grassroots challenge.

Asserting that the most basic issue in public sector performance measurement is to turn key stakeholders (here seen as program managers, elected officials, public service customers, the public, and the media) into users of performance measures, the book reports recent developments in two areas of performance measurement that are felt to "have the most potential to extend and improve the use of performance measurement nationwide" (p. 51). These two streams of activity are, first, the Service Efforts and Accomplishments Reporting (SEA) initiative undertaken by the Governmental Accounting Standards Board, which directly impacts state and local governments and, second, the Government Performance and Results Act (GPRA) which, in parallel, affects federal agencies directly while also impacting state and local governments indirectly.

A useful history and analysis of each of these processes is given including an in-depth, insightful discussion of implementation potentialities, issues, and challenges that face both GPRA and SEA. In particular, the discussion of the world wide web, Internet, NetResults, MeasureNet and other connected capabilities resulting from the National Performance Review information highway is quite upbeat with respect to the potential positive

Book Reviews

effect on integrating GPRA and SEA into substantive improvements in performance measurement.

The editors have not taken a completely Pollyannish approach to their subject of interest, however. The book does not impart an entirely rosy scenario for the future of performance measurement systems. In the chapter titled "Promises and Possible Pitfalls" both GPRA and SEA are used to illustrate some difficult issues that confront public administrators as they move toward more substantive performance measurement. This discussion centers around two major themes:

- Public agencies do follow political directives from political appointees at the helms of each agency and from Congress. An apparently pragmatic but doubtful approach to a solution asserts that it is possible to stop current patterns of waste without broad political reform (p. 81).
- If the phrase "better communication" is meant to imply cooperation, promotion of general welfare, and quality government, then SEA may be a promise the government cannot fulfill. The reason is that some of its promises are contrary to human nature and to some common bureaucratic practices (p. 88).

Here the work recognizes that any simplistic, highly rationalized (although frequently chosen) approach to performance measurement that does not recognize organizational, political, and human factors on an equal footing with narrow economic factors is *ex ante* doomed to failure. The implication is that these limited approaches may account for much of the previous shortfall and the generally disappointing results of public performance measurement efforts to date.

An expansion of this theme is presented in the discussion of the context of performance measurement where a particularly interesting and unique look is taken at this context from the perspective of "The Political Economy of Performance Measurement." Here it is suggested that "competing perspectives in economic theory suggest different, sometimes mutually incompatible, approaches to measuring performance . . . [That is] each paradigm has its own model of performance measurement" (p. 145).

The discussion begins by positing the argument that each school of political economy would view key concepts necessary for performance measurement very differently. Indeed, these approaches are so fundamentally different that they impact not

Book Reviews

only the very definition of *performance* itself, but likewise, they impact the subsequent choice of appropriate performance measures, the role of the various stakeholders in the performance measurement process, and the actual accountability questions to be asked. The problems encountered with performance measurement initiatives when differing interpretations of performance are considered can be demonstrated easily:

The interpretation . . . is that "performance" is the level of satisfaction of stakeholders' expectations. This is a deliberately pluralist formulation . . . the welfare economics perspective judges . . . performance . . . in terms of its ability to optimize a social welfare function . . . public choice theory . . . [suggests it is] consumers whose welfare should be optimized . . . in Marxist models, it is the interest of the working class. . . . Thus "performance" is not a unitary concept, within an unambiguous meaning. Rather, it must be viewed as a set of information about achievements of varying significance to different stakeholders." (pp. 146-47)

The work goes on to suggest "[t]here is no one way in which the concept of performance is integrated into the analytical frameworks of political economy" (p. 150). A rather significant discussion follows of each of several perspectives on performance measurement, including welfare economics, public choice theory, principal-agent theory, Austrian economics, new institutional economics, classical Marxism, and neo-Marxism. The discussion concludes with the insightful observation:

The model of political economy that is used to understand and to criticize public sector actions will inevitably influence not only the definition of public sector performance that is used but also the conclusions about the level of performance exhibited by any given set of public agencies. (pp. 161-62)

A summary of the discussion of the political economy of performance measurement suggests that there is a self-reinforcing mechanism at work here such that the choice of paradigm actually constrains the data collected and limits the assumptions tested. The conclusion is that it is very important for evaluators and other producers of performance measurements to be explicit to the extent that stakeholders and decision makers are aware of the political economy model upon which any performance measurement enterprise is founded.

The book's explication of the broad themes outlined above may be understood as an effort to highlight and place in context the variable undergirding, or fundamental grounding, upon which any singular performance measurement endeavor is implicitly based. The thrust of the book seems to make these concepts and choices explicit, and in this respect it does a nice job.

Book Reviews

The broader thematic discussions, however, are illustrated in chapters that provide international examples of public sector experiences with performance measurement applications. Beginning with a discussion of the Portland, Oregon, experience with service efforts and accomplishments reporting (which has been in place since 1991), the account suggests optimism for "the future results of the current national emphasis on performance measurement in general and SEA reporting in particular" (p. 113). A helpful description of the uses to which different stakeholders put SEA reports is included in the Portland recital.

Specific approaches to the issue of quality of service in performance measurement are addressed in several chapters reporting efforts to measure productivity by public professional service providers. One case cited is based on Quebec's social service centers. These centers provide services such as youth protection programs, a young delinquents' program, and social services to the aged and handicapped among others. Here it is suggested that:

. . . nothing meaningful can be said about quantity, unless quality and service level are somehow controlled. Management in general, and the quality assurance department in particular, must always remain alert to the possibility that changes in productivity indices may reflect changes in service quality or service level rather than change in productivity. (p. 198)

A pilot study that addresses this issue, utilizing services provided under the Quebec Youth Protection Law, is reported in detail.

Other detailed international cases include a review of the history of the developments in performance measurement in the British public sector since 1983; a case study that reports productivity measurement in Sweden's National Government Employee Salaries and Pensions Board; performance measurement experiences in the Netherlands; and a concluding chapter based on performance monitoring in Taiwan.

The overall impact of this work probably could have been enhanced with a concluding chapter summarizing the main insights that were developed throughout. And, in fairness to potential readers, it is noted that there are a few instances of grammatical weakness and awkward sentence structure that must be overlooked. Nonetheless, these are minor distractions, and the book is highly recommended for anyone interested in the currently emerging conceptual framework for organizational performance measurement in the public sector. The writing seems especially important for those performance auditors and evaluators who may not have experienced rich exposure to certain

Book Reviews

areas of social science, particularly organizational theory and political economy. It is likely that accountants, financial auditors, engineers, and others who tend to be trained in highly specific professional areas will respond to current trends and become even more involved in performance measurement and program evaluation in the public and not-for-profit sectors. Given this, *Organizational Performance and Measurement in the Public Sector*, and other books of its genre, will be especially useful in imparting valuable insights that will help develop "a better understanding of both the overt and covert parts of performance measurement systems." If this was the editors' ultimate goal, then I believe they have made their mark.

William B. Tankersley
University of West Florida

A Nonmodern Way to Think About Leadership of Public Agencies

Larry D. Terry. 1995. *Leadership of Public Bureaucracies: The Administrator as Conservator*. Thousand Oaks, Calif.: Sage Publications. 207 pp., \$19.95 paper.

It is evident that a book titled *Leadership of Public Bureaucracies* belongs in the public administration literature. Yet, in this book Larry Terry brings a new approach to the topic. Leadership is an enduring theme, and this book resuscitates it with a new approach that does not fit the usual categories or frames of reference that normally appear in the public administration literature. The plan of this review will be to briefly summarize the book, then to take a closer look at the frame of reference within which it is written. With this particular approach, the author is swimming against most prevailing modern currents that now dominate public administration and organization theory.

The book's architecture is straightforward. Terry hopes to establish a new model for administration in the public sector and to show how those who act on this model would function. To establish this model he quickly reviews those well-known early twentieth century attempts at developing public administration theory. Then he moves to a theme found in the Blacksburg Manifesto—arguing that the development of American public adminis-

Book Reviews

areas of social science, particularly organizational theory and political economy. It is likely that accountants, financial auditors, engineers, and others who tend to be trained in highly specific professional areas will respond to current trends and become even more involved in performance measurement and program evaluation in the public and not-for-profit sectors. Given this, *Organizational Performance and Measurement in the Public Sector*, and other books of its genre, will be especially useful in imparting valuable insights that will help develop "a better understanding of both the overt and covert parts of performance measurement systems." If this was the editors' ultimate goal, then I believe they have made their mark.

William B. Tankersley
University of West Florida

A Nonmodern Way to Think About Leadership of Public Agencies

Larry D. Terry. 1995. *Leadership of Public Bureaucracies: The Administrator as Conservator*. Thousand Oaks, Calif.: Sage Publications. 207 pp., \$19.95 paper.

It is evident that a book titled *Leadership of Public Bureaucracies* belongs in the public administration literature. Yet, in this book Larry Terry brings a new approach to the topic. Leadership is an enduring theme, and this book resuscitates it with a new approach that does not fit the usual categories or frames of reference that normally appear in the public administration literature. The plan of this review will be to briefly summarize the book, then to take a closer look at the frame of reference within which it is written. With this particular approach, the author is swimming against most prevailing modern currents that now dominate public administration and organization theory.

The book's architecture is straightforward. Terry hopes to establish a new model for administration in the public sector and to show how those who act on this model would function. To establish this model he quickly reviews those well-known early twentieth century attempts at developing public administration theory. Then he moves to a theme found in the Blacksburg Manifesto—arguing that the development of American public adminis-