Introduction

Drawing upon Frederick Mosher’s characterization of trends and values dominating public administration in different historical time periods, Moynihan and Pandey (2005) pronounced the beginning of the era of performance management a decade ago. As other reform movements and practices have waned, performance management has become an enduring part of a new global “good government” movement (Pandey et al. 2014; Pandey 2015). In this chapter, our focus is on public policies promoting implementation of performance management at the level of federal/national government. In focusing on public policy initiatives promoting performance management at the federal/national level, we include policy initiatives emanating from the legislative as well as executive branches of national/federal government.

In order to provide continuity and context to our review of national policies promoting performance management, we chose the United States and Australia. Both of these countries have a long and sustained record of promoting performance management policy at the national level, despite changes in ideology and governmental leadership over the years. These two countries also operate under different styles of governance, Australia uses a Westminster-style parliamentary system and the United States uses a presidential one. In Figure 27.1 below, we summarize key historical events that promoted performance management in Australia and the US.

By no means do we seek to advance a claim that the first policies shown in Figure 27.1 represent the very first and definitive national-level performance management policy actions in the two countries. We recognize that the US Federal government has seen the use of different performance management measures over the past 60 years (Hatry 2013). These individual measures do not, however, equate to a systemic and institutional commitment to performance management.

In the sections that follow we will more closely examine the performance policies just described, and look for the lessons we can draw from them. In order to differentiate periods of time, the policies will be grouped together by who was the Prime Minister or President when they were enacted. We will begin with Australia and then examine the United States. This will be followed by a comparative assessment, from which lessons are drawn, that will be useful for other national-level governments. It is important to note that in the Australian context, evaluation is at the core of performance management and therefore we include it in discussion of Australian
performance management efforts. We do not, however, treat program evaluation in the US in a similar manner because it is a large-scale enterprise quite distinct from performance management.

Australian performance policy during the Hawke government

Between the two countries, Australia was a first mover. When Bob Hawke became Prime Minister of Australia in 1983, Australia was experiencing a poor economy and tight constraints on their budget (Mackay 2011). In order to deal with this, many changes were made in the way the government operated and among these changes, the government actively sought out evidence-based decision making (Mackay 2011). The first of these initiatives was the 1983 Financial Management Improvement Program (FMIP) whose focus was on results (Hawke 2007). The initial reforms of FMIP did not have requirements for mandatory performance evaluation, so in 1987, it became policy that budgetary spending proposals should include performance measures and procedures for evaluation; however, it was soon realized there were too many inconsistencies in the way evaluations were being conducted and that more rigorous procedures were needed (Mackay 2011). To remedy these issues, in 1988, a formal evaluation strategy was approved that required: (1) all programs to be evaluated on a regular basis (every three to five years) and this information to be used in governmental decision making; (2) managers were to be involved with the evaluation process and use it to improve their performance; and (3) transparency was to be increased by publishing evaluation reports (Mackay 2011). The final results of this evaluation system were quite impressive, and accordingly it has been described as “a model of evidence-based decision making and performance-based budgeting” (Mackay 2011: 41).

Schick (2002) notes that few countries have tried using evaluation as the primary source of performance measurement, but of those that have, Australia stands out because it decentralized decision making and required departments to help determine the performance criteria by which they would be evaluated. This inclusion of upper-level career public servants helped make Australia’s evaluation system a success (Schick 2002; Campbell 2001; Keating and Holmes 1990) and evaluation “is a crucial element of the system of managing for results and has a key role in linking program implementation and policy development” (Keating and Holmes 1990: 174). In order to further improve the evaluation process, in 1991 the Department of Finance created a new unit whose focus was to train, give support and provide advice to departments that needed assistance (Mackay 1998).
This evaluation process had its detractors who felt the process was too burdensome and did not allow managers the discretion they needed to be innovative and improve performance. In the next section we will turn to the Howard government, who had just this type of philosophy and examine their attempts at reform.

**Australian performance policy during the Howard government**

When the Howard government took control in 2007, the economy was booming and the government had budget surpluses, and with less of a need to control spending coupled with a shift in ideology, the emphasis on performance management began to diminish (Mackay 2011). Evaluations began to be seen as a cumbersome process that prevented managers from using their discretion to find innovative solutions to government’s problems and by 2008 the evaluation process was abolished and replaced with performance indicators whose focus was on outputs and outcomes (Mackay 2011).

Although a focus on outputs and outcomes is better than just measuring inputs, Campbell (2001) suggests that all three are important and that policy makers must find the right balance of inputs, outputs and outcomes. Another weakness with wholly relying on performance indicators is that though they “can be used to highlight examples of good or bad performance, a major limitation is that they fail to explain the reasons for this performance” (Mackay 2011: 43). In addition to favoring outputs and outcomes, which contained less information, the Howard government also relied on a smaller pool of information when making decisions, and Mackay (2011) states that except for the input from a few trusted advisors, decisions were often made with little regard to discussion and input from others.

The Howard government was responsible for ending two of Hawke’s most successful performance management strategies – evaluations and decentralized decision making – and replaced them with initiatives that were arguably inferior (Mackay 2011). Although leaders will often denigrate previous reforms in order to differentiate their efforts as something new and improved, Campbell (2001) urges “that governments in similar situations must do a better job of reassessing the rationales for reforms, taking stock of where previous initiatives have actually taken a system and then specifying the theoretical justifications for continued reforms” (280–281). In the next period of Australian performance policy, we will see a government that recognized the decline in Australia’s performance management and was determined to learn from the mistakes made in the past (Mackay 2011).

**Australian performance policy during the Rudd government**

Prime Minister Rudd was elected in late 2007 and set out to reverse the course of weakened performance management left by the Howard government by reinstating a style of governance that used evidence to determine policy (Mackay 2011). They wasted no time and immediately began reviewing performance management practices (Mackay 2011) and in 2008 they launched Operation Sunlight, whose objective was to increase transparency and improve upon Howard’s outcome model by “tightening the outcomes and outputs framework” (Tanner 2008: 2). In 2010 they continued to improve upon the performance management reforms with a policy entitled, “Ahead of the Game”, that required agency and department performance to be reviewed every three to five years (Moran 2010). It should be noted that a “review” during this time was not the same as an “evaluation” during the Hawke government. The review was less cumbersome than the evaluation process, but more comprehensive and robust than the performance measures the Howard government relied on (Mackay 2011). In some ways the
review was a hybrid between the two, thus demonstrating how the Rudd government was assessing past reforms for their strengths and weaknesses, and then using this information to create better performance policy. In addition to improving performance policy, the Rudd Government wanted more levels of government to use performance management. So in 2008, it began requiring states to submit performance reports for the federal funding they received (Mackay, 2011). These performance reports required states to reach benchmarks based on output and outcome measures. However, Mackay (2011) notes that one weakness with this policy was there were no budgetary consequences if agencies did not meet the goals.

As we have seen, Australia has had some ups and downs in their history with performance management, but even attempts that are unsuccessful can provide insight for future reforms. In the next section we will examine another country, the United States, which has its own unique history with performance management, and from which additional insights can be drawn.

**US performance policy during the Clinton administration**

Bill Clinton became President in 1993 and there were two important performance management policies that occurred during his administration. The first was the 1993 executive branch initiative titled the National Performance Review (NPR). The NPR’s major goals included the downsizing of government, reducing administrative costs and reforming administrative systems (Thompson 2000). This initiative made it clear that the President believed performance management was imperative to governmental success. Without this type of strong leadership, performance management policies cannot take root and succeed (Moynihan and Pandey 2010: 862). Other countries and jurisdictions from around the world that lack strong political leadership and support have not been able to implement a meaningful and lasting performance management agenda (Evans 2005; Behn 2004; Root et al. 2001; Xavier 1998). The second major performance policy during the Clinton presidency occurred later in 1993 when congress passed the Government Performance and Results Act (GPRA). This act required federal agencies to begin: (1) developing strategic plans; (2) creating annual performance plans complete with measurable goals; and (3) providing an annual performance report with actual performance compared to the goals it had set (Heinrich 2002: 713). Though GPRA was successful in getting agencies to begin reporting performance data (Joyce 2011), there is doubt whether this performance data guided decision making in any meaningful way (Moynihan and Lavertu 2012; Joyce 2011). However, what is important is that these initiatives began a process of data gathering that others would build upon. In the next section we examine how George W. Bush would further the cause for performance management.

**US performance policy during the G.W. Bush administration**

George W. Bush became President in 2001, and despite a change in party and ideology, performance management continued to play a prominent role. President Bush used his leadership to proclaim a need for improved performance management by announcing his 2001 President’s Management Agenda (PMA) in his first year of office. According to the PMA document produced by the White House, the agenda was guided by three main principles: (1) a need for citizen-centered approach as opposed to a bureaucracy-centered one; (2) it should be results-oriented; and (3) promote a market-based approach that encourages innovation through competition (Bush 2001). The following year the President announced a new Program Assessment Rating Tool (PART) that rated the effectiveness of government programs and used the information to guide budgetary decision making. In this aspect PART was different than its
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predecessors because it linked a program’s performance to actual budgetary consequences, thus strongly motivating agencies to use performance management. Though critics have argued that PART scores were not used as extensively as they could have been (Gilmour and Lewis 2006) there is still agreement that it was an improvement on GPRA. According to Breul and Kamensky (2008) PART was an improvement on GRPA because “PART renders a judgment about whether programs are effective” and it “enables decision makers to attach budgetary and management consequences to those programs that cannot demonstrate their effectiveness” (1018, italics in original). PART also differed from GPRA in another key aspect: it was more transparent and it posted the assessment scores of over 1,000 governmental programs on its website, ExpectMore.gov (Kamensky 2011). This transparency gave citizens and interest groups almost unprecedented access to information about government decision making, which we will see in the next section the Obama administration continue and further strengthen.

US performance policy during the Obama administration

Unlike his predecessors, President Obama did not start out with a formally written mandate to reform performance management, as had Clinton with NPR or Bush with PMA. However, just because the declaration was not made does not mean that improvements to performance management were not being made, resulting in some describing Obama’s strategy as a “stealth revolution” (Kettl 2009: 40). The Obama administration has used a variety of inclusionary methods to promote their performance agenda (Joyce 2011; Kettl 2009). Inclusion has been encouraged by having agencies involved with determining the details of their performance goals (Joyce 2011). Another inclusionary practice, which helped government work outside of normal routines has been through Obama’s expanded use of “czars” (Kettl 2009). These czars were given a responsibility to not only work across agency lines but to work beyond bureaucratic lines, in what Kettl (2009) describes as “post-bureaucratic, with players across many federal agencies, multiple levels of government, public-private-nonprofit sectors, and international boundaries” (41). The Obama administration was also committed to increasing transparency, as evidenced by the vast amount of performance information that was posted on the American Recovery Act Website as well as the creation of performance.gov (Kamensky 2011). Kamensky (2011) suggests that increased transparency combined with citizen involvement can lead to useful “mash-ups” (145), and these mash-ups could be “apps” that connect citizens to governmental information or services. Another important policy reform was the GPRA Modernization act of 2010 that resulted in: (1) increased performance reporting frequency; (2) a reduction in the overall number of goals; and (3) setting a small number of high-priority and cross-agency goals (Moynihan and Lavertu 2012; Kamensky 2011). Though each of these changes in and of themselves are not monumental, they are incrementally substantial improvements from “more than 15 years of experience – documented through numerous GAO reports” (Kamensky 2011: 141).

Comparative assessment: drawing lessons for other national-level governments

Whereas the performance management policies of Australia and the United States have significant differences, there are similarities in implementation of policies to promote performance management at the federal/national level as well. These similarities also tend to suggest that there is a rather orderly progression that takes place as national level governments grapple with (1) initiating, then (2) incorporating, and (3) improving the performance management process. These performance policy and practices commonalities can be summarized as follows:
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1 Initiating
   • The need for leadership to promote performance management.
   • Creating a requirement to begin performance reporting.

2 Incorporating
   • Tying performance levels to consequences.
   • Use of inclusion in goal setting and decentralized decision making.
   • Increasing transparency by making performance reports available to the public.

3 Improving
   • Analyzing and learning from past performance policies and practices.
   • A sustained effort to improve performance methods.

These three stages contain lessons that Australia and the US learned during their now several decades experience with performance policy and practice, and since these experiences can be useful in other national contexts as well, we review each in more detail.

Initiating: Before a nation can implement performance management, it must begin by initiating it. This takes place in several ways: first, a prominent governmental leader must actively promote performance management and second, a policy requiring government administrators to begin reporting performance measures must be enacted. Both Australia and the US initiated performance management with the use of strong leadership. In the US this first took place in 1993 when President Clinton announced his executive initiative for a National Performance Review. Similarly, the Hawke government used its leadership to promote a strategy to improve governmental performance with its 1983 Financial Management Improvement Program (Hawke 2007). No governmental reform can occur without leaders being committed to push an agenda forward, and reforms for performance management are no different. This commitment is not easy because performance management has costs associated with it, and these costs cause dilemmas for a government (Bouckaert and Peters 2002). In order to overcome these dilemmas, it takes strong commitment from leadership (Moynihan and Pandey 2010; de Waal 2007; Root et al. 2001).

In addition to strong leadership to initiate performance management, there also needs to be a mandate to begin collecting and reporting performance measures. In Australia, the FMIP served this purpose when it stated that budget spending proposals should include performance measures and procedures for evaluation (Mackay 2011). In the United States GPRA, updated in 2010 with the GPRA modernization act, fulfilled this role by requiring agencies to create performance plans and reports (Heinrich 2002). Both of these policies are credited for increasing the use of data gathering, which is an important first step in performance management. However, GPRA and FMIP in the long run both failed to procure effective performance measures (Joyce 2011; Hawke 2007). Despite these failures, what is important for performance management is that it was initiated, and modifications to policy and practice would continue in the incorporating stage. Indeed, success of performance management is assured in the “trenches” with imaginative leaders at the organizational level making small but consequential decisions that are feasible given administrative and political constraints (see Harris 2015 for an in-depth first-person account).

Incorporating: After performance management has been initiated, the next stage requires that a government fully incorporate performance management into its very fabric, this means that decisions, evaluations and the dialogue about government all use performance as an essential criteria (Moynihan and Lavertu 2012). In Australia and the US, performance management was incorporated by first, creating policy that connected budgetary consequences to levels of performance, second, increased administrative buy-in through techniques of inclusion in goal
setting and decentralized decision making, and third, by increasing transparency of performance reports to the public. Although FMIP and GPRA initiated performance management in their respective countries, these policies had weak requirements for usage and little penalty for noncompliance, and performance management was not widely used (Mackay 2011; Gilmour and Lewis 2006). Realizing this weakness, both countries tied real consequences to performance levels in order to increase the use of performance management. Only one year after the FMIP was introduced, the Howard government approved the formal evaluation strategy, which required all programs to be evaluated and this information was used in governmental decision making (Mackay 2011). The US saw similar additional requirements when President Bush implemented PART. This Program Assessment Rating Tool goal was to link a program’s performance to actual budgetary consequences (Breul and Kamensky 2008). Both programs used a carrot and stick strategy in order to change behavior and it did lead to an increase in reporting, however, there were still issues with the quality of the reports (Joyce 2011; Mackay 2011).

In order to further increase performance usage and improve the quality of its reports, both Australia and the US realized that in addition to a carrot and stick approach, positive motivational techniques need to be used. This included the use of inclusionary practices in goal setting and decentralized decision making. Hawke’s formal evaluation strategy required departments to help determine the performance criteria by which they would be evaluated. This turned out to be very successful because when upper level career public servants are involved and help shape the criteria by which they will be judged, it increased buy-in and commitment to the performance management agenda (Schick 2002; Campbell 2001; Keating and Holmes 1990). President Obama similarly involved government agencies to determine the details of their performance goals (Joyce 2011). The quality of evaluations was also significantly improved in Australia in 1991 because the Hawke government allocated significant resources in training and support for workers (Mackay 1998). Though no equivalent performance training program was found in the US, it is noted here because of the positive impact it had in Australian performance management. The US has also used a unique technique to improve inclusion with its use of “czars” during the Obama administration. These “czars” were tasked to dismantle governmental “silos” by working on issues from a broad performance perspective rather than looking at them from an agency perspective. Prior to this, multiple agencies independently worked on similar priorities, but it was now the “czars” task to promote inclusion by working not only across agency lines but also beyond bureaucratic ones to include those outside of government (Kettl 2009). These inclusionary practices are more than just a nice ideal, they are also practical, and others have found that top-down reforms often struggle (Moynihan 2012) but programs where details are worked out by rank and file employees tend to be more successful (Thompson 1999). As such, when policy-makers write policy, they should be sure to include mechanisms that mandate inclusion and decentralized decision making.

Another way to incorporate performance management into government is through the use of transparency and publishing performance reports. Australia during the Rudd government took transparency to new levels with its aptly named policy called Operation Sunlight. The amount of performance information available to the public also dramatically increased with the Obama administration’s launching of performance.gov (Kamensky 2011). Transparency not only helps agencies to be held accountable but it also increases citizen participation. One way that government can encourage citizen participation is by being transparent and allowing citizens to scrutinize the measures (Heinrich 2007). Citizens and stakeholders can keep politicians and administrators on track when their commitment to performance begins to waiver. It has also been found that citizen support is necessary in order to successfully implement performance management policy (Moynihan and Pandey 2010).
Improving: Although over the years both Australia and the United States have made changes to their methods of performance management, they have remained steadfast in their commitment and now have several decades of experiences from which to draw lessons. Two important lessons include that governments learn from their past successes and failures and second, they have a long term commitment to improve performance methods. With regard to learning from past experience, Prime Minister Rudd examined the strengths and weaknesses of past performance practices, before creating their performance reviews, which was a hybrid of Hawke’s evaluations and Rudd’s performance measures (Mackay 2011). In the US the GPRA Modernization Act of 2010 was the culmination of lessons learned from over 15 years of experience (Kamensky 2011). Even after a country has had a successful performance management program, continued success is not guaranteed, as evidenced by the Howard’s government reversal of evaluations and inclusionary decision making (Mackay 2011). It takes sustained commitment to continually improve performance (de Waal 2007). The length of time that this commitment will be needed should not be underestimated. Schacter (2000) notes the strong influence of history in today’s successes, arguing that precursors to performance management go as far back as 100 years ago. Along with commitment, politicians and policy makers must have realistic expectations and understand that progress is going to be incremental and require continual improvement. Though progress may at times seem slow “viewed through the lens of history, these reforms can be seen as part of a general upward trend in attention to performance concerns … each reform taught us things, developed capacity, and made it more likely future reforms would be implemented” (Joyce 2011, 358).

Conclusion

Policies promoting performance management within national governments have been with us for many decades and the numbers continue to increase. This chapter has focused on Australia and the United States because of the relatively long and sustained use of performance management at the national level there. There are common points in the Australian and American experiences that can be useful in other national contexts as well. Both countries used techniques such as performance leadership, tying performance to consequences, inclusion, transparency and continual improvement in order to promote performance management policy and practice. Although these policies and practices at the national level have promise and potential, it is necessary to note that success in performance management depends on long-term commitment. For the sake of completeness, we must also note that national/federal government performance is a complex phenomenon and is dependent on the performance of a variety of other actors such as sub-national governments and the performance of contracted private for-profit as well as nonprofit organizations (Pandey 2010; Brown, Potoski, and Van Slyke 2007).

References

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