Governance, Management, and Performance: They Matter

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Introduction

At both the theoretical and practical levels, public administration is often engaged in a search to explain how public policy is formed and how management attempts to influence and implement policy. The search involves understanding the factors that influence policy decisions and the intersection between policy formulation and implementation. In seeking to explain what occurs researchers try to define governance and identify how information influences public choices. The effort to explain the governance process is a worthy endeavor, particularly at a time when public organizations are facing increasing demands for accountability.

Over the past 20 years it has become apparent in the academic and practitioner communities that traditional definitions of governance are shifting: new definitions of public management are based on business models of efficiency and accountability. The new public management (NPM) models (Peters, 2001; Behm, 2001) stress elements that could be contained in a primer on how to run a business. Emphasis is placed on governing approaches where the citizen is identified in the traditional view as a seeker of benefits and services from government, but also as a customer and owner of the enterprise. Although debate is ongoing about the relative importance of each role (Vigoda and Golembiewski, 2001), there is general agreement that governing today is radically more challenging than in the past.

The three books under review each speak to this changing definition, although they emphasize different aspects; together they help explain how the definition of governance is changing, how to study the phenomenon, and how to effectively implement new strategies.

Governance and Performance

In Governance and Performance, Heinrich and Lynn aim to "derive a body of knowledge on public sector governance and management that is useful to both practitioners and scholars by using the more rigorous theories, models and methods of the social sciences," (preface xi) and they present a framework for governance that underlies the various studies in the book. They argue that a more exacting empirical approach is not only possible but "essential" if complex problems of public administration are to be understood.

In chapter one, Lynn, Heinrich, and Carolyn Hill provide the discourse on governance that informs the research presented in later chapters. They note that governance may not by itself explain how government performs; however, studying it is still important because governance is about how agreed-upon goals are implemented and how norms of practice and performance are institutionalized. The goals of government may be determined through a variety of means, most likely through influences within the political process. However implementation issues are still important: "deal makers" have to rely

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on those involved in governance to translate values and interests into policies and programs that preserve the stability of the legislative deal. Governance therefore might be defined as "regimes of laws, administrative rules, judicial rulings, and practices that constrain, prescribe, and enable government activity" (3), where activity is defined as the production and delivery of publicly supported goods and services. Lynn, Heinrich, and Hill believe the study of governance evolved from two intellectual traditions, the study of institutions and the study of networks, and they offer a number of critical questions based on those traditions for those who explore governance.

Melissa Roderick, Brian Jacob, and Anthony Bryk focus on efforts by the Chicago public schools to end social promotion and to increase student achievement. The preliminary findings seem to indicate that extra time and resources spent before testing influence student achievement. In the next chapter, Heinrich and Lynn develop an empirical model of control and accountability in state and local programs to show how program structure and management influence implementation of the Job Training Partnership Act. They contend that the most effective programs were easy to monitor and allowed management and staff to focus coherently on program goals.

In a study of welfare policy, Edward T. Jennings and Jo Ann G. Ewalt conclude that administrative reforms seem to have the most influence on states trying to reduce their caseloads.

Jodi R. Sandfort (in chapter five) and James Riccio, Howard Bloom, and Carolyn J. Hill (in chapter six) examine outcomes of the welfare-to-work structures and services. Sandfort looks at two programs designed to move welfare recipients into the workforce: participants in Project Zero showed a positive effect, but those in Work First showed a negative effect. Variations in the programs as well as their interrelationships limited Sandfort’s ability to fully understand why the programs had divergent results. Riccio, Bloom, and Hill looked at how management practices, organizational characteristics, and service technology interact to make some programs more successful at helping recipients find well-paid work and reduce their reliance on welfare.

Jack H. Knott and Thomas H. Hammond examine the legislative side of governance, explaining the contributions of congressional committees to the deregulation of banking, trucking, airlines, and telecommunication. They conclude that, among other things, larger coalitions are required to change the status quo than to resist change; powerful actors like the president must be involved; the influence of committees depends on how actors’ policy preferences conflict or coincide with existing policy; and that a change in the status quo can affect the power of the actors.

H. Brinton Milward and Keith G. Provan (in chapter eight) and Laurence J. O’Toole and Kenneth J. Meier (in chapter nine) examine network relationships. Milward and Provan look at two types of network relationships: in one, governance structures are based on formal ties; in the second, networks are based on historical collaborations, interdependence, and personnel relationships. Both of these relationships need to be in place for successful governance, particularly when the participants in the network are relatively stable. O’Toole and Meier provide a model of the significance of hierarchy, network, and management, but they do not test it empirically.

Patricia W. Ingraham and Amy Kneeler Donahue offer a model consisting of four subsystems of governmental management capacity; the third book under review explores this model extensively.

John W. Ellwood examines the prospects of the research presented by the other authors for fostering the development of empirical models of government. Ellwood critiques their use of research methods to construct models that define governance and measure its performance. He lauds their efforts to reintroduce rigor into the study of governance, but faults their failure to account for the essential political nature of governance. Efforts to explain everything, by failing to separate the unimportant from the important, may end up explaining nothing. And although researchers may be gratified by developing models and experimenting with analysis, their projects may fail if they do not relate to the replication of results between jurisdictions.

Performance Budgeting

In Performance Budgeting for State and Local Government, Janet M. Kelly and William C. Rivenbark propose that it is possible to develop a system that integrates operational and financial management while accommodating political accountability. They define performance budgeting as a “way to make budget decisions about the allocation of limited resources based on the performance of service delivery” (4). The process starts with developing performance measures derived from mission statements, service delivery goals, and similar objectives. Once the measures are set, the process moves to “performance management” which entails the use of performance data in decision making, particularly regarding core functional areas. The process is complete when public officials use performance management in budget allocations. The authors define performance budgeting as “a budget preparation and adoption process that emphasizes performance management, allowing allocations decisions to be made in part on the efficiency and effectiveness of service delivery” (4).

The book provides an excellent history of the systems and philosophies of budgeting by discussing the budget processes currently employed at the state and local levels of government.
The authors argue that performance budgeting should complement rather than replace traditional line-item approaches. This seems wise, given the failure of budget theories, based on structural change, to oblige the use of line items.

The authors’ public-budgeting concept focuses on planning for two levels of performance: organization-wide planning, which justifies government provision of a service, and programmatic planning, which designs services. They stress the absolute need for these two to be linked by utilizing the “balanced scorecard” approach of Kaplan and Norton. Failure to link the two levels of planning would doom any possibility of constructing a performance budget because measures at the programmatic level would not be integrated into decision making. This is, as the authors note, an essential element of their proposal: it is how they seek to avoid the pitfalls that have snared so many other theories.

The authors then deal with performance measures as solid inputs into decision making rather than as window dressing in budgetary documents. They present the standard types of performance measures, but add value to them by discussing how they move in management systems. When discussing benchmarking, they present four forms for accomplishing it: continuous process improvement, corporate-style, comparison of performance statistics, and targets as benchmarks.

Chapter seven focuses on the audit function in performance budgeting: auditing is defined as the evaluation of finances based on accepted standards, management performance, legal compliance and programs. The central argument advanced by the authors is the assertion that performance data should be subjected to the same level of scrutiny as financial data. The final chapter looks at the capacities needed for performance budgeting: they are organizational capacity, which is the ability to anticipate and influence change, to direct resources in response, and to evaluate results; and managerial capacity, which is the ability to accomplish policy objectives by directing resources and monitoring the ability of the government to deliver.

Kelly and Rivenbark conclude the book by asking “why performance budgeting?” Their response is the belief that “we are on an irreversible path toward information driven decision making in both the public and private sectors.” This path requires that information be managed and directed through policy-making practices such as budgeting.

Management Matters

Government Performance by Patricia W. Ingraham, Philip G. Joyce, and Amy Kneeler Donahue draws on two projects that measured and compared management activities at all levels of government—the Governmental Performance Project (GPP) and the Federal Performance Project (FPP)—and scored the management effectiveness of various state and local governments and federal agencies. The authors assert that “effective management is basic to the overall effectiveness of government” (2), arguing that management functions are a “critical element” in the ability of government to perform. The central question in the book is not “does management matter?” but rather do we understand how well-managed organizations enhance performance.

After a historical account of efforts to define the significance of management for performance, the book discusses the core systems of management: financial management, human resource management, capital management, and information technology management. Two other functions, the organizational focus on results and the integration of management systems, are offered as influences on management.

The authors argue that governmental performance is a function of management capacity as well as “an array of environmental constraints and opportunities” (15). Management capacity, defined as the ability to secure and develop the four management systems, is operated by four “levers”: the management system (administrative infrastructure and technology within the financial, human, capital and informational functions); leadership (the capacity to provide vision, integration, and alignment); the interconnectedness of leadership, technology use, and the strategic allocation of resources; and results (providing an organization with a purpose and a justification for resource allocations). The authors believe that connecting management to performance is largely dependent on how well these four levers are linked and integrated.

Chapter three presents the framework of analysis used to assess effective management and infrastructure in the GPP and the FPP; the next chapter outlines the methods used to select the pilots for the programs and to collect the data used to test the model. Following this are reports on the management systems of state and local governments and federal agencies. The authors provide a very complete descriptive analysis and a table of scores, stressing that these are not scores in a competition, but rather a way for governments and agencies to identify areas needing attention. This works well because the subjects were fully aware that their strengths and weaknesses would be identified.

Since the data represent only a single year, it will be important to follow up with tests of the model to determine if the analysis helps improve performance on the various elements.

Chapter seven lists the lessons that can be taken from the GPP and FPP efforts. The essential lesson is that “management matters” because “it is a significant influence on an organization’s ability to maintain an effective
course” (117); this is true regardless of whether the environment is stable or turbulent. The authors claim that management matters most when there is a clear mission and purpose, when the purpose can be pursued flexibly, when predictable actions are valued for linking results and performance, and when new leadership requires institutional strength and is supportive of effective change.

Ingraham, Joyce, and Donahue conclude that the GPP and FPP projects advanced the understanding of how managing for results leverages broader management effectiveness and how critical it is to integrate across management systems. The projects also demonstrated that using rigorous methods can result in practical analysis, in increased media discussion of management; and in allowing governments and agencies to learn and to share what they learned.

Conclusion

The three books under review explore how to define governance. Heinrich and Lynn’s emphasis on constructing models derived from rigorous research is intriguing. The book does not present definitive theoretical models, but makes a good case that the exploration is a worthy effort. Throughout their book Kelly and Rivenbark offer operational examples to illustrate the concepts of performance budgeting. This helps both academics and practitioners understand their proposal. Ingraham, Joyce, and Donahue provide a very detailed analysis built around the elements of the management system. That analysis and the scorecard provide readers with an excellent understanding of how the model of analysis operates.

The three books help show how governance is being affected by the call for accountability, how the definition of governance is changing, and how to measure the success governments are having in adapting to the new definitions. The books do not claim to be final answers, and they clearly are not. However, they provide some sound bases for implementing new concepts of governance and studying those efforts.

References