The Feasibility Study of Government Performance Management in China

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Efficiency is always one of the important elements of administration. At the end of the 19th century, when Wilson established the new field of the science of administration, he declared that one of its objectives was to make clear, "[h]ow the governments can fulfill their duties with the efficiency as high as possible and at the cost of money or human resources as low as possible" (Ding, 1999, pp. 21). In the 1980s, in order to solve such prevalent problems as a stagnated economy, financial crises and diminished public satisfaction with government, western countries promoted an administrative reform of "reinventing government—to run government as enterprises." Through this reform of government with an entrepreneurial spirit, the major trend in business management, performance management, was introduced into government management, and replaced the traditional idea of government efficiency (Mark, 2001, pp. 43-46). Government performance management in Britain, USA, New Zealand, etc. has embodied the spirit of efficiency and quality, regarding customers as foremost and striving for perfection. These are qualities that business had always pursued in management. This resulted in a series of notable achievements, and so, to set up a high performance government has become a common understanding of the governments of many countries (Irene, 2002, pp. 85-91).

Considering the successful experiences of western countries' government reform, China, now in a period of transition, should also implement performance management in the government, while perfecting the socialist market economy system. At present, our government shoulders strenuous reform tasks, including re-defining government functions, standardizing government behaviors, simplifying public institutions and personnel, as well as increasing the openness of government proceedings and enlarging channels for the public to participate in politics, to meet the requirements for the construction of democratic politics. Implementing government performance management will be the most efficient way to realize these reforms. Generally speaking, performance is the combination of efficiency and result. Performance management pays more attention to people's subjective initiative (Chen, 2002, pp. 9); therefore, it's a more scientific management method. Since government differs from enterprise, it can't fully copy the performance management of businesses. The difficulties of government performance management focus on the value factors that are hard to calculate, and the multiple appraisal indexes brought about by the extensive government management targets. Also, as opposed to western countries, China is in a period of transition, so we will certainly run into specific difficulties with stagnant conceptions of the civil servant and an imperfect market mechanism. This essay will attempt to analyze the implications of government performance management for China and the many obstacles our country will face in implementing this method, given the present administrative environment, knowing various kinds of favorable motive factors, and making arrangements for establishing the government performance management system.

Abstract: Government performance management is a scientific management method that combines process management with outcome management, and it is focused primarily on civil servants. The difficulties of government performance management derive from the unique status and interests of government, distinct from those of business: government is nonprofit, in most cases has a monopoly, and is concerned with public welfare. Other problems in government performance management stem from the existence of the peculiar "pseudo-adaptation," the lack of a self-control drive and that relentless pursuit of maximized efficiency of administrative organization, resulting in what is known as "state evil." However, with the requirements of our new status in the WTO to deepen economic system reforms, reverse "financial deficit" and combat corruption in the Party and the State. China will surely institute a multi-level open performance management method. Based on the successful reform
Analysis of Government Performance Management

Performance management has been applied to manpower resource management in business since the 1920s. Since the 1970s, it has been applied to larger institutions, and its management targets have expanded to three levels, organizations, groups and staff. Successful applications of performance management in a number of enterprises made government recognize the necessity to revamp. In the 1980s, in the movement towards “Reinventing Government” in western countries (Osborne, 1956, pp. 5), performance management was introduced into the field of government management. However, government is not the same as business; they are different in organizational nature, management purposes, operational strategies and appraisal forms and standards. So, on one hand, the general practice of business performance management will differ from that of government performance management; on the other hand, government performance management will obviously differ from traditional government management in China.

Performance is the combination of efficiency and result, and performance management is a management method that combines course management and result management. “Government performance means the result and efficiency in its management activities. It is the managerial ability that the government possessed when exercising its function and realizing its will” (Wang, 2003, pp. 27). That is to say, performance management includes the management of efficiency and result. Efficiency means the ratio of “input” to “output.” Result, which refers to the result and value of work, includes economic result and social result.

Performance is distinct from productivity, so it is not scientifically sound to only pursue productivity in government management. Productivity in the management domain, generally called production efficiency, which mainly means the input-output ratio, is the quantified result of the material achievement. However, efficiency in government is an abbreviation for administrative efficiency, which refers to the ratio of administrative input to administrative result. Neither administrative input nor administrative result is purely material. Regarding administrative input alone, it not only includes manpower, money and material, but also energy, time expended by administrative personnel and various kinds of interpersonal relationships, etc. These cannot be completely calculated. As for administrative result, although it is obviously impractical to ignore value, it is also impossible to calculate. However, this does not mean that we cannot use the concept of efficiency in government management. In fact, where it is possible to derive the necessary calculations, efficiency is an applicable concept, and elsewhere we can use the concept of “result.”

Performance management is different from simple “process management.” In government management, “Process Management” pays attention to the working process. Its typical appraisal takes the form of, “To do or not to do is a question of one’s attitude, while doing well or not is a question of one’s competence.” The former is a political issue, so it should be seriously treated; while the latter is an issue of competence, so it can be tolerantly treated. The typical thought of the civil servants in “process management” is the self-evaluation criterion that, “working laboriously all the year round, they should be praised for their diligence even if they make no contributions.” Such a management method, in fact, is the disguised continuity of the management of the “Politics First” era. Before the reform, the primary standard by which to appraise the “leading group” and leaders was by political standards, rather than professional or competence standards. As a result, it led to low competence and efficiency in government management. The result of simple “process management” and the working psychology it instills in civil servants are definitely incompatible with a market economic system. In a period of planned economy, there is a weak concept, if any, of cost in social economic behavior, so the government and its civil servants have no conception of cost yet. The prerequisite to building a market economy is that responsible persons in the market must all be “rational economic persons,” whose instincts are to pursue the maximization of their interests; the government and its civil servants are no exceptions. Building a high-efficiency government, not an onerous government, is the taxpayers’ demand, as well as the demand of the market economy.

Performance management is also different from simple “achievement management.” “Achievement management” is concerned with result, and its typical appraisal method consists of equating the result of a given activity with its rationality and validity. Achievement management has essentially invalidated itself through those seemingly grand “achievement projects,” that in the end waste manpower and money or are even harmful. Simple “achievement management” is not what the market economy system needs. What it needs is a government that renders service and security in its normal operations, but not one in which people act according to personal will or higher authorities’ taste. In China, the fundamental reason why we cannot simply rate government performance on “achievements” is that this one-sided appraisal standard isn’t fit for our market economy.
system. At present, the standard by which to appraise the “achievement” of government, or its civil servants, is only through economic indexes, which usually have deep brands of planned economy. Such “achievement management” is often the important systematic factor that leads to the phenomenon wherein the civil servants are occupied with short-term affairs. In addition, there’s only one means of appraisal from top to bottom to appraise “achievement,” which directly leads to formalism and cheating. The reason why the phenomenon of “leaders producing figures and figures producing leaders” still exists, despite repeated prohibition, lies in the drawbacks of this management method.

The focal point of performance management is the management of civil servants. The targets of performance management include three levels: the government, its functional sectors and civil servants, in which the civil servants, themselves, are the basic material. If the civil servants’ working enthusiasm and initiative is excited, it will not be hard to realize the performance goal of the whole government. The core of performance management is “to regard humans as fundamental.” That is to say, to arouse the enthusiasm of civil servants and emphasize the personal development of each individual civil servant. The management goals and planning formulated in practice need to be based on realizing the goals of organizations, as well as on the personal values and the career planning of each civil servant. Impelling civil servants to fully participate in the management process of the organizations, realizing effective coordination between organizations and their civil servants, and designing scientific examination indexes are all goals of performance management.

In a word, performance management is different from the former management methods. It refers to the comprehensive management of objectives, working ability, attitude, performance, and planning. Therefore, it’s a more positive initiative, overall, as well as a scientific management method.

Analysis of the Main Obstacles in Implementing Government Performance Management in China

As proven by the reforms of western European countries, government performance management is an effective management method for alleviating financial pressure, responding to the demands of democracy, and improving the government’s sense of service. In 1979, Britain implemented the “Rayner Scrutiny Programme” in the public sector, out of which grew “The Citizen’s Charter” movement in 1991. A significant part of this movement was the establishment of the civil servants’ performance appraisal system, which moved from simply improving internal management efficiency to improving the public service efficiency of the government in general (Tong, 2001, pp. 75-77). If the British reforms were a successful application of performance management in government management, then “The National Performance Appraisal Committee” set up in the USA in 1993 was nothing less than a drastic “business-like” governmental overhaul. In less than 3 years, the Clinton administration simplified the roles of 240,000 federal civil servants, deleting 16,000 pages of regulation and simplifying another 31,000 pages of regulation. It’s estimated that such federal administrative simplification can save taxpayers 28 billion dollars annually (Wang, 2003, pp. 21-23). We can draw on the experiences of government reform in western countries. However, China is a developing socialist country, and this basic national condition means that implementing performance management in our government will entail remarkable difficulty in both theory and practice.

The first difficulty comes from the marked distinction between business and government. The administrative behavior of government is characterized by government’s unique nature as nonprofit, monopolistic and concerned with public welfare. Thus, there exist crucial differences between government performance management and enterprise performance management.

As for the assessment of value, business can unquestioningly put profit and efficiency first, while the government cannot do so. The government is a nonprofit institution; the unrelenting pursuit of efficiency can easily lead to such side effects as excessive centralization, roughness in administrative command and working styles, the over-generalized application of a single criterion to all occasions, and cheating. Besides, we should never lose sight of the inherent tension between “efficiency” and “equality” (Ma, 2001, pp. 18-20). The government must take both into account. However, in reality, the two are not irreconcilable. What’s more, “efficiency” is completely different from “equality” in nature. The former is quantifiable, while the latter is not.

There are a number of elements that cannot be compared between administrative cost and the production costs in business (Li, 2002, pp. 58-60). For instance, it’s believed by all that “Science and technology are the first productivity” (Ding, 1993, pp. 274). In business production, technological cost plays an important role. In some production divisions, the scientific cost and manpower cost are inversely proportional and can even substitute for one another,
while technology and productivity are directly proportional. The more you invest in technology, the higher the productivity. However, science and technology do not function so directly and apparently in administrative affairs. It is impossible to gauge to what extent the enhancement of administrative efficiency relies on the quality of office equipment. Moreover, the content of science and technology in office equipment and administrative efficiency are not necessarily directly proportional (Zuo, 2001, pp. 50). It’s futile to provide advanced equipment for the government where institutions are unreasonably set: the functions of departments are blurred; unnecessary positions exist; administrative procedures are complicated; and there are innumerable piles of files and conferences because these institutions, members, procedures and files are themselves excessively costly.

The monopoly of administrative activity leaves the government feeling little pressure from competition, so it doesn’t have the motivation to pursue lower costs and higher efficiency (Dennis, 1999, pp. 409). It is fierce competition that drives businesses to lower costs and enhance efficiency. Even if an enterprise is a monopolistic one, its degree of monopoly is far lower than that of the government. The government provides both compulsory public services, such as public security, fire fighting and market supervision, as well as long-term and expensive investment items, such as traffic routes, water and electricity equipment, telecommunication, public pipes, etc. Due to this monopoly, and without external competitive pressure, the government has no internal motive to reduce costs and improve the quality of services. Furthermore, the criterion and method to appraise governmental behavior is not easily determined.

Secondly, the peculiar nature of administrative organizations raises an added difficulty to the implementation of government performance management. The peculiar “pseudo-adaptation” of administrations, the shortage of self-discipline in administrative organization and their instinct for pursuing maximum utility are, to a great extent, forms of “state evil,” and so always exist, preventing us from implementing performance management in the government.

The so-called “Parkinson Law,” a principle that describes the self-expansion of administrative activities, implies another major obstruction to the implementation of government performance management. Conceived by the British administrative scholar, Parkinson thought that, as a rule, government officials will always increase their own subordinates, produce new positions and increase workload. According to the “law,” the number of officials and the quantity of work are not related to each other at all. That is to say, we cannot draw a conclusion that there are redundant staff members in a given organization by noting the phenomenon of “a cup of tea, a cigarette, and a piece of newspaper for half a day” during working hours. And even though everyone has something to do, and everyone is busy all day long, this does not necessarily equate utility. The state of “pseudo-adaptation” (Jay, 1987, pp. 251) in administrative institutions protects bureaucracy legally, and obviously increases the difficulty of determining the indexes of performance.

Government institutions always appear as societal administrators; meanwhile, these very institutions exercise no self-discipline themselves. Therefore, it is difficult to devise strict, scientific and self-binding policies of performance management. Because of the nature of policy and the coercion of government functions, the government is used to issuing orders. That is to say, the activities of social organizations and individuals receive restraint from the policy and regulation of the government. The restraints that the government and its civil servants receive are limited, and most of them are in fact self-discipline policies, rules and systems made by the government itself. Western scholars explained public-choice behavior with the “Economic Persons” hypothesis (Buchanan, et al., 1989, pp. 74). They pointed out that, given the lack of competition, it is unnecessary for government officials to care about the efficiency of services, and it is unnecessary to restrain their own behavior. On the other hand, if the government didn’t “produce” excessive public service, or didn’t try to “produce” the budget deficit, it would lack the rationale necessary to expand its privileged budget funds for the next year. These public services and budget deficit are often mixed with the actual requirements and make it impossible to assess performance.

Finally, there is another important obstacle in implementing government performance management in China, the conceptual obstacle. There are two major, deep-rooted ideas that stand to impede the application of government performance management. The first stems from China’s so-called “Official standard,” the traditional belief that one’s value is generally measured by his position and promotion. This states that one is arrogant and proud when in a commanding officer’s position, and otherwise “fearing and respecting of the officer.” Under such a psychology, nobody dares to supervise government officials. It is difficult for the government and its officers to face the appraisal and supervisions of the public with this mind-set. The standards, method, and procedure of appraisal and supervision, are formulated and carried out by the government and its officials. The second obstacle is a certain indifference in the consciousness of so-called “rational persons.”
Government performance management is the result of a commodity economy and market economy. However, China is a country with a long traditional economic history that has a great emphasis on small-scale production. People have only encountered the capitalist conception of commodity over the past 20 years, and the market, in its true meaning, in the past 10 years. They are even unfamiliar with calculating cost and result in the production of state-owned enterprises. How can they be expected to calculate them in the field of administration?

In a word, government is different from business, and China is different from developed countries. Therefore, we cannot indiscriminately imitate the concrete method of businesses from foreign countries when implementing government performance management. It is of the greatest importance that we rethink the concepts of government and its civil servants.

**Analysis of Feasibility in Implementing Government Performance Management in China**

Even though there are many obstacles in implementing government performance management, China has a tentatively set up socialist market economy system and has entered into the WTO. At present, reforming the government appears urgent and necessary, and implementing government performance management is an important element of government reform. With the understanding of how it was implemented in a number of western developed nations, while under pressure from a high financial deficit, and having resolved to fight corruption, it should be feasible for us to implement government performance management.

In China, to set up a government performance appraisal system is necessary for perfecting the socialist market system, so it entails the feasibility of social development. The building of government performance management in China was put forward only in recent years. Concretely speaking, it took place after the social market system was set up. During the period of planned economy, the government was appraised primarily by its own authority. We were satisfied with a people's government that was absolutely authoritative, represented the fundamental interests of the people and was suitable to the planned economic system. The government during such a period of planned economy is "omnipotent" and its responsibility is "limitless," so it is impossible and unnecessary to appraise its performance. What is required of the government by the socialist market economy is totally different. An economy-operating mechanism that stresses efficiency and results requires that the government pursue efficiency and results as well. China, as a developing country whose economy is in a transition period, must put effort into setting up the government performance appraisal mechanism after changing its government functions first. In other words, when compelling the transition of government function, we should research the founding of a government performance appraisal system, in order to speed up the transition of these government functions and perfect the economic system.

The building of the government performance appraisal mechanism is necessary to match our administrative system with that of other countries, after the entry into the WTO. After entry into WTO, the traditional administrative management mode and appraisal standard in China must be restrained by international regulations. What is required of the government, and the means by which to fulfill these requirements through the WTO, is obviously very different from what is expected of a government in a planned economy. Setting up a government performance appraisal system according to international criteria is an important move for China, in order to face the challenges of the WTO. At present, the administrative efficiency of our government is extremely low, unmentionable in the same breath with that of developed countries. Such low administrative efficiency seems to be due to our overstaffed organizations, and is the reason why China bears such heavy financial burdens. This low efficiency also appears to stem from a reckless system of examination and approval. After entry into WTO, it is crucial that the government reduce administrative costs. In order to guarantee that administrative costs do not rebound after being reduced, it is imperative to set up the scientific government performance mechanism. In our traditional administrative appraisal, we paid excessive attention to political and class interests, while ignoring the economic benefits and public interests endowed in an appraisal system. This obviously doesn't match the demands of internationalization. Most western countries regard increase, fairness, democracy and orders as the core of the government performance appraisal, which is applicable to all the countries in the world. We can draw lessons from these countries, while setting up the government performance appraisal system in China.

At present, a government performance-appraisal mechanism is also necessary to improve the modus operandi of party and government, and so it is, therefore, politically feasible. Despite repeated attempts to correct them, significant problems persist at the administrative level in both party and
government. Among these are the phenomenon of party members and cadres failing to fulfill their responsibilities or take initiative, currying favor with superiors, while being arrogant and domineering towards subordinates, the continual shifting of responsibilities and arguing over trifles, the prevalence of so-called “achievement projects” and “gift-presenting projects,” seeking advancement and promotion, yet not taking on the commitments, and, of course, the innumerable piles of files and endless conferences (Li, 2002, pp. 112-116). The directorial function of the current checking-and-rating mechanism for cadres and departments is a crucial factor in perpetuating these phenomena. Such appraisal criteria and variables as output value, tax revenue amount, reemployment rate, case-solving rate, poverty reduction rate, forested area, times of conferences, numbers of people attending conferences and propagating copies, etc. lead to the vicious circulation of “figures producing officers and officers producing figures.” In order to thoroughly combat such malpractice, we must improve the institutional architecture of party and government. It will be an important and effective link in setting up a scientific government performance-appraisal mechanism.

To assist in ascertaining the technical feasibility of implementing government performance management in China, we can draw on the theoretical and practical results of developed western countries. In the government reform movements in western countries in the 1980s, Britain, New Zealand, USA, Denmark, Holland, and others successfully carried-out governmental reforms, and stressed that “modern public management reforms attached equal importance to performance and money saving” (Karmie, 2002, pp. 87). On the basis of the civil servants’ performance appraisal system, which was set up in the 1970s, Britain issued the “Civil Servant Decree” again in 1991, and perfected the legal system of checking and rating national civil servants. At the beginning of 1980s, Denmark proposed the concept of “Responding Country,” that required the government to regard citizens as customers instead of voters. In the National Performance Appraisal Council report in 1993, the USA proposed a new concept of inventing business-like government, which can lower cost and enhance efficiency. Their reform made remarkable achievements in the delegation of power, contracting out, enterprise reform within the government, simplifying civil servants, etc. Corresponding to government reform practice, the governmental theories of western countries have been undergoing a significant transformation from public administration to new public management. They proposed the appraisal standard of government performance, with “the three E’s” (economy, efficiency, and effectiveness) as its main contents. Furthermore, some scholars directly proposed a “Rational Mode” and “Social Interactive Mode” to evaluate government performance. Although there are still many contradictions or even conflicts among these theories, and there is distance between the theories and reality, these theories and practices have offered us wide space for thinking.

While determining our performance appraisal standards and methods, we may draw-on the reasonable elements of the “Social Interactive Mode” put forward by western scholars. The American scholar Lyndblom advocates formation of final administrative decisions through institutional interaction and the coordination of plural interest subjects in a democratic society (Pye, 1990, pp. 250). The social interactive mode that he designed is summed up as “Scattered Suggestions—Social Interaction—Synthesized Suggestions.” Lyndblom further explains that there exist very complicated relations between politicians and administrative personnel, politicians and the public, administrative personnel and the public, and among administrative institutions. Each of these understands government performance from the point-of-view of their own interests, so their suggestions vary greatly. Through varied formal and informal exchange and interaction, a final coordination of the suggestions is realized. This final coordination does not represent the suggestions put forward by any one side, but can be accepted by everyone, and so, in effect, is a synthesis of different values.

Lyndblom’s “Social Interactive Mode” recognizes and incorporates vast contradictions of interests, but it is not practical in operation. That is to say, the social interactive course he designs lacks efficiency, and presents a threat that all scheduled appraisal indexes may become murky, and so, in the end, it cannot be carried out. However, the conceptual foundation of the theory is enlightening. When we design a government performance appraisal system, we must be certain at least to include the following aspects.

Firstly, the appraisal index should include both “hard quota,” which refers to the quantifiable indexes whose main contents and methods of appraisal is an economic audit (Cai, 2001, pp. 110-126), and “soft quota,” which gauges public satisfaction. This, of course, is difficult to quantify. Its main contents are social appraisal derived through investigation by social intermediary organizations. Of course, some of the “soft quota” can be turned into “hard quota,” such as public approval rates, measured implementation of government decision, case-occurrence rate, and so on.

Secondly, the direction of the appraisal should be multi-dimensional, which includes top to bottom appraisal, bottom to top, mutual appraisal among
different institutes, and self-appraisal. Appraisal here signifies three elements: self-appraisal, multi-dimensional appraisal within the system (this includes appraisal between superiors and subordinates, different departments at the same level, leaders and general workers in government institutions), and multi-dimensional appraisal beyond the system (that is the public’s assessment of the government, leaders and civil servants). It’s difficult to quantify these appraisals, for individual prejudice will play a great role in the appraisal results. Therefore, the public should participate in the appraisal as often as possible.

Thirdly, it should combine annual appraisal with tenure term appraisal, and the formulation and execution of short-term development plans with formulation and realization of long-term sustainable development plan. The key objective of this kind of appraisal, that mainly aims at the administrative leaders, and emphasizes the combination of long term and short term, is to rectify the drawbacks of an appraisal mode that only pays attention to input and course, but ignores the efficiency and result.

Fourthly, the subject of appraisal should include economic and social benefit. Although the government is a nonprofit organization and doesn’t see economic benefit as its primary goal, it is absurd to claim that it is unnecessary to calculate the economic benefits in the operation of government. We must distinguish two kinds of benefits: one is the economic and social benefit that the government achieves in its jurisdiction, due to decision-making and implementation; the other is the social benefit, which arises out of the economic efficiency of the internal management of government.

Conclusion

During the period of our planned economic system, the Chinese government never emphasized administrative efficiency and cost. The focus of reform in China has always been on clarifying the relations between the Party and government or government and business, or on revamping administrative institutions and improving the civil servant system. Until joining WTO, we did not realize that low efficiency and high cost not only hinder the improvement of our socialist market economy, but also damage the government’s image, the relationship between the Party and the public, and cadres and the public. Because of this realization, the political report at the 16th congress of our party made clear that we must raise administrative efficiency, reduce administrative costs, and reform the administrative management system to be just, open, honest and highly efficient. Therefore, implementing government performance management can not only assist in the realization of the target reforms made at the 16th congress, but also safeguard for the consolidation of the reform achievements.

In addition, from the analysis above, we can see that setting up and implementing government performance management means more than changing management methods of checking and rating government and civil servants. It will be an important link for us in setting up a modern democratic, efficient, just and honest government. The prerequisite to setting up and implementing government performance management, is to alter government functions and civil servants’ concepts, reform the personnel system of cadres, and strengthen people’s sense of responsibility and desire to participate. So, we can firmly say that the task of establishing government performance management cannot be completed overnight. On the contrary, it will be a slow progress, during which the concepts and behaviors of civil servants and the public must be upgraded, and a modern political civilization will be constructed.

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