

---

# A Comparison of U.S. and Chinese Performance Measurement Legislation

Tiankai Wang, Texas State University-San Marcos

Changlin Rao, Huazhong Normal University

---

**Abstract:** This study reviews the development of performance measurement in the United States and China, and compares the differences in related legislation between the two countries. U.S. performance measurement legislation is more sophisticated and advanced than that in China. China's economic development has contributed to the lag in performance measurement legislation and philosophy. It is meaningful for China to learn from the U.S. experience to improve its performance measurement. This study proposes some suggestions to improve Chinese performance measurement legislation.

---

The process of performance measurement has developed over the past 50 years in the United States. A series of reform efforts were implemented and related acts were promulgated. Sound legislation provided strong support to U.S. social and economic development. However, the George W. Bush administration's unprecedented response to the financial crisis and President Barack Obama's economic stimulus package raised questions among the public about the effectiveness of this legislation. On the other side of the globe, performance measurement was introduced into the Chinese public sector, and a veritable explosion in performance measurement followed, but China has few pieces of performance measurement legislation.

Given China's economic growth and lack of political reform, the public is calling for a stronger and more independent legislature in China. China's strong performance during the financial crisis has become an excuse for many Chinese officials to support centralized supervision of China's financial sector. In the current global environment, though, it would be meaningful to compare U.S. and Chinese approaches to performance measurement legislation.

## U.S. Performance Measurement

### *A Historical Review of U.S.*

### *Performance Measurement*

U.S. performance management reform can be traced back to the middle of 20th century. These reforms included a series of four major government-wide performance budgeting initiatives that were enacted

starting after World War II: (a) the Budget and Accounting Procedures Act of 1950, a "federal performance budget" submission framework championed by the first Hoover Commission in the early 1950s; (b) the Planning-Programming-Budgeting System (PPBS) implemented in 1965 under President Lyndon Johnson; (c) Management by Objective, initiated in 1973 by President Richard Nixon; and (d) Zero-Based Budgeting initiated in 1977 by President Jimmy Carter. Each initiative introduced an analytical technique that embraced the major management concepts of its era with the goal of improving the quality and influence of policy decisions.

However, all of these reforms were insular, begun and conducted by the executive branch without giving Congress a role, and the process was screened from public view (U.S. General Accounting Office, 1997). Such reforms generally did not carry over from one presidential administration to the next. Noting the deficiencies in existing decision-making techniques, the FY 2003 budget proposal suggests, "(t)hese changes have been called for by good government advocates for decades" (Office of Management and Budget [OMB], 2002, p. 5).

Before 1990, there were no laws to support or require a comprehensive government-wide approach to performance management. The passage of the Chief Financial Officers' (CFO) Act of 1990 marked the beginning of a new era in federal performance management reforms. The Act requires agencies to implement sound financial management practices and systems for tracking program costs and expenditures.

It intends to guide U.S. lawmakers through financial management choices and to improve all federal operations by increasing the quality of financial information and ensuring basic accountability and financial control. The Act has many advocates, including Jones and McCaffery (1992), who suggest that it improves federal financial management, increases confidence, and decreases the costs of government operation. Steinhoff and Skelly (1992) also believe that the Act provides for long-range planning, requires audited financial statements, strengthens accountability reporting, and establishes a leadership structure to guide these new operations.

Several years later, Congress passed the most important performance measurement legislation currently on the books, the Government Performance and Results Act of 1993 (GPRA). On August 3, 1993, President Bill Clinton signed Public Law 103–62. GPRA is the centerpiece of a series of critical federal managerial and financial reform efforts. It focuses agency attention on defining mission goals and objectives, measuring and evaluating performance, and reporting on results. GPRA's ambitious agenda includes three primary objectives: (a) to "improve congressional decision-making by providing...information on...the relative effectiveness and efficiency of...program spending"; (b) to "improve [the] internal management of the Federal Government"; and (c), GPRA aims to "improve...accountability...service quality, and customer satisfaction," and "improve the confidence of the American people...by holding agencies accountable for achieving...results."

GPRA requires that all U.S. federal agencies engage in strategic planning, articulate goals and objectives, and develop performance indicators. It was one of a number of comprehensive legislative reforms that formalized ideas that were taking hold across liberal democracies during the 1980s and 1990s (Kettl, 2000). One of GPRA's main contributions was standardizing agency production of performance measures in a manner that was designed to improve decision-making and enhance public control of agency activities. In the words of the Governmental Affairs Committee report accompanying the legislation, GPRA's central objective was "to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results" (Executive Office of the President, 2008, p. 8).

GPRA established the basic concepts and formed the fundamental structure for a government-wide approach to performance-based management

(Breul, 2007). GPRA merged such activities as departments' annual Performance and Accountability Reports and the regular Program Assessment Rating Tool analyses that are required of each major federal program. More importantly, Collins (2004) indicates that the CFO Act and GPRA are a demonstration of legislators' efforts in performance management, and make the specialists in the U.S. believe that the legislation has led to improvements.

In 1996, Congress promulgated two additional pieces of legislation to supplement the laws on the books—the Federal Acquisition Reform Act (FARA) and the Information Technology Management Reform Act (ITMRA). The FARA breaks down the federal acquisition process into two phases: the first involves collecting "general information on past performance and prices," and the second involves advising those bidders that appear not to have a chance in winning. The act sets some broad criteria for evaluating bidders' qualifications, such as efficiency and effectiveness of business practices and level and quality of service (Gottlieb, 1996). The government released a guide, "Best Practices for Using Current and Past Performance Information," to clarify the processes outlined in FARA. According to the guide, agencies can successfully implement the new approach by employing multiple award task and delivery order contracts. FARA also focuses on removing barriers to obtaining products and services from outside sources in a timely, efficient manner. Indeed, lawmakers believe that it has led to a more open dialogue between suppliers and customers, and to more robust competitions for awards (Collins, 2004).

GPRA requires agencies to report on the degree to which they accomplish its objectives, and on their progress in establishing and meeting performance-based objectives. The passage of ITMRA tries to ensure that this policy is implemented. ITMRA established the position of Chief Information Officer in the executive branch agencies. ITMRA also placed accountability for information management and technology decisions with the agency head and the executive management team, and required agencies to implement strict information technology performance management and reporting systems. "Central to ITMRA is the adoption of management practices used by leading private and public organizations ... that can lead to improved organizational performance" (McClure, 1997, p. 255).

#### *States and Local Performance Measurement*

Most states maintain performance measures, but only some regularly report on performance to the legisla-

ture. By 2008, nearly all states had begun collecting some form of performance measurements, however only 39 states require the reporting of performance measurements in conjunction with agency budget requests (NASBO, 2008, p. 57). While most states have embraced performance measurement, only 25 claim to be utilizing full performance budgeting (NASBO, 2008, p. 51), and only 39 states have performance-based budgeting laws. Specific, soundly developed state legislation on performance-based budgeting results in better budget performance, as determined by the 2008 Government Performance Project (Lu, et al. 2009).

State performance management reforms have followed one of several models. In nearly all cases, the executive branch has maintained the performance measures. Legislative and executive branches may collaborate on determining measures (as they do in Oregon), while the legislature reviews key, but not all, measures (as in New Mexico and Texas). Legislative staff may review key measures to identify areas of legislative concern and bring them to legislators' attention (as in Arizona, Missouri, New Mexico, and Texas) (NCOSL, 2008).

In Texas, the Governor and the Legislative Budget Board (LBB) developed "Texas Tomorrow," which framed the statewide vision, mission, and goals for each state agency. The agencies must report on performance measures quarterly to the LBB. Other offices, such as the Comptroller and the Auditor's Office, also participate in the performance review and evaluation process (Craymer, 1994).

In Oregon, an initiative called "Oregon Benchmarks" lists nearly 60 measurable goals relating to people, quality of life, and economy. After its 1991 adoption, the benchmarks were widely applied throughout the Oregon state government. The state executive department made the benchmarks the principal standard for prioritizing budget requests and determining allocations; the benchmarks also figured prominently in an effort to overhaul the state's tax system (Oregon Progress Board, 1994). The implementation of performance measurement initiatives substantially improved the performance of the public sector and nonprofit organizations in Oregon. They also impacted the state budgeting process (Carlson, et al., 2010).

In Minnesota, the program called "Minnesota Milestones" set 20 general measurable goals and 79 indicators with quantitative targets for the years 1995, 2000, and 2020 in areas such as economic viability, health, education, and government effectiveness. The Milestones document was prepared with little legisla-

tive involvement, and the 1993 legislature did not use it for making budget decisions or setting priorities. Instead, the legislative auditor's office was responsible for reviewing performance reports (Minnesota Planning, 1994).

In each of these examples, the legislature played a different role. The legislature might have provided for rewards and penalties so that agencies that exceeded or fell short of their performance targets received appropriate attention. For states to be successful when governing for results, data quality is a major concern.

Municipal governments also engage in performance-based budgeting systems (Melkers & Willoughby, 2005; Poister & Streib, 1999). There is no formal mandate for local governments to use performance measurement systems, yet interest in managing and monitoring for results has extended to local jurisdictions as well as federal and state agencies (Ammons, 1995). Cities such as Phoenix, Arizona, and Charlotte, North Carolina, have used systematic performance measures in their budgeting and performance management processes for decades, as have other city governments. Several U.S. municipalities, in particular, appear highly committed to the use of performance measurement (Poister & Streib, 1999). The City of Baltimore's CitiStat system has become a popular local performance measurement model. Limited by budget and expertise, many local governments, especially small ones, cannot have their own performance projects. As an alternative, some organizations, such as the North Carolina Local Government Commission, enlist several small towns to participate in a comparative performance measurement project. In both of these cases, there were few local performance measurement laws in place. These local performance measurement movements were run as administrative task forces or stand-alone projects.

## **Performance Measurement in China**

### *Background and Development*

With its reform efforts and its move to a market economy, the Chinese notion of political democracy is steadily developing. In China, political reform has always lagged behind economic reform. China's democratic political vision was evident in political goals proposed during the 17th National Congress of the Communist Party Congress (CPC), including the maxims of "broaden people's democracy," "strengthen political system reform," and "accelerate administrative reform and establish service-oriented government" (Hu, 2007). As an important element in political democracy and administrative reform movements

around the world, performance measurement was given attention by the administrative party. In particular, the 17th National Congress of the CPC discussed the implementation of a performance management and executive accountability system, and Premier Wen Jiabao repeated the goal of “implementing government performance measurement” in government reports. A report by the Central Committee of the CPC, *The Opinions on Further Reforming the Government Administration System*, also addressed the implementation of a government performance management system (Central Committee of the CPC, 2008).

The practice of Chinese performance measurement began in the 1980s, when all levels of government implemented efficiency-oriented, objective responsibility systems and efficiency supervision. In the 1990s, administrative system reform efforts led all levels of government to further improve efficiency and service quality. In 1994, using the U.K.’s Citizen Charter Movement and Hong Kong’s public service promise as models, Yantai City launched a project titled “social service promise.” Under the leadership of the Central Propaganda Department and the Anti-Corruption Office in the Chinese State Department, social service promise was implemented across the Chinese government. By the end of the 1990s, all levels of Chinese governments had adopted a new approach to performance measurement, “Evaluating Government by Citizens,” which was on display in projects in Shengyang City, Zhuhai City, and Handan City.

The Chinese administrative philosophy changed at the start of the new century. The theory of scientific development and rational administrative achievement became widely proposed. With Chinese leadership requesting the construction of a “scientific government performance measurement system,” performance measurement became increasingly popular in academic circles. A report by the former National Personnel Department, *Study on Chinese Governments Performance Measurement*, proposed a set of “Performance Measurement Benchmarking for Local Government,” which contained three first-rank criteria and 33 second-rank criteria. To improve the objectivity of performance measurement, some local governments contracted with third parties to conduct the evaluations. In 2004, Gansu Province contracted with the Chinese Local Government Performance Measurement Center hosted at Lanzhou University, to measure the performance of 14 city and county governments and 39 government offices. In 2006, Wuhan City contracted with McKinsey & Company to conduct performance measurement (Bao, 2008).

The Chinese Society of Public Administration

(2003) separated these attempts at performance management into three categories: (a) general performance measurement, such as an objective and an accountability program, a social work promise, an efficiency supervision, and an efficiency constructing; (b) performance measurement for special vocations, including the performance measurement for hospitals led by the Ministry of Health, and performance measurement for schools led by the Ministry of Education; (c) performance measurement for special items, such as examining and appraising Beijing’s attempt to run government affairs through the internet or Shenzhen City’s attempts to appraise “government by corporations.”

Compared to programs in developed countries, China’s performance measurement initiatives are in their early stages. China has implemented many performance measurement projects, but most lack standards and regulations. Their measurement context has not been comprehensive, and the evaluation procedures used have not been formalized. Some would not even qualify as performance measurement. By identifying the problems in Chinese performance measurement, and learning from the U.S. experience, it is possible to improve Chinese performance measurement, improve government efficiency, and even enhance Chinese democratic politics.

#### *Chinese Performance Measurement Legislation*

Unlike the U.S. system of government, China has a unitary regime. The laws enacted by the central government are valid for subordinate governments. Only when the central government does not have a regulation on an issue and the issue is not reserved by the central government are subordinate governments permitted to legislate independently on it. Government performance is not legislated by either the central government or subordinate governments. Instead, regulations about government performance are spread throughout administrative Acts, such as the Administrative Supervision Law and the Audit law.

**Audit Law:** In most Western countries, audits of government performance are an important part of an audit system. In contrast, China’s Audit Regulations, which were enacted in 1988, primarily focus on finances, not on the effectiveness and efficiency of government performance. Moreover, most audit resources are used to check the income and expenses of state-owned enterprises, not government offices. In 1996, China enacted the Audit Law, which stipulates that “auditing offices shall implement audit supervision over the authenticity, legality, and effectiveness of the government revenues and expenditures or

financial revenues and expenditures.” The Audit Law was amended in 2006 to include “enhancing the efficiency in fiscal capital utilization” in Article 1. Aside from this provision, the Audit Law does not regulate the auditing of government performance. In fact, the legislation titled Regulations of Shenzhen Special Economic Zone on Auditing Supervision, which was enacted in 2001, is the first law that regulated government performance auditing. The law established the structure of government performance auditing by stipulating the definition of the performance audit, the methods and procedures to be used, as well as the proper usage of audit reports.

Some provisions of the law are progressive. One notable section stipulates that relevant government departments should make decisions about the budget, organizational setup, and personnel management according to the opinions of the committees of Congress, at the same level of performance auditing reports. Thereafter, many local governments introduced legislation requiring a government performance audit. Furthermore, in its 2007 “5-year work plan,” the National Audit Office set the goal of having the performance audit occupy half of all audit work.

However, government performance auditing cannot develop independently from government performance measurement. Performance auditing must rely on the government itself and measure performance standards and criteria established by performance management. Another way of putting it is that performance auditing is a “review” of government performance and performance standards. Without a sound performance management system, performance auditing cannot exist, and related auditing legislation cannot be improved.

**Administrative Organization Law:** China’s current administrative organization law is called the Civil Servant Law of the PRC (2006). It regulates official personal performance evaluations. The contents of this law were formerly a part of the Provisional Ordinance for Civil Servant (1993). The laws associated with organization evaluation, the Organization Law of the State Council of the PRC (1982) and the Organization Law of the Local People’s Congress and Local People’s Governments of the PRC (2004 Revision), do not address evaluations. Working Rules of State Council (2005) mentions government performance measurement but does not include substantial information.

**Budget Law:** The Budget Law of People’s Republic of China (1994) does not mention performance measurement. However, since 2001, under the leadership of the Finance Department, many pilot budget and expenditure performance measurement projects have

been conducted. The central government and some local governments have set up the primary regulations for budget performance measurement. Other local governments have also issued laws related to local budget and expenditure performance measurement.

The authors of this study do not hold a positive perspective on budget performance measurement in China, yet it has gained some positive feedback and has grown in popularity. One explanation is that, except for some special expenditure projects in which performance objectives were specified when the projects were approved, there are no evaluation standards for most public expenditures. Some laws place simplistic, abstract, or unclear restrictions on government functions, some provide no regulation at all. Government offices’ annual and middle- and long-term development plans are equally unclear about their project goals. Without these plans, it is difficult for the Financial Department to evaluate the offices’ budgets. Moreover, most government offices do not have specific performance measurement standards, and the general performance measurement standards are designed by the Financial department alone. These conditions present insurmountable obstacles.

**Administrative Supervision Law:** The 1997 Administrative Supervision Law of People’s Republic of China deals with specialized administrative supervision. “Improving administration and raising administrative efficiency” is one of the law’s objectives. This objective is shared with performance measurement. The Supervision Law covers offices and government officials in the central government. Based on this law, Chinese officials set up a system to supervise administrative efficiency and to evaluate the capability, efficiency, and effectiveness of various offices and officials. The specialized administrative supervision office that came out of this process is party-government integrative in that the supervision and performance measurement is conducted by the administrative party over its administration. In this way, specialized administrative supervision is a strong component of performance measurement in China, at least in theory.

Efficiency supervision is a limited, but special form of performance measurement. It focuses first on breaches, violations, waste, low efficiency, and low-service quality, and secondly, on the hot topics and issues that are public concerns at any given moment (Zhou, 2007).

### Comparison and Analysis

Public administration is a comparatively new field in China. China imported the ideas of public adminis-

tration, including performance measurement, mainly from the United States. It should therefore not be a surprise to find that the performance measurement terms used in China are the same as those used in the United States, terms such as *objective*, *goal*, *output*, *outcome*, *benchmarking*, and *citizen participation*. Another similarity is that Chinese performance management is developing similarly to the way that U.S. performance management developed. For instance, Chinese efforts at performance measurement currently lack formal, legal regulations, and performance measurement projects are insular and struggle to survive from one administration to another.

The similarities in how the two countries approach performance measurement, however, are limited. The tremendous political gap leads to the most substantial differences.

The United States has passed the stage when it had few public laws to support performance measurement. U.S. performance measurement has become more standardized and institutionalized. On the federal level, a series of performance measurement-related laws were promulgated in the 1990s: GPRA, CFO, FARA, and IMFRA. On state and local levels, a range of projects have emerged, including Texas Tomorrow, Oregon Benchmarking, and Baltimore Citi-Stat. In most cases, the institutionalization of performance measurement was a direct result of related performance measurement regulation. In this way, it ceased being an administrative act, and instead became a part of legal procedure, which ensured that performance measurement would be consistent, standardized, and capable of being carried from one political administration to the next.

In contrast, Chinese performance measurement is still under development. Chinese performance measurement regulations are limited and inchoate. Compared to the number of performance measurement projects around the country, there are few related regulations. This results in confusion for performance measurement practitioners and frequent conflicts with the administrative system. Chinese efforts at performance measurement are mainly run as experimental projects and lack regulatory support. "Evaluation procedure has certain standards, but these standards cannot be implemented. Therefore, the evaluation procedure is at the risk of being superficial" (Zhou, 1995).

China has a chronic lack of regulation. Although China promulgated comprehensive legal acts hundreds of years ago, such as the Laws of Qing Dynasty, Chinese officials typically interpret and implement these laws at their own discretion. As such, it

has long been understood that in China activities are "regulated by officials, not by laws." In many instances, officials' personal orders are treated as laws while promulgated laws are ignored by practitioners. With this backdrop, it would seem normal for performance measurement to lack regulation.

Because of the lack of regulation, performance measurement has not been integrated into normal administrative work. Except in some departments and local governments, for example the Financial Department and Shenzhen City, there is no legislation to support performance measurement projects. Where performance measurement projects have taken hold it is because of officials' personal experiences and interests, not legal requirements. Some officials' interest in performance measurement projects can be explained by a desire to improve government performance and to satisfy public expectations. However, as a consequence of personal manipulation, many performance measurement projects have diverged from their initial objectives. A range of motivations are behind some local performance measurement projects, including the desire to appear fashionable, the need to make up achievements or create propaganda, or the desire for personal political profit. As a result, these projects' goals are not to "improve performance via performance measurement," but instead "to make up performance via performance measurement." Because of the lack of regulation, even outcome-oriented projects can afford to pursue only short-term objectives, and cannot avoid their fate after their advocates leave. The projects' goals are mainly to handle severe breaches, to correct outstanding issues, and to punish related officials. These types of goals cannot contribute to long-term government performance improvement.

In the United States, federal laws, such as GPRA, do not have authority over state and local government operations. State governments generally develop sets of performance measurement regulations that are suitable for their states. Local governments can opt-in to performance measurement systems and select their target fields. In this way, lower level governments have broader autonomy over performance measurement. This set-up ensures that the performance measurements that are implemented best serve the local public. Indeed, the U.S. public has a tradition of actively participating in political issues. The movement to ensure "no taxation without representation" is a clear example of public attitudes toward U.S. politics. Because of the public's involvement, the U.S. government has to consider service quality and public satisfaction as it handles

its public affairs. The public's involvement serves as an external motivation for outcome-oriented government performance measurement.

In China, government performance measurement is generally triggered by and directed by high-level government officials, particularly the high levels of the Communist Party. This pattern matches the centralized power structure and one-party authority typical in China. In such a centralized structure, performance measurement projects that are proposed by high-level officials can be easily spread throughout lower levels of government. However, this approach can result in Pharisaism in performance measurement. *Pharisaism* occurs when a negative or passive attitude pervades performance measurement.

The differences between U.S. and Chinese political systems are the main factors influencing the differences in performance measurement. In the United States, elected officials propose performance measurement and administrative officials support it. To fulfill his or her public promises, an elected official has to find ways to improve government services. Employing performance measurement has been an available and widely accepted tool in the administrative toolbox. To some extent, performance measurement has responded to citizens' questions, it has relieved public pressure on government, and it has improved government accountability.

In the past, upper-level Community Party officials designated all Chinese government officials. In recent years, some government officials have been recruited through public exams. These are typically entry-level officials, and their promotion is decided on by upper-level officials. Public officials tend to be more concerned with fulfilling their responsibilities to upper-level officials rather than to the public. In other words, supervisor evaluations are more important than actual performance and public opinion. In the personnel system, performance measurement can only be pushed from higher levels to lower levels within the administrative system.

The popularity of Chinese performance measurement projects does not prove that the Chinese government has profoundly embraced the concept. In China, it is necessary to follow political movements over time. After the reform and opening policies had been implemented for 30 years, "conservatism" became taboo in the Chinese government. New ideas, especially those "imported from the U.S.," were encouraged under Deng Xiaoping's maxim, "Cross the river by feeling for the stones at the bottom of the ford with your feet." Becoming a reformer is a wise choice for most government officials. Even officials

who do not understand performance measurement are likely to use related terms in their reports in order to gain attention.

Chinese cultural attitudes toward government also impact Chinese performance measurement. Chinese citizens do not yet understand or accept the idea of democracy. According to Chinese history, the public passively accepts government administration. The relationship between government and the public is "control v. controlled." The government has every authority to supervise the public yet the public has no right to evaluate the government. The public expectation is to have, not elect, an integrated, decent, and unselfish official. This example alone could explain the lack of public motivation for government performance measurement.

Chinese performance measurement is still in the stage of being efficiency-oriented. Item 1 of Article 27 in the Constitution of the People's Republic of China stipulates: "All state organs carry out the principle of simple and efficient administration." Related administrative laws, such as the Audit Law, the Administrative Supervision Law, and the Budget Law also focus on efficiency. In practice, input and output are frequently the criteria by which efficiency is judged, and outcome is ignored. In the annual evaluation of the public safety department, factors such as expenditures in capital, equipment, and human resources; the number of cases; and loss-saving in economy dominate the body of the report. This input-output analysis can be helpful in enhancing government work, but in addition to ignoring outcomes, it encourages offices to inflate their outputs. Under pressure to be efficient, government offices and officials are likely to take approaches that result in quick outputs and to ignore their negative effects, approaches such as those taken with the 2009 "Fishing law enforcement event" in Shanghai.

In the United States, performance measurement has shifted from efficiency-oriented to result (outcome)-oriented (Ho & Ni, 2005; Callahan & Kloby, 2009). For example, in the 1960s, PPBS shifted government focus from cost-accounting control to planning and program management, and GPRA aimed to "improve...accountability...service quality, and customer satisfaction." The Governmental Accounting Standards Board (GASB) issued Concepts Statement No. 2 on "Service Efforts and Accomplishments Reporting" in 1994, in which it explained the importance of outcome measurement as a way to enhance the public accountability of government agencies (GASB, 1994). The Urban Institute (2003) and the National Advisory Council on State and Local

Budgeting (1998) also promoted the shift toward outcome-oriented measurement.

### **Conclusion: Lessons China Can Learn**

As part of their effort to provide legal guarantees to performance measurement reform, U.S. legislators have established and promulgated a series of laws and acts. Though these acts have been criticized, the U.S. experience has contributed significantly to global performance measurement reform efforts. With GPRA as the core, U.S. performance measurement laws provide comprehensive guidelines for the managerial, financial, internal, and external control of performance measurement efforts aimed at promoting effectiveness and efficiency in the public sector.

Conversely, China lacks relevant performance measurement legislation. This deficiency has its roots in China's political system; China's Communist governments cannot be expected to align with the Western democratic system. However, this does not mean that China cannot establish a sound performance measurement system, only that China cannot copy the U.S. model of performance measurement. The purpose of this study is to identify lessons to apply to the Chinese case via a comparison with the United States.

#### *Avoid Pitfalls in Legislation*

Like other reform attempts, performance management legislation has generated doubts and criticisms. Jones (1993) lists nine reasons why the CFO Act may not achieve its objectives, including accounting system weaknesses, congressional political neglect, an inability in decision making, the potential for executives to avoid scrutiny, the weakness of the OMB, the weakness of financial statements, the inability to implement performance measurement and budgeting, the avoidance of full program costs, and unachievable requirements.

In 1994, 4 years after the CFO Act was enacted, the federal government was still not meeting the Act's requirements, according to the OMB. Out of 23 agencies, only 2—the General Services Administration and the National Science Foundation—had received unqualified audit opinions (Anonymous, 1994). The American Subcontractors Association complained that the FARA jeopardized subcontractors' right to do business with the federal government in an environment of full and open competition, because it dismantled full and open competition, allowed regulators to establish criteria to prequalify contractors, repealed the Small Business Act provisions that require notice of procurement opportunities in the Commerce Business Daily, and repealed the

preference for competitive sealed bidding for construction projects. Beachboard (1999) suggested that a range of factors, such as organizational culture, resource support, and the personal skills and attitudes of information technology managers were more important to successful information technology management than creating or extending related policies.

The most serious criticism has been directed toward GPRA. The president's Management Agenda notes that "after eight years of experience, progress toward the use of performance information for program management has been discouraging." "The GPRA has failed," it continues, "because agencies rarely offer convincing accounts of the results their allocations will purchase" (OMB, 2001, p. 27). In 2000, *Government Executive* ran a column citing political conflict and the failings of agency compliance with GPRA titled, "The Results Act Is Dead." GPRA's obituary was written (Laurent, 2000). At the state/local level, scholars have pointed out many problems with performance measurement projects, including the lack of data or information, resistance from local agencies, and the fact that performance management is not connected to the budget process (Broom, 1995). Even scholars and practitioners criticized the legislation.

In contrast, performance measurement reforms are also applauded for contributing to the improvement of public services. In general, performance measurement clarifies agencies' purposes and matches them with the requirements of strategic plans and performance reports. It also pushes managers to draw conclusions about the effectiveness of their programs and substantiate them with evidence.

#### *Comprehensive Legislation*

U.S. performance measurement reforms are comprised of a series of legislative acts. GPRA established the comprehensive guidelines for the reform effort; the CFO Act led to the reform of the financial management aspects; the FARA streamlined federal procurement procedures; the ITMRA extended GPRA's efforts aimed at information technology. Together, this legislation addressed the function of federal agencies from the inside to the outside, from hardware to software, and proved that government performance improvement is achievable.

Government performance measurement needs to comprehensively and systematically address government finance, personnel, information, etc. In China, the current structure of the public financial system and of personnel and information management systems cannot support performance measurement

efforts. As a result, performance measurement efforts do not effectively connect with budget management priorities or personnel arrangements. China does not require a comprehensive law similar to GPRA to improve its government performance measurement legislation. Instead, China should focus on enhancing its entire system of legislation, including the performance-based budget, the government performance audit, and government information disclosure.

#### *Decentralization and Localization*

One outstanding characteristic of U.S. performance measurement legislation and implementation is its decentralization and localization. All performance measurement systems, at each level of government or at each agency, are unique. They have to be. Neither the nature of the performance each system seeks to improve nor their political and organizational context is the same. The leadership team of each government or agency has to adapt the idea of performance measurement to its own objectives and circumstances.

Because of its history, climate, geography, religion, and local culture, China has great variety among its regions, provinces, and cities. This variety makes it impossible to unify and standardize the content and processes of performance measurement. In other words, detailed, centralized regulations cannot be expected to match local conditions. Laws promulgated by the central government can only be expected to provide a macro framework for government performance measurement that includes general principles and standards about reporting results. Subordinate governments should decide about detailed practices, such as the methods, indicators, and procedures.

#### *Rational Performance Measurement Philosophy*

A rational performance measurement philosophy is a prerequisite for achieving success in government performance measurement; it should determine the context and criteria for government performance measurement. An important lesson drawn from U.S. performance measurement efforts is that the focus of performance measurement should be outcomes, instead of efficiency. Ni (2008) also suggests that the public responsibility component of performance management have priority over efficiency. Efficiency improvements are only meaningful when public responsibility is achieved simultaneously.

In addition to supervising inputs, processing, and productivity, and trying to maximize social outcomes with limited resources, Chinese performance measurement efforts need a philosophy

conversion—from being efficiency-oriented to a focus on outcomes, effectiveness, and equity.

#### **Authors**

Dr. Tiankai Wang is an Assistant Professor at Health Information Management Department, Texas State University-San Marcos. He received his PhD in Public Administration from Rutgers University-Newark in 2005. Prior to joining Texas State University in 2009, he worked as an Assistant Professor at the Master of Public Administration program, Cheyney University of Pennsylvania, and a Senior Research Associate at Worcester Regional Research Bureau. Dr. Wang has published one book in public finance and two book chapters. His research articles have appeared in the *Perspectives in HIM*, *Long Term Living*, *Journal of AHIMA* and the *Journal of Public Affairs Education*. He can be reached at tw26@txstate.edu.

Dr. Changlin Rao is an Assistant Professor of Public Administration at Huazhong Normal University, China. She received her PhD at Renmin University in 2009. Her recent article is “Regional Co-operation on Administrative Legislation in China: Realistic Problems and System Perfection,” with Jian Chang, *Administrative Law Review*, (July-September 2009). Her research focuses on local governance and government legitimacy. She can be reached at raochanglin@163.com.

#### **References**

- Ammons, D. N. (1995). Overcoming the inadequacies of Performance Measurement in Local Government: The Case of Libraries and Leisure Services. *Public Administration Review* 55(1)37–47.
- Anonymous. (1994). Federal Agencies Don't Comply with CFO Act. *Journal of Accountancy* 178(2)11–12.
- Bao, C. (2008). Retrospects and Prospects of Chinese Government Performance Measurement. Retrieved on March 27, 2010, from <http://theory.people.com.cn/GB/49150/49152/8225321.html>.
- Beachboard, J. (1999). Assessing the Consequences of Federal Information Technology Management Policies on Federal Agency Practice. Doctoral Dissertation, Syracuse, NY: Syracuse University, School of Information Studies.
- Breul, J. D. (2007). GPRA – A Foundation for Per-

- formance Budgeting. *Public Performance & Management Review*, 30(3)312–331.
- Broom, C. (1995). Performance-based Government Models: Building a Track Record. *Public Budgeting and Finance*, 15(4) 3–17.
- Callahan, K. & Kloby, K. (2009). Moving Towards Outcome-Oriented Performance Measurement Systems. *Managing for Performance and Results Series*. IBM Center for The Business of Government.
- Carlson, J; Kelley, A.S. & Smith, K. (2010). Government Performance Reforms and Nonprofit Human Services: 20 Years in Oregon. *Nonprofit and Voluntary Sector Quarterly*, 39,630–652.
- Central Committee of the Chinese Communist Party. (2008). *The Opinions on Further Reforming the Government Administration System*. Retrieved on March 27, 2010 from <http://www.lawinfochina.com/law/display.asp?ID=6682&DB=1>.
- Chinese Society of Public Administration. (2003). A Research Report on the Standard of Efficiency of Government Organs. *Chinese Public Administration* (Chinese), 3,12.
- Collins, T. (2004). UK Can Learn From US Accountability Law and Improve Public Sector IT Delivery. *Computer Weekly*, February 24, 2004.
- Craymer, D. (1994). “Texas Tomorrow: Strategic Planning and Performance Budgeting” (conference proceedings from the conference on “Managing for Result: Performance Measures in Government, Austin, Texas, October 1994).
- Executive Office of the President. (2008), Circular No. A-11: *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*.
- Gottlieb, D. (1996). Fed procurement advances form test bed to practice. *Purchasing Buylines*, 7, 20–21.
- Governmental Accounting Standards Board. (1994). Concepts Statement No. 2 on *Concepts Related to Service Efforts and Accomplishments Reporting*. Hartford, CT: GASB.
- Ho, A. & Ni, A. (2005). Have Cities Shifted to Outcome-Oriented Performance Reporting?—A Content Analysis of City Budgets. *Public Budgeting & Finance*, 25(2)61-83.
- Hu, J. (2007). “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in all Respects: Report to the Seventeenth National Congress of the Communist Party of China”. Retrieved March 27, 2010 from [http://www.chinadaily.com.cn/language\\_tips/2007-10/31/content\\_6218870\\_2.htm](http://www.chinadaily.com.cn/language_tips/2007-10/31/content_6218870_2.htm).
- Jones, L.R. & McCaffery, J.L. (1992). Federal Financial Management Reform and the Chief Financial Officers Act. *Public Budgeting and Finance*, 12(4)75–86.
- Jones, L.R. (1993). Counterpoint Essay: Nine Reasons Why the CFO Act May Not Achieve its Objectives. *Public Budgeting & Finance*, 13(1)87–94.
- Kettl, D. (2000). *The Global Public Management Revolution: A Report on the Transformation of Governance*. Washington, DC: Brookings Institution.
- Laurent, A. (2000). “The Results Act is dead.” *Government Executive*, 32(5)78.
- Lu, Y; Willoughby, K. & Arnett, S. (2009). Legislating Results: Examine the Legal Foundations of PBB System in the States. *Public Performance & Management Review*, 33(2)266–287.
- McClure, D.L. (1997). Improving Federal Performance in the Information Ear: The Information Technology Management Reform Act of 1996. *Government Information Quarterly*, 14(3)225–239.
- Melkers, J. & Willoughby, K. (2005). Models of performance-measurement use in local governments: Understanding budgeting, communication, and lasting effects. *Public Administration Review*, 65(2)180–190.
- Minnesota Planning. (1994). *Minnesota Milestones: 1993 Progress Report* (agency report, May 1994).

- National Advisory Council on State and Local Budgeting. (1998). *Recommended Budget Practices. A Framework for Improved State and Local Government Budgeting*. Chicago: National Advisory Council on State and Local Budgeting.
- National Association of State Budget Officers (NASBO). (2008). *Budget Processes in the State*. Retrieved on October 23, 2010 from <http://www.nasbo.org>.
- National Conference of State Legislatures (NCOSL). (2008). *Legislative Performance Budgeting*. Retrieved on October 23, 2010 from <http://www.ncsl.org>.
- Ni, X. (2008). Reflections on Contemporary Performance Measurement Practices in Chinese Government. *Journal of Sun Yat-Sen University (Social Science Edition)*. 3,134–208.
- Office of Management and Budget. (2001). *The President's Management Agenda*. Washington, DC: Government Printing Office.
- Office of Management and Budget. (2002). *Budget of the United States government: FY 2003*. Washington, DC: Government Printing Office.
- Oregon Progress Board. (1994). *Oregon Benchmarks, Setting Measurable Standards for Progress Report to the 1995 Legislature*, Salem, OR.
- Poister, T. & Streb, G. (1999). Performance Measurement in Municipal Government: Assessing the State of the Practice. *Public Administration Review*, 59(4)325–335.
- Steinhoff, J.C. & Skelly, J.C. (1992). "The Chief Financial Officer Act of 1990: Challenges and opportunities." *Armed Forces Comptroller*, 37(3)34–37.
- U.S. General Accounting Office. (1997). *Performance budgeting: Past initiatives offer insights for GPRA implementation (GAO/AIMD-97-46)*. Washington, DC: U.S. Government Printing Office.
- Urban Institute, The. (2003). *Key Steps in Outcome Measurement*. Retrieved on October 23, 2010 from [http://www.urban.org/uploadedpdf/310776\\_keysteps.pdf](http://www.urban.org/uploadedpdf/310776_keysteps.pdf).
- Zhou, Z. (1995). Performance Measurement of Public Institutions: Practice and Enlightenment from UK. *Expanding Horizons (Chinese)*, 5,38–41.
- Zhou, Z. (2007). Performance Evaluation of Public Institutions: a Chinese Case. *Journal of Lanzhou University (Social Sciences)*, 1,26–33.