

1 Introduction

Richard M. Walker, George A. Boyne and Gene A. Brewer

Introduction

The performance of public services is one of the central policy issues across the globe. Response to the global financial crisis during the late 2000s was typically led by government – in the UK and USA governments stepped into the banking system and either shored up these institutions or nationalized them, whereas in China the Communist Party sought to spend its way out of recession. The emergence of SARS in the early 2000s and the subsequent swine flu epidemic were public health crises managed and coordinated by public organizations: some of these were international agencies, such as the World Health Organization, but the majority of the heavy lifting was done at the coal face by public organizations and health agencies. The majority of crises, whether they are perpetrated by people (e.g. terrorist attacks, mass genocide or nuclear accidents) or result from natural catastrophes (e.g. earthquakes, tsunamis or famine), require public action. These global and high-impact examples are the tip of the iceberg – public services touch the majority of people in advanced and developing economies on a daily basis: children require schooling, the elderly need personal care and assistance, rubbish needs collecting to prevent public health incidents and the public needs to be confident that the water they drink is potable and the food they eat is safe. Moreover, government must protect its people from internal and external threats such as civil war and foreign invasion. In short, public services shore up our world and therefore knowledge about strategies to improve their performance is central to the good of society.

A growing body of evidence is being accumulated on the management practices and organizational arrangements that may lead to higher levels of performance in public organizations. This evidence suggests that a range of factors may be important. These factors include: instilling a developmental culture steeped in public service motivation, learning to concert action through inter- and intra-organizational relationships, sound resource

management, setting and fulfilling organizational goals, minimizing harmful red tape, pursuing viable management strategies, adopting appropriate organizational structures, and adapting public service organizations to their context and environment. In this edited volume we will, therefore, contribute to this growing body of knowledge by seeking to bring some coherence to the field. The aim is to establish not only *what is known* but also *what we need to know* to improve public service performance.

The need for evaluation and integration of knowledge is important as any field of academic endeavour grows. Though research on public management and performance is rapidly developing, the field is still in its infancy. However, the volume of published work is now sufficient for us to take stock of what is known and offer readers a review, synthesis and set of research directions on management and performance. This will hopefully make the research process more efficient, and help inch knowledge forward. We hope that by clearly specifying what we need to know, others can join in the effort, challenge this research agenda, or spawn their own agendas to complement and contrast with this work. The development of a research agenda for future work is just as important as evaluating and synthesizing current knowledge. For example, little work has been undertaken on the performance effects of finance, information and political support. We therefore supplement our coverage by sketching out new research agendas in areas where public management scholars have given only limited attention.

Comprehensive and robust knowledge on the impact of management on public services has important application to the world of policy and practice. The performance of supra-national, central, regional and local governments is hotly debated by politicians, policy-makers, pressure groups and the wider public. They are also concerned about the performance of the sprawling number of quasi-governmental organizations and private sector contractors doing public sector work: for example, we note the recent controversy surrounding the Blackwater Worldwide international security firm and its role in providing security services following the US invasion of Iraq. By bringing together knowledge to date, we hope to offer crisper advice to governments on where and when management matters for government performance.

The aim of this book is to fill an important gap in the public service performance literature by providing an assessment of the state of the art and mapping out what remains to be done. We hope that it will be an important

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resource for public management researchers, policy-makers and practitioners interested in improving public sector performance.

In order to meet these aims each contributing author was asked to review the main questions and concerns related to the topics of goal ambiguity, public service motivation, performance management, structure, networking, diversity, strategy content, red tape, budgetary and financial management and appropriate methods for research. The authors were asked to inventory what has been done in their field. The main questions were: Why does management matter? What has been found in empirical studies and how were these studies conducted? What are the implications for researchers, policy-makers and practitioners? What remains to be done? Clarity is brought to these questions in each chapter by way of the contributor's identification of propositions on what we know and what needs to be done. Each chapter offers the most comprehensive treatment possible on the topic of performance in public organizations, taking stock of current knowledge and laying out future directions.

In the remainder of this chapter we provide answers to two important questions: first, what is meant by 'public service performance'? Second, what has been done in the field to date? In relation to the latter question we sketch an update to Boyne's (2003) *Journal of Public Administration Research and Theory* review of the field by identifying studies published in the ensuing years and assessing how well they conform to the agenda previously set out. Many of the contributions in this book tackle this very issue, so our introduction will offer a summary of the direction of research in the field of public management performance.

Impetus for the book

The impetus for this book comes from two meetings co-sponsored by the *Public Management Research Association* (www.pmrnet.org/index.html) in different parts of the world, two large-scale empirical research projects and substantial academic endeavour from a number of scholars around the globe.

In May 2004 the 'Determinants of Performance in Public Organizations I' seminar was held at Cardiff University (led by Boyne and Walker). In addition to being sponsored by the *Public Management Research Association* the meeting was supported by the *Advanced Institute for Management*

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How Networks Know How They Are Doing Intention versus Realization Oriented Evaluation in Different Types of Networks
- Hal G. Rainey (Department of Public Administration and Policy, School of Public and International Affairs, The University of Georgia)

Figure 1.1: Papers and presenters at the Determinants of Performance in Public Organizations II

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Beyond Pure Efficiency and Technological Features: Developing a Model of Measuring E-Governance and Exploring its Performance

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Donald P. Moynihan (La Follette School of Public Affairs, University of Wisconsin-Madison)
*Public Policies, Citizenship Outcomes and the Implications for Performance Measurement: An Analysis of the Program Assessment Rating Tool***Figure 1.1:** (cont.)

Research (an Economic and Social Research Council and Engineering and Physical Sciences Research Council initiative to enhance the quality of management research in the UK). This first international conference was dedicated to questions of public service performance and led to an edited Cambridge University Press book *Public Service Performance: Perspectives on Measurement and Management* (Boyne *et al.* 2006) and to a symposium edition of *Journal of Public Administration Research and Theory* (Boyne and Walker 2005).

The ‘Determinants of Performance in Public Organizations II’ was held at the University of Hong Kong in December 2006 (led by Walker). This was again a productive event and led to a symposium in *Public Administration* (Walker and Boyne 2009) and this book. Figure 1.1 lists the authors and papers presented at this conference. Our thanks go to them for their contribution to the conference and the stimulation they offered which helped to inspire this book. The Hong Kong conference was supported by the University of Hong Kong’s *Strategic Research Theme on Social and Public Policy* (now *Policy, Law and Development*) and the then *Centre of Urban Planning and Environmental Management* (now the *Kadoorie Institute*).

The two large-scale empirical projects on performance in public organizations are based on either side of the Atlantic Ocean. In the UK the ESRC-funded ‘How Public Management Matters’ project at Cardiff University brings together Andrews, Boyne, Meier, O’Toole and Walker

(www.clrgr.cf.ac.uk/research/managementmatters.html). It seeks to develop new theoretical perspectives on the impact of strategy and networking on public service performance and make methodological contributions to this study. In the USA the Project for Equity, Representation and Governance (<http://perg.tamu.edu/>) (including the Texas Educational Excellence Project <http://teep.tamu.edu/>) is led by Meier and focuses upon the quality and equity of education in Texas. These projects and events, alongside the work of a growing band of scholars, have assisted in raising the quality and level of output on the determinants of performance in public organizations, and they have assisted in creating an international academic research community interested in ongoing work on the topic. To this end, this book on public management and performance feeds off these synergistic relationships.

On public service performance

It is only in recent years that public administration scholars have turned their attention to systematically conceptualizing and theorizing the performance of public agencies. This is in part a product of the main theoretical and empirical questions posed by the discipline, which were traditionally about organizational processes and administration of public policies and programmes without a clear focus on outputs and outcomes, and also because of the paucity of data on the performance of public agencies.

The more recent growth of theoretical and empirical studies of the performance of public organizations can be traced to the groundbreaking theoretical work of O'Toole and Meier (1999). They argue that managers contribute to performance through their impact on organizational stability, and by buffering and exploiting events in the external environment. A series of empirical tests of this model has clearly pointed towards the contribution that managers and management can make to the performance of public agencies, including networking, managerial quality and organizational stability (Meier and O'Toole 2002, 2003; Meier *et al.* 2004). A second model has been developed that has implicit links to the performance of public organizations. The Government Performance Project, led by Ingraham (Ingraham *et al.* 2003), examines the management capacity of public agencies. The public management variables examined in the project include finance, human resources and information technology.

These two frameworks emphasize the importance of management processes in organizations and how public agencies can enhance their ability to manage. What these approaches to the performance of public organizations have in common is their emphasis on viewing the performance of public organizations as a 'service production' function.

A further model found in the management literature likewise emphasizes service production, but also considers the wider context within which public organizations operate. The 'logic of governance' framework, developed by Lynn and others (Heinrich and Lynn 2000; Lynn *et al.* 2001), runs from public demands at the front end to stakeholder satisfaction at the other. The management elements in this framework include organizational structures and technological processes, while also capturing the political aspects of public management that are omitted from many models.

Rainey and Steinbauer (1999) proposed a theory of effective public organizations based on theoretical assertions and empirical evidence drawn from the public management literature. The authors began by arguing that elephants and public organizations have something in common: both are saddled with inaccurate stereotypes. Elephants are believed to be slow and insensitive creatures, when in fact they can run very fast and are quite sensitive and altruistic. Similarly, public organizations are believed to be low performing and unresponsive, when in fact many public organizations perform very well and are models of responsiveness. After making the crucial point that some public organizations are high performers, the authors laid out their theory and encouraged researchers to test it empirically. Brewer and Selden (2000) followed up on Rainey and Steinbauer's work by elaborating and adapting their model to fit the twenty-three largest US federal government agencies. The authors then tested the model. They found that federal agencies varied significantly in their levels of performance, with some agencies ranking very high and some very low. This finding called into question the New Public Management (NPM) assertion that civil service systems are a major impediment to high performance, since all of the agencies were operating under the same civil service system. Brewer and Selden (2000) did, however, determine that the following variables were related to high performance in public organizations: high levels of employee efficacy and teamwork, efforts to build human capital, structuring work tasks in interesting and challenging ways, protecting employees from political interference and unfair management practices, fostering concern for the public interest, high levels of employee task motivation and public service motivation, and low workforce turnover. These findings were largely consistent with Rainey and Steinbauer's model.

The service production function approach breaks down the activities of a public agency into a smaller number of steps, each of which is associated with a particular aspect of organizational performance. Performance is seen as the result of various inputs, organizational processes or management practices, outputs and longer-term impacts or outcomes, and the organizational environment. The multidimensional and multilevel nature of governmental performance means that the operationalization of this model is highly complex. The growing body of research on the determinants of performance shows that a range of management practices and external constraints affect different dimensions of performance in different ways, and evidence on this variation is presented throughout the chapters in this volume.

The various ways in which management interacts with the environment to influence organizational performance has led to an interest in contingency theory in many studies. This reflects the complexity of management in public organizations and the wide variety of tasks performed by public managers who are involved in buffering and exploiting the organizational environment, managing people inside and outside the organization, and structuring the organization and delivering services. Furthermore, public managers will simultaneously have to trade off the attainment of different dimensions of performance – making decisions to achieve effectiveness and equity while seeking to ensure that services are delivered efficiently in order to attain value for money. While some progress is being made in understanding the contingent nature of these relationships, much more remains to be explained and understood. Contingency theory promises much in our search for a more detailed understanding of the effects of management, organization and environment on public service performance.

Turning to the nature of the dependent variable, a number of models have been widely used in the academic and practitioner literature, and they inform many measures of performance used by governments and researchers (see for example, Boyne 2002; OECD 2005). One model is the ‘3Es’, and a second is the ‘IOO’ model. The 3Es model focuses upon the economy, efficiency and effectiveness of public services. Economy is the cost of procuring specific service inputs (facilities, staff, equipment) of a given quality. This is typically equated with the level of spending on a service. Efficiency is defined in two ways (Jackson 1982): (1) technical efficiency refers to the cost per unit of output, and (2) allocative efficiency refers to the responsiveness of the service to public preferences. Effectiveness is the actual achievement of the formal objectives of services.

The IOO model offers a different set of criteria by which the performance of public organizations can be measured and evaluated by examining the sequence of inputs–outputs–outcomes. Inputs include expenditure and are comparable with economy. Outputs include a number of categories: quantity of service and service quality (speed of service delivery, accessibility of provision, etc.). The ratio of outputs to inputs is one way to define efficiency. Outcomes include effectiveness from the 3Es model but also impact (which include positive and negative impacts) and equity or fairness of service provision (for example, how services are distributed by gender, race, income, geographical area, etc.). The ratio of outcomes to inputs is the cost per unit of outcome or ‘value for money’: for example, how much spending is required to achieve clean drinking water or to save a life on the highways. These two models provide a number of measures of organizational performance. However, they also suffer from a number of weaknesses.

First, both the 3Es and IOO models include a strong emphasis upon economy or inputs. While costs may seem relatively straightforward, they are a highly controversial topic (Boyne 2002). The first problem is of an administrative nature: is high or low expenditure good? What does expenditure reveal about performance, and does it matter whether expenditure is high or low in the hunt for higher performance? We suspect that neither high nor low expenditure or expenditure in itself is a predictor of performance achievements. The political problem typically relates to the nature of the public service production function: the majority of the costs often fall on labour and wage reductions and this does not necessarily equate with good performance. These concerns are reflected in the current recommendations on performance measurement. The OECD (2005: 58), discussing performance management, argues that ‘input controls are relaxed and managers and/or organizations are given flexibility to improve performance. In return they are held accountable for results measured in the form of outputs and/or outcomes’.

Second, the 3Es model usually emphasizes technical efficiency over allocative efficiency (see Boyne *et al.* 2003). However, responsiveness is a key characteristic of the performance of public organizations and should be at the centre of any measures of performance (Boyne 2002). Measures of responsiveness should consider direct service users or their representatives (Symon and Walker 1995), and citizens who may not be direct consumers of services. Associated with this point is the focus of the 3Es and IOO models upon external stakeholders, to the detriment of internal stakeholders. The performance management literature points towards the need for motivated public servants; consequently, they must be brought into the equation.

Third, the models are overly service-delivery or management oriented and overlook some of the key issues associated with the public sector. Given the shift towards governance, a range of issues associated with the way states service their citizens needs to be included, such as human rights, democratization and self-determination. The United Nations Development Programme (UNDP) defines governance thus:

Governance is the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement decisions – achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms. Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, nation, region or globe. (UNDP 2004: 2)

The inclusion of governance within our discussion of the performance of public organizations indicates that a range of additional indicators needs to be added to the suite suggested thus far. Governance indicators to be considered could then include measures of democratic outcomes, participation in democratic processes, probity, accountability, political rights and civil rights. The inclusion of these measures also implies a new set of relationships between the different sets of criteria. Table 1.1 provides a list of the domains under which performance can be measured and gives key examples of sub-domain measures.

While progress has been made in understanding the impact of management and performance, the field is still relatively new – theoretical frameworks are still being advanced but have not been fully tested and, as we note below, the dependent variable is not clearly specified.

Judgements on organizational performance

A range of stakeholders can judge the performance of a public agency. A theory of stakeholders has been developed by Mitchell *et al.* (1997), who argue that attention should be focused on three characteristics. Power implies the ability of one actor to influence another actor, and to get that set of actors to do something they would otherwise not have done, by means that may be