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978-1-107-00465-8 - Measuring the Performance of Public Services: Principles and Practice

Michael Pidd

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Measuring the Performance of Public Services

Measuring the performance of public agencies and programmes is essential, as it helps ensure that citizens enjoy high quality services and enables governments to ensure that taxpayers receive value for money. As such, good performance measurement is a crucial component of improvement and planning, monitoring and control, comparison and benchmarking and also ensures democratic accountability. This book shows how the principles, uses and practice of performance measurement for public services differ from those in for-profit organisations, being based on the need to add public value rather than profit. It describes methods and approaches for measuring performance through time, for constructing and using scorecards, composite indicators, the use of league tables and rankings and argues that data-envelopment analysis is a useful tool when thinking about performance. This demonstrates the importance of allowing for the multidimensional nature of performance, as well as the need to base measurement on a sound technical footing.

Michael Pidd is Professor of Management Science and Head of the Management Science Department at Lancaster University Management School. He is a research fellow of the UK's Advanced Institute of Management Research and has served as the President of the Operational Research Society. His technical work in computer simulation has been recognised by awards and accolades in the UK and the USA. His current work focuses on improvement in healthcare delivery.

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For Hannah, still young but already performing well.

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Preface

How can people be confident that they receive high quality public services in return for their taxes? How can service providers compare their performance with others and encourage a culture of continuous improvement? How can governments be sure that public services are effective, efficient and equitably provided? These are big questions and there is nothing that will guarantee high quality public services; people who claim otherwise are peddling snake oil. These questions are important whether public services are centrally managed and financed, or subject to local control. Whichever way public services are provided, some form of performance measurement is inevitable and, done properly, can be extremely valuable. Performance measurement per se is neither good nor bad. It can be done well or poorly. It can provide useful information and support innovation and development, or it can become part of heavy-handed central control that stifles development.

In this book I argue that performance measurement is a vital part of any systematic attempt to continually improve public services. It is certainly not the only part, but without it, how can any stakeholders have a reasonable idea of how well these services are provided? It is a mistake to assume that measurement is only appropriate to particular forms of public management. Many have argued that it is a core element of what has become known as the New Public Management (NPM). However, many public bodies attempted to measure aspects of their performance long before the ideas of NPM appeared. How can agencies know how well they are doing unless they attempt to find out and do so in a systematic way?

Some people only associate performance measurement with performance management or with auditing. Performance measurement as part of performance management is often criticised as rigid central control, complete with tick boxes and targets, based on a lack of trust between service providers and their funders. Performance measurement as auditing is often regarded as an extension to accounting, with its emphasis on the past. However, it is a real mistake to cast performance measurement in only these two roles. I think

that they are only two of the reasons why sensitive attempts to measure performance are important. There is much more to performance measurement than auditing the past or heavy-handed performance management. I regard the latter as particularly inappropriate in many circumstances and discuss why I think this. Readers may or may not agree with me on this, but I hope that this book will stimulate discussion and lead to improved and appropriate performance measurement for the full range of reasons presented in its chapters.

I intend this book to be valuable to practicing public managers and civil servants and to students studying public administration, management and leadership. I have organised its chapters into three parts.

Part I, principles of performance measurement: composed of Chapters 1 and 2, addresses the question ‘Why measure performance?’. It presents a general case for performance measurement, whatever the political climate, and suggests several reasons for this measurement.

Part II, different uses for performance measurement: composed of Chapters 3–6, addresses the question ‘What to measure?’, given the different reasons for this measurement. Its chapters explore some of the problems to be faced when attempting performance measurement for the major reasons discussed in Part I.

Part III, practical methods for performance measurement: composed of Chapters 7–11, addresses the question ‘How to measure?’. This is the most detailed section and contains some technical content. It further discusses problems to be faced, but also suggests solutions.

I have been part of the Management Science Department at Lancaster University Management School for many years. Those who know the department and its history will not be surprised that I use Peter Checkland’s soft systems methodology to provide some structure to the discussion, especially in Part II. In these chapters I view the different reasons for performance measurement through its lenses. Readers familiar with ideas of management science and operational research will also not be surprised that I regard performance indicators as simple models of performance, with all the advantages and drawbacks inherent in such models. This management science focus, combining insights from operational research and systems theory, does not mean that I ignore the political dimensions; rather that I use ideas from systems theory and my own views of modelling to help understand these dimensions.

No book of this size could possibly discuss everything that is important when measuring the performance of public services and so I have been very

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selective. This book had its genesis while I was a Research Fellow in the UK's Advanced Institute of Management Research. This period gave me much to think about, but I did not have the time to write a book like this. I started work on it while on sabbatical leave at Victoria University, Wellington, New Zealand, where my hosts were very generous with their time. I have discussed performance measurement with many people and am grateful for insights provided, probably unknowingly, by Edd Berry, Gwyn Bevan, Frank Blackler, Jonathan Boston, George Boyne, Joyce Brown, Robert Dyson, Derek Gill, Jean Hartley, Maria Katsorchi-Hayes, Linda Hendry, Richard Norman, Andy Neely, Tony O'Connor, Peter C. Smith, Emmanuel Thanassoulis, Barbara Townley, Alec Whitehouse, Dave Worthington and many others. As ever, the mistakes and omissions are all mine.

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