The public sector has been greatly influenced by performance management in the past few decades. Reform after reform has focused on achieving better accountability, improved efficiency, and overall better decision making through performance management. Reforms have been widely applied, as all states have at some point passed legislation requiring the use of performance management. However, the success of these reforms has been mixed, at best.

As Donald Moynihan discusses in *The Dynamics of Performance Management*, it is difficult to define exactly what is meant by performance management, and reforms will likely fail to meet expectations unless performance information is complemented by the proper focus and organizational change. To succeed, government officials need to clearly think through the purpose of performance management in their organization, and then dedicate the proper resources — not only to gathering the right performance information, but also to changing the way everyone in the organization thinks about and approaches problems. Without this kind of organizational change, the task of collecting performance information is little more than a distraction.

**HOPES AND ASSUMPTIONS**

The book uses “the performance management doctrine” (see Exhibit 1) to explain the basic assumptions state and federal governments make regarding their performance efforts, as well as their hopes for these endeavors.

In theory, success of the performance management doctrine relies on two basic recommendations: 1) build a performance information system, and 2) encourage its use through an expansion of managerial authority. In practice, however, data do not show a conclusive link between performance management and improved performance, mainly because the second point has been lacking in most performance efforts. As the book notes, relying on the hope that “If you build it, they will come” is not a successful strategy for
implementing performance management. This approach produces mounds of information that no one really cares about or uses. Any information that does get used tends to be biased and is usually employed to advocate for a specific issue — often more funding. But the commonly held assumption that performance management leads to better government makes it difficult to take any sort of stance against the practice, especially for elected legislators, even though many of them distrust the data provided and therefore do not use it. If the legislature is not involved and managers do not have the resources or authority to effectively use the performance information, the systems are merely symbolic. They have little to do with actual performance and act as a political tool.

THE TROUBLE WITH PART

This is not just a problem for state and local government; The Dynamics of Performance Management talks about similar difficulties experienced by the federal government. The Government Performance Results Act, passed in 1993, required agencies to provide annual reports and undertake strategic planning. Later efforts at tying performance to the budget were met with resistance, though — the Office of Management and Budget (OMB) wanted a budget that would prompt thinking about performance, but Congressional appropriation committees wanted budgets that contained familiar information. Eventually, the OMB developed the Program Assessment Rating Tool (PART), an attempt to “tell the public what worked and what didn’t” by reviewing agency data and management practices.

The book explains how every five years, PART asks all federal programs to answer 30 questions about program purpose, strategic planning, program management, and results. The programs are then rated effective, moderately effective, adequate, or ineffective, ideally creating an evidence-based dialogue among the OMB, agencies, and Congress. The idea is to address distrust of agency data and information overload by providing a simple answer about whether or not the program is working. In practice, PART largely excludes agencies and Congress and is often viewed by both as being subjective, reflecting the OMB’s views and biases. Assessments are not consistent across agencies, leading to the perception of PART as a partisan tool that is used to further a political agenda. As a result, findings are largely ignored.

HOW REFORMS STOP SHORT OF SUCCESS

The rest of the book explains shortcomings with performance management reform in state and federal government. For example, viewing PART as a tool to simplify policy ignored the political realities that go along with performance information. People perceive information in different ways and can arrive at different decisions using the same data, so it is necessary to consider the limitations of the data and the context of how it should be used. Rather than assessing a score, the performance information is most valuable when it can prompt discussions about government outcomes and results.

Following the performance management doctrine makes the idea of performance attractive, the author notes. The perception that performance management makes government more efficient and accountable and the idea that performance management is easy to implement are problematic. The book makes an effective argument that implementing performance information in a way that does not significantly change the organization does not accomplish anything and will not be effective. Changing culture is much more difficult than producing information, and many governments have failed to accomplish that crucial step.

As examples throughout the book demonstrate, past reforms have failed because major stakeholders have not been involved. Without involvement, elected officials often distrust performance information, or they are not interested in it. To get around this problem, governments must change their expectations, Moynihan argues. They must change their expectations about what legislatures do with performance information, and in fact, they must change their expectations of performance information in general. Ultimately, what the book explains is that performance information is not the solution at the federal and state level, and it should not be viewed as such. It cannot make decisions for a body in a mechanical way. Additionally, while the supply of performance information has
improved, demand needs to increase. Mandating use of performance information is not the same as legislators and managers taking an interest in the data and working to extract its value.

**THE GOOD NEWS**

The good news is that performance information systems have succeeded in spurring minor reforms, and there are many opportunities for performance measurement to improve at the state and federal level. The author closes by suggesting 10 ways in which governments need to rethink performance management. These include:

- Understanding that performance information is not performance management
- Recognizing that performance information is not objective
- Realizing that performance management relies on other organizational factors to succeed

**CONCLUSIONS**

Overall, *The Dynamics of Performance Management* thoroughly explains many of the failures of recent performance management reform efforts. It points out what many in government have witnessed first hand: Tracking and reporting performance information is not the same as performance management, and the expectations of each endeavor should not be confused. By examining these failures and applying different theoretical perspectives, the author is able to suggest ways in which government can rethink its approach to performance management and increase chances for success in the future.

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**ALAMEDA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (ACERA)** is soliciting proposals from qualified independent Certified Public Accounting firms to audit the ACERA’s financial statements for the fiscal year ending December 31, 2009 and with the option of extending the contract to the four subsequent fiscal years.

Interested audit firms can download the Request for Proposal (RFP) from our website www.acera.org. Firms that meet the minimum requirements as stated in the audit RFP can submit a proposal according to the instructions on page 1 of the RFP.

The deadline for submission of this RFP is Friday, July 31, 2009.