



Quản lý công

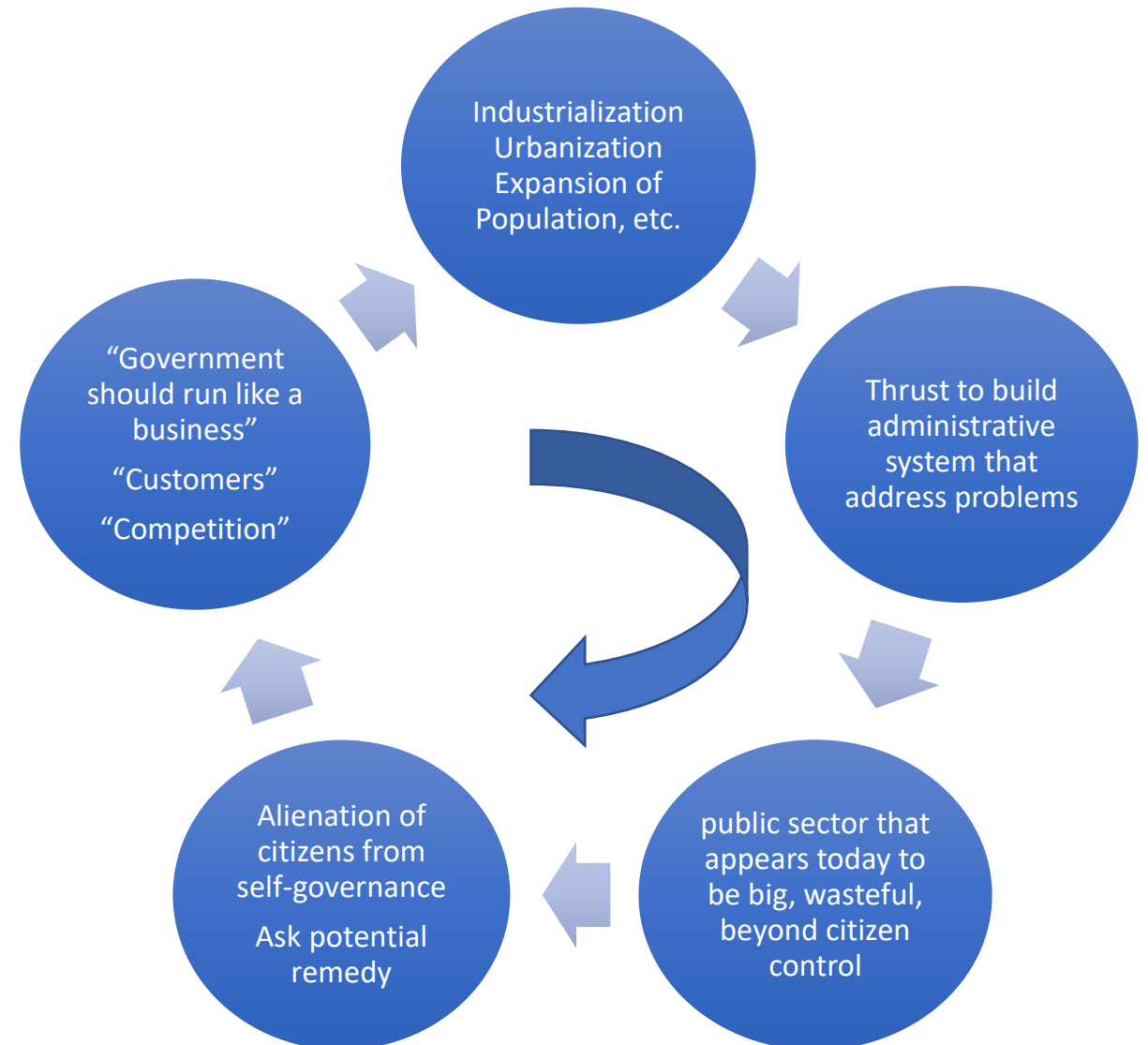
Session 13: Performance Management in Public Organizations

Session Overview

- Rise of Performance-Oriented / Result-Oriented System
- Concepts: Performance-Budgeting / Customer Concept in Public Sector
- “New Performance Budgeting”
- Problems and Challenges

Running Government Like Business (R. Box)

- Increasingly, public administration practitioners and academics face demands from politicians and citizens that government *'should be operated like a business.'*
- Cost-efficient, as small as possible, competitive, entrepreneurial, and dedicated to *'please customers.'* → and civil servants usually not to do



Performance-Oriented Government

- Increased attention to performance assessment in public sector (in the process of administrative reform, e.g. NPM).
- Goals: cut budgets, improve efficiency, effectiveness of government bureaucracy.
- Adoption of private sector techniques.
- Measurability of performance in public sector is important.

**Building
Service-Oriented
Government**

Customer Satisfaction (Jane Fountain)

- Growing consensus – ‘customer’ satisfaction is a key element of business-like government (satisfaction = performance).
- In private sector: service management concept emerged (strategic-operational-financial management).
- Bill Clinton administration (Executive Order 12862) – “identify customers who are, or should be, served by government agencies.” Customer with choices.
- Vietnam is not an exception: (e.g.) in 2007, “communist Vietnam’s public servant have been told to improve their manners, stop shouting at people and refrain from cooking in government offices, etc.”



Various ways of
customer-
oriented public
services

Performance Budgeting

- Unlike traditional way of budgeting, performance budgeting focuses on workload, activities, program, and functions.
- Link **finance** (budget) and **projects**.
- Useful to manage projects (e.g.) Weapon development, measure long-term period of development. Cost-Benefit analysis, long-term financing possible.
- Can compare performance year by year, month by month.
- Easier to measure performance.
- Example: Zero-Base Budgeting (ZBB), PPB (Planning Program Budgeting).



US Missile
Defense
Program

LINE ITEM BUDGET



			PROP
Personnel Services			\$
Classification	Hours	Wage/Hour	
Principal Engineer		\$	
Senior Engineer		\$	
Operating Expenses (Prorated for Project)			\$
• Includes:			
• Travel Expenses			
• Supplies (less than \$5,000 per item)			
Equipment (\$5,000 or more per item)			\$
• Itemize each piece of equipment			

(Example) Police Forces Performance-Budgeting

Project	Goals	Unit	Performance Goals	Price (\$)	Unit Price	Change
Emergency	Arrival at the site within 6 minutes	Number of dispatches	1,904 cases	92,400	48.5 \$	+10.0%
General Patrol	Patrol for 24 hours	Patrol hours	2,232 hours	95,800	42.9\$	+7.8%
Crime Prevention	Information gathering for reduction of crim3 by 10%	Work hours	2,327 hours	69,800	29.9\$	+26.7%
Total				316,000		

New Performance Budgeting (Outcome Budgeting)

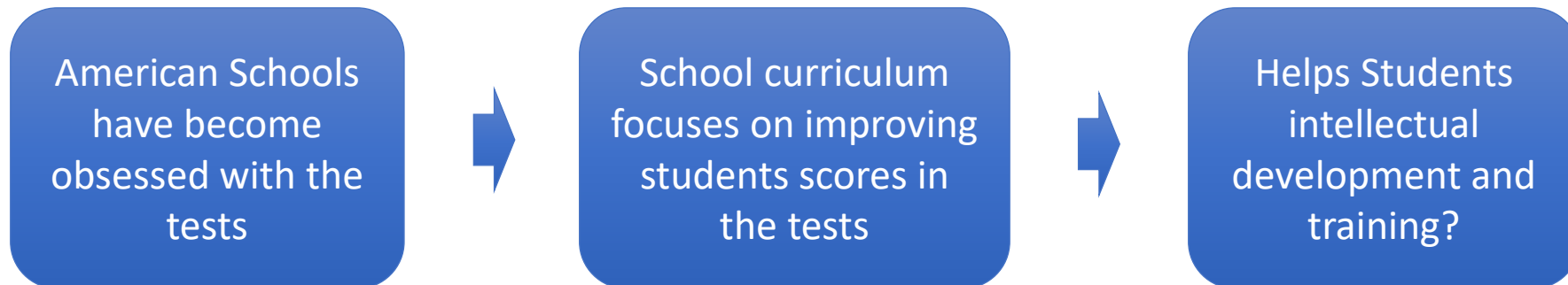
- Instead of output (e.g. number of dispatch) → Outcome-oriented (actual improvement).
- Instead of top-down, bottom-up participation is important.
- Autonomous decision-making.
- Degree of goal achievement.

(e.g.) Unemployment Assistant Performance Budgeting

Input	Activity / Process	Output	Outcome
Budget Manpower	Register the unemployed Evaluate the qualification Provide subsidies Design public works program	Recipient of subsidies Number of public workers	Re-employment rate (%) Scale of re-employment Livelihood of the employed

Problem (1): Measurement Issue

- Policy goals are often *non-quantifiable* and hard to measure. (e.g.) how to measure national defense goals? Ministry of Education's goal?
- Does an increase in the number of apprehended criminals make us feel safe? Will an increased number of medical operations in hospitals make us feel healthier?



What is the performance paradoxes



It was agreed that patients should be on a waiting list for an operation no longer than 2 years



Successful
The average waiting time decreased



Further Inspection

The waiting time only began to be counted after the first hospital consultation
Actual waiting time did not decrease



Unintended Performance Paradox



Labor Exchange
Agency

Mission: Helping those clients who are most in need of their services, such as uneducated or poor people



Performance measurement: “the number of ‘successful’ transactions”

What can actually happen?

So, performance-orientation in the public sector – Problem (1)

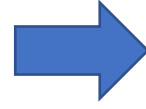
- Can create several problems potentially.
- Delay or non-cooperative behavior (gap b/w reported and actual performance).
- Try to hide ill performance by misinterpreting performance indicator (e.g. emphasize quantifiable indicators, leave out difficult indicators).
- Sub-optimization
- Myopia (short-term objective): cream skimming, cherry picking

Problem (2): Customer Concept

- Yet, the identity of 'customer' in public sector is highly problematic. Customer service is not definable in any meaningful way in the absence of *prices*. C.f. Tax.
- Inherent difficulty of measuring 'intangible' public services. C.f. Private sector
- Bureaucratic bias – favoritism, stereotyping, routinizing.
- Weakening political equality – e.g.) in firms, tend to respond to more vocal 'customers.'



Headquarter
(Planning)



Factory
(Foxconn)



Sales & Service



What about
public sector

How to overcome the challenge?

1) Intangible services, 2) Biased in favor of those most likely to respond 3) Ambiguous goods.

- Why this happens?

- Various tools (e.g. new performance indicators focusing on actual outcome).
- Citizen participation (participatory budgeting, e.g. Brazil Porto Alegre.
- Ombudsman, client panel, participatory performance review system.
- Information disclosure (e-government, e.g.)

In-Class Discussion

- Prior to the session, please read a summary of ‘Project 30: A Revolution in Vietnamese Governance?’ Based on the story, please discuss the following:
 - 1) In your view, what are problems and challenges of customer-oriented public service in Vietnam from performance-management perspective (e.g. Project 30)?
 - 2) Do you have any experience with public agencies or customer service officers (street-level bureaucrats)? Please share.