

The Ethical Foundation of Performance Measurement and Management

by Michael F. Brown and Jason Stilwell

Performance measures and ethics are both key focuses of our profession, though they are not often discussed in the same sentence. But performance management and ethics are intimately related. In this article, we demonstrate that performance management is ethical management. Public managers have a responsibility to explain to the public what the public and recipients of government services are receiving. Taxpayers demand that local government managers explain what their tax dollars are accomplishing. Subjective evaluation and professional judgment are often effective ways of describing and rating the levels of service delivered to taxpayers. Local government managers have used these techniques for decades, and in fact their professional judgment and subjective evaluation are expected, if not demanded, by local leaders.

Objective evaluation, however, is being demanded more frequently by the public, recipients of government service, taxpayers, and local leaders. Performance management is quickly becoming an indispensable way for the public manager to objectively assess and concisely report levels of service.

Performance Management

Performance management is monitoring, analyzing, using, and communicating information on a program's performance. It is the systematic process of monitoring the results of activities, collecting and analyzing performance information to track progress

toward planned results, using this performance information to inform the program decision-making and resource-allocation processes, and communicating results to advance organizational learning and to tell the local government's story (USAID, 2002).

Primary tools in this systematic process of performance management are performance measures, which tell managers, decisionmakers, and taxpayers what level of service the government provides and how effective the government is at meeting its objectives.

Performance measures are practical tools. Former ICMA Executive Director Clarence Ridley and former ICMA staff member (and Nobel Laureate) Herbert Simon stated in 1937 that "it cannot be emphasized too strongly that these standards are not theoretical concepts devised by academicians. Nor are they intended as playthings for statisticians. They are practical tools by means of which practical legislators and administrators can meet the practical need of choosing between alternative courses of action" (Ridley and Simon, 1937). Today, performance measures are increasingly demanded by the public, service recipients, taxpayers, and local leaders, but they clearly are not new.

Performance management and the use of performance measurement enable the public manager to assess the results of action, the effectiveness of resources, and the degree to which the action and the resources meet policy goals and objectives. According to ICMA's Center for Performance Measurement (CPM), a good performance management system yields the necessary data for assessing service needs and performance. In this sense, a good system helps elected officials in their oversight responsibilities. It also helps them to make objective resource-allocation decisions and to formulate policy.

Can Performance Measurement Be Effective for Small Communities?

A study was recently completed in southwestern Colorado to determine the feasibility of performance measures as a management tool in small communities (population under 2,000). This study was considered necessary for various reasons:

- Performance measurement is a widely used management tool that has delivered successful and well-documented results.
- Government entities with performance management programs have tended to be large entities (federal or state governments) or are counties and cities with large populations (Prince William County, Virginia; Portland, Oregon).
- Local governments with small populations that have participated in existing, comparative performance measurement projects—such as ICMA's Center for Performance Measurement and the North Carolina Local Government Performance Measurement Project—can find gathering the information for up to 15 service areas, as measured by larger jurisdictions, demanding and time-consuming.
- Seventy percent of all localities in the United States have populations under 2,500.

This study was carried out in three local governments in southwestern Colorado: Bayfield (population 1,700), Mancos (1,100), and Olathe (1,600). These localities defined the number and types of measures that would be collected for four departments: administration, public works, public safety, and parks and recreation.

All three communities collected these measures for a six-month period, twice at three-month intervals throughout the project in 2003. The data were compiled, assembled in a report format, and given back to the three communities for their individual assessment and use.

Here are the main conclusions of this study:

- Performance management is a viable management tool for small municipalities, if it is structured with their unique environments and needs in mind.
- The number of measures must be reduced, to somewhere between 10 and 15 key measures for each department.
- Staff members spent on average 40 minutes per month collecting performance measurements.
- Feasibility is improved if measures can be collected on a quarterly, semiannual, or annual basis, rather than on a monthly or daily basis.
- Small communities have budgets that prevent them from participating in large, comparative projects. An annual cost of approximately \$2,000 would enable small places to participate in larger, comparative projects.
- Staff resistance to and lower buy-in of the project are significant obstacles for small localities to overcome because of their limited number of staff members.
- As in large communities, performance measures in small communities can provide valuable information that leads to innovative changes, as well as offer a better understanding of the level and quality of services provided and perceived by the public.
- All three participating managers felt that the information received from the project was worth the time and resources involved in the collection of the data, and all three planned to continue with the collection of performance measures and the use of the data.

The results of this study should encourage managers of small communities to include a performance measurement system in their management strategies.

Further research should be done to refine and identify the measures best suited for small communities, and an effort should be made to make this information known

and available to this group of government entities, which makes up 70 percent of all localities in the United States.

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Performance management is an ongoing process of matching action to policy goals. It entails a cyclical process of setting objectives, making resources available to meet these objectives, and judging the effectiveness of the resources in meeting the objectives. CPM also notes that local governments "use performance management as a systematic means to conduct continuous evaluation, track progress in realizing strategic-plan goals, and inform daily operations. Performance measurement data can be used to identify operational weaknesses and allocate resources accordingly."

Performance management is a proven system. It is being used by more local government managers every year and is not a fad. It is here to stay, much as other public management innovations of the 20th century, including budgeting itself. The government system of the 20th century was built on rules and process. Today's system shifts the focus to results.

But what does it mean to embrace performance management? How does performance management fit into the founding principles of governance and professional local government management? To answer these questions, we need to reexamine local government ethics and why it is that we, as professional local government managers, have a role to play in supporting these ethics.

Ethics

Ethical discussions often are critiqued for being one person's ethics compared with another person's ethics. There are, however, fundamental ethics that all people subscribe to. These "common ethical values that are applicable and knowable to all, regardless of gender, race, age, wealth, class, politics, or religion . . . are trustworthiness, respect, responsibility, fairness, caring, and citizenship" (Josephson Institute).

As professional local government managers, we know that competence is a trademark value. Professional competence was one of the primary reasons cited during the Progressive Era for developing the concept of the professional local government manager. Competence continues to be one of the hallmarks of the profession, as shown by the professional organizations devoted to the effort, such as ICMA; the expansion of public administration graduate-school programs; and the advent of credentialed managers.

Competence involves equity, transparency, honesty, and accountability. The four traits are "the standards for excellence in democratic local governance" (ICMA "Ethics" Web page). These four traits, as embodied in the professional local government management system, are rooted in fundamental principles of governance.

Competent managers can understand information, appreciate the consequences of taking action (or not) on this information and of making a choice. Competent managers "take action, not for its own sake but for the purposes they are trying to accomplish. There should be a logical link between the objective and the decision. While management without ethics is purposeless or worse, impractical public management is doomed to failure. Useful action adds the element of pragmatism to decision making: action should be legal, ethical, and effective The next step is to innovatively redesign the proposed action so that it meets all three criteria" (Lewis, 1991, p. 40, emphasis as in original).

How does the competent manager develop information upon which a decision can be made? How does the local government manager measure effectiveness? To answer these questions, we need to look at the relationship between performance management and ethics.

Performance Management Is Ethical Management

Management by performance embodies ethical management. Performance management demonstrates competence and meets the underlying ethical values of professional local government management, including trustworthiness, respect, responsibility, fairness, caring, and citizenship.

Local government managers pledge to strive for competence. Less-than-competent actions on the part of the manager constitute unethical behavior (Lewis, p. 74). Performance management and the use of performance measures enable the local government manager to understand the results of actions and to have the tools and information available to act in a competent manner.

This standard of competence "demands from public managers not perfection but perfecting, that is, an effort to do the best that can be done given the state of the art and within reasonable limits. Expert judgment is, after all, still judgment. In a world of scarce resources, uncertainties, and unknowns, performance as well as product and effort as well as outcome define competence" (Lewis, p. 75).

Local government managers operate within a standard of performance. A standard of performance that is fair "distinguishes incompetence from a professional, good-faith effort that proves to be erroneous by subsequent events. The standard allows that being wrong or falling short does not necessarily translate into being unethical. There are four parts, then, to a fair competence standard: perfecting, not perfection; performance and product; effort and outcome; and doing the best that can be done given the state of the art and reasonable limits" (Lewis, pp. 75-76). Performance management encompasses all four of these parts.

The myriad benefits of a performance management system are well known. These benefits are termed "performance dividends" by ICMA. This ethical component of performance management is another performance dividend that can be added to the catalog of strengths of the system. PM

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