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THE PUBLIC SECTOR IN THE XXI. CENTURY: RENEWING PUBLIC SECTOR PERFORMANCE MEASUREMENT

A szerző elemzését azzal kezdi, hogy ma már nem lehet megkerülni a közszolgálati szektor teljesítményének mérését. A közszférában azonban a teljesítmény fogalmának meghatározása sem könnyű feladat. Hasznosnak látszik a teljesítmény szempontjából is elkülöníteni egymástól a mikro-, makro-, és a mezoszintet. Mikroszinten az egyes szervezetek szempontjából kell vizsgálni az eredményességet. A mezoszint lényegében a helyi önkormányzat szintje, végül a makroszint a nemzetállami szintű eredmény. Mindhárom szintre felállíthatók modellek, amelyek alapján mérhetővé tehető a teljesítmény. Mikroszinten fontos eleme az eredménynek az állampolgár bizalma a konkrét állami intézményben. Sőt, bizonyos szempontból ez a bizalom tekinthető az outputnak, amire törekednie kell a közszolgáltató intézménynek. A cél soha nem végpont a közszolgáltató szektor számára. A cél csak egy közbenső állomás, és ez különösen fontos megállapítás a középső szinten, hiszen itt kell tartósan megalapozni az állami intézményrendszerbe vetett bizalmat. A cikk három fontos megállapítást tesz ezen a területen: 1. új koordinációs modellre van szükség a nagy állami programok között (egészségügy, oktatás, stb.) 2. tudományosan is össze kell kapcsolni a konkrét politikai irányt a közszolgálati menedzsmenttel, és végül 3. be kell vonni a vállalati-gazdálkodási szervezeti formákat a közszolgálati intézmények működtetésébe (könyvvizsgálat, stb.). Makroszinten is három fontos következtetése van a szerzőnek: 1. a makroszintű teljesítmény az alapvető versenyképességi kérdés, amit az életminőséggel szoktak mérni a közgazdaságtanban. 2. össze kell hangolni a politikatudományt és a közszolgálattal foglalkozó menedzsment-ismereteket, 3. meg kell teremteni a kapcsolatot a civil társadalom, a közszolgáltatást irányítók és a politikusok között.

One of the most visible public sector reform drivers within OECD has been the concept of performance. Because of assumed positive impacts on performance many reforms were organised. Because of these realised reforms there was an assumption of better performance. A study summarising reforms within the OECD on "Modernising Government: The Way Forward" contributes a key chapter to enhancing public sector performance: "Governments have become much more performance focused. The performance movement has increased formalised planning, reporting and control across many governments" (OECD, 2005, p.11). At the same time there is a qualification to this statement: "Governments should, however, be wary of overrating the potential of performance-oriented approaches to change behaviour and culture, and of underestimating the limitations of performance-based systems" (ibid.).

There is a range of approaches to the role of performance in management. One the one hand there is a group of disbelievers or non-believers, which consists of post modern de-constructivists who reduce reality to stories (Bevir e.a., 2003). On the other hand there are some economic neo-institutionalists which overemphasise principal-agent asymmetries (Bouckaert, 1998). There is also a group of blind believers of the so-called New Public Management (Barzelay e.a., 1992) which contrasts with a group of

managerial sceptics focusing on dysfunctions of performance measurement (De Bruijn, 2002, see also Bouckaert, 1995). Finally there is a group of more equilibrated supporters that look at the circumstances, the context and the conditions for a functional performance measurement (Bouckaert, 1996).

Obviously the concept and the word "performance" has a complexity which analytically needs to be disentangled to be useful scientifically in describing and explaining public management reform. It also needs to be refined to be useful from a practical point of view. Measuring performance is not a neutral exercise. It is a managerial activity which does not only costs money and efforts but also, which affects the behaviour of individuals and organisations. In some cases installing performance measurement systems, integrating this in documents and procedures, institutionalising this activity through performance audit institutions, and using it for decisions, allocations and accountability purposes assumes a 'positive' effect on performance itself. From that point of view performance is not just the equivalent of 'results', it also becomes the equivalent of a 'presentation' and it includes, beyond better performance as better results, also better performance of the performance, or better presentations of (better) results. The legitimising capacity of a good performance story implies that there is a need to be able to define standards of performance, and related levels of performance. There appears to be a cyclical reasoning in defining management, setting priorities in performance and measurement, provide performance information, generate effects with this information, support management legitimacy, and again defining management (Gowler and Legge, 1983; Bouckaert, 1995).

The role and content of performance differs. There seems to be a need for different performances for different purposes.

In this article there will be a focus on three levels of performance: micro, meso and macro performance. Micro performance is at the level of an individual organisation and its interface with citizens or private organisations. Meso performance is at the level of a consistent level of consolidated or networked organisations, e.g. local governments, or a policy field, or a service chain. Finally, macro performance is government wide, or even governance wide.

Public sector reform has been focusing on increasing the level and the perception of performance and its accountability (Pollitt and Bouckaert, 2004; Bouckaert and Van Dooren, 2003). Although evaluating public sector reform policies has been on the agenda for a while (Christensen and Laegreid, 2001; Reichard, 2001; Reichard, 2004; Jann and Reichard, 2003, Wollman, 2003;) it is still surprising that the evaluation of performance measurement and of performance management itself has been underdeveloped, from a theoretical and from an empirical point of view (Pollitt and Bouckaert, 2003; Bouckaert and Peeters, 2002).

Measuring performance always was present in the history of different public administration systems in the western world (Williams, 2004; Bouckaert, 1995). Obviously the scientific management movement has accelerated this, made the design, implementation and evaluation of measurement systems more explicit, and made the integration of performance based information in administration, management, and policy more systematic and systemic.

The shift from performance administration to performance measurement, and from a broad, unintegrated and dispersed range of managements of performance (financial, personnel, contractual, organizational, strategic, etc.) to a coherent and cumulative

performance management is the twentieth century history. New Public Management has been a recent but not final stage. Performance governance seems to be announced as a next stage (Bouckaert and Halligan, 2006, forthcoming).

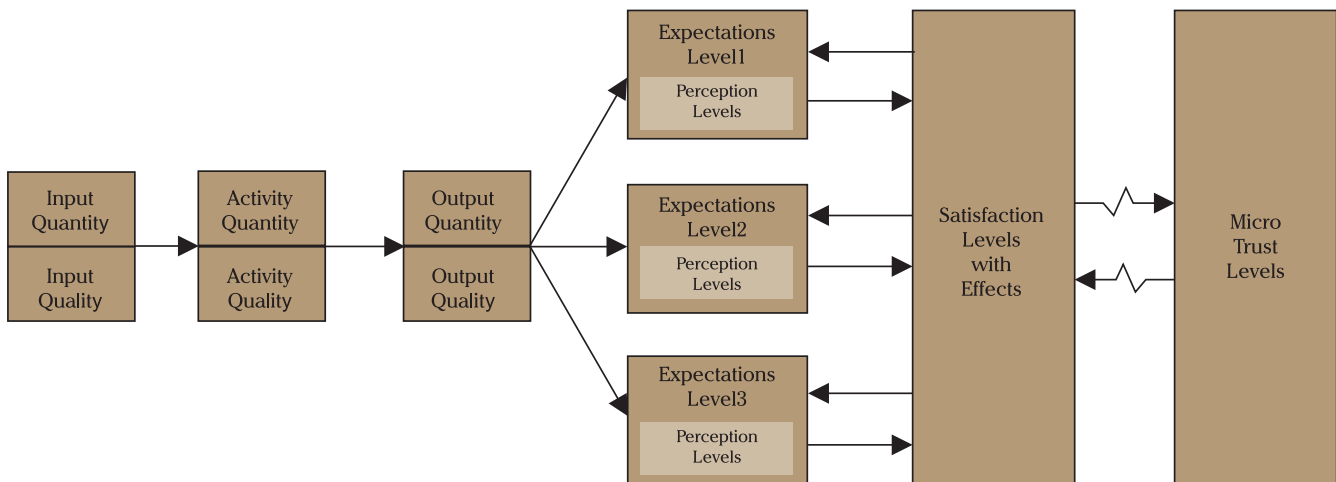
MICRO PUBLIC SECTOR PERFORMANCE AND ITS MEASUREMENT

From a systemic point of view graph 1 provides an analytical framework to handle the complexity of micro public sector performance.

There are inputs (quantity and quality) which are processed into activities (quantity and quality), which result in outputs (quantity and quality). These outputs, services or products, are leaving the black box and are entering society. This is the micro and organisational level with a direct transfer of an output to a customer. These outputs are sometimes directly consumable (collected garbage, a passport delivered) but are in many cases just a degree of availability (which makes them sometimes connected to the analytical level of activities) (e.g. police patrolling), sometimes even for the next generation (e.g. storage of nuclear waste), or undividable public goods (e.g. external security by the military). The quantitative aspect may be expressed in financial or in physical terms (Hatry, 1999). The qualitative aspect may be quantified or not. The focus on quality became prominent in periods of severe savings and shifted from a focus on quantity of outputs (as an output feature) to quality (models) of management at the level of a single organisation (generic models like e.g. ISO, Balanced Score Card (BSC), European Foundation for Quality Management (EFQM), or the European Common Assessment Framework (CAF); or country specific models like the Management Accountability Framework (MAF) in Canada) which then became a guarantee and safeguard for qualitative output itself (Van Dooren e.a., 2004).

The assumption of a direct link between input, activities, and outputs suggests a mechanistic relationship which is based on a machine based, routine featured production function, linear if possible. Reality is more complex, especially in the public sector. Since the 1980s the ambition to create typologies or classifications of outputs has increased. The New Zealand budget system redesign has resulted in an output list, and academics have described system features which then should facilitate the choice of guidance, control and evaluation systems (Bouckaert and Halachmi, 1996).

Outputs produce effects. Increasingly quality control systems monitor the quantity and quality of outputs. But this is not sufficient. Citizens as customers or companies receive and perceive these outputs with levels of expectations. Expectation levels differ as do perception levels. In graph 1 there is a clustering of different perceptions (e.g. of waiting time, or error rate, or timeliness of a service delivery) within expectation levels. The rational could also be reversed. The confrontation of output quantity and quality, with individual perception levels and expectation levels results in levels of satisfaction. This positive or negative satisfaction also influences (positively or negatively) perceptions and expectations. There is satisfaction because of an effect: a letter has arrived on time, the right allowance was received, the police prevented a crime, the bus transported the person to the right place in due time, the municipal sports centre was fit for use, the garbage collection team collected all the garbage, the roads were fixed, etc. There is an effect which needs to be measured, e.g. street level cleanliness or crime levels in city districts which could be as 'objective' as possible, and there is a subjective interpretation



Graph 1: Micro public sector performance model

which is influenced by perceptions and expectations (e.g. feeling of cleanliness, of security). Research demonstrates that there is not always a good correlation between the 'objective' and the 'subjective' types of effects.

A crucial final part of the micro model is trust in the individual service delivering organisation (including e.g. its staff at the window). Trust levels have an impact on satisfaction (Bouckaert and Vandewalle, 2005; Vandewalle, 2005) and are in many cases crucial for a proper functioning of service delivery. The degree of trust of public sector organisations in their citizens (and vice versa) are a crucial societal mechanism to construct control systems. Lacking or decreasing trust levels require complementary (repressive or monitoring based) additional control systems. Sufficient and increasing trust levels allow to use this social capital to upgrade, through satisfaction and legitimacy levels, support for service delivery. This contributes to its effectiveness. Trust levels also have an impact on effects. Teaching in schools, hospital therapies, or policed security will be more effective if parents and children trust their teachers, if patients trust their doctors, if citizens trust their security services. In the field of co-production, trust is crucial to upgrade the same output quantity and quality to higher levels of effectiveness.

The UK National Audit Office has conducted research on the a range of allowances and the quality of the delivery. Obviously people's perception, expectations and levels of satisfaction may be affected by the fact that their application may have been rejected or that the level of allowance is much lower than expected.

The result (table 1) demonstrates that it does make sense to make clusters of waiting times. This research does not include the effect levels nor the satisfaction levels or trust levels. For the group which had to wait for longer than three months (and which represent 38% of the sample), 10% still considered this to be quicker than expected, 34% thought this at the level of their expectations, and 50% considered this to be below their expectations. A crucial management question is whether this overall result is acceptable.

There are three levels of implications of this micro performance model.

First, trust is also an input for the public sector, not just an outcome or effect. To the extent that trust is crucial for the legitimacy of an organisation and for support of its resource allocation, trust should also be labeled as an 'income' (connected to input), not just an outcome. Also trust may have an impact on effect levels or satisfaction levels.

Scientific public sector management theories should increasingly include topics as expectations management, perception management (which in a combined form is

Table 1: Time taken for the claim process (objective), and claimant's expectations. NAO, 1992, p.14

	All	War Pensions	Mobility Allowance	Attendance Allowance	Invalid Care Allowance
Number of respondents	1.036	175	202	409	250
How long overall to hear result? Up to 1 month	5%	1%	5%	4%	15%
1-2 months	21%	1%	22%	22%	26%
2-3 months	28%	5%	32%	28%	26%
Longer	38%	86%	33%	37%	28%

Time taken (all 1.036 files)	Up to 1 month	Between 1 and 2 months	Between 2 and 3 months	Longer
Quicker or slower, or as expected	%	%	%	%
Quicker	67	52	34	10
As expected	33	39	42	34
Slower	0	4	19	50

public sector marketing), and trust management. Crucial but underestimated models like Parasuraman e.a.'s gap analysis is crucial to bridge an internal and an external public sector management focus (Parasuraman e.a., 1985). This gap analysis looks at real service delivery, intended and planned, perceived and communicated. To the extent that there are gaps between these categories, satisfaction and trust will be under pressure.

From a practical point of view improving 'micro performance' requires to integrate also citizen groups, use focus groups, and to actively look for the group of discontent (distrusting and dissatisfied) customers and citizens. To the extent that these efforts affect trust, this may increase the levels of effects.

MESO PUBLIC SECTOR PERFORMANCE AND ITS MEASUREMENT

Output is never an end in itself for the public sector. The more output is an end in itself, the easier it can be transferred to the private sector. The less it is an end in itself the more it belongs to the public sector. Output is not an end in itself if the subsequent intermediate and ultimate effects or outcomes are a central focus. Since effects or outcomes are realized by a range of organizations, public sector performance measurement systems should not just be organized at the individual organizational

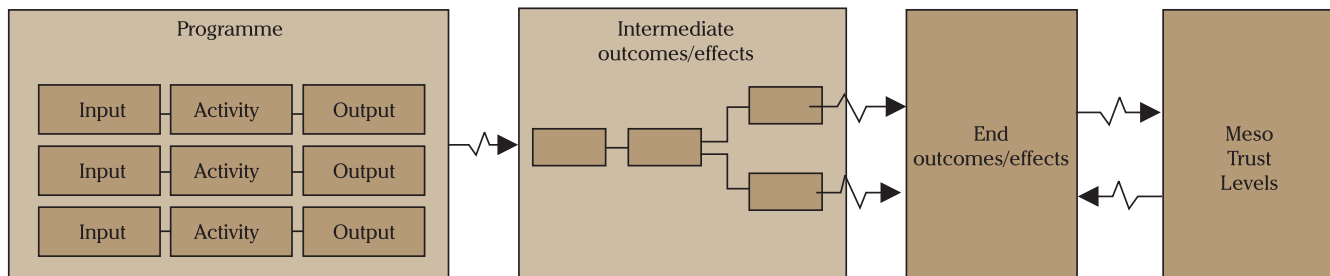
(micro) level but also at the level of a policy field or a product/service chain which could co-incide with a level of government as well. This is the meso-level. Outcomes and effects may be objective or subjective. Also outcomes and effects are affected by the changing policy environment. This results in the construction of 'logic models' (Hatry, 1999) that represent a sequens of outputs, intermediate outcomes and effects, and ultimate and final outcomes and effects. These logic models are designed, in many cases, by sectorial policy specialist.

Nevertheless, these models and sequences are not linear, there are disconnections. This results in a 'First Grand Canyon' in the public sector measurement system between outputs on the one side of the canyon, and a disrupted and distant, almost unreachable, but visible sequence of intermediate and ultimate effects and outcomes on the other side of the canyon.

The generalised absence of market mechanisms in the public sector, even if quasi-markets are being established, the politically based value assessment of (effect) priorities, the changing perceptions and expectations of the citizenry and civil society, and environmental contingencies, result in a disrupted link between outputs and (intermediate outcomes and) objective and subjective effects.

From the end outcomes and effects to (meso) trust a 'Second Grand Canyon' emerges. Effective school, health or security policies and systems could lead to a level of trust in these policies and systems, and this trust could facilitate their effectiveness.

The meso model (graph 2) will be illustrated using a study by the Dutch Social Cultural Planning Bureau (SCP,2004).



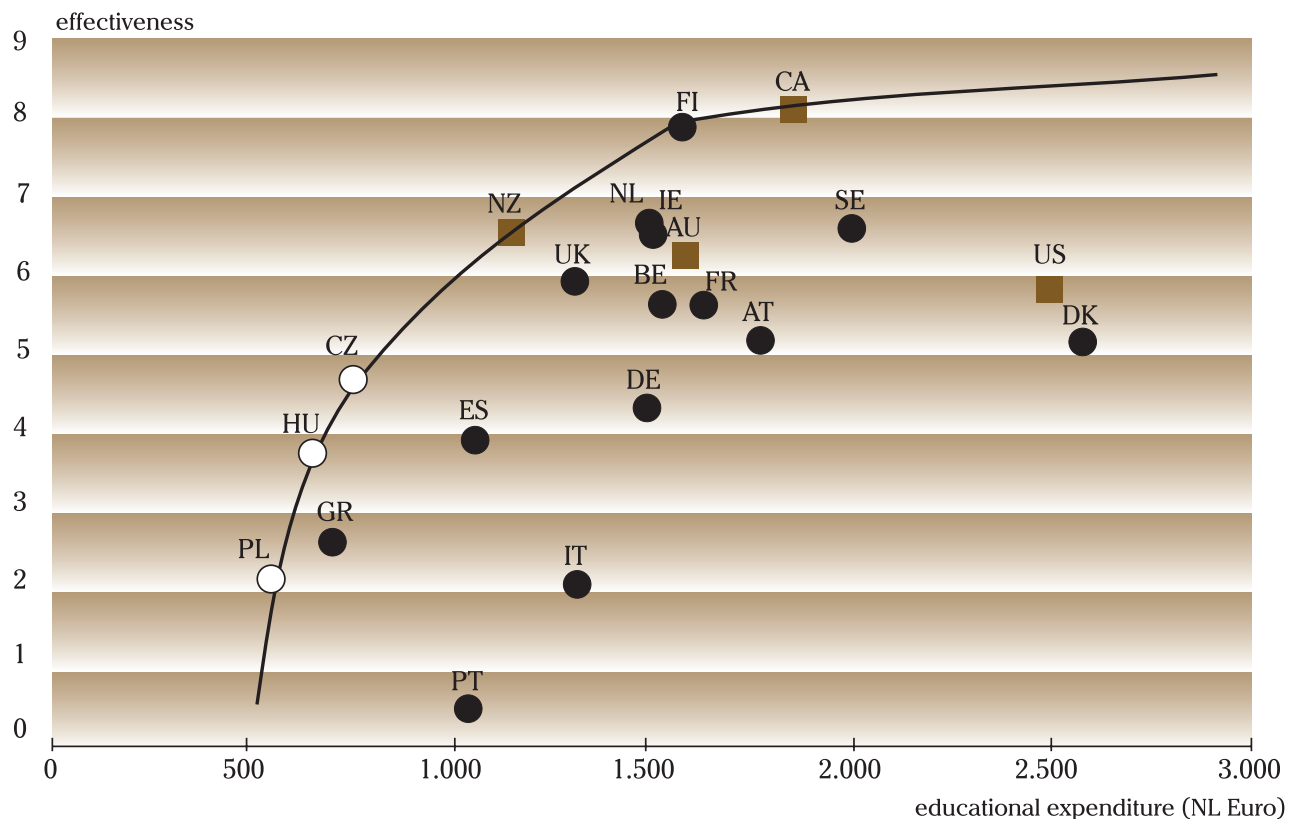
Graph 2: Meso public sector performance model

In the field of education it is possible to have two summary graphs (SCP, p. 117) linking inputs (euro per capita) to effects (based on the OECD PISA tests), and linking effects and trust.

In graph 3, Canada, Finland, and New Zealand belong to the effective set of countries, and they are at a high level of effectiveness. Czechia, Hungary and Poland technically spoken are also on the effective envelope, but at a low level of effectiveness, and below a cut off level of effectiveness of score five. They reach this result with less resources spend compared to Greece, Spain, Portugal, Italy, and Germany.

Germany, in average, spends approximately as much money (per capita) as Belgium, the Netherlands, Ireland and Finland. However, its effectiveness is much lower compared to these countries. In comparison to Finland the effectiveness is almost half of it. Obviously there is a wide Länder variance within Germany. It would be useful to repeat the study and map all the German Länder or US States in stead of country averages.

The other countries below the effective envelope spend more money for the same level of effectiveness, or spend the same amount of money for a lower level of



● EU-15 ○ new member states ■ non-EU Anglo-Saxon

Source: SCP

Graph 3: Cost-effectiveness of education (Link 4) (SCP, 2004, p. 117)

effectiveness, or have a combination of more money spend and a lesser degree of effectiveness compared to New Zealand, Finland, and Canada. These three countries are cost-effective because there is no other observation that spends less and has a higher level of effectiveness. Of course this does not imply that they cannot further improve their position.

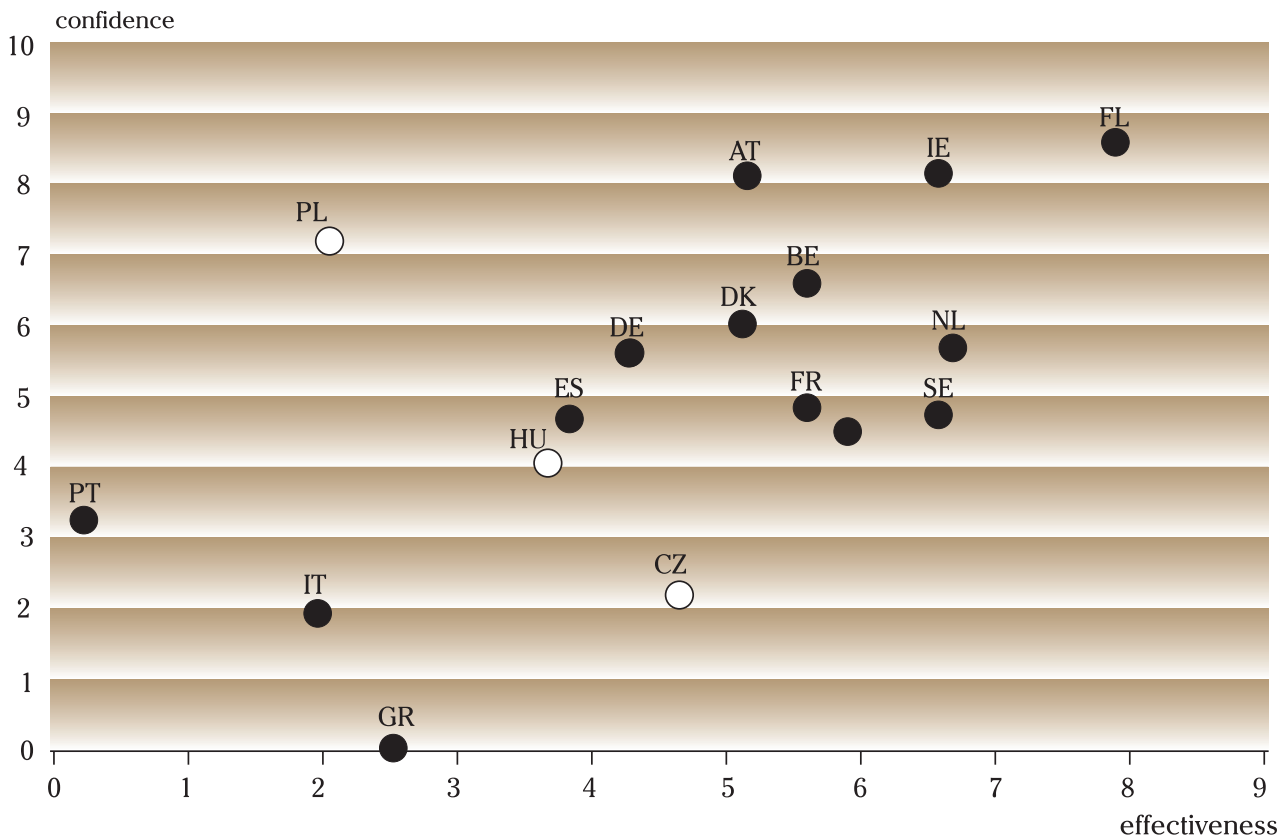
Graph 4 includes only European figures and links effectiveness and trust, suggesting that higher levels of effectiveness correlate with higher levels of trust. Finland takes the best position in this international benchmark. This correlation could be causality. More effectiveness could result in more trust, or more trust could trigger higher levels of effectiveness, especially in education.

The same analysis may be developed in the field of health policy. The following two graphs demonstrate the linkages of input/ effect and input/ trust (SCP, p. 177, 179.).

There seems to be a clustering of countries in a cost-effectiveness range where Canada, Germany, and Luxemburg are more on the expensive side. There are four new EU countries, including Hungary, but also Portugal, and of course the US as negative outliers.

In graph 6, input and trust are linked, demonstrating some correlation between both dimensions. Again the US is a negative outlier.

This set of graphs demonstrates comparative performance analysis. It is useful, possible and necessary. Also it pushes to ask questions on the links between inputs, outputs, effects, and trust. Although there are many technical problems to have



● EU-15 ○ new member states

Source: OECD (European Values Survey)

Graph 4: Effectiveness-Trust (confidence) in education (SCP, 2004, p.117.)

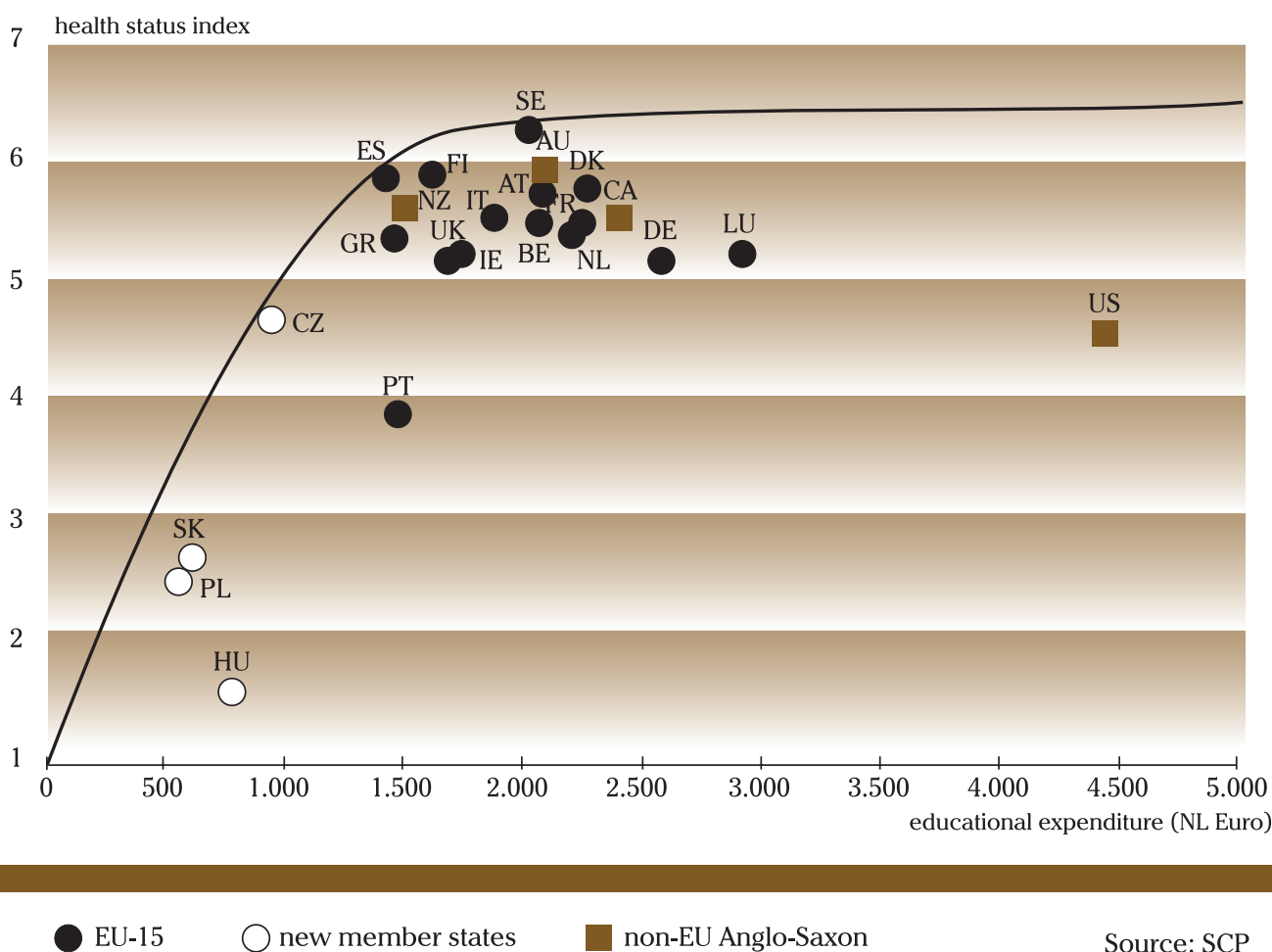
comparable data, one could replicate these studies within countries for schools, hospitals, police stations, or municipalities. These tables have the function of flash lights for policy and management. In structuring the debate according to an analytical scheme it becomes possible to talk about resource allocation, output priorities, price/quality and willingness to pay, effectiveness of service delivery and policies (also to specific target groups), and potential to trust these specific institutions.

There are three levels of implications of this meso performance model.

First, there is a need for new co-ordination mechanisms between projects of major programmes, between organisations, between stages of a service chain, especially after the disastrous organisational fragmentation driven by the NPM ideology (Verhoest and Bouckaert, 2005). There are efforts for an integration of organisational strategic plans and for cross-organisational policy design. There is more implementation using a holding concept through consolidated budgets, or an integration of organisational (performance) audits and policy evaluations.

Second, scientifically there is a need to connect public management to policy sciences. It is the linkages between what happens inside the black box and the logic models that needs to be developed.

Thirdly, from a practical point of view there is a need to integrate managerial and policy related professional communities (e.g. auditors and evaluators),

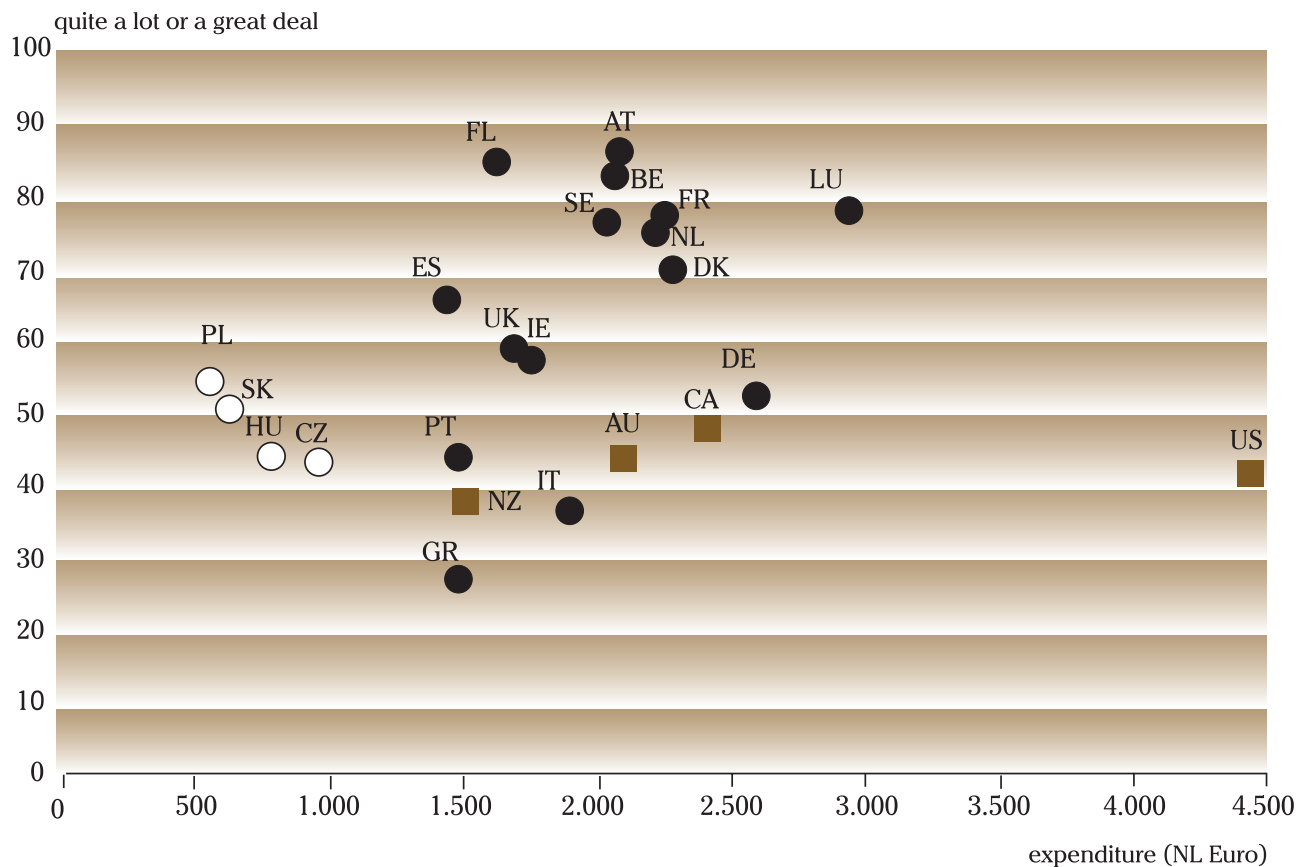


Graph 5: Cost-effectiveness of health (SCP, 2004, p.177.)

MACRO PUBLIC SECTOR PERFORMANCE AND ITS MEASUREMENT

The macro level is government wide or even country wide. Increasingly synthetic indicators at a country level (e.g. World Competitiveness Yearbook or Growth Competitiveness Index) include public sector performance as an indicator (government efficiency) (IMD, 2005). According to the World Competitiveness Index government efficiency is estimated along five dimensions: public finance, fiscal policy, institutional framework (including survey data on government decisions, political parties, transparency, public service, bureaucracy, and bribing and corruption), business legislation, and societal framework (including survey data on justice, risk of political stability, social cohesion, discrimination, and gender issues).

One could say that even societal outcomes and effects are not an end in itself in the public sector. The ultimate ambition is to guarantee a functional level of trust by the members of a 'res publica' in the State, in all its institutions and organisations, but especially in its public institutions and organizations. Again, linking effects to trust is the 'Second Grand Canyon' in the public sector. The assumption that effects may positively influence trust is weak and has not been corroborated by theories nor empirical studies (Bouckaert e.a., 2002; Bouckaert and Van de Walle, 2003; Van de Walle and Bouckaert, 2003).



● EU-15 ○ new member states ■ non-EU Anglo-Saxon

Source: OECD Health Data; European Values Survey; values for non-European countries are estimated

Graph 6: Input-trust relationship in Health (SCP, 2004, p.179)

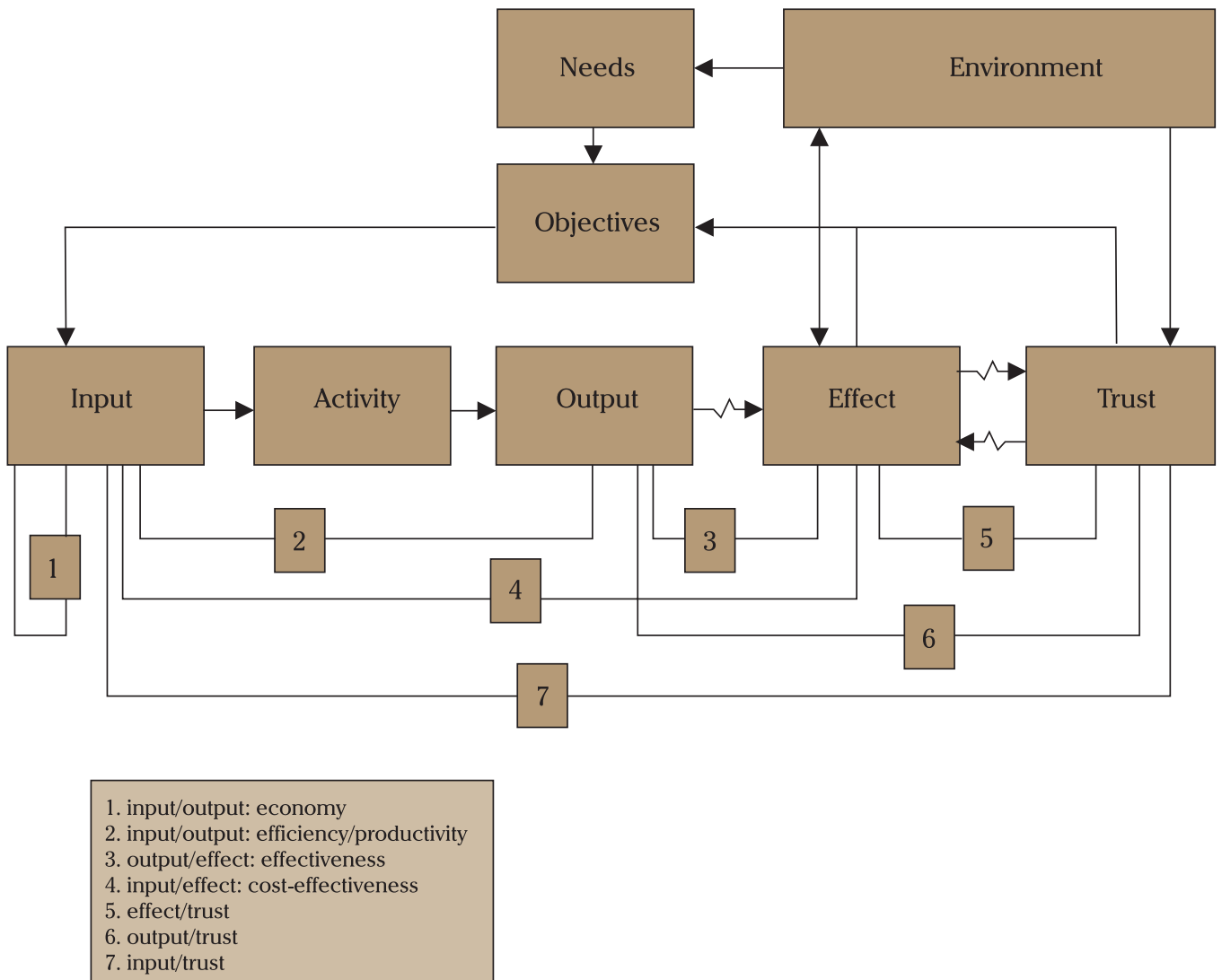
However, public sector reform has always, implicitly or explicitly, referred to this ambition to bridge this Second Grand Canyon. Again, if we have reached the other side of the First Grand Canyon, mostly politicians, but also administrators and professionals eagerly look at the other side of this Second Grand Canyon. However, the discontented society is rejecting this self-fulfilling prophecy. But the ambitions remain present. The rationale of high impact agencies to construct the bridges remains a hypothesis. The role of politicians in helping to construct the second bridge is clear.

Graph 7 shows this disrupted relationship and links the five boxes of inputs, activities, outputs, effects (which should be read as intermediate and ultimate outcomes/effects), and trust, and the seven logical linkages between these five boxes.

A concrete Canadian example is shown in graph 8. Canada's performance, as a country consists of 6 themes operationalised in 23 outcomes with 32 indicators. Obviously, this macro perspective on performance also refers to a consolidation and integration of meso and macro levels.

There are three levels of implications of this macro performance model.

First, increasingly government wide indicators are being used. The need to show the value added of the public sector for a country's competitiveness results in international benchmarks of quality of life indicators. It is therefore important to link the macro level



Graph 7: Macro performance model

to meso and micro (desintegration), but also to consolidate the micro and meso levels into a macro level.

Second, management science, and policy science need to be connected to and linked to political science.

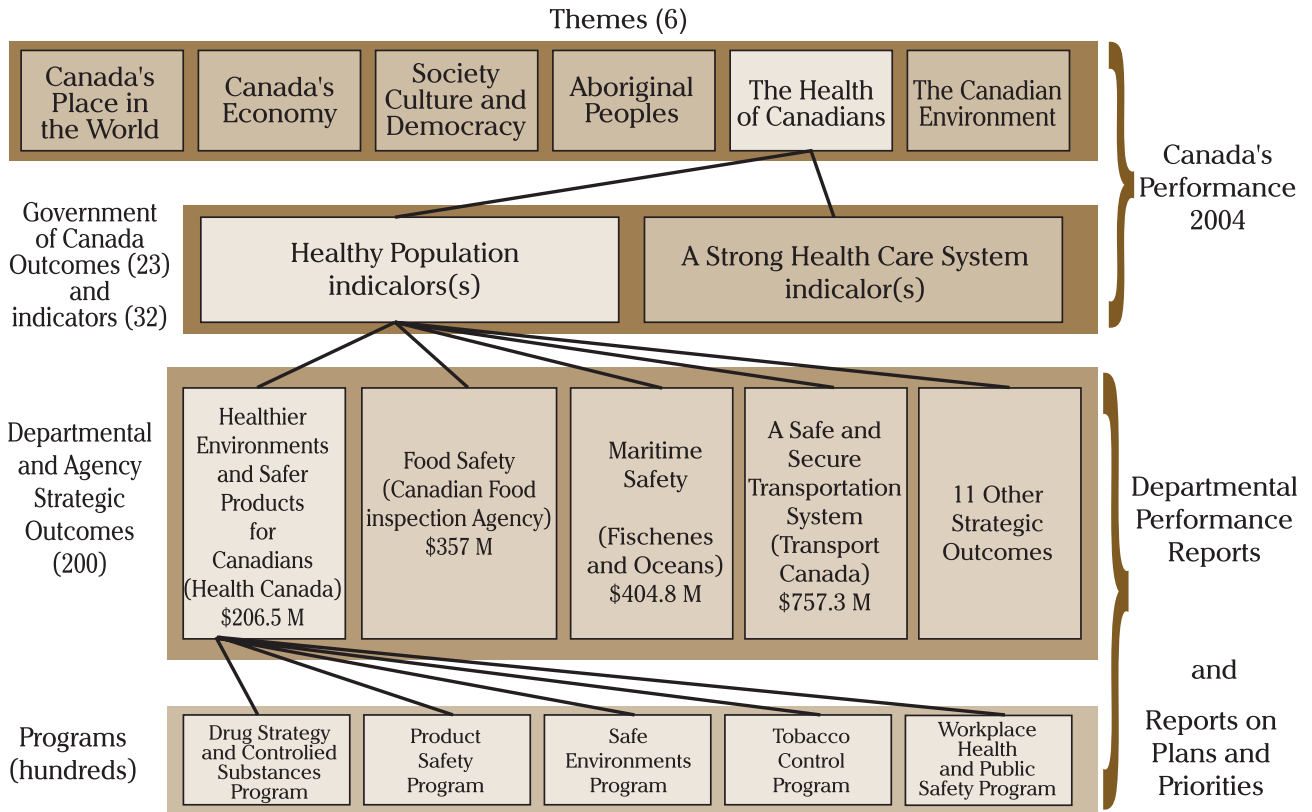
Third, from a practical point of view, there is a need to bridge performance information, between the public sector, executive politicians, legislative politicians, and civil society. This is the governance performance perspective.

Consolidating micro-meso-macro public sector performance and its challenges

It is possible to apply the above described scheme at the level of an individual organization (micro level), at the level of a policy field (meso level), at the level of a consolidated government wide level (macro level) (graph 9).

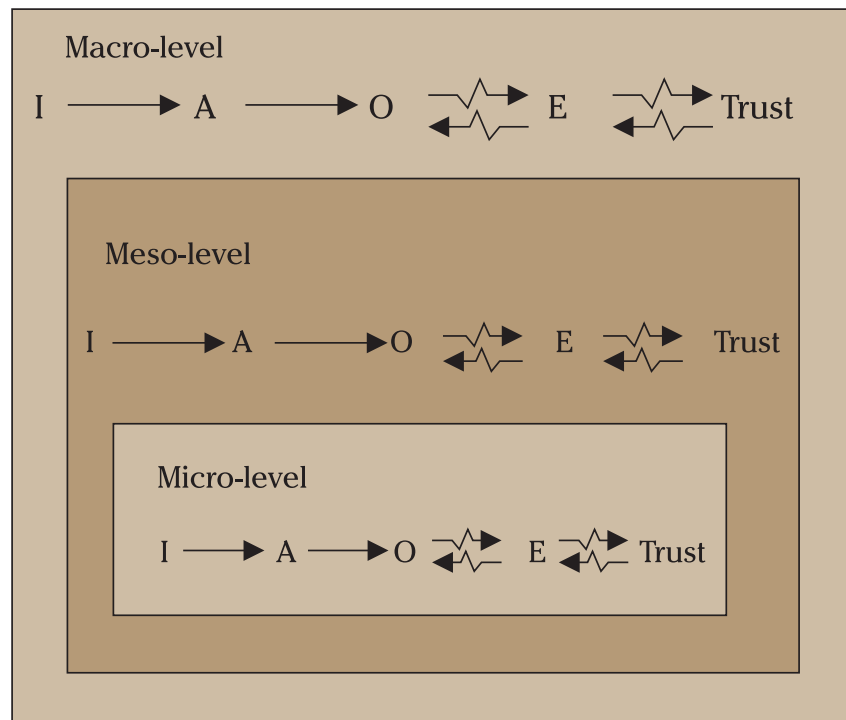
This requires a performance measurement policy. Crucial elements in designing measurement systems for the public sector at micro, meso, and macro level are perceived positive cost-benefit analyses of performance measurement at all levels.

A problematic issue is the assymetrical Cost Benefit Analysis of a performance measurement system. Costs of performance measurement systems (PMS) are unconditional, tangible and immediate. Their benefits are conditional, intangible and scheduled for the future.



Graph 8: Canada's Whole of Government Framework (TBS)

The benefits of a PMS depend on the transformation of data into information, and even more on the use of this information in policy and management cycles for the purpose of improved decision making, better (motivated) allocation of resources, strategies of results



Graph 9: Integrating micro-meso-macro performance models

improvement, perceptions of evolutions in real performance, and improved accountability on results. Benefits are therefore conditional (depending on using information), intangible (how do you value knowledge on improvement, better decisions, better accountability), and scheduled for the future (going through learning cycles takes time).

Costs on the other hand are unconditional (one has to pay for collection, storage, processing of data, diffusion of information, evaluation and auditing), tangible (measurable), and immediate (almost real time).

At the same time, evidence based policy and management, and risk assessments require responsible strategies to look into the future. Ashby's law of requisite variety implies that monitoring systems of complex institutions and policies should have a proportional complexity depending on the features of these institutions and policies, whether they are controllable or not. This results in six performance measurement challenges for a volatile government.

SIX FURTHER CHALLENGES FOR A VOLATILE GOVERNMENT AND ITS MEASUREMENT IMPLICATIONS

Increasingly six main challenges emerge as a strategic governance agenda: Integration, Vision, Effectiveness, Internationalization, Trust and legitimacy, and Responsiveness (Bouckaert, Ormond, Peters, 2000). Each of these challenges requires a special focus on the measurement implications of the related performance aspect.

Increasingly, the public sector is about managing across government. In two dimensions managing across government means horizontally across boarder lines with the private and not for profit sector, and vertically across levels of government. Value added chain management, e.g. the food chain, or the security chain, are examples of a responsible government that needs to focus on its own parts of the chain but also on the chain itself. Addressing issues that respect no organizational boundaries in an effective cross governmental way is probably the most shared concern of governments today.

There is a significant performance measurement implication derived from this first challenge. Performance measurement systems and the related management systems should have the capacity to be functional at a micro level (within organizational boundaries) but they should also have the capacity of consolidation at the meso level (policy field), and meso levels should have the capacity to be consolidated at the macro level (government wide). A reverse system of deconsolidation (macro with mesos; meso with micros) should also be possible. Especially the meso level is a crucial pivot, as the above graphs are demonstrating.

A second challenge is to guarantee the capacity to develop a balanced strategic view of the public interest. This involves putting short term projects in a longer term perspective and in the context of budget realities, taking into account the views of civil society and individual citizens.

Balancing professionalized policy making by administrators, stakeholders and interest groups and legitimized policy making in a democratic system is increasingly complex in itself. This complexity increases when risk assessments require a combination of quick responses to immediate and urgent problems and long term solutions for important problems.

The performance measurement/management implication derived from this is that a Balanced Stakeholders Card (BSC) is needed with all the features of a Balanced Score Card.

A third key challenge is a focus on the effects/outcome part of the analytical framework (graph 1). The pivot of the whole scheme is the box with the (intermediate and final) outcomes or effects, and the related links of effectiveness (output/effect) and cost-effectiveness (input/effect). Bridging the First Grand Canyon is a prime concern for the public sector. Economy and efficiency are secondary concerns. Confidence is a derived concern.

It is of no use to be economical and efficient if one cannot guarantee effectiveness. It is avoidable that, given one's effectiveness, a public sector is uneconomical and inefficient. Analytically there is a need to know to what extent effectiveness is influencing economy and efficiency and vice versa.

In the context of integration and vision, today's challenge is also to draw on a much wider set of means and networks of relationships in order to implement public programmes successfully, and achieve desired outcomes.

This third challenge has a performance measurement and management implication. There is a need to monitor the effectiveness of Value Added Chains of mixes of hierarchies, networks and markets. One way to organize this is to have policy field based (Canadian) Management Accountability Framework (or similar models like e.g. CAF or EFQM)

Globalisation and internationalization, especially for smaller countries, imply adapting domestically, and influencing others to mutual benefit. As frontiers get lower, smaller countries have relatively more to gain by timely organizational and economic adjustment, while external co-ordination impacts on all government activity.

The immediate performance measurement implication is the need for international benchmarking. Obviously there should be minimal standards of comparison, but the above mentioned examples clearly show this is possible, useful and necessary.

Focusing on the Second Grand Canyon is also a major challenge and will include building new societal relationships. No country is immune to a decline in trust. This requires

anticipatory action by governments to bring about responsible engagement of citizens, and make them confident that their public institutions cater to their needs.

Levels of trust and confidence are related to the politico-administrative culture of a country. Whereas Americans, almost by definition, distrust their governments, Scandinavians, almost by definition, trust their governments. Optimal levels of trust and confidence are functional because this helps to define optimal control systems which are the indispensable complement to make systems function.

A logical performance measurement/management implication is to link quality, satisfaction and trust in an empirical way. Analysis, explanation and policies should follow from this information, taking into account the two way traffic of more quality leads to more satisfaction which leads to more trust on the one hand, or more trust increases the chances of higher satisfaction, which increases the chances of a better perception of quality.

Finally, adapting to change in a volatile environment is crucial. More than ever, an unpredictable environment requires governments to have the capacity to scan ahead, detect trends and think creatively about ways of shaping policies and institutions to respond to new challenges.

The immediate performance measurement implication is to generate the capacity for administrations to extrapolations and simulations.

CONCLUSION

Public sector performance measurement is being adjusted and subject to reform just like public management itself. Looking at measurement from a coherent micro, meso and macro perspective, within a framework of trust building initiatives happens increasingly in the context of the major challenges of the public sector itself.

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