Value-Based Government Performance Management: Background, Concepts, and a Call to Action

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Abstract

Performance management has been a mainstay in government and public sector reform for several decades. New Public Management (NPM), as a philosophy of public administration has informed much of the orientation toward higher government performance. NPM can be rightfully attributed with much improvement in governmental efficiency across the world; however, it has come under criticism because of problems associated with its instrumental and managerial approach to problems of governance. Countries around the world are experimenting with ways of dealing with emergent problems of governance. This article is intended to inform the transition of public administration in its movement beyond NPM to a new public values-based leadership for performance management aimed to achieve broader public interests. This article reflects the current state of scholarship around government performance management and examines the structure of public values with respect to (a) conceptual basis, (b) how values are formed and held, (c) approaches to public administration that reflect public values, and (d) how to integrate responsiveness to public values into public sector performance management. Value-based performance management is defined and an emergent research framework is provided to deal with wicked problems.

Performance measurement and management has been a mainstay for the reform of government and associated public sector enterprises for several decades and has been frequently used as a tool for government modernization. The history of performance measurement can be tracked to the middle of the 20th century when management of inputs and outputs was primarily measured by financial goals and cost reduction measures. However, financial success and measures of efficiency used in the private sector were criticized in its application to governmental and public sectors (Heinrich, 2002). In response, the focus of government performance management shifted from measurement of efficiency and accountability to include effectiveness of results and outcomes of program activities. Performance measurement systems expanded to include both cost efficiency and effectiveness of outcomes—considering inputs, outputs, outcomes, efficiency measures, and explanatory information to enhance accountability and performance. It was believed that good measures of efficiency and effectiveness are more likely than output measures to inspire managerial thinking about improving public service (Ammons & Rivenbark, 2008; Patria de Lancer Julnes, 2006; Kloot & Martin, 2000).

New Public Management (NPM), as a philosophy of public administration has informed much of the orientation toward higher government performance at the end of the 20th century. NPM strove to make services provided by government more responsive to citizen’s needs by applying business-like management techniques with a strong focus on competition and measurement of performance (Sanderson, 2001). Hood (1991) set out several key doctrinal components of NPM including explicit standards and measure of performance and a core principle of NPM which was introduction of a range of new administrative technologies including performance-based contracting, competition, market incentives and deregulation. Fitzgerald et al. (1991) suggested a performance model of six dimensions which included competitiveness, financial success, quality, flexibility, resource utilization and innovation. Kaplan and Norton’s (1992) Balanced Score Card argued four dimensions: financial, customer satisfaction, internal business processes, and innovation and learning. Putnam (1993) contends that the measurement of performance must be comprehensive, internally consistent, and reliable, and it must be reflected in both objectives and evaluations. He suggested three dimensions of performance to include: policy processes, policy pronouncement, and policy implementation. At
the same time, performance measurement systems such as the implementation of Government Performance and Results Act in the United States and Best Value in United Kingdom, were advocated in different levels of government, all of which stressed a combination of measures including financial management, efficiency and effectiveness, and accountability of government. Dimensions and systems of performance were studied by many authors in different political systems, cultures and public program contexts. More recently, a study observed (a) a low level of consistency in terms of indicators, consequent targets, and priorities across governmental hierarchies, (b) a substantial growth of indicators proliferating through the system resulting in a high degree of confusion at the local level regarding priorities, and (c) difficulty in seeing evidence of adequate reflection of performance indicators—it was rarely possible to identify connections between targets and indicators (Micheli & Neely, 2010).

Performance measurement is used in a variety of ways in the government and associated public sector enterprises and reflects the evolution in understanding about what exactly constitutes government performance. Performance measurement, pre-NPM, concerned itself primarily with government finances, efficiency, and accountability first regarding agencies or departments and then in more detail for management and decision-making processes. Performance management under NPM has been primarily top-down with a dominant concern for enhancing control rather than promoting learning and improvement (Sanderson, 2001). Ammons and Rivenbark (2008) found that output measures have very little managerial or policy value, but the measures of efficiency and effectiveness inspire managers, supervisors and frontline employees to diagnose problems and correct them. Hatry, Ho, Moynihan and Pandey, and Wholey (2002; 2006; 2005; 1999) deduced that the purpose of performance measurement is not simply to develop performance indicators but to also establish a system that can measure results through indicators and use the information to improve management and democratic governance. As the conceptions, designs and methodologies for performance management continue to evolve, a single central purpose of performance management has been unchanging—to improve public management and program outcomes.

Various authors and organizations proposed additional purposes in using performance measurement in managing government and associated public sector enterprises (Ammons, 1995; Kopczynski & Lombardo, 1999; Kravchuk & Schack, 1996; Osborne & Gaebler, 1992; Wholey
& Hatry, 1992). Additional purposes of resource allocation, budgeting, deepening accountability, increasing communication, and performance improvement are most frequently cited. Behn (2003), in assaying the various purposes of performance management argued that public managers have eight primary purposes that are specific and distinct and can be used by leaders of public agencies to measure performance:

1. **Evaluation** for which a comparison between inputs and desired outcomes is required to assess behavior of individual agencies or departments and employees;
2. **Control** for which actual performance is monitored in comparison to performance standards in order to take corrective actions;
3. **Budgeting** for which benefit/cost assessments are made to enable public officials to make allocations among competing demands or proposals;
4. **Motivation** for which improvement in unit or individual performance is compared to performance targets and/or past performance;
5. **Promotions** for which unit or individual performance is compared to other individuals or units or to gains in performance;
6. **Celebration** for which performance is anchored to accomplishment of target performance or performance that citizens care about;
7. **Learning** for which carefully disaggregated performance information is needed so that organizations and individuals can assess and learn from actions and associated results through benchmarks and other measures; and
8. **Improvement** for which leaders need information tailored to help them understand how they can positively influence the behavior of people and organizations around the specific contributions they make to desired outputs and outcomes.

All of which serve the public leader’s only real purpose—to improve performance. The leaders of public agencies therefore can use a variety of performance measures to achieve a number of very different purposes that need to be carefully and explicitly chosen to match their purposes. Only then can they identify or create specific measures that are appropriate for each individual purpose.
Sanger (2008) argues that overall performance is an outcome of the interaction among the system, the agencies, and the environment. De Lancer Julnes (2006) suggests that performance measurement can build political and civic support for public efforts and increase the legitimacy of public authority. In her view, citizens are viewed as important players in shaping the quality and responsiveness of government programs in their community, and finds that citizen participation is important in shaping the quality and responsiveness of government programs, increasing the legitimacy and trust of government and supporting institutional legitimacy and the bottom-up approach to decision-making, which could lead to the long-term sustainability of performance measurement initiative. Yang and Holzer (2006) propose that performance measurement can improve citizen trust in government directly through citizen participation in the evaluation process or indirectly by improving citizen’s perceptions of government performance, and that it can serve as a more effective link between performances and trust if current measure practice is improved to embrace such factors as government-wide evaluation, institutional arrangements, citizen involvement, and communication strategies. Performance measurement can be organized to reflect the mission and goals of the jurisdiction by consulting with stakeholders and citizens. Just as Yang and Holzer (2006) propose that improving performance and restoring government trust must be pursued from a governance perspective, so must attending to the interactive dynamics between government and its stakeholders or partners, including citizens, businesses and nonprofits. Sanger (2008) declares that when citizen engagement in defining results that matter becomes the standard for measuring performance, then increased accountability to citizens will be achieved.

Many factors influence performance measurement and the process of performance service delivery improvement. Heinrich (2002) suggests performance managers should give more attention to contextual factors including organizational complexity and coordination, organizational climate or culture and values, competition among functional units or within sectors, and general economic and political conditions, which will be magnified in public organizations. Performance measurement, according to De Lancer Julnes and Holzer (2001), is composed of at least two stages—adoption and implementation. They found adoption was heavily influenced by rational/technocratic factors and implementation was more influenced by political/cultural factors. The U.S. Government Accounting Office (2009) found that the record of local governments in the actual use of performance measures in managerial or policy
decisions—beyond simply reporting the numbers—is much spottier. While significantly more federal managers reported having performance measures for their programs than they did ten years ago, their reported use of performance information to make management decisions has not changed significantly. De Lancer Julnes and Holzer (2001) confirmed that the adoption and effectiveness of performance measurement are separate constructs with different determinants, the level of degree of adoption is affected by organizational support, technical training, and political environment, and adopting performance measurement does not automatically lead to effectiveness. Their results confirmed that external stakeholder involvement can improve the managerial effectiveness of performance measurement and suggested that political and organizational support is important for enhancing stakeholder participation and that technical training is much more important in explaining adoption than effectiveness.

It is clear that there is a difference between measurement and management of performance. Poister and Hatry (2010; 2010) define performance measurement to be the regular and careful monitoring of program implementation and outcomes, and find that simply measuring performance is not sufficient for performance management which is the process of setting goals for an organization and managing effectively to achieve those goals to eventually bringing out the desired outcomes. They recognize that performance measurement is concerned with the validity of the measurement system rather than how the information will be used to change and improve the way in which services are delivered. Kloot and Martin (2000) define performance management as the process by which the organization integrates its performance with its corporate and functional strategies and objectives. The work of the Organisation for Economic Co-operation and Development (1997) on performance management makes the distinction between ‘top-down’ systems oriented to accountability and control and ‘bottom-up’ systems with a greater concern for promoting improvements in performance. Sanger (2008) finds that to move from performance measurement to performance management in order to achieve strategic goals and objectives requires will, power, and the exercise of leadership. He found that performance management was distinguished from performance measurement by the involvement of stakeholders, purposeful learning processes, and accounting for political processes.

Clay and Bass and Poister and Streib (2002; 1999) report that performance measurement is likely to have an influence on important managerial and policy decisions only when steps are
intentionally taken to integrate measures into key management systems or decision processes. Berman and Wang (2000) propose that the factors which influence U.S. counties’ ability to use performance measurement includes technical capacity, stakeholder capacity, the availability of resources for testing new ideas, positive employee and managerial attitudes, professionalism, accurate assessment, and strategies for gaining stakeholder support. Ammons and Riverbark (2008) contend that the types of measures on which officials rely, the willingness of officials to embrace comparison, and the degree to which measures are incorporated into the key management systems are important aspects of using performance measures for service improvement.

Performance management is recognized to have some impediments and limitations as a tool for improving service. Mintzberg (1996) identified important impediments to achieving administrative reform through outcome-based performance management which include the absence of strong leadership or coalitions supporting a results orientation, measures that constrain flexibility and are not well linked to goals or consequences, mutual distrust between agencies and legislators about gaming of measures, and employee concerns that their responsibility is not commensurate with their authority. De lancer Julnes (2006) found that the limitation of performance measurement lies in its ‘attribution’ which means that performance measurement information itself does little to establish the necessary causal linkage leading to ‘goal displacement’ which refers to individual’s tendency to purposely change their behavior in the areas that they are being measured so as to improve the performance ratings. She found that performance measurement therefore does not adequately capture and represent program quality. Yang and Holzer (2006) suggest that effective performance measurement implementation requires not only technical knowledge but also extensive training in strategic planning, program evaluation, and the use of performance information. They find that managers also need training on subjects such as change management, cultural transformation, and stakeholder involvement. They found that improving performance and restoring trust must be pursued from a governance perspective, attending to the interactive dynamics between government and its stakeholders or partners, such as citizens, business, and nonprofits.

There is, however, an essential difference in impediments and limitations to performance measurement and management between the public and private sector. As a tool of NPM,
performance management was considered an effective tool to improve the outcome of organizations. While it is obvious that performance measurement and management can be used in the governmental sector, government performance is quite different from private sector performance. The equivalent of the private board of directors for the public sector is the political officials that oversee public agencies. The equivalent of customers for the public sector is citizens, and while they share some characteristics with customers in their capacity as citizens, they are also the entity to whom both public administrators and political officials are accountable. Government and associated public sectors are therefore are distinctly different from the private sector in their unique relationship to citizens to whom they both provide service and to whom they are accountable. This difference can be well accounted for in government and the associated public sector by taking full account of public values in performance measurement and performance management. Understanding and being responsive to public value, along with concern for public welfare, is what distinguishes government/public activity from pursuit of private interests. The use of public value and citizen engagement to that end therefore has great utility in informing public policy-making and constructing public service delivery. Embedding the public value into the process of government performance management has great promise for improving the well-being of citizens.

**Part 2. Public Value and its role in Government Performance Management**

**2.1 The transition of paradigm from NPM to public value**

Government and the associated public sector is distinguished from the private sector in from several different perspectives. Public sector policies and behaviors are mandated by regime structures and processes and overseen by political officials or entities who set policy priorities, allocate resources, and appropriate budgets. The private sector, unlike the public sector, works only with suppliers, customers, and shareholders with a ultimate purpose of maximizing the interest of shareholders. Government and its associated public sector is required to work in policy-making, planning, and decision-making with many different kinds of stakeholders, each in different capacities, which include citizens, private businesses, nonprofit organizations. During the policy implementation process, various public entities must work together to fulfill the needs of citizens and society. The fundamental distinguishing difference between the private sector
and the public sector is the paramount referential importance of public values and citizen engagement to the conduct of governance and provision of public goods and services.

New Public Management as a paradigm has been dominate in government and its associated public sector for several decades. O’Flynn (2007) however, reports that NPM has been subject to ongoing debate in the academic literature and that a lot of challenges have been found in its implementation. Entwistle and Martin, as does O’Flynn (2005; 2007), find for example, that although NPM has been widely adopted, it has always been expensive to implement resulting in increased transaction costs. In addition, they find that the fundamental values of public service in the public sector has been undermined by competition, limited resources, conflicts between individual demands and public interests, erosion of accountability and responsibility due to fragmentation, and increased risk-taking. NPM greatly fragmented the government and public sector through competition and contracting. Although this improved efficiency, effectiveness and accountability of government; the ability of integrating activities across government and the public sector was greatly impaired. In a fragmented government system, entities in the public sector frequently could not collaborate with other public sector entities and the relationship between public sector and political entities deteriorated. Most seriously, entities in the public sector paid less attention to communicating with citizens and thus the general public interest was poorly reflected.

Another important criticism of NPM is its confusion between individualism and collectivism. Kelly, as does Lynn (1998; 1998), suggest that the NPM paradigm makes a specific assumption about human behavior that is centered on individualism, instrumentality and individual rationality; and from this instrumentality came a new performance motivated administration. They observe, however, that public process is a collective process which means the ideas of the public have to be expressed and satisfied together and that the summation of individual interests cannot be equal to the public interest. Government performance management which based on the individualism rationality therefore cannot express public value well in a fragmented process disconnected from citizen engagement and uninformed by public values. NPM reflected the wholesale application of private sector models of efficiency and instrumentality and failed to pay heed to the interconnected and inter-dependent nature of public service in the public sector. The public sector not only delivers public services, but also
enshrines deeper values of governance (OECD, 1997). From a contracting perspective, Hefetz and Warner (2004) argue that in transaction with suppliers, the private sector focuses on efficiency, quality, security and reliability while public managers combine these concerns with public preference.

O’Flynn (2007) describes the evolution of paradigm in public administration as never stopping from the bureaucratic to post-bureaucratic and from NPM to post competitive. The post-bureaucratic paradigm intended to break from the traditional bureaucracy, policy-administration divide, and scientific management. A post-competitive paradigm signals a shift from the primary focus on efficiency and results to the achievement of broader societal goals. The public value approach first articulated by Moore (M. Moore, 1995; 1994) represents a way of thinking which is both post-bureaucratic and post-competitive that allows us to move beyond the narrow market versus government failure debate. The public value approach recognizes that social value inherent in public services may not be adequately addressed by the economic efficiency calculus of market (Hefetz & Warner, 2004). Similarly, the contracting approach advocated under the paradigm of NPM showed no evidence that contracting of service delivery increased the satisfaction of citizens even though high efficiency was always linked to it. In many areas, citizens complained about public service being delivered by the non-public private sector.

The public value paradigm stressed, interestingly, the soul of traditional public administration and the efficiency, effectiveness and accountability of NPM tied together. Indeed, the paradigm of public value seeks for best efficiency and efficacy of government with all behaviors and policies based on public values. The creation of public value is the central raison d’etre for public managers and they need to balance efficiency, technical, and political concerns to secure public value (Moore & Braga, 2004). Multiple objectives of performance measurement and management including service outputs, satisfaction, outcomes, trust and legitimacy therefore need to be pursued under the paradigm of public value.

An important part of the public value paradigm is the concept of collective preferences which distinguish it from the individualist focus of the NPM (Stoker, 2006). Public value creation is relies on the politically-mediated expression of collectively determined preferences
that the citizenry determines to be valuable (Alford, 2002; M. Moore, 1995). This directly contrasts with the idea that individual preferences can be aggregated to reflect what it is that the ‘public’ wants from government, as has been the tendency in the NPM paradigm. In order to define the public value paradigm, Stoker (2006) developed four key propositions:

1. Public interventions are defined by the search for public value which contrasts with market failure justifications commonly advanced by economists;
2. A wide range of stakeholders have legitimacy and should be included and involved in government activity which points toward a more collaborative, consultative approach;
3. Adopting an open-minded relational approach to procurement, rejecting a one-size-fits-all approach to contracting and procurement; and
4. Embracing an adaptable, learning-based approach for public service.

O’Flynn (2007) proposed that the key difference between NPM and the public value paradigm to lie in the dimensions of its dominant focus, managerial goals, definition of the public interest, performance objectives, dominant model of accountability, and preferred system of delivery.

2.2 The definition of public value and its structure

Although public value has been discussed and studied for more than 20 years, the definition of public value is still ambiguous. Public value has been described as a multi-dimensional construct—a reflection of collectively expressed, politically mediated preference embraced by the citizenry—created not just through ‘outcomes’ but also through processes which may generate trust and a sense of fairness (O’Flynn, 2007). Stoker (2006) described public value as ‘more than a summation of individual preference of the users or producers of public services. It is collectively built through deliberation involving elected and appointed government officials, key stakeholders, and citizens. Jørgensen and Bozeman (2007) identified seven constellations of public values: Values associated with the public sector’s contribution to society, values associated with transformation of interests to decisions, values associated with the relationship between the public administration and politicians, values associated with the relationship between public administration and its environment, values associated with intra organizational aspects of public administration, values associated with the behavior of public-
sector employees, and values associated with the relationship between public administration and the citizens.

The distinction in theory of value between instrumental values and prime values is a common one. Prime values are those that are ends in themselves, which once achieved represent an end state of preference. The central feature of a prime value is that it is a thing valued for itself, fully contained, whereas an instrumental value is valued for its ability to achieve other values. Under the NPM paradigm, the instrumental value of performance management was successfully achieved by the means of improving the efficiency, effectiveness and accountability, but the prime value which should by reflected by the citizen trust and satisfaction, sustainability, and government legitimacy was partly impaired. That is to say, the prime value which should be delivered by government performance management was not achieved under the paradigm of NPM. Thus, the importance of value creation related to government performance management comes clearly into focus. Public value creation can be viewed in terms of an open system in which inputs are converted, through activities and processes, into outputs and outcomes, with the active help of co-producers and partner organizations illustrated in the public value chain described by Moore (1995). Stoker (2006) suggests that

Public value management does offer a new paradigm and a different narrative of reform. Its strength lies in its redefinitions of how to meet the challenges of efficiency, accountability, and equity and in its ability to point to a motivational force that does not rely on rules or incentives to drive public service reform. It rests on a fuller and rounder vision of humanity than does either traditional public administration or new public management. (p. 56)

Based on the public value paradigm, the Kennedy School of Government developed a strategic triangle model for the public sector. There are three different connected calculations labeled value, legitimacy and support, and operational capacity in the triangle shown in Figure 1, below (Heymann, 1987; M. H. Moore, 1995). The value directs managerial attention to the value proposition that guides the organization, the legitimacy and support directs managerial attention to the question of where the support for pursuing the value will come from, the operational capacity focuses attention on the question of whether sufficient know-how and capability exist to
achieve the desired result. What is important is that all three bases must be touched in order to lay out a strategy. The model provided a comprehensive strategic view of government for government managers and public officials. They must pay upward attention to the ‘authorizing environment’, outward attention to the purpose to be achieved and the value to be created, and downward and inward attention to management of their organizations (Moore, 2000).

Figure 1

A Strategy to Manage for Value in the Public Sector after (Moore, 1995)

The strategic triangle is important to government and its associated public sector performance because (a) it emphasizes the importance of considering value propositions—different from the principles of NPM, (b) it advocates a collaborative network view of governmental process, and (c) the framework emphasizes the political marketplace in which public sector operates. A public governance perspective is displayed through the interconnection
of value, legitimacy and support and operational capacity. We have added to Moore’s original figure the view of public officials and the underlying foundational public values which infuse all of the elements. Despite the significance of the strategic triangle, the construct of value remains ambiguous and is a work in progress to which this paper is dedicated.

Moore (1995) defines the concept of value through the perspective of mission. The mission of a governmental organization defines the value that the organization intends to produce for its stakeholders and for society at large, and creates the organization’s purpose, which becomes its prime metric that is used in judging past performance and assessing future courses of action. The behavior of public organizations is confined by their missions. The way a public sector produces value is to define and achieve valuable missions defined in terms of achievement of social objectives. This approach remedies the defect of NPM through its private sector-like constraint of the value proposition being limited to three concepts of (a) maximization of shareholder value, (b) financial performance and (c) organizational survival which were all closely aligned in private firms are not so neatly aligned in governmental organizations.

Value is the foundational element of the strategic triangle and is the very thing that distinguishes government from private sectors. The meaning and contents of public value can be understood better by setting out its interconnected structure. We assert that its structure is comprised of three interrelated parts: (a) foundational public values, (b) value-based public processes that formulate and express public values, and (c) value-based concrete actions that create public value in concert with expressed public values.

Foundational public values are the basic value proposition held by government and its associated public sectors. They provide the reason for its existence and define the mission of government. The basic value proposition of government is much different than the private sector which focuses primarily on financial performance. Foundational public values are shaped by different social institutions. Political institutions, which form and hold values of their own, direct resources of government by supporting, budgeting, appropriating resources, and compelling compliance. The institution of social networking works through negotiations with citizens, not-for-profit non-governmental organizations, businesses, partners, other stakeholders, and other levels and branches of government. The social network provides legitimacy to a government and
its actions and works with the government and its associated public sector to achieve public goals. The last is the institution of public administration which includes its culture, the path of its history, and its academic study; all of which shape its tradition and practice nationally, uniquely in each of its jurisdictional and community settings, and its collective emergence in response to deeply held, particularly expressed public values and the changing curtain of challenges a government and its people face.

Foundational public values are the core of any public value framework. Indeed, foundational public values reflect the nature, essence, and purposes of government. In China today, for example, foundational public values include equality, citizen well-being and a government responsibility to build civic infrastructure. Foundational public values in the United States, for example include, among others, life, liberty, justice, and the pursuit of happiness.

Value-based public processes are the activities through which public value is formulated and expressed. These public processes are both (a) prime values in that public value is generated by and for itself through such processes which express and form values, and (b) instrumental in that the generated values are intended to shape and constrain concrete instrumental activities that create public value by their implementation. There are at least three kinds of public value-based process: formulation of public policies, development of public programs, and design of public service delivery.

The process of formulating public policy is a collaborative process between political, governmental, and community institutions and citizens. and the Execution of public policy both reflects the political preference and public values to increase government legitimacy and provides an opportunity to get feedback from citizens and induce improvement in government performance. The formulation, enactment and revision of public policies are neatly connected value-based public processes. Public programs often enjoy great public attention because of the flow of projects that come from them for the benefit of the public. Government projects at every day, at every level of government, and in every country form the backbone of a society’s physical civil infrastructure. They are a concrete manifestation of a government’s commitment to its citizens and are, for better or worse, the government’s best reflection of the collective interest and preference of citizens in their communities and society.
Lastly, the design of public service delivery is an interactive process between governmental or associated public sector service providers and citizens. Under the public value paradigm, citizens can become a co-producer of public service instead of mere consumers as reflected in NPM. Citizens play an important role in creating value in the design of public service, and in many instances, the public services depend on the participation of citizens. Public programs and policies guide the design of public service delivery. Value-based public processes are shaped around notions of efficiency, effectiveness and quality, but unlike NPM, are shaped with the grounding of public value. It is important to note here that public programs and public services can be completed by the private sector and non-governmental organizations as well. Government often contracts out public programs and services to private firms and public programs and services can also be implemented by the cooperation between public and private sectors. But all of this delivery of services by non-governmental actors, in a public-value based paradigm, is accomplished in accordance with the design created by public value-based public processes.

Concrete value-based actions create public value in alignment with public values expressed in public processes. Accomplishing results and outcomes through activities in alignment with public values depends on the allocation of resources, abilities of workers, and abilities of managers and leaders to organize and deploy of human, financial, and other organizational resources. Additional resources that guide these concrete values-based actions include administrative law, financing and budgeting, human resource management. All of these resources and more are required to properly coordinated and aligned to assure full realization of intended public values. This then, describes the domain of public administration under the paradigm of public values.

The relationship between foundational public values, value-based public processes and concrete value-based actions is important to understand the underlying structure of public values. Foundational public values prescribe the focus and orientation of value-based public processes, which, along with foundational public values, strongly inform particular concrete value-based actions. These particular value-based actions then provide the means of achieving the greater public good based on foundational and expressed public values. These three aspects of public
values taken together are the mechanism to ensure that actions taken by a government and its associated public sector are capable of creating public welfare in alignment with public values.

Without foundational public values, the soul of the public sector would disappear and governmental actions and the public sector would drift with no rudder. Without public value-based processes to formulate and express public values, there would be no opportunity for citizens to inform a government and its associated public sector about what public values are relevant for the particular policy, program, or action being considered. And without skilled public administration management and leadership all of the resources required to create concrete value-based results and outcomes would never be coordinated and organized to produce projects, activities, and delivery of public services—services that are in alignment with foundational public values, particularly expressed public values for the efforts at hand, and implemented in a way that is efficient, efficacious, timely, in accordance with safety and other standards, and economically, socially, and environmentally sustainable. A tall order, but one which is taken on with pride by public administrators at all levels in all governments.

2.3 The integration of government performance and public value

Traditional government performance management emphasizes government efficiency and effectiveness and sometimes takes account of organizational capacity of evaluation, learning, and improvement into account. During the past twenty years, reform of government performance management was taken on as a major challenge in modernizing government around the world. However, in the face of efforts to reform government performance, significant problems emerged. It is apparent now, that as a managerial tool in the era of new public governance, it is not sufficient for government performance management to consider only analysis of inputs, outputs, outcomes, policies and behavior of government, but it is also necessary to base performance management processes on public values. The process of incorporating public values into instrumental rationality accomplishes integration with the institutional expression of public value rationality upon which governments are formed and toward which they aim their actions. So, on one hand, the tools of private sector performance management can be used as a tool in government because government is an organization, but on the other hand, public values need to be drawn into the equation because government is an organization which is fundamentally
different from other organizations (Patria de Lancer Julnes & Holzer, 2001; Dull, 2006; Yang & Holzer, 2006).

Performance measurement and its application, called performance management have been confirmed a big success in private sectors to get an excellent financial results, and has been widely used across the world to help modernize government. Different countries, of course, have different structures and processes to implement performance policies and the effectiveness, efficiency and accountability have improved in places and circumstances. The practice of performance measurement and management is still developing today and definitely will undergo changes in the future. Under the paradigm of NPM, the biggest problem faced by governments was how to deal with burgeoning financial difficulties and how to break through the inefficient government monopoly of public service under the traditional public administration. Market competition and contracting out was widely and effectively adopted in the private sector and did increase the efficiency of service delivery and improve trust in government. Using a performance management model copied from private sectors surely made sense to help government overcome difficulties.

But following the evolution of government, the challenges faced by governments, and the continuing development of civil society, at least two paradoxes arose in the utilization of performance management in government sectors. On one hand, there is a paradox between the improvement of government holistic efficiency, effectiveness and accountability and the decline of citizen trust in government and citizen’s satisfaction of government (Yang & Holzer, 2006). On the other hand, there is a paradox between the improvement government departmental efficiency, effectiveness and accountability and the decline of overall ability of government to rise to its necessary challenges (O’Flynn, 2007). It is possible that government was (a) working hard and doing their work as efficiently as possible, (b) the work they were doing was not meeting citizen’s needs, (c) government sectors were doing their job through contracting or competition which was popular in private sectors, but (d) the organizational learning and improvement which is necessary for a government to continue to rise to its challenges and remain responsive to its citizens and their needs was lacking. It is the lack of a the public value proposition that is at the center of the problem and, following our argument above, integration of public value and performance management together is an ideal way to solve it.
According to the strategic triangle proposed by Moore (2000) shown in figure 1, above, and the of the structure of the public value proposition outlined above, government performance management can be integrated with public value to reflect the integration of a public value rationality and instrumental rationality in performance management. A government performance management system is thus framed by three connected questions: (a) Why measure and manage performance? (b) What should be measured and managed? And (c) How should performance be measured and managed? According to public value is the answer for all three questions.

The first question—Why measure and manage performance?—relates to the setting of performance goals. Performance goals should be congruent with foundational public values as well as traditional measures of efficiency and effectiveness. Traditional government performance management analyzes the policy, behavior and outcomes of government, however, the emerging government performance management should pay attention to the question of whether or not the program, project, or service was needed by citizens and did it improve their welfare—a reflection of public interest. Spending a lot of resources may result in little benefit to citizens if the performance goal was not in alignment with foundational public values.

A local government, for example, might have the desire and financial ability to build a new road but at the expense of associated environmental impacts. Even if the road would beneficial to the local people, the loss of trees which will clean the air and beautify the community could be more preferred by the local citizens who might also prefer repairing of an existing longer road. If building the road was set as the primary performance target—absent public feedback on the value of the road, the job accomplished by government might not be supported by the citizens and, in turn, trust and legitimacy would decline. Under NPM, government and public officials have clear goals built around performance targets. Performance measurement narrowly focused on the result to make the government more efficient, effective, economic and accountable. But within the public value paradigm, multiple goals would be pursued and performance management process was more like a collaborative process, to build and maintain legitimacy and trust, to reflect the collective preference of citizenry, to coordinate and communicate with different kinds of stakeholders in a networked environment.
The second question—What should be measured and managed?—relates to the substance of performance measurement and management. There are different kinds of performance targets and the substance and approaches to meet the targets vary. Vertically, performance measurement tests the value proposition in the formulation of public policies, the choice of public programs and the delivery of public service, and the utilization of performance focused on the improvement and rectifying problems. The process of measurement and management of performance in public programs, policies and services functions to assure that the value embedded in them was internally coherent with foundational public values. Horizontally, views of different kinds of stakeholders have to be reconciled to realize public value through performance management. Consider the road building example. It is apparent that there is a conflict in values between the choice of building a new road and protecting trees. In this example for a public values-based program, views of different stakeholders including citizens, other government agencies, and the local forest management bureau could worked out in an interest-based process of consensus to reach agreement on whether a new road should be built or an old road repaired and brought up to modern standards. Such a consensus, regardless of the outcome would achieve a public value performance target. Such a target could then incorporate elements of the consensus reached among stakeholders to ensure a final project in alignment with public values.

The third question—How should performance be measured and managed?—relates to the performance standards, the measurement technologies and management skills. On one hand, the performance standard should include some elements reflecting public values and another role of the standard is to operationalize the abstract foundational public value goals into concrete standards or elements. For example, the value of the road building public project may be reflected in the degree of the citizen satisfaction and the percentage of usage of the road which can be measured easily. And at the same time, the elements measured under the NPM paradigm cannot be ignored. Because efficiency and effectiveness are still important under the public value paradigm and the difference is that they are prescribed by the public value. On the other hand, the measuring approach of performance should go beyond just quantitative measures and include qualitative measures related to public values. Also, some innovative leadership tools and longer-term relationships should replace the traditional methods to deal with the complex performance management problem.
Part 3. Value-based performance management and governance in government and public sector

3.1 The wicked nature of problems facing public administration

Governments across the world are striving to improve performance through a variety of mechanisms including performance management improvement measures. The challenges faced by governments, however, continue to grow larger and more complex while resources are ever harder to come by. Public administrators are often responsible for rising to these challenges which come in every size, shape, and complexity. Some are relatively straightforward while others are confoundingly wicked. Reflecting on experiences of public administrators both in China and the U.S., the authors in concert with colleagues at Portland State and Lanzhou Universities created a typology of such problems. There seem to be two dimensions that are useful in segregating the problems faced by public administrators. The first is complexity, the second is conflicts in values. While it sometimes takes significant management and leadership effort to resolve complex problems, these seemed to be the bread and butter of public administration. The difficulties seem to arise when value conflicts are overlain on complexity. When high complexity is matched with high value conflicts, truly difficult challenges emerge for administrators. A simple typology based on this dichotomy between complexity and conflicts in values is shown in Table 1, below. Quadrant one characterizes problems with low complexity and low conflicts in values. Quadrant two increases only the complexity while quadrant three increases only the value conflicts. Quadrant four has both high complexity and high value conflicts. This particular dichotomy proves useful in discriminating a variety of aspects of such problems as discussed below.

From the simple array of four different types of problems faced by administrators, the first point that arose in discussion with my colleagues was that problems in quadrant four are the epitome of wicked problems. It was generally agreed that even complex problems are not wicked if value conflicts are low, but that even simple problems with conflicts in values became wicked to the extent that conflicts in values are not easily reconcilable or if the value conflicts were moral conflicts. Wickedness in management problems was first discussed in the literature by
Churchman (1967) who quoted a colleague, Professor Horst Rittel of the University of California, in describing wicked problems as follows.

Wicked Problems … refer to that class of social system problems which are ill-formulated, where the information is confusing, where there are many clients and decision makers with conflicting values, and where the ramifications in the whole system are thoroughly confusing. The adjective "wicked" is supposed to describe the mischievous and even evil quality of these problems, where proposed "solutions" often turn out to be worse than the symptoms. (p. B-141)

Table 1

*Dichotomy between Complexity and Value Conflicts*

<table>
<thead>
<tr>
<th>Complexity</th>
<th>Value Conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quadrant One</th>
<th>Low Complexity</th>
<th>Low Value Conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadrant Two</td>
<td>High Complexity</td>
<td>Low Value Conflicts</td>
</tr>
<tr>
<td>Quadrant Four</td>
<td>High Complexity</td>
<td>High Value Conflicts</td>
</tr>
<tr>
<td>Quadrant Three</td>
<td>Low Complexity</td>
<td>Medium Value Conflicts</td>
</tr>
</tbody>
</table>

Rittel and Webber (1973) formally describe wicked problems as those that have the following attributes:

1. There is no definitive formulation of a wicked problem—they are unbounded;
2. Wicked problems have no stopping rule—indeterminate solutions;
3. Solutions to wicked problems are not true-or-false, but good-or-bad;
4. There is no immediate and no ultimate test of a solution to a wicked problem;
5. Every solution to a wicked problem is a “one-shot operation”—no opportunity for trial and error;
6. Wicked problems do not have an enumerable set of potential solutions;
7. Every wicked problem is essentially unique;
8. Every wicked problem can be considered to be a symptom of another problem;
9. The existence of a discrepancy representing a wicked problem can be explained in numerous ways. The choice of explanation determines the nature of the problem's resolution; and
10. The planner [decision-maker] has no right to be wrong.

Any Solutions to wicked problems, almost by definition, are in the eyes of the beholder. It is clear that problems in quadrant four can be fairly characterized as *wicked*. Problems in quadrant one are often not exactly simple, but can always be characterized as *straightforward*—acknowledging that such problems may take a lot of work to resolve. Problems in quadrant two can be simply characterized as *complex*. Problems arising from quadrant three, even though there may be few moving parts, often prove to be difficult to resolve because even though a problem and its solution may be simple, it is often that case that the values or moral conflicts are deeply held. Because of this *difficult* may be a good characterization for problems in quadrant three. This discussion results in a problem characterization as shown in Table 2, below:

Table 2

*Problem Types Based on the Dichotomy of Complexity and Value Conflicts*

<table>
<thead>
<tr>
<th>Complexity</th>
<th>Value Conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low</strong></td>
<td></td>
</tr>
<tr>
<td>Quadrant Two</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Quadrant One</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td><strong>High</strong></td>
<td></td>
</tr>
<tr>
<td>Quadrant Four</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td></td>
</tr>
<tr>
<td>Quadrant One</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td><strong>Complex</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Wicked</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Straightforward</strong></td>
<td>Low</td>
</tr>
<tr>
<td><strong>Difficult</strong></td>
<td>High</td>
</tr>
</tbody>
</table>

Under NPM, the nature of the problem was defined by complexity. Management science and scientific and technical approaches were employed to resolve the problems. This is one of the reasons that why government performance measurement and management was introduced from private sectors. Now another new dimension—values and their associated conflicts--was added under the public value paradigm. Understanding values and associated conflicts becomes the key to understanding, defining, and dealing with the many problems faced by public administrators for which management, technical, and scientific approaches are not sufficient. Wicked problems with high complexity and high public value conflicts are common problems faced by government today and the outcomes of dealing with wicked problems strongly
influence public trust and confidence in their government. Thus, government performance systems need to include a focus on the complexity and conflicts in value to insure success.

### 3.2 Defining value-based performance management

Value-based performance management views public value as its basis and the creation of public value as its fundamental pursuit. Performance becomes a concept with multiple dimensions and public value is at the core and basis of many of its consideration. Only if public value is achieved during the process can efficiency and effectiveness be pursued in a meaningful fashion. There are three distinguishing aspects value-based performance management:

1. Instead of merely measuring government behavior and policy by traditional measures of efficiency and efficacy, value-based government performance management additionally analyzes the ability and capacity to express and respond to public value in every step of performance management—this results in shaping and constraint of government actions in accordance with public values.
2. Value-based government performance management answers the questions of “For whom should the government be steered (set strategic direction) and why?” as well as the question of “How should the government row (engage in tactical and operational actions)?”
3. Value-based government performance management integrates the strengths of NPM and NPG and guides the deployment of both from a firm foundation of public value-based processes and particular relevant substantive public values.

The purpose of value-based government performance management is the integration of government efficiency, efficacy, and public values. Higher overall government efficiency and efficacy will be achieved when public values are embraced in process and substance resulting in a better integration of the political, government, and social institutions which form and hold values. Governments, in both their political and administrative capacities therefore need to engage a broad range of stakeholders to make policies and decisions and to plan and execute resultant programs and services. The idea of public value-based performance has great utility for government officials at every level and should be implemented and made part of organizational culture at every level of government.
Part 4. Emergent Research Framework of value-based performance management and leadership

4.1 Value analysis of government performance management

The core of any government, in comparison to the private sector, is its “publicness” which is honored by the pursuit of public value-based government performance. Public value as an approach is marked by the three interrelated parts: (a) foundational public values, (b) value-based public processes that formulate and express public values, and (c) value-based concrete actions that create public value in concert with expressed public values. In order to ensure the legitimacy and trust of government, several key questions should be answered in pursuit of value-based performance management.

1. What should government do in a particular situation? The answer illustrates the mission and goal of the relevant government level and agency charged to deal with the situation.

2. How should government best fulfill its mission in a particular situation? The answer illustrates public value-based approaches and processes to achieve the mission.

3. What is the desired outcome/result? The answer illustrates the inputs, outputs and the outcomes shaped and constrained by public values-based processes and particular relevant public values.

4. How should performance be measured and evaluated? The answer illustrates the approaches to measure the above questions and create coherence between them.

Under NPM, government performance was understood simply. The behaviors of government, as least the efficient and effective public programs, policies, and services were regarded as performance and approaches that were aimed to build trust and legitimacy. However, such an approach to public programs and policies has fallen short. Adding public value-based performance ensures that the work government does is really needed by citizens, is shaped by citizens, and is responsive to relevant public values—all of which better realizes public values by making governments and citizens co-producers in the doing the work of government.
The mission of government and government performance is thereby oriented to public value. The behavior of government in the pursuit of performance is shaped and constrained by public value and results of government performance is evaluated by standards responsive in process and substance to public values. To develop an illustrative metaphor, government performance can be considered a high speed train going down a track whose course and destination is set by public value-based processes and substance. The efficiency, effectiveness and economy of what we are pursuing in public activities must be built on the basis of public values. Along the track of the government performance, public value serves to guide performance in its execution and in its direction—the performance target. This is a fundamentally different course and a new destination in the evolution of our thoughts about government performance, governance, and public administration. This course shines a light on the causal link between trust and legitimacy and a country’s foundational public values.

Thus, the process of public value-based performance management becomes a major determinant in creating public good (value) from government policies, programs, provision of service and projects. Moore (1995) proposed the idea of a public value chain in his book Creating Public Value: Strategic Management in government. To it we added the public value-based performance process as shown in Figure 2, below. Public values are shown in the Figure to emanate from public value-based performance infusing government activities at every step along the way and contributing to the chain of public values.

Governmental behaviors are divided into inputs, outputs and outcomes, where the activities and partners and co-producers were served as a bridge between inputs and outputs, and user satisfaction and are a requisite stage to achieve outcomes. In a public value-based performance system, all of the elements in the figure are shaped by public values. The performance system is comprised of three elements as discussed above and shown in the Figure. First, foundational public values shape the framework for work of particular government agencies or enterprises. An example in the U.S. is the Government Performance and Results Act of 1993 and its modernization in 2010. Second, values-based public processes clarify the relationship between the inputs and outputs and between the outputs and outcomes. Lastly, projects or programs are implemented or service rendered thus materially creating public welfare or value. Because the creation of value is a co-production process and different stakeholders participate in the value
chain as a whole, the value consistency and complementary between different stakeholders are improved. Public value is attained by alignment with and resolution of conflicts in public values.

![Figure 2](image)

**Figure 2** The Model of Value-based Government Performance Management

### 4.2 The management and leadership strategy under value-based performance management

Maximization of shareholder wealth and the financial performance is the ultimate goal in the private sector and the performance measurement and management process is primarily based on economics. In government and its associated public sector, public value, as well as desired outcomes are pursued through the participation of various stakeholders in the process. Rather than instrumental production of profits, the performance process changes governmental performance to a social process aimed at the instrumental and institutional production of public value. The purposes and strategies for performance management thus becomes very different between public and private sectors.

Many various aspects of the purposes, structure, and function of governmental performance measurement and management were discussed above. However, the most important function of such public value-based performance management is its role in aiming government
activities. Through the mechanism of such performance management, public officials including both public administrators and political officials can better understand their work on behalf of the government to build trust and legitimacy.

Under the public value-based performance management system, several distinguishing aspects of management stand out compared to NPM and previous paradigms of public administration. First, the integration of strategy and performance management is vital. Strategy is aimed largely at defining, strengthening, and guiding overall performance and focusing on positioning the organization to move into the future based on the value proposition of the organization. Performance monitoring helps to inform strategy, tactics, and operations along the way. Performance management systems that are not tied to or at least consistent with current strategy run the risk of maintaining and/or improving immediate performance on previously established criteria of success but increasingly missing the mark in terms of where the organization should be heading in the long run. Focusing on strategic management performance provides a means to move beyond efficiency and efficacy to production of public value, not only because the performance management system depends in large part on the nature and content of strategy, but also because value-based performance management itself can sometimes enrich strategic management by clarifying strategy and goals or even altering strategy.

Second, relationship management skills are necessary in the value-based performance management system. Unlike the traditional performance management where simple goals and a system of hierarchy suffice, public managers have to position polity at the center, negotiate horizontally and vertically within government and engage different kinds of stakeholders in an inter-connected network governance model. The value-based performance system provides a connected and collaborative definition of performance and provides a means for the maximization of value based on value-based public processes and substantive public values that can only be achieved through citizen and stakeholder engagement and co-production. This is quite distinct from the definition of performance under NPM and previous paradigms which resulted in the fracturing and fragmentation of government activities through competing and contracting out of government activities. Performance management is an iterative process and public participation is needed to create public value through its execution. Smith (2004) proposed that public officials must engage political authority, collaborate with each other within
and across institutional boundaries, manage efficiently and effectively, engage with communities and users of services and reflectively develop their own sense of vacation and public duty. His conception is fully consistent with the activities of public managers in public value-based performance management.

Third, provision needs to be made for the capacity to make decisions. In public value-based performance management, value-based public processes are the activity through which public value is both expressed and created. Under traditional performance management, public programs, public services and public policies are implemented efficiently and effectively. Planning, decisions-making and design of implementation are always made by government itself according to its current political mandate, resource availability and financial conditions. However, in order to achieve public value-based performance, it requires the ability to decide what kind of public values-based processes are appropriate for a given set of foundational public values and for the policy, project, program, and situation at hand. There are a wide range of possibilities including formal notice and comment processes, solicitation of comments on proposed decisions, public meetings, stakeholder workshops, and interest-based conflict resolution to name a few.

Fourth, the capacity for individual and organizational learning ability also needs to be developed. Single minded pursuit of efficiency and effectiveness at the expense of individual and organizational learning and capturing opportunities for improvement is a strategy recognized in the literature and by seasoned practitioners as precluding individuals and organizations from adapting to changing environments, changing situations, and changing direction. Learning is a process not a result, it exists everywhere—especially in the value-based performance management. In traditional performance management practices, learning was mostly accomplished through performance models such as Benchmarking and Best Value, in which best practices and standards were provided. These kinds of methods were effective in traditional performance management models because approaches to increase the efficiency and effectiveness were readily available. But in the value-based performance management, learning is a self-reflective process and requires self-conscious behavior both on the part of individuals and organizations. Based on the sharing of information, learning in a networked environment aimed at continuous improvement is necessary to induce innovation. And finally, embedding a
value-based performance culture in the organization is important so that the figurative wheel of a basis of public values does not keep needing to be reinvented. Under NPM, performance evaluation was sometimes a perceived and actual threat to both the role and integrity of service professionals and to levels of service provision. It often operated in the mode of negative blame and punishment in response to mistakes, problems and poor results. Blame and punishment in many ways is the antithesis to evaluation, problem-solving, and performance improvement management. In the new paradigm, not only are these obstacles overcome, but a culture based on public value-based performance easily casts an eye to the future as it deals with short-term immediate problems—all of which tends to build trust and legitimacy. We expect that a value-based performance culture will have a far-reaching influence on public management reform and will newly energize the idea of NPG embraced by public values. We expect public value-based government performance to foster a healthy and harmonious society. In this way, performance management will not be an instrumental tool for narrows, but instead will operate to create a governance that improves public well-being today with the capacity to learn and change to do the same for tomorrow when values or circumstances change and new challenges arise.

Public officials are increasingly faced with wicked problems that require more than mere efficiency and effectiveness to solve. As shown in table 1, wicked problems, beyond their inherent complexity, have a characteristic of conflicts in values. Wicked problems have a way of de-stabilizing the best laid plans of mice and men. Dealing with conflicting values is a necessary condition to solving wicked problems. This calls for a whole new suite of approaches for public officials to be able to draw upon. And for public administrators, this requires institutionalizing the capacity, not only for eliciting values, but also for an organization to be able to find a way forward when values are in conflict. Moreover, there are gaps between the value orientation and value generation of government performance management because it is a new work-in-progress. The value orientation comes from the basic institutions and laws, which is relatively stable, but there are citizens have a wide range of differing and conflicting views about almost any proposition that is put forward by a public agency. In order to resolve, reconcile, and find a way forward in the face of conflicts requires purposeful leadership strategies.

Poister (2010) proposes that the critical leaders who are organizational entrepreneurs not only have a keen sense of strategic leadership, but also appreciate and understand the
contribution of tactical and operational management systems to achieve the vision of leadership. He names the leadership abilities of creating visions of success for the future, developing strategies for pursuing those visions, and mobilizing the necessary support both internally and externally to achieve the visions and strategies. Because of the appreciation of the contribution of performance management to achieving visions, he observes that these same leaders demonstrate a personal commitment to utilizing it to achieve the envisioned results and outcomes.

A basic framework for public official leadership thus includes both leadership and management ability deployed in a public value-based system of performance measurement and management. Such leadership has a deep reverence for public values and a commitment to recognizing, resolving where possible, and finding a way forward for citizens and the work of their government. Through implementation of such a leadership framework, public officials will improve the capacity of their governments to make the most of scarce public resources for improving the welfare of their citizens.

Part 5. Discussion and the Way Forward

Public value-based government performance management is not a slogan but a real challenge for government, its associated public sector, and its political and administrative public officials. Focusing merely on the instrumental value of performance management is not sufficient to meet the challenges faced today by governments, governance, and citizens. Government performance management cannot be treated only as an instrumental tool anymore, but must necessarily rise to the challenges of governance by connecting government performance management to public values. Based on the literature and continuing joint research by Portland State and Lanzhou Universities, this article explicates the structure, function, and purposes of a public value-based approach to government performance management.

In many important ways, the challenges facing society and their governments today are unprecedented. We are at the gateway to the new Millennium. When we look back over time, people were dominated by natural processes of the natural world. They were, in large measure, at its mercy and were mostly on their own with only a modicum of social and governmental support. However, when we look forward, all across the Earth humankind is creating projects on a truly monumental scale. It is not an exaggeration to say we are remaking the Earth. Humankind’s
activities dominate natural processes—even the climate is changing. To confound the problems, we are connected as people in newly powerful and complex ways. The patterns of production and consumption spawned by global capitalism impacts every corner of the Earth for better and worse. Global communication brings joys and sorrows from every continent into our living rooms on a daily basis. International travel and tourism is approaching a billion people per year and generating close to a trillion U.S. dollars per year in revenue (Messe Berlin GmbH, 2010). The recent global financial crisis has adversely affected most people on the planet. It is a small planet, its population is large and growing, and its carrying capacity is being threatened. Never before, in the history of humankind, has what governments and people do mattered more.

We see, in the evolution and transition of public administration from the first efforts of nation building, through classical public administration, through new public management, through new governance, through new public governance and leadership, and newly now to public value-based government performance management, a coming of full circle to the same spirit, kinds of challenges, and fundamental issues that faced the forefathers of every nation as they engaged themselves in the business of nation building. According to our conceptualization of public value-based performance management, public officials—both political and administrative, citizens, businesses, non-governmental organizations, and academia all have an important and privileged role in helping nations rise to their challenges and secure their destiny. Only through wide engagement and collaboration orchestrated by a government through its public officials can trust, legitimacy, and sustainable development be achieved.

Public value-based government performance is an abstract concept that can ultimately be understood as a philosophy of governance, but more to the point, it can be understood as a guiding star of the leadership and management of a government’s public officials. Government performance management is no longer a vertical instrumental monument to efficiency and effectiveness, but it is also a horizontal and networked institution that can breathe life into government giving it the capability to reliably and systematically create public value. For this challenge, a suite of new managerial and leadership skills need to be developed within the public sphere to help governments and its officials deal positively with the wicked problems faced by people and their governments.
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