Since the inception of the reform and open up policy, China has conducted sustained government reform aiming at establishing an efficient, coordinated and standard administrative system. In addition to changing the way of thinking, transforming functions, adjusting organizational structure and reforming behavior mode, some efforts have also been made to draw upon and introduce international prevailing new mechanism, techniques and tools of management to improve government effectiveness and effectiveness. Performance measurement, deemed as “the most powerful tool available to a government executive” (Executive Session on Public Sector Performance Management, 2001) found its way in China in various forms.

This paper provides an overview of public sector performance measurement practice in China in the reform and opening-up period. The first part constitutes a background covering briefly historic evolution, main types and general features of performance measurement. The second part gives some exemplifications to performance measurement schemes widely applied in government departments. Greater efforts are made in Part Three to identify and analyze major problems in China’s practice. To Chinese readers especially public officials, this kind of critique serves as a caveat, something to be addressed if the current drive to promote performance measurement is to achieve its expected goals. To overseas readers, it may constitute an interesting case demonstrating variations of performance measurement under different political and institutional settings.

Evolution, Major Types and General Features

Three stages of Evolution

“Measurement is a key aspect of performance management on the ground that ‘if you cannot measure it you cannot improve it’. It is pointless to define objectives or performance standards unless there is agreement and understanding on how performance in achieving these objectives or standards will be measured” (Armstrong, 1994, 60-61). If this implies that performance measurement is a demand-led activity, it is safe to say that it has been conducted in all organizations and the difference between them is not a matter of whether but that of how; the extent to which performance measurement is done in the right way for right purposes. This particularly holds true in China. Under the planned economy and Mao’s romantic-style leadership, the
government goals were unclearly defined and ever changing, and the poor information infrastructure made reasonable performance measurement unrealistic. As a result, performance measurement took the form of performance assessment of individual public officials, conducted irregularly by superiors and based on experiences and subjective judgment.

Performance measurement in its modern sense came to China in the reform and opening-up period and underwent roughly three stages. At the first stage beginning from the mid 80s of the last century, performance measurement was conducted under the banner and constituted a composing part of the Objective Responsibility System (ORS), the Chinese version of Management by Objectives (MBO), which involved goal and objective setting as well as measurement of performance in achieving the defined objectives. The ORS was introduced on a voluntary basis and there seemed to be no unified requirements and standards guiding the practice.

Government performance measurement entered the second stage in China in the early 1990s. It also took the form of ORS but this time was carried out top-down in a systematic way with single-facet focus on economic growth. The higher-level authorities set up targets and cascaded down to lower layers of governments, forming a pyramid of targets in forms of economic growth rate and related performance indicators.

China entered the new century with new generation of top leadership and the mode of governance is undergoing subtle changes. With the promotion of the “human-centered” principle and “scientific view of development”, the previous obesity with economic growth gave way to a systematic approach to balance economic and social development, emphasizing public and human services so as to achieve sustainable development and construction of “a society in harmony”. Performance measurement therefore entered the third stage. In response to top leaders’ appeal for the development of a “scientific system of government performance measurement” (Wen, 2005), great efforts have been made to construct performance indicators embodying better the principle of “scientific view of development”. Development and application of such indicators as “Green GDP” (Zhang, 2004) and “fairly well-off society” (Center for Development Study, 2004) thus moved from a purely academic endeavor into serious efforts by the concerned central ministries. A relatively comprehensive set of performance indicators for sub-national governments was promoted by officials in the Ministry of Personnel with three main categories and a total of 33 indicators (Liu, 2005). This new and broadened focus under the new mode of governance ushered in a new model of performance measurement in China. However, due to the difficulties involved and short time period for preparation, the new model is still in experimental stage.
Major Types

Judging from practice, public sector performance measurement in China can be roughly divided into three types. The first type is universally applicable performance measurement, where performance measurement serves as a component part or linkage of specific management mechanism and has been generally applied to various kinds of public organizations with the popularization of this very mechanism. Exemplification in practice includes chief executive responsibility system, social service pledge scheme, performance supervision and effectiveness building (to be discussed in detail in the next part).

The second type can be designated as sectoral performance measurement which generally features top-down unilateralism, i.e., the competent governmental departments set up a set of performance indicators and organize regular review on the performance of their affiliated enterprises and public institutions. Exemplification in practice includes PIs for hospital designed by the Ministry of Public Health (Ministry of Public Health, 2005), for various kinds of schools and high-learning institutions by the educational departments at all levels (Assessment Center for Teaching in High-learning Institutions, 2005), and for state-owned enterprise first by the Ministry of Finance in 1995 (Ministry of Finance, 1995), and jointly with three other ministries in 1999 (Ministry of Finance et al., 1999).

The third type was performance measurement targeted at a special activity (mostly in the form of a large-scale campaign) or a specific aspect of the government’s work. Exemplification in practice includes performance reviews of the so-called “quality education” of general primary and secondary schools by the educational departments, of high-tech parks mapped out by the Ministry of Science and Technology, of the open-government initiative and construction of e-government in Beijing, and of the five-year anti-corruption campaign conducted by the Communist Party’s Discipline Inspection Commission in Jiangsu Province. Cases such as public review of government performance in Zhuhai City, performance review of government departments by entrepreneurs in Shenzhen City and Gansu Province, and the establishment of effectiveness standards for administrative offices in Yuncheng City of Shanxi Province also fall into this category.

Some General Features

A number of general features can be identified from the above accounting with regard to public sector performance measurement practice in China. First, performance measurement has been primarily an internal exercise within the government system, initiated by government and consumed by government. Although various forms of
customer satisfaction survey have been conducted in recent years, the involvement of
general public in the process is limited and quite passive. Measurement of government
performance by an independent third party or civic group is quite rare and even if
conducted (see Yuan, 2004), make limited impact in terms of utilization. Secondly,
performance measurement in China had a feature of unilateralism, like a torch in the
hand of government targeted at all others but itself. In other words, government
agencies tended to be the subject rather than object of performance measurement, and
this is particularly the case in sectoral practice. Thirdly, an internally oriented
measurement scheme, by its very nature, tends to be used for inward bureaucratic
control rather than outward public accountability. A fourth feature is the top-down
nature in performance measurement as typically illustrated by the pyramid of targets of
economic growth at the second stage of development. At the other two stages, though
most performance measurement schemes were initiated on a voluntary basis, there were
carried out in a centralized manner for control purposes. And finally, a lack of
continuity was quite evident in China with regard to the content and focus of
performance measurement. This makes generalization difficult in scholarly research. A
more serious issue is that it implies the necessity for clearly defining and adhering to
such fundamentals as mission, vision and core values of government.

Performance Measurement in Action: Some Exemplifications

Given the overlapping nature of the three types of performance measurement in
practice and diversity in various places, it is difficult to describe and generalize these
cases in a systematic way. This part therefore will focus on the first type, namely the
performance measurement schemes widely applied in government, and provide detailed
description of the diversified practice so as to form a base for discussion in the
following part.

Performance measurement under the ORS

As mentioned earlier, performance measurement was introduced into China in the
mid 80s of the last century under the banner of the ORS, the Chinese version of MBO.
As a management tool, MBO involves goal and objective setting as well as
measurement of performance in achieving the defined objectives. This makes
measurement a necessary composing part of the whole process. Although ORS was and
practiced by quite a number of local governments as illustrated by the 13 member cities
when the Chinese Association for Municipal Objective Responsibility System was
founded in 1988 (Zeng, 2002), the voluntary nature of adoption and the lack of unified
guidelines or standards resulted in great variations from place to place. The pity is that
apart from a small number of commentary papers by scholars (Wu, 1986; Cao, 1990; Ren 1990), there was little reference recording the operation of the ORS at that period, making tracing and generalization impossible.

The ORS in the 1990s had two major characteristics compared with previous practice. First, it was carried out top-down in a centralized and systematic way. And secondly, ORS focused primarily on economic growth. The higher-level authorities set up targets for lower layers of governments, forming a pyramid of targets which centered on GDP growth rate and supported by related indicators such as rate of return, volume of investment attracted, and tax revenue generated. This kind of GDP cult resulted in great social and environmental losses.

ORS has been in operation after entry into the 21 century. The biggest change this time is that it tries to reflect the new mode of governance promoted by the new generation of top leaders in objective setting as well as measurement with broadened focus and more weight to social and public service functions. Taking Qingdao City of Shandong Province as an example, according to the Guidelines for administration of the Objective Responsibility System by Qingdao Municipal Government in 2002, the content of ORS covers two basic categories: First is the key tasks assigned by the CPC Committee and the municipal government, including objectives concerning economic and social development, construction of the Party, clean government, spiritual civilization and maintaining social stability, etc. Second is the objectives and responsibility for relevant departments, including key working objective of the year, economic responsibility, key construction projects, management and cultivation of public servant etc, as well as administration according to law, transparency, effectiveness, service attitude and service quality in duty performance.

Supervision and evaluation of objective attainment is a key element in ORS and a major embodiment of organizational performance measurement. Again taking Qingdao City as an example, supervision is divided into daily supervision, quarterly modification and biannual supervision. Year-end assessment is uniformly led by the ORS Management Committee of the city with explicit division of responsibility between participating assessing units and departments. Results of the assessment are categorized into excellent, good, eligible, basically eligible and ineligible. Units with outstanding performance will get spiritual and material encouragement and leaders of the units failing to fulfill working objective of the year will be admonished. Major leaders of units failing to fulfill working objective for two consecutive years will be demoted, deposed or charged to resign. With the aim to underlining some work, the system of vetoing by one single vote is applied in the assessment.

*Performance measurement under the Social Service Pledge System*
Social Service Pledge System (SSPS) is simply the Chinese version of UK’s Citizen’s Charter. In June 1994, the Construction Commission of Yantai City of Shandong Province drew upon the experience of Britain and Hong Kong and took the lead in implementing SSPS throughout the construction functional system in Yantai. In July 1996, on summarizing the experience of Yantai City, the Publicity Department of the CPC Central Committee and the Style Correcting Office of the State Council decided to have publicity and popularization of SSPS as “a key work in strengthening the building of healthy working style and professional morality, and promoting socialist spiritual civilization” in the second half of the year. It was required that eight ministries and commissions including the Ministry of Construction and Ministry of Power to start off before others in spreading the SSPS. Later, SSPS was implemented in government agencies and multiple industries around the country (Zong and Liu, 1996).

The basic content of the SSPS was to make public the responsibility, standards and procedures of governmental affairs handling with time limit fixed, to set up supervisory institutions and channels for complaints, to specify compensation standard and demand the units or persons failing to fulfill the pledge to give compensation to the party concerned in accordance with stipulations (Zhou, 1996; Zhou, 1998b). As a mechanism to improve public service quality, SSPS actually contains three core elements, i.e., customer consultation so as to identify the real needs of clients, establishment and publicity of service standards and assessment of service delivery according to the standards, and accountability when the standards fail to be met and with effective measures for improvement. Obviously, the establishment of organizational performance criteria and performance measurement constitutes a component of the SSPS.

A main feature of performance measurement in the SSPS is public-orientation, that is, the system was applied to public utilities and the so-called “window industries” which are closely linked with the public’s daily life; the establishment of performance criteria set foot in the public with public satisfaction as the objective; performance measurement had the public as the major players as characterized by wide involvement, assessment and supervision by the general public. However, performance measurement in the SSPS belongs to eligibility assessment, which means whether the assessment could meet the preset standard and is therefore a bit different from performance measurement in general sense.

Performance measurement under Effectiveness Supervision

Effectiveness Supervision (ES) started in China in 1989. It was explicitly put forward at the Second National Supervision Workshop held in December of that year that the basic function and responsibility of the supervisory organs should include
supervision of both effectiveness and the construction of an honest and clean government. To tackle corruption by simply focusing on combating corruption always leads to failure to tackle root causes of the problem. Having ES as the starting point aims at moving the focus of supervision forward, strengthening supervision beforehand and during the course for prevention. By the end of 1999, there had been 23 provincial level governments that had commenced the work of ES to varying degrees (He, 1999).

Effectiveness Supervision refers to supervisory activities conducted by the Party discipline inspection and state supervisory organs on efficiency and effectiveness of government agencies as well as quality, effect, effectiveness and benefits of production and management operation of state-owned enterprises. To be brief, the major player of ES is the discipline inspection and supervision departments, and the object is agencies of CPC and government and state-owned enterprises and public institutions.

Various places differ with one another in terms of content and emphasis of ES. Heilongjiang Province for example had management as the focus of ES. That is, initiating ES project around management, starting from identification of problems in management, taking efforts to solve management problems, and emphasizing management-related regulation making and institutional construction. ES of government agencies in the province was conducted along three dimensions, namely the process of administrative decision-making, the process of policy implementation and the results or effect of administrative decisions (Department of Supervision of Heilongjiang Province, 2001). Shenzhen City adhered to the principle of effectiveness supervision serving economic construction and identified the following four focus areas. First, to conduct ES around the central task of the government, including specialized inspection on major assignments of the municipal government to ensure the core work was carried out, specialized inspection on major investing activities of the government to ensure the investment project was effective with no corruption involved, and specialized inspection on existing problems in the government’s core work to ensure smooth execution of government’s directives. Second, to conduct ES in collaboration with key measures for deepened reform. Third, to conduct ES surrounding the building of an honest, clean and industrious government. And fourth, to conduct ES in close relation with the concerned hot topics among the society and general public such as tendering of construction projects and welfare housing etc. (Department of Supervision of Shenzhen Municipality, 2001). Similarly, ES in Beijing was centered on management improvement, aiming at raising administrative effectiveness and ensuring smooth implementation of government’s orders. However, it had the focus of effectiveness supervision on observation of discipline and law. In specific, it included whether the regulations and rules by administrative organs at all levels violated the stipulation of laws and national policies; whether the specific conduct of administrative
organs at all levels and their civil servants accorded with laws, rules and regulations; whether they had correctly performed their statutory responsibilities; whether the daily management and decision-making of administrative agencies at all levels and their civil servants were in line with relevant laws, regulations and state policies; whether administrative agencies had taken pragmatic and effective measures in implementing the key assignments, major tasks and big projects of the government, and whether they had attained the objective and fulfilled the tasks as the stipulation requires. The emphasis of ES was supervision inspection and resolution of problems in four aspects, i.e., misconducts, abuse of power, nonfeasance and prominent problems in the working style (Department of Supervision of Beijing Municipality, 2001).

It is fair to say that ES is a special form of organizational performance measurement. It is special because it is problem-oriented and such problem orientation is reflected in the focus, working modality and result of ES. Although ES covers many aspects of organizational performance, it focused on identifying problems in duty fulfillment and management as can be seen from the practice of Beijing Municipality and Heilongjiang Province. ES was more problem-oriented in Jilin Province, which included “identifying standing blocks to ensure speedy implementation of key decisions of CPC Committees and governments at all levels; identifying buck-passing to earnestly improve the working effectiveness; inspecting services to intensify the sense of public service; inspecting discipline to transform the working style of agencies, and identifying authority exceeding behavior to promote administration according to law (Department of Supervision of Jilin Province, 2001). From the perspective of results utilization, ES reflects the feature of discipline inspection and supervision agencies as the major player. Taking Shandong Province as an example, 1996 through 1998, ES had initiated 3037 investigation proposals, investigated 1412 cases, prosecuted law breaching fund totaling 1.5 billion RMB yuan, punished 1005 party and government officials and retrieved or avoided economic losses worth 1.152 billion RMB yuan. Correction measures like the submission of forms of Supervision Recommendation or Supervision Notification had been adopted to help the concerned unit to perfect rules and management and also to supervise the implementation of the supervision systems. (Society for Supervision Study, 2001)

We can tell that as a special form of organizational performance measurement, ES has several differences from performance measurement in general sense. ES focuses on identifying misconduct and waste, low effectiveness and poor quality in the organization while performance measurement focuses on the objective and accurate assessment of the organizational performance. What’s more, due to the problem orientation, ES definitely selects core work, hot topic and areas and linkages with many problems and therefore has a relatively small coverage while performance measurement
is a comprehensive and systematic assessment of organizational performance.

**Performance measurement under Effectiveness Building**

Effectiveness Building (EB) was originated in Zhangzhou City of Fujian Province and other places in mid-1990s. Later, under the guidance and promotion of the CPC provincial committee and the provincial government, it was spread to all agencies and units with administrative function at township and above levels throughout Fujian Province.

EB refers to a combination of mechanisms and techniques to enhance efficiency, effectiveness and customer satisfaction. These included the “first encounter responsibility system”, which required that the first civil servant a client encounters should provide sufficient information and help so that the client can readily proceed to the next step. Other improvements included publicizing requirements and work rules, simplifying procedures, providing “one-stop-shop” arrangements and enhancing public scrutiny (Asian Development Bank, 2002).

Performance measurement is an important component of EB. In accordance with their industrial characteristics and actual situation of work, sets of qualitative and quantitative performance indicators are mapped out covering objective attainment, policy implementation, adherence to regulation and rules in performing duty, working style, and results and outcomes. Taking Changtai County as an example, two sets of performance indicators are developed respectively for departments under the county government and township level governments, with each set having hundreds performance indicators (Assessment Office of Changtai County, 2000).

Compared with ES, performance measurement in EB has three features: Unlike ES which focuses on identifying misconduct, waste, low effectiveness and poor quality, EB emphasizes objective and accurate assessment of organizational performance; unlike ES which chooses core work, hot topics or fields and linkages with many problems as priority areas, performance measurement under EB has a wider coverage and is quite comprehensive; unlike ES which is basically a single-man battle fight by the discipline inspection and supervisory agencies, performance measurement under EB has diversified players with joint efforts of the CPC committee and the government, organized coordination between discipline inspection and supervisory agencies and wide participation of the masses, where all departments are held responsible for their respective duties.

It is clear from the above discussion that during the administration modernization process of China governments at all levels are making active management innovation. In the various new management mechanisms created out of innovation, performance measurement has become an integral component universally applied to diversified
forms of public organizations with the popularization of these management mechanisms.

Major Problems in Performance Measurement: A Critique

From appraisal of individual public servants to performance measurement of public organizations, from subjective judgment to the efforts to establish rational and objective assessment systems, and from the top-down feature relying on higher level leaders to increasing public participation in the process, performance measurement of public organizations in China starts from scratch with marked progress made in selection of content and priority, design of performance indicator system, procedure and measurement tools and techniques, and utilization of performance information. This has made contribution to the modernization of government management at all levels.

However, performance measurement in China is still at its elementary stage as reflected in the lack of uniform planning and guidance, dispersal of performance measurement in multiple management mechanisms etc. These consequently resulted in big differences in the content and focus, standard, procedure and techniques of performance measurement. These technical issues in the practice of performance measurement are closely related with such fundamentals as ideas and basic value of governance, mode and mechanism of government administration etc. Therefore, in an attempt to rationalize the process of performance measurement in China and bring into full play the role of performance measurement in the modernization of government, it is necessary to systematically rethink of and analyze major issues in the practice of performance measurement.

The Role of Government and Performance measurement

As a management tool, performance measurement encourages public departments to better perform their duties through supervision, inspection and assessment and adoption of rewarding, punishing and other measures on this basis. Therefore, rational positioning of the government’s role is the prerequisite of scientific performance measurement. What should performance measurement assess? Due job or duty of the government of course. What areas or activities should performance measurement apply to? Matters within the function or statutory authority of the governmental departments of course. It is fair to say that the exercise of performance measurement beyond the bounds of government responsibility or authority is an existing problem in practice, which deserves attention. In mechanisms like the Objective Responsibility System, Effectiveness Supervision, Effectiveness Building and others, one notable feature of performance measurement is that it was conducted surrounding the “central work”,

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while the central work identified by quite many local governments and government departments may not necessarily be within their duties. For example, some local governments choose agricultural industrialization as the breakthrough to invigorate agriculture while others set foot in revitalizing agriculture through science and technology. This is not to be criticized but many prescribed compulsory spread of certain economic crop or establishment of science and technology parks as the central work of the government, which were subject to performance assessment. In Changtai County, Fujian Province, for instance, the promotion of mushroom planting was a key performance indicator applied to all departments under the County government (Evaluation Office of Changtai County, 2000). A more wide spread phenomenon was that local governments designated attraction of investment as a central task, and consequently, the total volume of investment attracted from outside became a key performance indicator applied to all government agencies. In some cases, annual target of investment attracted were set up not only for heads of executive agencies but also for the heads of local court (Commentator of Window for South Wind, 2003). A large number of localities combined performance measurement with the so-called “veto by one single vote” measure, meaning that the failure to achieve target for a “central task” equaled a failure in overall performance.

Under the mounting pressure, government agencies resorted to various measures to perform the central tasks, doing what they should not do, or intervening beyond government authority. Jiangxian County in Shanxi Province, for example, adopted the strategy of revitalizing agriculture through science and technology and took heavy-handed measures for implementation. As a result, all government agencies participated in the establishment of S&T Demonstration Parks or sites in joint stock form. This is a clear violation of the stipulation of the central authority that Party and government agencies are not allowed for business or enterprise running. Agencies also deprived the farmers of their freedom and independency in operation, forcing them to grow certain breed of crops on designated sites, causing huge economic losses for farmers and something of a “S&T fear syndrome” among them (Yu and Shuai, 2001). Performance measurement exercised beyond the government’s duty can not generate positive effect, rather, it will hinder the transformation of governmental functions, result in conflicts between the government and the masses.

Modality of Administration and Performance measurement

One of the long lasting problems for Chinese government is the so-called campaign-style administration. This was typically reflected in the periodic large-scale political campaigns and mass mobilization under the late Chairman Mao’s leadership. In the reform and opening up period, campaign-style administration demonstrates itself
mainly in the passive and reactive nature of government management. That is, due to the weakness in planning and strategy formulation, the discontinuity in public policy, the lack of systematic and coordinated mechanisms in policy implementation, and the failure to pay due attention to technical aspects of operation or the particulars all lead to having management as a means of passive defense. Only when problems in certain field get piled up with strong feedback from the society are measures taken such as severe cracking down on crimes, crash effort, focused inspection, targeted investigation and special assessment for a quick fix.

It can be said that the essence and beauty of performance management lies in continuing improvement. In other words, performance management and measurement can serve as an antidote to the so-called campaign-style administration. The problem in China is that when conducted around the “central work”, designated arbitrarily by top leaders in many cases, performance measurement tends to lose its use for continuing improvement. More worrisome is the practice of engrafting performance measurement into various campaigns such as the periodic anticorruption and clean government movement, the severe cracking down on crimes etc. Thus performance measurement evolves from an effective way to combat campaign-style administration to a problem settling tool.

The defects of campaign-style administration is known to all, high cost, waste of resources, repeated occurrence of problems and results very difficult to maintain, just to name a few (Ostrom, 1989). More importantly, such administration is actually a mechanism to reward failure (Osborne, David and Ted Gaebler, 1992). Taking public security in China as an example, campaigns like severe cracking down on crimes is launched only against sharp increase of crimes when public security becomes a focus of the general public, the police therefore obtains bigger power, more forceful political support, more fund and other resources. The result of rewarding failure is ridiculous stimulation with which the organizational performance can only witness deterioration. What’s more, quite many places reserve the already cracked cases for the time of campaign against crimes to demonstrate their great achievements. From the perspective of scientific management, the more brilliant achievements scored at the phased crash, the more failures in daily management disclosed. The application of organizational performance measurement in phased crash activities or campaigns not only runs counter to the spirit of but also becomes an obstacle to continuing improvement.

*Pertinence between Performance measurement and Mission of the Organization*

As a management tool to promote effective duty fulfillment by government, the content and focus of performance measurement must strictly surround the mission and statutory responsibility of the organization. A key point is that performance objectives
must be in full compliance with the mission and performance indicators highly correlated with the responsibility of the organization. In China’s practice, however, separation or even conflict between performance indicators and mission/tasks of organizations happen from time to time.

There are numerous such examples in practice: the mission of traffic police is to create and maintain a sound public traffic order, but competent departments often set bottom fine value for traffic police as a performance target; the aim of collecting pollution discharge fee is to improve environmental quality, but the excessive weight given to the rate of discharge fee collection in performance measurement by many departments actually turns fee collection as the aim \textit{per se}, and sends a wrong message to enterprises that one can discharge as much pollution as he likes so long as he has paid the fee in full; the mission of schools is to educate and cultivate talents, but profit generation has instead become the most important aspect of performance for some public schools. This is not a problem of ordering of major and minor objectives, but a dislocation of performance objective, simply against organization mission. Performance measurement thus becomes an obstacle to the realization of the mission and core value of the organization.

There is another problem with equal danger but difficult to be recognized, that is the separation of performance measurement and the tasks and responsibility of the organization. The most typical example may be seen from the handling of relationship between the government and market. It is officially stipulated that major responsibility for the government in the economic transition is to “cultivate the market, regulate the market to maintain desired market order and serve the market”. But in practice performance objectives in these responsibility areas are not explicit or even don not exist at all, and GDP growth rate turns out to be the major or even the only rigid indicator for the performance of local governments. From a theoretical perspective, such practice goes against the basic rules for managing a market economy. Since a key economic function for government in the transitional period is to cultivate, regulate and serve the needs of the emerging market, the performance of a particular government should be judged against the degree of standardization of market operation and the quality of services provided. Now that a major responsibility of the government is to ensure fair competition and to create and maintain favorable conditions for \textit{all} the enterprises, the performance of a particular government should not be judged solely on the financial performance of \textit{their own} (affiliated) enterprises. Moreover, market economy requires a high-degree integration of domestic market and horizontal cooperation of enterprises, whereas performance measurement centered on GDP growth rate actually sets foot on regional or departmental economy. The practice is still based on the assumption that government is the key actor in economic life and therefore bears
vestiges of the planned economy (Zhou, 1998a).

In practice, driven by local fiscal interest and officials’ desire for achievement, the single-facet of performance measurement brought about serious outcomes in the form of the so-called “warlord economy”. In order to safeguard local interest and achieve the imposed targets, quite some local governments tried every means to protect their own enterprises by blanking off the market, blackballing external competition, giving rise to market fragmentation, administrative monopoly and market disorder. Some local governments pursued short-term economic gains so keenly that they ignored other duties and responsibilities or even protected enterprises causing serious pollution to the environment or engaging in illegal activities. In an attempt to meet the growth targets, local governments tightened the grips on affiliated enterprises, hindering separation of government from enterprise, a long-lasting pursuit and key principle of the market-oriented reform. Apart from undue intervention in the daily operation of affiliated enterprises, many local governments adopted such protective measures as market protection or financial aids in a variety of forms to affiliated enterprises, thus intensifying the sense of dependency on the government and weakening in the long run enterprises’ competitiveness in the market. Obviously, the separation of performance measurement and mission and responsibility of the organization generates poles-apart result, which deserves high attention and correction through proper measures (Zhou, 1998a).

Citizen-orientation in Performance measurement

Performance measurement in the public sector is a rational assessment of duty fulfillment of public organizations. Responsibilities of the government vary a lot. In the final analysis, departments perform their duty to provide public services to the society and citizens. Therefore the citizen-centered principle should be observed in the practice of performance measurement.

Citizen-orientation first implies that government ought to anticipate the public needs rather than in response to crises that arise when those needs are unmet (OECD, 2001; Bush, 2001). Accordingly, the content, focus and indicators for performance measurement should be developed from the position of citizens. As mentioned above, one of the features of China’s performance measurement practice is to surround the government’s central task and there remains something to ponder over whether various localities have fixed their central task through due public consultation and whether these central tasks earnestly reflect the needs and demand of the people. For example, compulsory spread of some crops against the farmers’ will and achievement-showing construction projects listed as the central tasks, which are often beyond the level of economic development and people’s affordability. Performance measurement around
such central tasks is evidently opposite to the principle of citizen-orientation.

Citizen-orientation should be also embodied in the wide participation of masses in the process. Public participation in performance measurement of developed countries is reflected not only in the frequent surveys of public satisfaction, but also in independent assessment of government performance by nongovernmental organizations. Progress in China over recent years is mainly reflected in the increased attention paid to customer satisfaction in performance measurement, but citizens in such a participating modality still can not shake off passiveness. In other words, performance measurement in China had a feature of multiplicity accompanied by a lack of pluralism. Multiplicity reflected itself in the joint endeavor of party and government and the active involvement of various functional departments and localities, while the lack of pluralism demonstrated itself mainly in the government dominance in performance measurement. Internal exercise means the government assessing itself and others. To date, some kind of government performance assessment were carried out by the Horizonkey, a private survey company, that mainly reviews the popularity or supporting rate of top officials at various levels of government, plus subjective rating of public service and government performance (Horizonkey, 2004). This hardly constitutes a well structured and balanced measurement of government performance. More importantly, there is little sign of real impact by this kind of maneuver, a sharp contrast with the government initiated performance measurement scheme often followed by heavy-handed measure of reward and punishment (to be discussed later), especially when the central tasks are involved.

The lack of citizen-orientation in China is reflected in the purpose of performance measurement of public organizations. As mentioned earlier, performance measurement tends to be an instrument of supervision and control, an internal management tool instead of a mechanism for public accountability. The third requirement of citizen-orientation in performance measurement, therefore, should be the emphasis on public accountability so as to promote public supervision, and eventually shape a sound interactive relationship between the government and the governed.

**Process Transparency and Utilization of Results**

Seen from the nature of measurement activities and the aim it serves, openness and transparency should be one of the important features of performance measurement of public organizations. Compared with the practice in developed countries, the lack of openness or transparency is a problem deserving attention in China’s practice. Even when the central government was forcefully popularizing and governments at all levels were universally implementing the chief executive Objective Responsibility System, the lack of transparency and openness did exist in the process and results utilization. In a word, performance measurement is initiated and conducted by government and
results consumed solely by the government. This not only deprives the citizens of their access to information and right to supervision and causes public indifference in performance measurement, but also constitute a barrier to effective use of performance measurement for desired purposes.

With regard to the utilization of results of performance measurement, attention should be paid to and measures should be taken to avoid two extremes. First is the tendency to put the result on the shelf and completely separated from appointment and promotion of government official, internal incentives and resource allocation. Another extreme is to pursue quick success and instant benefit and push the systems which seem radical but are actually irrational. Among the two, more attention should be paid to the second.

International experience indicates that having reward and punishment as the only form of utilization of performance information is not conductive and effects not long lasting. Under too much pressure people may choose cheating, honest cheating or dishonest cheating, or engage in destructive competition (Behn, 2003). This is why the so-called “3 D Model” is promoted, namely diagnosis, development and design (Deng, 2001). Judging from practice, a notable change can be identified from the previous “fame or shame” strategy to a more constructive approach in the utilization of performance information. Examples include the practice of “flexibility in return for accountability” in the US or “earned autonomy” in the UK, and the serious efforts towards performance/budget integration to reward success. In a word, practice in developed countries is moving closer to what Handy advocated, “applauding success and forgiving failure” (Handy, 1989).

In China, though performance measurement is still in its rudimentary stage and has many flaws as mentioned above, plus the weak information infrastructure and ability, there seems to be a kind of obesity with the utilization of performance information, however flawed. Furthermore, “fame or shame” strategy seems to be the main form of utilization and in some cases carried out to extreme. Many localities adopted a policy to sack or demote the number one if the agency under his her leadership ranked bottom for two consecutive years. The wide-spread “veto by one single vote” approach is another example.

The desire for quick results and harsh measures against the perceived “poor performers” lead to numerous problems. Dishonest cheating such as falsification of statistics or utterly fabrication of figures was rampant during the period of ORS centered on GDP growth (Huang, 1997; Ma, 2000). There is a sign that this kind of trick-playing conduct will linger on under the new focus of performance measurement on public service and social functions, reflecting the “scientific view of development” (Sun, 2005). A notorious and fearful case occurred in Gansu Province in 2004. In order
to get out of the bottom ranking in performance league table, some policemen hired a broker to set up a trap and eventually turned three ordinary citizens into “drugpushers” and nearly had them executed (Cheng, Liao and Hao, 2004). Criminal behavior of this kind should not be tolerated, of course. The point to be stressed here is that we should not attribute all the sins to the traits or character of the individuals involved, and equal attention should be paid to the system. Utilization of performance information in such an unbalanced and heavy-handed way will do more harms than goods.

**Conclusion and Suggestions**

A conclusion can be drawn from the above discussions and analysis that it is vital to make China’s performance measurement of public organization more standardized, rational and scientific. To this end, the following suggestions are put forward:

First, study in the theory and practice of performance measurement should be intensified. Various problems in China’s practice are all closely connected with the lack of systematic and in-depth research in relevant aspects. Due to the lack of research, the academic circle is yet to reach a consensus on the basic concepts, framework, operation procedure and principles of public sector performance measurement. Against the background of “scientific view of development” and the appeal for the development of a “scientific system of government performance measurement” by top leaders, it is anticipated that performance measurement is increasingly gaining popularity among public officials and some uniform standards will be introduced to guide the practice. The danger is that standardized and institutionalized performance measurement on the basis of inadequate scientific research could only make the existing problems worse. It should also be stressed that research should include systematic study of the practice overseas, especially in developed countries.

Besides, exchanges and cooperation between the academic and practitioners should be energetically enhanced. Public administration as a discipline has a strong flavor of practicality and applicability and this is especially true when it comes to performance measurement. This calls for interchanges and close collaboration between the academic and political circles. One of the major forms of exchanges between the two communities in developed countries is the high-level mobility of personnel, which is unparalleled for China at the current stage. This requires intensified interactions and collaboration in other forms while the reality today is not that satisfactory. In the field of performance measurement of public organization in China, it is fair to say that the academic and practical circles have differences in the language systems, let alone in other aspects. This is no good for deepening scientific research, making the role of performance measurement very difficult to be brought into full play for continuing
improvement of government performance in China. Appeal is obviously not enough for the strengthening of exchanges and cooperation between the two circles, a set of effective mechanism need to be put into place.

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