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School of Public Affairs and Administration/NCPP
Rutgers University, Newark Campus
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Articles

Zhiren Zhou ................................................................. 1

A Comparison of U.S. and Chinese Performance Measurement Legislation
Tiankai Wang and Changlin Rao ..................................................... 13

The Quest for Results: Opportunities for Using Performance Measurement in Chinese Public Administration
Stuart Kasdin ................................................................. 25

Rethinking New Public Management: A Metaphorical Approach
Bin Chen ................................................................. 37

The Issue of Problem Formulation in Public Policy-Making: A Sandstorm-Combating Policy Case in Northern China
Lihua Yang and G. Zhiyong Lan ..................................................... 47

Human Resources Management for Effective Public Administration
Caroline Covell ................................................................. 61

Rereading Central-local Relations in China: the Fundamentals and Premise?
Shi-wei Jiang ................................................................. 83

Zhiren Zhou, Peking University

Abstract: This paper provides a historical review and critical evaluation of government performance measurement in China in the past 20 years from the perspective of public participation. The first section focuses on theoretical discussion in an attempt to construct a proper conceptual and analytical framework for the review and assessment. The second section gives account to the practice until the end of the last century under the title of “government domination and no citizen participation.” The third section describes the progresses made in recent years and its driving forces. And the last section starts with a critical assessment of the current situation, followed by some prospects on the practices in the foreseeable future. The conclusion is that enhancing public participation in government performance measurement in China is far beyond the reach of instrumental rationality, it requires systematic and fundamental reforms of the political systems.

Performance measurement in the public sector is one of the important components of the New Public Management. While the efforts to measure performance of governmental departments have a long history (Buck, 1924; Ridley & Simon, 1938; Williams, 2003), the principles of result-orientation and external accountability can be regarded as the main features differentiating modern practices from the traditional practices. Result-orientation requires that the focus of performance measurement be moved away from input, process, and output to outcomes or impact, and from red-tape and compliance to results valued by citizens (National Performance Review, 1993; Office of the Auditor General of Canada, 2000). External accountability stresses that performance measurement should not be confined to hierarchical control or internal management improvement. Rather, it should focus on demonstrating efforts and performance so as to gain legitimacy and support and enhance public supervision. Strengthening public accountability through performance management is regarded as a fundamental change in the accountability of government because it shows the public what they can expect for their money (Rouse, 2001; Winslow, 2002; Jackson, 1995). Result-orientation and external accountability can be further summarized as citizen-centered principle in performance measurement. To ensure that the focus of performance measurement is on the results citizens most value and for it to be an effective mechanism to promote accountable government, broad public participation in the process is crucial.

This paper provides a historical review and critical evaluation of public participation in government performance measurement in China in the past 20 years. The first section focuses on theoretical discussion in an attempt to construct a proper conceptual and analytical framework for the review and assessment. The second and third sections describe and analyze the evolution of citizen’s roles in and current status of government performance measurement practices in China by means of historical review and comparison. And the last section starts with a critical assessment of the current situation, followed by some prospects on the practices in the foreseeable future.

Theories, Conceptual and Analytical Framework
Public participation in government performance measurement has been given intensive attention in practices and academic research in the developed countries (National Partnership for Reinventing Government, 1999; Executive Session on Public Sector Performance Management, JFK School of Government, 2001; National Center for Public Productivity, Rutgers University, 2002). In China however, while government performance measurement of various kinds has more than 20 years history, public participation in the process is still in the initial stage of development. Therefore, in order to describe and analyze the practices in China, we need to build a conceptual and analytical framework suitable for Chinese circumstances.

Citizen’s political participation has diversified forms and levels. Arstein (1969) proposed a ladder of
citizen participation and divided its significant gradations into eight rungs and three sets of levels. Each rung or level corresponds to the extent of citizens’ power in determining the end product. Two bottom rungs of the ladder—(1) Manipulation and (2) Therapy—belong to levels of “non-participation,” and their real objective is to enable powerholders to “educate” or “cure” the participants rather than enable citizens to participate in planning or conducting programs. Rungs (3) Informing, (4) Consultation, and (5) Placation progress to levels of “tokenism” that allow citizens to hear, to have a voice, and to have a voice although the continued right to decide is retained for the powerholders. That is, citizens can enter into public policy-making process and have a certain participative opportunity, but government will decide the participation procedures of communities by power distribution to protect its decision-making power. So the initiatives of public participation are not high enough. Finally, three rungs—(6) Partnership, (7) Delegated Power, and (8) Citizen Control—form levels of citizen power where citizens have legitimate, substantial, and procedural power to participate in formulation and implementation of public policies. Similarly, in Strong Democracy, Barber (2003) proposed 12 institutional reforms for the revitalization of citizenship: (1) “neighborhood assemblies,” (2) “television town meetings and a civic communications cooperative,” (3) “civic education and equal access to information,” (4) supplementary institutions,” (5) “a national initiative and referendum process,” (6) electronic balloting,” (7) “election by lot,” (8) “vouchers and the market approach to public choice,” (9) “national citizenship and common action,” (10) “neighborhood citizenship and common action,” (11) “democracy in the workplace,” (12) “recreating the neighborhood as a physical public space.” Abramson et al segment the public into three roles in which they interact with government: as consumers of government information; as customers of government services; and as citizens participating in government decision making and policy making (Abramson et al., 2006). Marc Holzer and his colleagues examine the potential for “digital” citizen participation beyond the ballot box. Their study highlights three different models to engage citizens, ranging from static information dissemination to a dynamic model with extensive interactions between government and citizens (Holzer et al., 2004).

In comparison with the broad scope and multiple forms of political participation, public participation in government performance measurement occurred in a specific arena, and hence has unique features in terms of the scope and forms of participation with special interrelations between participative subjects. From the perspectives of the main actors involved, government and its departments are the objects of performance measurement while citizens are the subjects. In practice, citizen’s status as the subject is realized through two ways: citizen groups or some third-sector institutions initiate and carry out performance measurement of public organizations independently; or citizens participate in performance measurement activities initiated and organized by governmental departments, and their roles in the process may range from information receivers, passive information suppliers (e.g., filling questionnaires or accepting interviews in satisfaction surveys) to the high-level joint decision-makers (in the selection of the departments or programs to be evaluated, determining the contents and focuses of measurement, as well as the ways performance information is utilized). In view of this, we can divide public participation in government performance measurement into two basic types: performance measurement of government independently conducted by citizens, and citizen involvement in performance measurement carried out by government.

Performance measurement of government is a dynamic process involving many steps and elements, and citizen’s roles in the process decide the scope or extent of public participation. Marc Holzer stresses that a good performance measurement and improvement system includes seven steps. He then puts the role of the public into each step and describes in detail the concrete forms of participation (Holzer, 2000). Table 1 lists the steps and forms. Drawing upon this research, we can generalize the scope of public participation in performance measurement of government as follows:

Measurement is not an end by itself. Using relevant information to improve organizational performance and raise public service quality is the ultimate goal of performance measurement. In either independent evaluation on their own initiative or involvement in government-initiated activities, citizen’s status as the subject in performance measurement cannot be truly established unless their appraisals and views have produced relative impact. Hence, response of government to citizens’ evaluation is crucial and the interactive and interdependent relations between subjects and objects thus become the core features of public participation in performance measurement. To put it another way, while self-control and self-governance is widely regarded as a high form of political participation, these are not applicable to public participation in performance measurement. As for the levels of influence public expression and participation can make on performance measurement practices, we
may consider it as a continuity spectrum, ranging from no influence at all to determinant influence.

The above discussions touch upon three important aspects of public participation in government performance measurement: two basic types of participation, namely measurement of government performance independently conducted by citizens, and citizen involvement in measurement activities carried out by governments; the scope and concrete forms of public participation in the whole process of performance measurement; and the actual influence public participation produced, including the citizen’s voice in decision-making as well as the extent to which their expression can promote the performance improvement of relevant departments. To incorporate those three considerations, we can divide public participation in performance measurement into five levels:

**No participation.** Government initiates and organizes performance measurement focusing on hierarchical control and internal management. Such a practice virtually belongs to a kind of internal exercise within the government system, initiated by government and results consumed by government. Citizen cannot play any roles, even in forms of information receiver or passive information supplier.

**Ineffective participation.** The fact that citizen groups take initiative to measure government performance is a reflection of participation enthusiasm and positivity on the part of citizens, but they may induce no response from the organizations assessed. Citizen-initiated performance measurement then follows the route of self-execution, self-enjoyment, and self-consumption, with no practical influences on government performance.

**Limited participation.** In citizen-initiated performance measurement, limitation mainly refers to the limited influence on government performance. As for citizen involvement in government-conducted performance measurement, limitation may take a variety of forms: public participation only in some steps or elements of the whole process; public involvement in decision-making of many steps but with a limited voice; and citizen’s satisfaction expression has limited influence on government departments.

**High-level participation.** Public participation in government-initiated and government-executed performance measurement activities not only has a broad scope (in nearly all steps and elements of performance measurement) but can also create a prominent impact.

**Citizen Dominance.** Citizens initiate measurement activities and enjoy a high-level of autonomy in decision-making in all steps and elements in the process, and their evaluation can produce substantial
impacts on government decision-making, resources allocation, and management reforms. From the citizen-centered perspective, this is the supreme form or pattern of public participation in government performance measurement. However, there is no practical case either in China or overseas currently.

Levels of public participation and reference factors are shown in Figure 1.

Reference to the conceptual and analytical framework expressed in Figure 1, the next two sections provide a review of performance measurement in the public sector in China from the perspective of public participation. The review and discussions cover only one type of public participation, namely citizen involvement in government-initiated and executed measurement activities. The main reason is that though civil communities like the Horizon Key Group and others have independently conducted performance evaluation of government for years (Yuan et al., 2004) the pattern and practical influence of the evaluation still await further observation.

The Stage of Government Domination with No Public Participation

Public sector performance measurement entered China during the reform and opening-up period. From the prospective of public participation, the practices went through roughly two stages. The period from mid-1980s to the beginning of this century can be named a stage of government domination with no public participation. From the beginning of this century until now, it is called the stage of limited public participation. It should be made clear that the above division amounts to a description of a general trend and there is no clear time line between the different stages.

Performance measurement was first conducted under the banner and constituted a composing part of the Objective Responsibility System (ORS) (mubiao zeren zhi) in the mid-1980s. The ORS is simply the Chinese version of Management by Objectives (MBO), involving goal and objective setting as well as measurement of performance in achieving the defined objectives, followed by rewards and punishment as well as various measures in order to enhance organizational performance. From the mid-1980s to early 1990s, the ORS was introduced on a voluntary basis and the absence of uniform guidelines or standards from the central authority resulted in variations in practice from place to place. When the Chinese Association for Municipal Objective Responsibility System was founded in 1988, it had a membership of 13 middle and large cities (Hou, 2002), a demonstration that the application of ORS in China was relatively common at that time. Though there was little reference recording the focus and operation of the ORS at that period, judging from a small number of commentary papers (Wu, 1986; Cao, 1990; Ren 1990), it can be concluded that the ORS was a new technique of internal management. Citizens played no role in the process, and were not informed of the practice.

ORS throughout the 1990s had two major characteristics compared with previous practices. First, it was carried out top-down in a centralized manner despite the fact that there was no official document or regulation at the center to guide the practice. From the center down to township-level governments, higher-level authorities set up targets and cascaded down to lower layers of governments, forming a target pyramid. Work performance of chief executives in target fulfillment was internally ranked on collective as well as individual bases, and bonuses were paid or punishments made accordingly. The practice was named by some scholars a ‘pressurized system’ (yalixing tizhi), in which objectives or targets were imposed by
Table 2. Performance Targets for a Township Government in 1999

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Targets</th>
<th>Quarterly Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Task</td>
<td>Weight</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) total value of production (in million yuan)</td>
<td>184</td>
<td>10</td>
</tr>
<tr>
<td>(2) structural adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>banana planting (in ha.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) fruit production (in ton)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) edible mushroom planting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hectare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>volume of production (ton)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) number of pigs provided (in Thousand)</td>
<td>25.6</td>
<td>20</td>
</tr>
<tr>
<td>(6) aquiculture production (ton)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Private and small business development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) construction of development zone for private and small businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of new businesses</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total volume of investment (in thousand yuan)</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>(2) Private businesses with investment above 100 thousand yuan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of new businesses</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Total volume of investment</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>3. Outside investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) production value by joint ventures (in million yuan)</td>
<td>62</td>
<td>15</td>
</tr>
<tr>
<td>(2) volume of foreign investment in contract (in thousand US Dollars)</td>
<td>7,500</td>
<td>30</td>
</tr>
<tr>
<td>(3) volume of foreign capital invested (in thousand US Dollars)</td>
<td>3,500</td>
<td>20</td>
</tr>
<tr>
<td>(4) number of new enterprises by overseas investors</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>(5) number of new businesses above 500,000 yuan by investors outside the region</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>4. Fixed assets investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) volume of investment (in thousand yuan)</td>
<td>23,000</td>
<td>20</td>
</tr>
<tr>
<td>(2) volume of investment by key projects (in thousand yuan)</td>
<td>5,000</td>
<td>80</td>
</tr>
<tr>
<td>5. Tax revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) volume of tax revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) contribution to the County</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) tax revenue per capita</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

higher-level authorities and officials at the lower levels were under immense pressure for fulfillment simply because their career and fortune was mainly determined by the higher authorities (Rong et al., 1998; Huang, 1995; Edin, 2003).

Another major feature of the ORS throughout the 1990s was the excessive weight on GDP growth in target setting and performance evaluation. With a few exceptions involving policy areas like family planning and social order (shehui zhi’an), which have remained in the priority list from mid-1980s to the present, ORS during this period primarily focused on economic growth and performance indicators were centered on determinant factors leading to GDP growth.

Table 2 expresses the performance targets set by the Changtai County, Fujian Province, for a township government in 1999. It illustrates well the central focus of performance measurement on economic growth in the context of the ‘pressurized system.’ The huge differences in terms of industrial structure, development strategy and condition among local governments led to some variations in specific performance indicators, but generally speaking, the central focus and basic structure of performance measurement in the period all over the country were more or less the same.

Zhou summarizes the three main features of the Chinese practices in performance measurement in this period. First is the closedness of the whole process: performance measurement was primarily an internal exercise within the government system, initiated, executed, and results consumed by government and relatively

### Table 3. Performance Indicators for Municipal Governments in 2006

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Performance Indicators</th>
<th>Weight</th>
<th>Dimensions</th>
<th>Performance Indicators</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Development (35)</td>
<td>1. GDP growth rate</td>
<td>5</td>
<td>Harmonious Society Construction (25)</td>
<td>19. index of new village construction</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2. financial development index</td>
<td>4</td>
<td></td>
<td>20. urban residents income index</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>3. growth rate of fixed assets investment</td>
<td>4</td>
<td></td>
<td>21. income index for rural residents</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4. development index for non-state enterprises</td>
<td>3</td>
<td></td>
<td>22. index of educational development</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>5. population development index</td>
<td>3</td>
<td></td>
<td>23. development index for public health</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>6. index of human capital development</td>
<td>3</td>
<td></td>
<td>24. rate of social security coverage</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>7. environment quality index</td>
<td>4</td>
<td></td>
<td>25. rate of registered unemployment</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>8. energy consumption index</td>
<td>3</td>
<td></td>
<td>26. index of public safety</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>9. reduction of government debts overdue</td>
<td>3</td>
<td></td>
<td>27. satisfaction rate for Public safety</td>
<td>3</td>
</tr>
<tr>
<td>Progress in Modernization (25)</td>
<td>10. urbanization index</td>
<td>3</td>
<td>Administration By Law (10)</td>
<td>28. index of legality for abstract actions</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>11. development index for the third industry</td>
<td>3</td>
<td></td>
<td>29. index of legality for concrete actions</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>12. proportion of industrial increment</td>
<td>4</td>
<td></td>
<td>30. losing rate in lawsuits</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>13. development of new industry</td>
<td>3</td>
<td></td>
<td>31. rate of rectification in reconsideration</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>14. ratio of R&amp;D investment to GDP</td>
<td>2</td>
<td></td>
<td>32. efficiency in dealing with complaints and visits</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>15. proportion of hi-tech industry increment</td>
<td>2</td>
<td></td>
<td>33. completion rate of complaints dealing</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>16. number of patents</td>
<td>2</td>
<td></td>
<td>34. percentage of staff with misconducts</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>17. index of export dependence</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18. growth rate of overseas capital investment</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

closed to society and citizens. Secondly, public sector performance measurement had a feature of unilateralism: with regard to the vertical relationships between different layers of governments, performance measurement was conducted in a top-down manner; as for the relationship between administrative agencies and other public institutions, performance measurement was initiated and conducted by the charging government department with affiliated enterprises or institutions as targets, but not the opposite. The third feature is the control-orientation: the performance measurement scheme was designed primarily for internal hierarchical control rather than outward public accountability (Zhou, 2007). Maybe because of this, overseas scholars tend to discuss performance measurement practice under the name of administrative monitoring or local agent control (Huang, 1995; Edin, 2003).

Focusing on public participation in government performance measurement, we can draw a conclusion from above discussions: performance measurement and evaluation in China in this period had an obvious nature of government domination. While it was dynamic and vigorous and led to fierce performance competition among government officials, the public only played the role of observers.

The Stage of Limited Public Participation

China entered the new century with a new generation of top leadership and the mode of governance has been undergoing subtle changes. A consensus has been reached that economic growth is not equivalent to economic development, economic development is not equivalent to social progress, and the growth is not the aim but the means for development. 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 especially human services so as to achieve sustainable development and the construction of ‘a society in harmony.’ In response to top leaders’ appeal for the development of a ‘scientific system of government performance measurement’ (Hu, 2003), great efforts have been made to construct performance indicators embodying better the principle of ‘scientific view of development’, and 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. This new and broadened focus under the new mode of governance ushered in a new stage of performance measurement in China.

Table 3 is a set of performance indicators by the Fujian provincial authority for municipal governments in 2006.

Compared to practices in the 1990s, the emphasis of performance measurement has two noticeable changes. First, in accordance with the principle of ‘scientific view of development,’ a set of new indicators are developed covering rural construction, transformation of the mode of economic growth, contribution rate of science and technology, and energy consumption, indicating that while gross economic growth is still an important goal, greater attention is paid to effectiveness and sustainability. Another noticeable change is the emphasis on social functions and public services reflecting the human-centered principle. Indicators such as employment rate, resident income, education, public health, social security, and public security are added and their relative weight increases. Again, variations exist because of the difference in development strategy and local conditions, but the shift from “GDP Cult” to sustainable development and from obesity with economic growth to social and public services is a general trend of development all over China in government performance measurement in the past decade.

With the changes in performance indicator development to reflect better the needs and concerns of citizens, public involvement in performance measurement has also made some progress in this period. First, the rate of resident satisfaction is included in the evaluation framework and its weight has been increasing. Take the Municipal Government of Hangzhou, the capital city of Zhejiang Province, as an example. According to executive mayor Jingmiao Sun, the city’s Comprehensive Performance Assessment Scheme has set four orientations as its core value: strategy-orientation, responsibility-orientation, public-orientation, and performance-orientation. Within a total credit of 100, the areas of assessment and their credits are allocated as follows: attainment of pre-defined objectives or targets (45), appraisal by municipal leadership (5), and public assessment (50). ‘Public’ here is composed of members of the Municipal People’s Congress and Political Consultative Conference, as well as representatives of ordinary residents, known scholars, businessmen, and journalists (Sun, 2007). The case of Hangzhou is radical in that ‘public assessment’ accounts for half of the total credits.

Qingdao city of Shandong Province also puts the rate of resident satisfaction into the departmental performance measurement system, and satisfaction survey involves enterprises, residents, and focus
groups. The survey focuses on problems that most concern residents and is conducted through questionnaires or computer-aid telephone investigation (CATI). The satisfaction survey in 2006 had more than 10 indicators covering four areas including solving of problems of great public concern, situation of public security, community management and services, and government working style. For instance, questions for the state of public security included ‘Do you feel there are many cases of theft or robbery in your neighborhood?’ ‘Do you feel safe when you go out or on your way home alone at night?’ ‘Can you see the patrol cars and patrolmen around you?’ and ‘Are you satisfied with the public security situation in your residential area?’ The relative weight of satisfaction rate in performance measurement was 8% in 2006, and rose to 14% in 2007. It is claimed that the practice intensified the citizen-orientation among public officials and effectively made them ‘look not only upward but also downward,’ pay more attention to people’s living conditions and needs, and put into practice the principle of ‘fixing affection on the people, exciting power, and seeking benefits for the people’ (Office of Performance Measurement of Qingdao Municipal Government, 2007).

Another more radical approach is to take public assessment as the sole channel for government performance. The campaign of ‘inviting 10,000 people to assess the performance of government’ was launched in many cities like Zhuhai, Shenyang, and Nanjing. To take the case of Nanjing, capital city of Jiangsu Province, as an example, public assessment covered three main areas: government working style, integrity and clean government, and some basic work, with a credit of 50, 30, and 20 for each area respectively. As in 2001, the city authority sent out 8,438 assessment forms and received 6,373 responses, a response rate of 76.34 per cent. In addition, a number of simplified questionnaires were sent out to 37,400 residents, and 36,380 suggestions and proposals were received from this survey group. Ninety agencies under the municipal government were ranked in accordance with the results of public assessment. Chief executives of the top 8 agencies received recognition and rewards of different kinds while those of agencies ranked last were punished in forms of forced resign, demotion, and exhortation (Deng & Xiao, 2007).

This discussion shows that government performance measurement in China has two new features or trends of development in the past decade. One can be called ‘leaning to citizens’ in design of performance indicators as illustrated by the greater emphasis on social functions and public services, and another is the increased citizen involvement in performance measurement of government, which mainly takes the form of resident satisfaction surveys and public assessment.

Critical Assessment and Prospect

Though public participation in government performance measurement has made progress in recent years, it is nevertheless still at the stage of limited participation. First, high-level public participation means engaging citizens in the whole process of performance measurement and improvement, from the first step of identifying programs to be evaluated down through to the last of using performance information as illustrated in Table 1. The current level of public participation in China belongs to the category of ‘partial participation’ in only a few steps. In supervising results, the main form of resident participation is to fill in questionnaires or receive interviews. In performance reporting, with greater importance attached to publicity in recent years, the public are better informed of the assessment results. Apart from these, the public play virtually no role in other steps or links. Moreover, owing to the lack of uniform regulation or guidance, development of public participation is quite unbalanced in different regions. Some local governments still adhere to the traditional pattern and left no space for citizens. Another indication of limited participation is the limitation in roles to play and the channel to participate. In both satisfaction survey and public assessment, citizens only play a role of passive ‘information provider.’ With regard to important issues such as whether or not to conduct performance measurement, the department or project to be evaluated, the relative weight attached to satisfaction rate, etc., all are left to the willingness or self-consciousness of party and government chiefs. Ordinary citizens, by and large, have little voice in the process, let alone the ability to take part in the decision-making.

After years of local experiments, there is a move to institutionalize performance measurement by the central authority. One piece of evidence is that performance measurement, together with organization restructuring, reform of the administrative examination and approval system, administration according to law, and government accountability are listed by the State Council as important issues that should be solved in the near future. In early 2007, the State Council designated the Ministry of Personnel to draft related regulations, rules, and operation guidelines. To this end, the Ministry of Personnel has held a number of consultation meetings and workshops and five regional and local governments have been selected as pilot.
sites (Bureau of Personnel of Nantong Municipal Government, 2007). Enhancing public participation is said to be one of important tasks in institutionalizing government performance measurement.

Strengthening public participation implies a transformation from ‘partial participation’ in some steps to ‘full participation’ throughout the whole process, and from a unitary role of passive information provider to comprehensive role of information provider as well as co-decision-maker, and at the same time, the influence of citizen’s view and assessment should see a steady increase in the development process. Chinese practices have a long way to go before they see high-level public participation. Therefore, limited participation will be a fairly long historic stage and the development of public participation will be a constant and progressive process. In view of the current situation, special attention should be paid to two issues in the efforts to promote public participation in performance measurement. First is to enhance public participation in decision-making. Citizens should have the right of expression in deciding whether to carry out performance measurement or not and which department or program should be involved. For a long time, a characteristic of performance measurement in many local governments is to surround the so-called ‘core work,’ but whether such core work comes from the public or whether it reflects real needs and demands of the public remains a problem. In practice, the so-called ‘personal achievement project,’ ‘image-enhancing project’ and ‘project of the chief’ (arbitrary decision making on the preference of the top leader) is much more easily to be designated as the core work of local governments. The risk is that in absence of active public participation in decision-making, performance measurement itself may become another type of ‘image-enhancing project.’

The second issue relates to enhancing public participation in defining objectives and results, deciding the focus and framework of evaluation, and setting indicators and performance standards. At present, the public mainly plays a role of information provider. Although citizen’s satisfaction has great value and is generally recognized by all countries, it is still a kind of subjective appraisal of government performance. Excessive reliance on subjective measures in performance measurement has obvious limits. For public services like fire fighting, first-aid, and many others, most citizens simply have no chance to experience by themselves. With regard to most services, ‘very few citizens have a strong sense of what a ‘public service’ is and, without anything to compare it with, find it hard to express a firm opinion as to how satisfied they are’ (HM Treasury, 2007). Peters also points out that for many services, the public may not know what to expect and what constitutes ‘quality.’… For more complex services, such as medicine or education, however, is the average citizen capable of determining a high quality of service? Even for the more mundane services, it is still difficult to say what is ‘good enough.’

Circumstances will inevitably cause some trains to run late. Indeed, if the trains are late for safety reasons, that may signal a high quality of service than if they are on time but taking inordinate risks. Good services for some citizens (travelers wanting to get through customs quickly) may not be good for all citizens (those wanting protection against smuggling) (Peters, 1996). The case in China is much worse because of its closed government or the general lack of transparency and openness. Another point to be stressed is the relativity of satisfaction assessment. Academics generally agree that customer’s satisfaction has no objective standards but depends mainly on the gap between expected quality and experienced quality. Under the circumstance of low expectation caused by long-term bad quality of a service, a small improvement will lead to a higher satisfaction rate. However, in another place or service area, relatively higher service quality may fail to gain a higher satisfaction rate, since citizens there have been accustomed to high-quality services and have much higher expectations. In view of this, the British Cabinet Office puts forward some advice: It is best not to rely on these methods in isolation, as customer satisfaction measures tend to be influenced by many drivers (The Cabinet Office, 2007). Strengthening public participation in this regard, therefore, implies a move away from the current excessive dependency on and isolated application of subjective measures like rate of satisfaction. A good citizen-oriented performance measurement system should be a reasonable balance between subjective measures and objective measures. These discussions clearly fall into the category of normative description of “what it should be.” An inevitable core issue is where the driving forces come from in the effort to promote public participation in government performance measurement in China. When comparing administrative reforms in western developed countries to those undertaken in China, Zhou makes the following comments: Public sector reform in the West is of incremental nature whereas China’s reform is a radical transformation; Western reform is basically a process of natural adaptation while China’s reform is more of human creation; and the driving forces behind Western reforms come mainly from without (namely the society) whereas in China they come largely from within (government itself). The govern-
ment plays multiple roles in the transitional period including reform promoter, institution designer, resource mobilizer, and coordinator. This inevitably leads to a number of contradictions: the government is a principal initiator but also the object of the reform; reversing the "societal atrophy" is one of the major goals of the reform, but this has to be achieved mainly through government self-restraint; market economy is in essence the operation of a "hidden hand," but such a hidden hand has to rely on the government to be created. (Zhou, 1998). These internal contradictions also apply to public participation in government performance measurement. Enhancing public participation means to empower citizens to share decision-making and hold government officials accountable. However, under the current political system, such empowerment to a large extent relies on government officials’ self-consciousness, good will, and even bestowment. If citizens do not have the determinant power in deciding the fate and career of government officials, their participation will lack institutional guarantee. Therefore, concerning the current situation in China, promoting public participation in government performance measurement is not a technical problem that can be solved by instrumental rationality, rather, it requires systematic and fundamental reforms of the political systems.

Author
Zhiren Zhou is a professor at the School of Government, Peking University, China. He is also a vice chairman of the China National Steering Committee for Public Administration Education, a vice chairman of the Chinese Society for Government Performance Management, and adjunct professors of the National School of Administration and other higher learning institutions in China. He obtained his Doctoral Degree in public administration from Leeds University, United Kingdom in 1993. His main teaching and research areas include administrative reforms and government innovation and public performance management. He can be contacted at zrzhou2000@pku.edu.cn.

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The process of performance measurement has developed over the past 50 years in the United States. A series of reform efforts were implemented and related acts were promulgated. Sound legislation provided strong support to U.S. social and economic development. However, the George W. Bush administration’s unprecedented response to the financial crisis and President Barack Obama’s economic stimulus package raised questions among the public about the effectiveness of this legislation. On the other side of the globe, performance measurement was introduced into the Chinese public sector, and a veritable explosion in performance measurement followed, but China has few pieces of performance measurement legislation.

Given China’s economic growth and lack of political reform, the public is calling for a stronger and more independent legislature in China. China’s strong performance during the financial crisis has become an excuse for many Chinese officials to support centralized supervision of China’s financial sector. In the current global environment, though, it would be meaningful to compare U.S. and Chinese approaches to performance measurement legislation.

U.S. Performance Measurement

A Historical Review of U.S. Performance Measurement

U.S. performance management reform can be traced back to the middle of 20th century. These reforms included a series of four major government-wide performance budgeting initiatives that were enacted starting after World War II: (a) the Budget and Accounting Procedures Act of 1950, a “federal performance budget” submission framework championed by the first Hoover Commission in the early 1950s; (b) the Planning-Programming-Budgeting System (PPBS) implemented in 1965 under President Lyndon Johnson; (c) Management by Objective, initiated in 1973 by President Richard Nixon; and (d) Zero-Based Budgeting initiated in 1977 by President Jimmy Carter. Each initiative introduced an analytical technique that embraced the major management concepts of its era with the goal of improving the quality and influence of policy decisions.

However, all of these reforms were insular, begun and conducted by the executive branch without giving Congress a role, and the process was screened from public view (U.S. General Accounting Office, 1997). Such reforms generally did not carry over from one presidential administration to the next. Noting the deficiencies in existing decision-making techniques, the FY 2003 budget proposal suggests, “(t)hese changes have been called for by good government advocates for decades” (Office of Management and Budget [OMB], 2002, p. 5).

Before 1990, there were no laws to support or require a comprehensive government-wide approach to performance management. The passage of the Chief Financial Officers’ (CFO) Act of 1990 marked the beginning of a new era in federal performance management reforms. The Act requires agencies to implement sound financial management practices and systems for tracking program costs and expenditures.
It intends to guide U.S. lawmakers through financial management choices and to improve all federal operations by increasing the quality of financial information and ensuring basic accountability and financial control. The Act has many advocates, including Jones and McCaffery (1992), who suggest that it improves federal financial management, increases confidence, and decreases the costs of government operation. Steinhoff and Skelly (1992) also believe that the Act provides for long-range planning, requires audited financial statements, strengthens accountability reporting, and establishes a leadership structure to guide these new operations.

Several years later, Congress passed the most important performance measurement legislation currently on the books, the Government Performance and Results Act of 1993 (GPRA). On August 3, 1993, President Bill Clinton signed Public Law 103–62. GPRA is the centerpiece of a series of critical federal managerial and financial reform efforts. It focuses agency attention on defining mission goals and objectives, measuring and evaluating performance, and reporting on results. GPRA’s ambitious agenda includes three primary objectives: (a) to “improve congressional decision-making by providing...information on...the relative effectiveness and efficiency of...program spending”; (b) to “improve [the] internal management of the Federal Government”; and (c), GPRA aims to “improve...accountability...service quality, and customer satisfaction,” and “improve the confidence of the American people...by holding agencies accountable for achieving...results.”

GPRA requires that all U.S. federal agencies engage in strategic planning, articulate goals and objectives, and develop performance indicators. It was one of a number of comprehensive legislative reforms that formalized ideas that were taking hold across liberal democracies during the 1980s and 1990s (Kettl, 2000). One of GPRA’s main contributions was standardizing agency production of performance measures in a manner that was designed to improve decision-making and enhance public control of agency activities. In the words of the Governmental Affairs Committee report accompanying the legislation, GPRA’s central objective was “to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results” (Executive Office of the President, 2008, p. 8).

GPRA established the basic concepts and formed the fundamental structure for a government-wide approach to performance-based management (Breul, 2007). GPRA merged such activities as departments’ annual Performance and Accountability Reports and the regular Program Assessment Rating Tool analyses that are required of each major federal program. More importantly, Collins (2004) indicates that the CFO Act and GPRA are a demonstration of legislators’ efforts in performance management, and make the specialists in the U.S. believe that the legislation has led to improvements.

In 1996, Congress promulgated two additional pieces of legislation to supplement the laws on the books—the Federal Acquisition Reform Act (FARA) and the Information Technology Management Reform Act (ITMRA). The FARA breaks down the federal acquisition process into two phases: the first involves collecting “general information on past performance and prices,” and the second involves advising those bidders that appear not to have a chance in winning. The act sets some broad criteria for evaluating bidders’ qualifications, such as efficiency and effectiveness of business practices and level and quality of service (Gottlieb, 1996). The government released a guide, “Best Practices for Using Current and Past Performance Information,” to clarify the processes outlined in FARA. According to the guide, agencies can successfully implement the new approach by employing multiple award task and delivery order contracts. FARA also focuses on removing barriers to obtaining products and services from outside sources in a timely, efficient manner. Indeed, lawmakers believe that it has led to a more open dialogue between suppliers and customers, and to more robust competitions for awards (Collins, 2004).

GPRA requires agencies to report on the degree to which they accomplish its objectives, and on their progress in establishing and meeting performance-based objectives. The passage of ITMRA tries to ensure that this policy is implemented. ITMRA established the position of Chief Information Officer in the executive branch agencies. ITMRA also placed accountability for information management and technology decisions with the agency head and the executive management team, and required agencies to implement strict information technology performance management and reporting systems. “Central to ITMRA is the adoption of management practices used by leading private and public organizations … that can lead to improved organizational performance” (McClure, 1997, p. 255).

**States and Local Performance Measurement**

Most states maintain performance measures, but only some regularly report on performance to the legisla-
ture. By 2008, nearly all states had begun collecting some form of performance measurements, however only 39 states require the reporting of performance measurements in conjunction with agency budget requests (NASBO, 2008, p. 57). While most states have embraced performance measurement, only 25 claim to be utilizing full performance budgeting (NASBO, 2008, p. 51), and only 39 states have performance-based budgeting laws. Specific, soundly developed state legislation on performance-based budgeting results in better budget performance, as determined by the 2008 Government Performance Project (Lu, et al. 2009).

State performance management reforms have followed one of several models. In nearly all cases, the executive branch has maintained the performance measures. Legislative and executive branches may collaborate on determining measures (as they do in Oregon), while the legislature reviews key, but not all, measures (as in New Mexico and Texas). Legislative staff may review key measures to identify areas of legislative concern and bring them to legislators’ attention (as in Arizona, Missouri, New Mexico, and Texas) (NCOSL, 2008).

In Texas, the Governor and the Legislative Budget Board (LBB) developed “Texas Tomorrow,” which framed the statewide vision, mission, and goals for each state agency. The agencies must report on performance measures quarterly to the LBB. Other offices, such as the Comptroller and the Auditor’s Office, also participate in the performance review and evaluation process (Craymer, 1994).

In Oregon, an initiative called “Oregon Benchmarks” lists nearly 60 measurable goals relating to people, quality of life, and economy. After its 1991 adoption, the benchmarks were widely applied throughout the Oregon state government. The state executive department made the benchmarks the principal standard for prioritizing budget requests and determining allocations; the benchmarks also figured prominently in an effort to overhaul the state’s tax system (Oregon Progress Board, 1994). The implementation of performance measurement initiatives substantially improved the performance of the public sector and nonprofit organizations in Oregon. They also impacted the state budgeting process (Carlson, et al., 2010).

In Minnesota, the program called “Minnesota Milestones” set 20 general measurable goals and 79 indicators with quantitative targets for the years 1995, 2000, and 2020 in areas such as economic viability, health, education, and government effectiveness. The Milestones document was prepared with little legislative involvement, and the 1993 legislature did not use it for making budget decisions or setting priorities. Instead, the legislative auditor’s office was responsible for reviewing performance reports (Minnesota Planning, 1994).

In each of these examples, the legislature played a different role. The legislature might have provided for rewards and penalties so that agencies that exceeded or fell short of their performance targets received appropriate attention. For states to be successful when governing for results, data quality is a major concern.

Municipal governments also engage in performance-based budgeting systems (Melkers & Willoughby, 2005; Poister & Streib, 1999). There is no formal mandate for local governments to use performance measurement systems, yet interest in managing and monitoring for results has extended to local jurisdictions as well as federal and state agencies (Ammons, 1995). Cities such as Phoenix, Arizona, and Charlotte, North Carolina, have used systematic performance measures in their budgeting and performance management processes for decades, as have other city governments. Several U.S. municipalities, in particular, appear highly committed to the use of performance measurement (Poister & Streib, 1999). The City of Baltimore’s CitiStat system has become a popular local performance measurement model. Limited by budget and expertise, many local governments, especially small ones, cannot have their own performance projects. As an alternative, some organizations, such as the North Carolina Local Government Commission, enlist several small towns to participate in a comparative performance measurement project. In both of these cases, there were few local performance measurement laws in place. These local performance measurement movements were run as administrative task forces or stand-alone projects.

Performance Measurement in China

Background and Development

With its reform efforts and its move to a market economy, the Chinese notion of political democracy is steadily developing. In China, political reform has always lagged behind economic reform. China’s democratic political vision was evident in political goals proposed during the 17th National Congress of the Communist Party Congress (CPC), including the maxims of “broaden people’s democracy,” “strengthen political system reform,” and “accelerate administrative reform and establish service-oriented government” (Hu, 2007). As an important element in political democracy and administrative reform movements
around the world, performance measurement was given attention by the administrative party. In particular, the 17th National Congress of the CPC discussed the implementation of a performance management and executive accountability system, and Premier Wen Jiabao repeated the goal of “implementing government performance measurement” in government reports. A report by the Central Committee of the CPC, The Opinions on Further Reforming the Government Administration System, also addressed the implementation of a government performance management system (Central Committee of the CPC, 2008).

The practice of Chinese performance measurement began in the 1980s, when all levels of government implemented efficiency-oriented, objective responsibility systems and efficiency supervision. In the 1990s, administrative system reform efforts led all levels of government to further improve efficiency and service quality. In 1994, using the U.K.’s Citizen Charter Movement and Hong Kong’s public service promise as models, Yantai City launched a project titled “social service promise.” Under the leadership of the Central Propaganda Department and the Anti-Corruption Office in the Chinese State Department, social service promise was implemented across the Chinese government. By the end of the 1990s, all levels of Chinese governments had adopted a new approach to performance measurement, “Evaluating Government by Citizens,” which was on display in projects in Shenyang City, Zhuhai City, and Handan City.

The Chinese administrative philosophy changed at the start of the new century. The theory of scientific development and rational administrative achievement became widely proposed. With Chinese leadership requesting the construction of a “scientific government performance measurement system,” performance measurement became increasingly popular in academic circles. A report by the former National Personnel Department, Study on Chinese Government's Performance Measurement, proposed a set of “Performance Measurement Benchmarking for Local Government,” which contained three first-rank criteria and 33 second-rank criteria. To improve the objectivity of performance measurement, some local governments contracted with third parties to conduct the evaluations. In 2004, Gansu Province contracted with the Chinese Local Government Performance Measurement Center hosted at Lanzhou University, to measure the performance of 14 city and county governments and 39 government offices. In 2006, Wuhan City contracted with McKinsey & Company to conduct performance measurement (Bao, 2008).

The Chinese Society of Public Administration (2003) separated these attempts at performance management into three categories: (a) general performance measurement, such as an objective and an accountability program, a social work promise, an efficiency supervision, and an efficiency constructing; (b) performance measurement for special vocations, including the performance measurement for hospitals led by the Ministry of Health, and performance measurement for schools led by the Ministry of Education; (c) performance measurement for special items, such as examining and appraising Beijing’s attempt to run government affairs through the internet or Shenzhen City’s attempts to appraise “government by corporations.”

Compared to programs in developed countries, China’s performance measurement initiatives are in their early stages. China has implemented many performance measurement projects, but most lack standards and regulations. Their measurement context has not been comprehensive, and the evaluation procedures used have not been formalized. Some would not even qualify as performance measurement. By identifying the problems in Chinese performance measurement, and learning from the U.S. experience, it is possible to improve Chinese performance measurement, improve government efficiency, and even enhance Chinese democratic politics.

**Chinese Performance Measurement Legislation**

Unlike the U.S. system of government, China has a unitary regime. The laws enacted by the central government are valid for subordinate governments. Only when the central government does not have a regulation on an issue and the issue is not reserved by the central government are subordinate governments permitted to legislate independently on it. Government performance is not legislated by either the central government or subordinate governments. Instead, regulations about government performance are spread throughout administrative Acts, such as the Administrative Supervision Law and the Audit law.

**Audit Law:** In most Western countries, audits of government performance are an important part of an audit system. In contrast, China’s Audit Regulations, which were enacted in 1988, primarily focus on finances, not on the effectiveness and efficiency of government performance. Moreover, most audit resources are used to check the income and expenses of state-owned enterprises, not government offices. In 1996, China enacted the Audit Law, which stipulates that “auditing offices shall implement audit supervision over the authenticity, legality, and effectiveness of the government revenues and expenditures or
financial revenues and expenditures.” The Audit Law was amended in 2006 to include “enhancing the efficiency in fiscal capital utilization” in Article 1. Aside from this provision, the Audit Law does not regulate the auditing of government performance. In fact, the legislation titled Regulations of Shenzhen Special Economic Zone on Auditing Supervision, which was enacted in 2001, is the first law that regulated government performance auditing. The law established the structure of government performance auditing by stipulating the definition of the performance audit, the methods and procedures to be used, as well as the proper usage of audit reports.

Some provisions of the law are progressive. One notable section stipulates that relevant government departments should make decisions about the budget, organizational setup, and personnel management according to the opinions of the committees of Congress, at the same level of performance auditing reports. Thereafter, many local governments introduced legislation requiring a government performance audit. Furthermore, in its 2007 “5-year work plan,” the National Audit Office set the goal of having the performance audit occupy half of all audit work.

However, government performance auditing cannot develop independently from government performance measurement. Performance auditing must rely on the government itself and measure performance standards and criteria established by performance management. Another way of putting it is that performance auditing is a “review” of government performance and performance standards. Without a sound performance management system, performance auditing cannot exist, and related auditing legislation cannot be improved.

**Administrative Organization Law:** China’s current administrative organization law is called the Civil Servant Law of the PRC (2006). It regulates official personal performance evaluations. The contents of this law were formerly a part of the Provisional Ordinance for Civil Servant (1993). The laws associated with organization evaluation, the Organization Law of the State Council of the PRC (1982) and the Organization Law of the Local People’s Congress and Local People’s Governments of the PRC (2004 Revision), do not address evaluations. Working Rules of State Council (2005) mentions government performance measurement but does not include substantial information.

**Budget Law:** The Budget Law of People’s Republic of China (1994) does not mention performance measurement. However, since 2001, under the leadership of the Finance Department, many pilot budget and expenditure performance measurement projects have been conducted. The central government and some local governments have set up the primary regulations for budget performance measurement. Other local governments have also issued laws related to local budget and expenditure performance measurement.

The authors of this study do not hold a positive perspective on budget performance measurement in China, yet it has gained some positive feedback and has grown in popularity. One explanation is that, except for some special expenditure projects in which performance objectives were specified when the projects were approved, there are no evaluation standards for most public expenditures. Some laws place simplistic, abstract, or unclear restrictions on government functions, some provide no regulation at all. Government offices’ annual and middle- and long-term development plans are equally unclear about their project goals. Without these plans, it is difficult for the Financial Department to evaluate the offices’ budgets. Moreover, most government offices do not have specific performance measurement standards, and the general performance measurement standards are designed by the Financial department alone. These conditions present insurmountable obstacles.

**Administrative Supervision Law:** The 1997 Administrative Supervision Law of People’s Republic of China deals with specialized administrative supervision. “Improving administration and raising administrative efficiency” is one of the law’s objectives. This objective is shared with performance measurement. The Supervision Law covers offices and government officials in the central government. Based on this law, Chinese officials set up a system to supervise administrative efficiency and to evaluate the capability, efficiency, and effectiveness of various offices and officials. The specialized administrative supervision office that came out of this process is party-government integrative in that the supervision and performance measurement is conducted by the administrative party over its administration. In this way, specialized administrative supervision is a strong component of performance measurement in China, at least in theory.

Efficiency supervision is a limited, but special form of performance measurement. It focuses first on breaches, violations, waste, low efficiency, and low-service quality, and secondly, on the hot topics and issues that are public concerns at any given moment (Zhou, 2007).

**Comparison and Analysis**
Public administration is a comparatively new field in China. China imported the ideas of public adminis-
tration, including performance measurement, mainly from the United States. It should therefore not be a surprise to find that the performance measurement terms used in China are the same as those used in the United States, terms such as objective, goal, output, outcome, benchmarking, and citizen participation. Another similarity is that Chinese performance management is developing similarly to the way that U.S. performance management developed. For instance, Chinese efforts at performance measurement currently lack formal, legal regulations, and performance measurement projects are insular and struggle to survive from one administration to another.

The similarities in how the two countries approach performance measurement, however, are limited. The tremendous political gap leads to the most substantial differences.

The United States has passed the stage when it had few public laws to support performance measurement. U.S. performance measurement has become more standardized and institutionalized. On the federal level, a series of performance measurement-related laws were promulgated in the 1990s: GPRA, CFO, FAR, and IMFRA. On state and local levels, a range of projects have emerged, including Texas Tomorrow, Oregon Benchmarking, and Baltimore City-Stat. In most cases, the institutionalization of performance measurement was a direct result of related performance measurement regulation. In this way, it ceased being an administrative act, and instead became a part of legal procedure, which ensured that performance measurement would be consistent, standardized, and capable of being carried from one political administration to the next.

In contrast, Chinese performance measurement is still under development. Chinese performance measurement regulations are limited and inchoate. Compared to the number of performance measurement projects around the country, there are few related regulations. This results in confusion for performance measurement practitioners and frequent conflicts with the administrative system. Chinese efforts at performance measurement are mainly run as experimental projects and lack regulatory support. “Evaluation procedure has certain standards, but these standards cannot be implemented. Therefore, the evaluation procedure is at the risk of being superficial” (Zhou, 1995).

China has a chronic lack of regulation. Although China promulgated comprehensive legal acts hundreds of years ago, such as the Laws of Qing Dynasty, Chinese officials typically interpret and implement these laws at their own discretion. As such, it has long been understood that in China activities are “regulated by officials, not by laws.” In many instances, officials’ personal orders are treated as laws while promulgated laws are ignored by practitioners. With this backdrop, it would seem normal for performance measurement to lack regulation.

Because of the lack of regulation, performance measurement has not been integrated into normal administrative work. Except in some departments and local governments, for example the Financial Department and Shenzhen City, there is no legislation to support performance measurement projects. Where performance measurement projects have taken hold it is because of officials’ personal experiences and interests, not legal requirements. Some officials’ interest in performance measurement projects can be explained by a desire to improve government performance and to satisfy public expectations. However, as a consequence of personal manipulation, many performance measurement projects have diverged from their initial objectives. A range of motivations are behind some local performance measurement projects, including the desire to appear fashionable, the need to make up achievements or create propaganda, or the desire for personal political profit. As a result, these projects’ goals are not to “improve performance via performance measurement,” but instead “to make up performance via performance measurement.” Because of the lack of regulation, even outcome-oriented projects can afford to pursue only short-term objectives, and cannot avoid their fate after their advocates leave. The projects’ goals are mainly to handle severe breaches, to correct outstanding issues, and to punish related officials. These types of goals cannot contribute to long-term government performance improvement.

In the United States, federal laws, such as GPRA, do not have authority over state and local government operations. State governments generally develop sets of performance measurement regulations that are suitable for their states. Local governments can opt-in to performance measurement systems and select their target fields. In this way, lower level governments have broader autonomy over performance measurement. This set-up ensures that the performance measurements that are implemented best serve the local public. Indeed, the U.S. public has a tradition of actively participating in political issues. The movement to ensure “no taxation without representation” is a clear example of public attitudes toward U.S. politics. Because of the public’s involvement, the U.S. government has to consider service quality and public satisfaction as it handles
its public affairs. The public’s involvement serves as an external motivation for outcome-oriented government performance measurement.

In China, government performance measurement is generally triggered by and directed by high-level government officials, particularly the high levels of the Communist Party. This pattern matches the centralized power structure and one-party authority typical in China. In such a centralized structure, performance measurement projects that are proposed by high-level officials can be easily spread throughout lower levels of government. However, this approach can result in Pharisaism in performance measurement. Pharisaism occurs when a negative or passive attitude pervades performance measurement.

The differences between U.S. and Chinese political systems are the main factors influencing the differences in performance measurement. In the United States, elected officials propose performance measurement and administrative officials support it. To fulfill his or her public promises, an elected official has to find ways to improve government services. Employing performance measurement has been an available and widely accepted tool in the administrative toolbox. To some extent, performance measurement has responded to citizens’ questions, it has relieved public pressure on government, and it has improved government accountability.

In the past, upper-level Community Party officials designated all Chinese government officials. In recent years, some government officials have been recruited through public exams. These are typically entry-level officials, and their promotion is decided on by upper-level officials. Public officials tend to be more concerned with fulfilling their responsibilities to upper-level officials rather than to the public. In other words, supervisor evaluations are more important than actual performance and public opinion. In the personnel system, performance measurement can only be pushed from higher levels to lower levels within the administrative system.

The popularity of Chinese performance measurement projects does not prove that the Chinese government has profoundly embraced the concept. In China, it is necessary to follow political movements over time. After the reform and opening policies had been implemented for 30 years, “conservatism” became taboo in the Chinese government. New ideas, especially those “imported from the U.S.,” were encouraged under Deng Xiaoping’s maxim, “Cross the river by feeling for the stones at the bottom of the ford with your feet.” Becoming a reformer is a wise choice for most government officials. Even officials who do not understand performance measurement are likely to use related terms in their reports in order to gain attention.

Chinese cultural attitudes toward government also impact Chinese performance measurement. Chinese citizens do not yet understand or accept the idea of democracy. According to Chinese history, the public passively accepts government administration. The relationship between government and the public is “control v. controlled.” The government has every authority to supervise the public yet the public has no right to evaluate the government. The public expectation is to have, not elect, an integrated, decent, and unselfish official. This example alone could explain the lack of public motivation for government performance measurement.

Chinese performance measurement is still in the stage of being efficiency-oriented. Item 1 of Article 27 in the Constitution of the People’s Republic of China stipulates: “All state organs carry out the principle of simple and efficient administration.” Related administrative laws, such as the Audit Law, the Administrative Supervision Law, and the Budget Law also focus on efficiency. In practice, input and output are frequently the criteria by which efficiency is judged, and outcome is ignored. In the annual evaluation of the public safety department, factors such as expenditures in capital, equipment, and human resources; the number of cases; and loss-saving in economy dominate the body of the report. This input–output analysis can be helpful in enhancing government work, but in addition to ignoring outcomes, it encourages offices to inflate their outputs. Under pressure to be efficient, government offices and officials are likely to take approaches that result in quick outputs and to ignore their negative effects, approaches such as those taken with the 2009 “Fishing law enforcement event” in Shanghai.

In the United States, performance measurement has shifted from efficiency-oriented to result (outcome)-oriented (Ho & Ni, 2005; Callahan & Kloby, 2009). For example, in the 1960s, PPBS shifted government focus from cost-accounting control to planning and program management, and GPRA aimed to “improve...accountability...service quality, and customer satisfaction.” The Governmental Accounting Standards Board (GASB) issued Concepts Statement No. 2 on “Service Efforts and Accomplishments Reporting” in 1994, in which it explained the importance of outcome measurement as a way to enhance the public accountability of government agencies (GASB, 1994). The Urban Institute (2003) and the National Advisory Council on State and Local
Budgeting (1998) also promoted the shift toward outcome-oriented measurement.

Conclusion: Lessons China Can Learn
As part of their effort to provide legal guarantees to performance measurement reform, U.S. legislators have established and promulgated a series of laws and acts. Though these acts have been criticized, the U.S. experience has contributed significantly to global performance measurement reform efforts. With GPRA as the core, U.S. performance measurement laws provide comprehensive guidelines for the managerial, financial, internal, and external control of performance measurement efforts aimed at promoting effectiveness and efficiency in the public sector.

Conversely, China lacks relevant performance measurement legislation. This deficiency has its roots in China’s political system; China’s Communist governments cannot be expected to align with the Western democratic system. However, this does not mean that China cannot establish a sound performance measurement system, only that China cannot copy the U.S. model of performance measurement. The purpose of this study is to identify lessons to apply to the Chinese case via a comparison with the United States.

Avoid Pitfalls in Legislation
Like other reform attempts, performance management legislation has generated doubts and criticisms. Jones (1993) lists nine reasons why the CFO Act may not achieve its objectives, including accounting system weaknesses, congressional political neglect, an inability in decision making, the potential for executives to avoid scrutiny, the weakness of the OMB, the weakness of financial statements, the inability to implement performance measurement and budgeting, the avoidance of full program costs, and unachievable requirements.

In 1994, 4 years after the CFO Act was enacted, the federal government was still not meeting the Act’s requirements, according to the OMB. Out of 23 agencies, only 2—the General Services Administration and the National Science Foundation—had received unqualified audit opinions (Anonymous, 1994). The American Subcontractors Association complained that the FAR jeopardized subcontractors’ right to do business with the federal government in an environment of full and open competition, because it dismantled full and open competition, allowed regulators to establish criteria to prequalify contractors, repealed the Small Business Act provisions that require notice of procurement opportunities in the Commerce Business Daily, and repealed the preference for competitive sealed bidding for construction projects. Beachboard (1999) suggested that a range of factors, such as organizational culture, resource support, and the personal skills and attitudes of information technology managers were more important to successful information technology management than creating or extending related policies.

The most serious criticism has been directed toward GPRA. The president’s Management Agenda notes that “after eight years of experience, progress toward the use of performance information for program management has been discouraging.” “The GPRA has failed,” it continues, “because agencies rarely offer convincing accounts of the results their allocations will purchase” (OMB, 2001, p. 27). In 2000, Government Executive ran a column citing political conflict and the failings of agency compliance with GPRA titled, “The Results Act Is Dead.” GPRA’s obituary was written (Laurent, 2000). At the state/local level, scholars have pointed out many problems with performance measurement projects, including the lack of data or information, resistance from local agencies, and the fact that performance management is not connected to the budget process (Broom, 1995). Even scholars and practitioners criticized the legislation.

In contrast, performance measurement reforms are also applauded for contributing to the improvement of public services. In general, performance measurement clarifies agencies’ purposes and matches them with the requirements of strategic plans and performance reports. It also pushes managers to draw conclusions about the effectiveness of their programs and substantiate them with evidence.

Comprehensive Legislation
U.S. performance measurement reforms are comprised of a series of legislative acts. GPRA established the comprehensive guidelines for the reform effort; the CFO Act led to the reform of the financial management aspects; the FAR streamlined federal procurement procedures; the ITMR extended GPRA’s efforts aimed at information technology. Together, this legislation addressed the function of federal agencies from the inside to the outside, from hardware to software, and proved that government performance improvement is achievable.

Government performance measurement needs to comprehensively and systematically address government finance, personnel, information, etc. In China, the current structure of the public financial system and of personnel and information management systems cannot support performance measurement
efforts. As a result, performance measurement efforts do not effectively connect with budget management priorities or personnel arrangements. China does not require a comprehensive law similar to GPRA to improve its government performance measurement legislation. Instead, China should focus on enhancing its entire system of legislation, including the performance-based budget, the government performance audit, and government information disclosure.

Decentralization and Localization
One outstanding characteristic of U.S. performance measurement legislation and implementation is its decentralization and localization. All performance measurement systems, at each level of government or at each agency, are unique. They have to be. Neither the nature of the performance each system seeks to improve nor their political and organizational context is the same. The leadership team of each government or agency has to adapt the idea of performance measurement to its own objectives and circumstances.

Because of its history, climate, geography, religion, and local culture, China has great variety among its regions, provinces, and cities. This variety makes it impossible to unify and standardize the content and processes of performance measurement. In other words, detailed, centralized regulations cannot be expected to match local conditions. Laws promulgated by the central government can only be expected to provide a macro framework for government performance measurement that includes general principles and standards about reporting results. Subordinate governments should decide about detailed practices, such as the methods, indicators, and procedures.

Rational Performance Measurement Philosophy
A rational performance measurement philosophy is a prerequisite for achieving success in government performance measurement; it should determine the context and criteria for government performance measurement. An important lesson drawn from U.S. performance measurement efforts is that the focus of performance measurement should be outcomes, instead of efficiency. Ni (2008) also suggests that the public responsibility component of performance management have priority over efficiency. Efficiency improvements are only meaningful when public responsibility is achieved simultaneously.

In addition to supervising inputs, processing, and productivity, and trying to maximize social outcomes with limited resources, Chinese performance measurement efforts need a philosophy conversion—from being efficiency-oriented to a focus on outcomes, effectiveness, and equity.

Authors
Dr. Tiankai Wang is an Assistant Professor at Health Information Management Department, Texas State University-San Marcos. He received his PhD in Public Administration from Rutgers University-Newark in 2005. Prior to joining Texas State University in 2009, he worked as an Assistant Professor at the Master of Public Administration program, Cheyney University of Pennsylvania, and a Senior Research Associate at Worcester Regional Research Bureau. Dr. Wang has published one book in public finance and two book chapters. His research articles have appeared in the Perspectives in HIM, Long Term Living, Journal of AHIMA and the Journal of Public Affairs Education. He can be reached at tw26@txstate.edu.

Dr. Changlin Rao is an Assistant Professor of Public Administration at Huazhong Normal University, China. She received her PhD at Renmin University in 2009. Her recent article is “Regional Co-operation on Administrative Legislation in China: Realistic Problems and System Perfection,” with Jian Chang, Administrative Law Review, (July-September 2009). Her research focuses on local governance and government legitimacy. She can be reached at raochanglin@163.com.

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Good government doesn’t simply happen. To encourage good governance, one hopes that the incentives built into the structure of the government, political system, and possibly of the community civil society network will be sufficient. This is not easy. In a 1980 speech Deng Xiaoping chronicled his concerns with Chinese bureaucracy, citing an over-concentration of power, paternalism, life tenure, and the existence of all forms of special privileges. The result, he indicated, was an abuse of power, inefficiency, over-staffing, organizational redundancies, corruption, and irresponsibility (Hamrin and Zhao, 1995; Zheng, 1997).

One of the ways that Chinese officials have worked to encourage greater efficiencies in state enterprises (mostly in the competitive sector) has been in using performance contracts (Shirley and Xu, 1997). Performance contracts function as a formal agreement between the manager of a state enterprise and the government, in which the manager commits to achieve specific targets in a certain time frame, while the government promises to award that accomplishment in some fashion (Shirley, 1998). However, Shirley and Xu (1998) showed that on average the performance contracts did not improve productivity in China’s state enterprises and may even have reduced it. However, for the small portion (2.2%) of the total analyzed contracts that contained good elements—features that helped reduce information asymmetries, established effective incentives, and convinced managers that government promises in contracts were credible—productivity growth rates increased by 10 percent.

Ensuring efficient and effective organizational performance is difficult in all circumstances. However, government agencies are typically confronted by an even more complicated set of circumstances. The environment of government produces different management incentives from those of industry because the underlying conditions—clear incentives, transparent information, and unified principals—are rarely as simple. And establishing incentives is particularly difficult in government because their products are generally not easily measured, like profit or sales are for the private sector, and there are rarely external benchmarks or competition for comparing agency performance. As a result, it can be difficult to both evaluate program and managerial performance, as well as to motivate it with financial or administrative incentives.

For government to be effective, it needs to ensure that adequate incentives are present for program managers. Direct oversight may partially compensate in the short run for inefficient budget incentives, but ultimately, a lack of structural or institutional incentives will generate inefficient fund allocations and ineffective program administration. Thus, the design of a budget, like the design of any contract, will determine how the contract is fulfilled.

This paper describes how to develop an effective system, by which we can assess government performance, and thereby be in a position to offer rewards and penalties based on that performance. Using incentivized performance measures, program managers may be motivated to find the most effective ways to accomplish program goals, as well as increasing their operating efficiency.
The paper starts with a general discussion of some of the issues and concerns affecting Chinese bureaucracy. The paper then describes criteria for successful design of performance measures as metrics. To make use of performance measures for incentives to improve agency management, there must be consequences for good or bad program performance. Therefore the paper reviews the array of different budget and management tools that a central or regional planning office might use. Finally, the paper describes the various oversight entities that can review program or agency performance to ensure that the performance measures are used, and do not just become administrative make-work for the agencies.

**Chinese Bureaucratic Performance and Public Management**

Even as the Chinese private sector has grown enormously and displayed great advances in efficiency, questions about the public sector’s performance remain. Unlike private sector entities, bureaucracies do not survive entirely on the basis of their profitability. Moreover, both the mission of a bureaucracy and its environment are quite different than that of the private sector. As such, the incentives for efficiency are not as strong in bureaucracies as in the private sector.

Chinese bureaucracies have faced a peculiar and challenging environment in recent years. Over the past decades, there has been an expanded decentralization of the bureaucracy, coupled with increased authority for agencies to raise their funds locally. Decentralization has meant fewer revenues from the center for provinces that had grown more affluent. This has, of course led both to the search by localities for increased sources of revenue, as well as decreased control by the center on how these funds were spent (Ma, 1996). Decentralization also meant decreased supervision of bureaucracy, both by establishing more first-in-command management with limited accountability, as well as making oversight entities more distant and less effective. There have been great consequences for how the bureaucracy behaves.

The process of decentralization and restricted appropriations made it imperative for agencies to seek out additional funds to maintain (and expand) operating capacity and to guard against swings in revenue. Also, another result has been that managerial autonomy grows as fund sources become less transparent to outside observers and more subject only to the agency manager’s own decisions. Finally, in building businesses and adding resources, there are the bureaucratic rewards associated with managing a larger, more prominent enterprise. These incentives generally encourage bureaucratic expansionism, decreased outside scrutiny, and lower efficiency.

Thus, over the decades, Chinese government agencies have developed a general tendency toward seeking self-sufficiency, regardless of the size of the organization. Each government organization has sought to become de facto managerially independent of other government agencies by seeking control of as many resources as possible (Zheng, 1997). For instance, many government agencies now have their own dining halls, kindergartens, clinics, shops, transportation systems, construction companies, etc.

These problems are also seen in many of the state holding companies, for example. These companies suffer from ambiguous oversight and multiple lines of supervision, with limited financial and programmatic monitoring (Lo & Lee, 2001). In addition, the incentives of the top management are to grow larger and become more diversified – thus revenue enhancement and size matter most, along with ensuring good political relations with one’s government superiors (Lo & Lee, 2001).

The loose controls on government funding are especially prominent at lower levels of government, in which the informal agency strategy of “raising some, borrowing some, moving around some, mortgaging some, accepting some” seems to dominate (Lü, 2000, p. 218). Bureaucratic agencies frequently will set up businesses as economic subsidiaries for the purpose of generating profits. The growth in business opportunities encouraged some bureaucracies to neglect their duties and focus instead on personal gain (Ma, 1996). The bureaucratic agencies’ operation lies outside the formal state budgetary process and personnel management system, blurring the mission, goals, and expected function of the government agency. These government-sponsored businesses are also nested within a network of reciprocal behavior and potential insider favoritism.

One consequence is that some government agencies may participate in rent-seeking arrangements; that is the lobbying by state-owned, bureaucratic businesses, or private enterprises for special treatment. In such a case, government resources are diverted or regulatory treatment is altered to favor particular entities for non-programmatic reasons. Administrative rent-seeking has grown considerably in recent years, with more than 10 billion yuan worth of rents collected by officials and agencies endowed with regulatory power or monopoly, such as in the banking and finance sectors (Lü, 2000). Factors that are said to contribute to rent-seeking include insufficient budgetary appropriations for the government units,
Moreover, on the state and lower levels, agencies may seek additional funds and less bureaucratic dependence through the so-called san luan; that is, illicitly imposing fines or fees and apportioning forced donations. Without tight supervisions, agencies seeking out additional revenues outside the budget process can produce excessive and irregular charges on the local population (Lü, 2000). In 1995, it was estimated that extra-budgetary funds amounted to 38 billion yuan. Although the original intent of extra-budgetary funds may have been to encourage local governments to have an incentive to participate in economic development, some unintended consequences have emerged as the funds took on a life of their own. Certainly, although not all the extra-budgetary charges are illegitimate, nonetheless, they all tend to reduce the ability of an external agent to control fund expenditures and assess performance.

With respect to supervision, the nomenklatura system may not offer an ideal mechanism for managerial oversight. The system makes party committee “bosses” of all party and government officials, one level down. To the extent that the party officials have more knowledge in ideological issues than technical concerns, they are more likely to emphasize their interests. In addition, when technical information on program performance and management are poorly accessible and difficult to interpret, the incentive to focus more on non-performance concerns is heightened. In addition, the cadres have incentives to expand service organizations in order to augment the numbers of leading positions. When an agency creates a self-financing service organization, it is adding positions to the cadre management system (Lo & Lee, 2001). Promotion in a service organization is the same as promotion in an administrative agency.

As additional countervailing forces, traditionally, the Party stressed ideology and mass campaigns as incentives for the cadre and bureaucracy. Ideological indoctrination was viewed as the most important device in controlling the bureaucracy (Ma, 1996). A competing traditional influence is that of guanxi. As a potential response to uncertainty in Chinese politics, guanxi does not encourage system-wide efficiency. Given its reliance on social networks and gift exchange, the guanxi system tends to shift program performance away from its most efficient outputs to allow for the betterment of individual managers and their social connections.

These elements collectively help to create an environment in which Chinese bureaucratic organizations are less likely to achieve efficient outcomes for society. However, if this background on Chinese bureaucracy should sound slightly pessimistic, it shouldn’t be surprising. Much of the world’s nations have routinely come to somewhat negative conclusions about the efficiency of their own bureaucracies, albeit for different and specific reasons. For example, in the United States, the FY 2002 President’s Management Agenda noted that, “Over the past three decades, reform initiatives have come and gone. Some genuine improvements have been made. But the record on the whole has been a disappointing one.” (White House Office of Management and Budget [OMB], 2001, p. 8)

Management and budget reform initiatives for the public sector are often proposed, but to little success to date. This paper offers an approach to potentially enhance the efficiency of Chinese bureaucracy by using performance measures.

Using Measurement and Reward Systems to Improve Program Performance

Performance measurement is a tool to assess the quality of an agency’s management and to motivate improved program administration. It is also associated with “results-oriented” budgeting (or “performance budgeting”), which aims to link budgetary decisions to changes in performance. Through the use of performance measures, a “principal” tries to encourage improved program management by focusing managerial and/or public attention on program outputs and outcomes, not just input levels. Using performance objectives could therefore generate improved program outcomes and enhanced accountability. The idea was to provide managers the flexibility and authority to produce appropriate goods and services while being held accountable for achieving the agreed-upon results (Rasappan, 2000).

In the United States, the FY 2002 President’s Management Agenda (OMB, 2001) described the goals:

Everyone agrees that scarce federal resources should be allocated to programs and managers that deliver results. Yet in practice, this is seldom done because agencies rarely offer convincing accounts of the results their allocations will purchase. There is little reward, in budgets or in compensation, for running programs efficiently. And once money is allocated to a program, there is no requirement to revisit the question of whether the results obtained are solving
problems the American people care about. … Improvements in the management of human capital, competitive sourcing, improved financial performance, and expanding electronic government will matter little if they are not linked to better results. (OMB, 2001, 27)

**Performance Measure Quality**

The goal of a performance measurement system is to establish a de facto contract in which the agency receives funding based on actual measured results. Performance-based budgeting “would mean that money would be allocated not just on the basis of perceived needs, but also on the basis of what is actually being accomplished” (OMB, 2001, p. 7).

The criteria for good performance measures reflect the degree to which a program’s progress can be assessed. A good metric would allow an outside entity to measure relative progress toward a program target, as well as in comparison with similar actors pursuing similar goals. However, government programs often include an array of complex, multidimensional performance elements. The central budget office would prefer to have a benchmark to compare against annual performance to establish appropriate progress. However, because of the complex nature of the government program, it may be difficult to find comparisons with other programs, whether in the public or private sector.

To evaluate performance, one can rely on either outcome measures or output measures. Each has its advantages and disadvantages. Outcome measures aim to directly measure progress toward the actual program goals. Thus, a program may work to reduce water pollution, raise the incomes of poorer rural communities, or educate the public on public health. What sounds straightforward, however, is anything but. Measuring progress over time (i.e., evaluating progress based on past performance) can be very difficult. For example, a program’s contribution may be overwhelmed by environmental factors. Or, it may be invariant in the short run or relates to deterrent behavior (OMB, 2003). Outcomes may be temporally distant or difficult to measure, and program impacts may be commingled with the effects of multiple programs. Although using the measures may move the agency in the right direction, the level of environment noise inherent in the measures causes it to be a poor motivator for improved management (Baker, 1992 & 2000; Feltham & Xie, 1994).

As a result, most outcome measures may not be readily contractible. It is well understood that evaluating agency management is difficult when progress to program goals reflects factors separate from the program’s performance. Overall, for a performance measure to function as a useful metric, it must clearly show the effect of agency management decisions, otherwise it is useless.

The alternative to using outcome measures is to use output measures. The purpose of output measures is different. These behavior-based measures seek to reduce measurement uncertainty. Unlike outcome measures, which may be ‘noisy,’ output measures show specifically what the agency did. They indicate the number of plans written, the numbers of farmers visited, and the value of the fines processed. Measures may be clear, simple, and transparent, even less costly to monitor.

Unfortunately, whether these output measures are very reflective of the agency’s mission is a separate question. Thus, the risk associated with relying on output measures to motivate performance is that the agency will be steered toward less-productive tasks. Output measures do not distinguish between unproductive busy-work and valuable contributions. Agencies are likely to be locked into the same production processes, just aiming to produce more of each of the output products (the plans, agreements, site visits, etc.) without regard to how these help accomplish the overall mission of the agency.

So, in using performance measures does the central budget agency have to choose between measures that are unreliable and those that distort the agency mission? Furthermore, if the program has multiple outcome measures, as well as multiple output measures, how should the central budget office treat these measures? How should the budget office respond to the plethora of different measures?

One idea—to exclude some measures—is not a good one. Consider the story of the blind men describing the elephant: when each was able to touch only a part of the elephant, their description was flawed. Only by collectively assessing the creature could they produce a good estimation of the animal’s appearance. So too with performance measures; leaving out some measures leads to a distorted understanding of the program (Rose-Ackerman, 1986).

What happens when incentives are tied to an incomplete set of performance measures? The ensuing ‘low-powered’ incentive scheme reflects the case when an agent is rewarded or punished only a small fraction of his total performance (Holmstrom & Milgrom, 1991). The result is inefficient, with the agent emphasizing the more visible and highly rewarded job
elements and ignoring others (Rose-Ackerman, 1986; Dixit, 1997).

Therefore, it is necessary to include all of the program elements in the performance measurement system. This is particularly true in China. In China, the commingled finances and performance measures of the bureaucratic businesses makes performance and financial evaluations difficult. To influence behavior, a central or regional budget office must consider not just the quality of individual performance measures, but how the bundle of measures is tied to the incentives.

One preferred solution is to combine different measures in an index of measures. The budget office can test the index’s coherence by using Cronbach’s Alpha as a measure of the index’s internal consistency and reliability. Still, determining the weights to use in constructing the index is not obvious. Regression analysis (e.g., regressing an outcome measure on the various outputs, as adjusted by environment conditions) may help create weights. But in many circumstances, the index will need to be tested using simulations or other techniques.

One problem in using an index of different measures is that when different portions or aspects of a program show different degrees of efficiency and effectiveness, one cannot respond to the elements separately. For example, one program within the U.S. Department of Agriculture is charged with preventing soil loss, improving farm incomes, reducing water quality degradation, etc. Given these numerous goals, with a single index, it is not possible to react to whether the program components are performing effectively, or should be performing these functions better.

As long as program performance measures are generally isomorphic (i.e., moving in the same direction at a similar pace) and consistent with the same program missions, the use of the index encourages the agency to experiment with program design to maximize the index results. To the extent that the content of an index becomes less isomorphic and the weighting of performance measures in the index, subjective, the program results may be distorted. For example, if an agency is tasked with both responding rapidly to customer concerns and fully satisfying the customers, the weight placed on each of the two performance elements in an index will determine the emphasis it receives. In the worst case, an agency may be diverted into less productive paths because of a poorly analyzed index.

An index cannot be effective if the program’s measures are mutually exclusive, as indicated by a negative correlation in a correlation/covariance matrix. For example, the U.S. Forest Service’s goals traditionally have included timber production and environmental protection; not surprisingly, this combination of missions has frequently led to conflicts. When the correlations between performance measures are negative, then combining the measures in an index will not produce meaningful incentives, just agency compromises based on the relative incentivization the measures have received.²

If performance measurement is doomed as a tool because the program is too complex, with program goals operating at cross purposes, one solution is to redesign the program. Relying on program design as a way of creating programs that can be const efficiently monitored is a long standing strategy for the principals in the principal-agent relationship (Macey, 1992; Tirole, 1994). By reconstituting a program into more harmonious units, the resulting program structures may lead to improved performance in each new entity (McCubbins, 1990). The resulting organizational units—designed for isomorphic goal configurations—may develop better institutional cultures, as well, conducive to more enthusiastically pursuing the new program missions.

**Management Tools as Incentives**

What has been discussed thus far has been the development of a metric: a device to assess performance. It has been argued that an inexpensive monitoring capability and unbiased assessment device is a necessary starting point. This subsection describes how we can use these performance measures by tying it to a management or budget tool and so thereby motivate efficient agency behavior.

A few points to observe, however. First, incentives do not work if there are no opportunities to vary agency management decisions, and alter the program design or delivery. With sufficient incentives, agency heads are motivated to reconstruct the program. If the incentive is linked to a particular outcome, such as improving a river’s water quality (i.e., less pollution), then an agency head is motivated to try many different approaches, whether punishing farmers who let cattle go into the river, taxing factories for polluting, or rewarding citizens who clean up waste in the river to best accomplish that outcome. Sometimes, however, an agency is required to carry out a program in a certain way or to deal with a particular population. In that case, the possible benefits of adding incentives are reduced. With reduced freedom of action come reduced potential benefits from incentives.

In the same fashion, the incentives provided have to be sufficient to overcome incentives from other sources. Public bureaus are often subject to
multiple principals or interested parties with influence. Thus, the process of determining their funding is ‘political’ in that the multiple principals may each have different objectives. Consequently, two forms of inefficiency may result. First, the original program mission may be a compromise among the principals with each gaining some elements, but producing confused, contradictory, or complicated goals for the agency. Second, as part of the ongoing interaction among the agency and the principals, the formal program goals are inevitably augmented by hidden goals of the principals. Moreover, in government, with multiple principals, none of the principals acts a residual claimant. Revenues generated (created in the process of the bureau selling or distributing its output) are not to the clear benefit of one party. Thus, the true set of incentives facing the agency managers are based on their maximizing agency utility given the sum of the principals’ formal and informal or hidden goals and corresponding potential rewards.

There are different tools that a regional or central budget or planning office can use to influence program management and agency incentives. Ultimately a performance measure would be linked to a specific motivating management tool. The tool can be linked to a single-outcome performance measure or to an index made up of a weighted average of multiple measures. The incentive must be sufficiently large to motivate behavior. If the agency is receiving significant financial resources from nongovernmental or other sources, the potential effect of a government incentive will be reduced. Incentive devices to affect agency management include:

**Public disclosure and public pressure.** Simply providing increased transparency on program management can augment performance. The goal then is to develop ways of increasing the quality and availability of standardized information about an agency’s activities (e.g., the U.S. Government Accountability Organization’s list of “High-Risk Agencies;” those agencies with especially poor financial management). The management incentive is brought about by the “sunshine” of public disclosure. For financial management, there should be an audit trail composed of visible actions taken by identifiable officials. Actions taken counter to regulations should be flagged for review. The more transparent the process, the more standardized the information, the cheaper it is to monitor.

**Regulation/Mandates.** Requiring that agencies adopt regulations that limit their discretion. The controls rule out less-effective program management and operations (e.g., requiring cost–benefit analysis for water projects). The performance measure reflects the status of the agencies’ adoption of these regulations, which is relatively easy to measure. Similarly, for financial management, the more objective the process (e.g., an official must select the low bid in awarding a procurement contract), the fewer the rents available. Regulations are only as good as the state’s ability and willingness to supervise and enforce the measures.

**Material incentives through appropriation or taxation.** Directly motivating agencies through the use of incentives. This approach is based on providing incentive payments to encourage procedural adoption, such as the use of a cost–benefit analysis, or to encourage improved program management (e.g., contingent funding available upon achieving program targets). Good management gets a financial or other kind of reward that could go to the program or to the group of individuals (Dixon, 2001).

It is important to distinguish between program needs and management. For example, a hospital that is under-performing may still warrant additional funding, even if the management is poor. One does not stop offering service to patients because of the hospital’s poor leadership. One must have a separate incentive for the management, independent of the funding, and based on program or sectoral needs.

**Market devices.** Establishing competitive internal markets for determining program funding. Relies on the redundancy that ministries create during “empire building.” When different bureaus or ministries offer analogous programs, they would then have similar program capacity. Thus, teams across agencies could compete to provide a service, whether managing a geographic site or providing a service, like an environmental review for which a contract would be awarded. A performance measure is needed as the rubric for assessing the basis for awarding the contract.

As initially described in this paper, many Chinese government agencies have created their own funding sources, legally and illegally, through new businesses, fees, fines, and donations. For a performance measurement system to function, all funds must be covered through the system, not just those funds that are placed on-budget. It is difficult to argue that government efficiency is appropriate only for the visible transparent on-budget funds, but is an unnecessary luxury for off-budget accounts. Therefore, funds gained through fees and other sources would have restrictions placed on their use, just as are funds gained from appropriation. Likewise, revenue transfers between funds gained from appropriations, businesses, or fees should be controlled and maintained for their
specific purposes. The source of the funding is not important in ensuring the efficiency of the expenditure.

In addition, because agencies are rewarded for their program outputs or outcomes, based on the performance measures and programmatic targets selected, if the agencies themselves are the primary authors of the performance measures, it is unlikely that useful measures will result. Agencies will design measures to best aid the agencies slated to receive additional resources. Thus, an outside entity is necessary to oversee first the design and selection of performance measures, then to allocate rewards so as to encourage agencies to take the measures seriously. The next subsection discusses the role of different outsider auditors or overseers.

Effective Personnel Management and External Oversight
Performance-oriented management (or really any good management) requires certain building blocks. Prerequisites include adequate core administrative support systems, such as public financial and personnel management systems (Reid, 1998). In addition, without adequate compensation for civil service employees, reforms can be undone in a hurry. For a system to be successful, one needs to start with the fundamental laws and rules encouraging good performance and controlling corruption, including: personnel laws (controlling against favoritism and nepotism in hiring); financial management (requiring standardized, auditable records of transactions, inspectors general offices), and procurement laws (no sole source contracting, competitive bidding, etc.).

These laws and rules do not operate on their own. That means that there must be a mechanism for the oversight and enforcement of laws and rules. In addition, there must be a reward for good program management. If the performance quality is ignored, largely in favor of political loyalty for example, then there is little reason for managers to emphasize their job performance as opposed to currying favor through gift-giving. Effective performance measures are only valuable if they are used.

China already has many of these formal laws and civil service procedures in place so that management problems have focused more on improving the implementation of these laws and regulations. For this, a Ministry of Supervision and the bureaus of supervision in the administrative agencies are empowered for oversight and enforcement. However, with respect to management concerns, this institutional arrangement has focused more on the investigations and criminal conduct, and less on administrative efficiency-enhancing procedures. Similarly, while the party discipline inspection committees have the authority to investigate and penalize behavior ranging from political, moral, and personnel misconduct, and fiscal mismanagement (Manion, 2004), they do not focus on general program management.5

To gain greater traction in increasing efficiency, performance measures are a beginning, but, in addition, external institutions should motivate their relevance, that is, to assess progress and establish incentives to help control against malfeasance, sloth, as well as corruption. In general, whenever the oversight entity is either internal to the organization or the hierarchy or engaged in repeat transactions and capable of building an extended relationship, then enforcement may be less effective. In China, the bureaucratic autonomy associated with first-in-command in a decentralized system means that the same entity is responsible for its own evaluation. Another problem results from the cadre system as program performance evaluation is carried out internal to the system, therefore independent program assessment is lost. In such a circumstance, the evaluation and enforcement of program management, procurement, and accounting procedures should be circulated to different oversight individuals, and rely on an unfamiliar, externalized relationship so that an agency or a cadre has a more difficult time assuming comfortable and dependable relations.

Chinese cities and other political jurisdictions can rely on a variety of different auditing and/or enforcement and reward systems to build efficient, impartial program delivery systems. Which institutional arrangement is chosen will also influence the type of management tools chosen. A few alternatives include:

Outside review by “residual claimant.” Basic procurement regulations should be drafted outside the ministry itself by a disinterested expert agency. For example, in Denmark, the National Audit Office, which is independent of the government and reports only to the Parliament, plays a prominent role in auditing performance information. Similarly, audits should be conducted by an outside entity. Moreover, to ensure appropriate incentives so that the reviewing or supervisory officials are not corrupted, one option is that the auditors receive a portion of the value for any corruption detected. This places the auditors in a comparable position of the residual claimant to the state/organization’s rents, and therefore, eager to find cases of corruption. The nature of the enforcement–reward or punishment–of the agency, after a reviewer’s evaluation and notification can come from various sources, such as the central budget or planning agency.
Competitive oversight. If multiple entities provide oversight over different agencies, the opportunity increases for a group to observe noncompliance with rules or to assess a penalty for poor performance. When the oversight entities are themselves rewarded for their unbiased assessment of poor performance or fiscal inadequacies (through promotions or bonuses), then managers in each agency are attentive to what their counterparts in other oversight agencies might observe and report (because it would reflect badly on them to be ‘scooped’). In the U.S., for example, oversight agencies include the White House OMB, the Congressional Budget Office, the Government Accounting Office (GAO), and the Inspectors General in each Federal department. The agencies provide somewhat redundant functions, except are accountable to different principals. These agencies both evaluate and report on management and performance. Some are in a position to directly reward or punish the agency, whereas some rely entirely on disclosure.

Community “fire alarms” as oversight mechanisms. Too often the focus on poor performance or corruption considers only the dyadic environment of the agency and program recipients, or bribe taker and the briber. In fact the environment is larger. Acknowledging the high cost of direct monitoring, the state can instead turn to those who may be more directly knowledgeable, the community. Thus, community members and local community groups can act as watchdogs or “fire alarms,” reducing information asymmetries held by the government bureau by involving the public and using their knowledge of government performance (Epstein & O’Halloran, 1995). Nongovernmental community organizations could be selected in various communities to conduct customer surveys and rate their bureaucracies. Directed by an external central government management agency, the process would include personnel awards or agency budget increases going to the highest-rated government bureaus.

Commitment Devices

In providing incentives for program managers, the certainty of the reward or punishment for the agency matters. Unlike a salary, the basis for which is clearly understood by both parties, the performance contracts often do not establish certainty of a reward for good management (or punishment for bad management).

Discretion is the enemy of powerful incentives. The more a performance reward system appears inflexible and objective, the more seriously the agency officials will treat it. The reward for management success, as evidenced by the performance measures, should not vary based on the political interests or current preferences of political officials. If productivity is not rewarded by the system, agency performance will not improve (Klay, 1987; Swiss, 2005).

If a performance management system is meant to generate the visible, predictable consequences for agency behavior the multiple principals must create binding commitments that ensure that they honor the de facto performance contract. The more their interests can be harmonized and the reward system formalized, the more effective the management system.

The commitment devices can rely on personnel, administrative, or financial rewards. The principals can embed commitment devices in performance contracts, relying on either informal inter-organizational agreements or formal regulations (e.g., published in an official venue). Finally, agreements can rely on self-enforcing mechanisms, like internal markets, where appropriate.

Conclusion

There is a special environment of for all public sector bureaucracies, which generates incentives, particular to government. The public sector is usually characterized by a combination of funding (at least in part) from taxes and regulatory actions (not just product sales); pervasive asymmetric information between principal(s) and the bureaucratic agent; multiple program goals (not just profitability); and the presence of multiple principals for a given bureaucratic agent. As a result of these influences, government agencies are generally subject to fiscal and managerial incentives that prompt programmatic inefficiencies. Are there ways to overcome these dysfunctional influences so that government agencies can enhance their performance?

This paper examined whether performance measures can serve as a means for evaluating bureaucratic performance and program design. That answer depends on several factors. The first challenge comes from what is being measured. Many of the programs offered by public agencies are distinguished by complex and multiple goals. In addition, these complex goals may be invariant in the short run, complicated by a lack of external benchmarks for comparisons, subject to measurement error, or reflect the contributions of many programs (thus confounding an assessment of individual program contributions). As a result, it is difficult for a principal (or outside watchdog interest groups) to evaluate bureau performance. When one can only poorly assess program performance, the quality of management decisions, or even know which agencies are primarily responsible for outcomes, it is difficult to gauge performance and accordingly, to encourage accountability and efficiency.
As a result of the imperfect, unreliable information generated through the performance measures, measurement error is inevitable. Thus, Type I and Type II errors (funding unworthy programs or not funding worthy programs based on incorrect performance measurements) will lead to funding inefficiencies.

The central budget office faces an additional type of challenge. Governments have an inability to guarantee funding according to performance. When program needs change, based on societal needs, funding for a program generally declines, even if program performance was excellent. Allocations to the highest priority purposes may be inconsistent with maintaining performance incentives. In addition, it is often unclear how a central budget office should react to a program’s failure to achieve goals listed in a strategic plan. Should the offending agency be penalized with less money, even though supporters assert that they need more funding to achieve the performance goals?

This paper described an approach that the Chinese government can take to potentially yield improved management and better program outcomes. It is not a foolproof system. A central budget office must assess each program to determine the goals to be monitored. The performance measures generated need to be complete and cover all elements of the program’s mission. To leave out any program element is to ensure that it does not get done.

The resulting set of performance indicators need to be contractible. One way to simplify the array of different performance measures is to consider them as part of a package, not viewed separately and independently from each other. The central budget office can use an index combining outcome and output measures.

The central or regional budget office must match the weighted performance measurement index to budget or management instruments. The accomplishment of performance targets/strategic goal is tied to rewards. Part of the unfortunate consequences of a performance budgeting system is the risk of unintended consequences, which lurks whenever a budget line is tied to a performance measure, while neglecting or undervaluing other program performance elements.

On top of the design of the performance measures and incentives, several additional elements stand out for each of the actors in the process:

**The agency:** Can an agency react to performance information by altering program design elements or vary the program delivery mechanism? It is important to know if the agency supposed to improve performance based on the new incentivized measures is empowered to do so.

**The budget office:** Can the budget process distinguish between sectorally derived program needs and management-driven rewards, between the consequences of environmental changes and the consequences of administration on program performance? In addition, are the incentive devices conditional or inflexibly committed? Performance must be rewarded. Program managers will discount any incentives that are conditional on exogenous conditions. The commitment devices need to incorporate the reactions of all the relevant principals who are important in motivating agency behavior.

**Oversight:** Independent, motivated watchdogs are important to reduce informal deal making and encourage transparency to help reduce incentives that undermine the performance system.

A point of caution however is useful in viewing these instruments. For the United States, the FY 2002 President’s Management Agenda concluded that:

In 1993, Congress enacted the Government Performance and Results Act (GPRA) to get the federal government to focus federal programs on performance. After eight years of experience, progress toward the use of performance information for program management has been discouraging. According to a GAO survey of federal managers, agencies may, in fact, be losing ground in their efforts to build organizational cultures that support a focus on results … Agency performance measures tend to be ill defined and not properly integrated into agency budget submissions and the management and operation of agencies. Performance measures are insufficiently used to monitor and reward staff, or to hold program managers accountable … [and] the General Accounting Office reported that the majority of federal managers are largely ignoring performance information when allocating resources. (OMB, 2001, p. 27)

The point of including the above description is that the process is difficult and success is uncertain. Contrary to many of the claims of New Public Administration enthusiasts who advocate the widespread use of performance measures, aligned with budget system appropriations as a means of obtaining increased program efficiency and effectiveness, performance budgeting successes are often more anticipatory or anecdotal than actual. In general, there
is often little in the way of empirical evaluation of management tools before states have attempted their widespread implementation.

As a result, it is invariably better to phase-in the implementation process. Moreover, it may be useful to rely on an experimental design for testing administrative reforms. Similar programs in different regions can be matched. Then, one of the programs would be randomly assigned to act as control or treatment, in which the treatments would reflect the attempt to tie management/budget tools to program goals. Then, a program under one performance system can be compared to a similar program under another. Using this type of approach, the efficiency of management innovations can be tested before they are implemented, rather than the current approach of implementation and subsequent argument and justification.

Author
Stuart Kasdin is an assistant professor of public policy and public administration at the Trachtenberg School of Public Policy and Public Administration, George Washington University, Washington, DC. He previously worked at the Federal Office of Management and Budget. He can be contacted at skasdin@gwu.edu.

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Notes
1 An earlier version of this paper was presented at the Conference on Public Governance in Urban Communities at Shenzhen University in 2005.

2 Agencies have an incentive to choose performance measures strategically to avoid competition. As a result, benchmarks are often not readily available in the private sector or even other programs.
In such a case, where accomplishing one goal requires undermining another program goal, it is often best to try to split the tasks among different parties. By separating responsibilities, each entity can pursue its goals directly.

One approach that some agencies may use with available off-budget accounts is to separate their high-performing projects into the on-budget program account and then set aside their low-performing, less justifiable projects for the off-budget account. Allowing this form of budgetary flexibility for an agency encourages inefficiency, favoritism, and corruption. It also makes the performance measurement system less meaningful.

Moreover, oversight impact may be diluted in anti-corruption enforcement due to the substitution of party disciplinary action instead of harsher criminal penalties (Manion, 2004, p. 139).
The decades since the 1980s have been seen as an era of rapid change in the public sector with an overwhelming “new public management” (NPM) movement that has been argued to bring fundamental changes to governmental institutions in many countries. The traditional bureaucratic administrative style has been severely challenged on the grounds that it is intellectually bankrupt, inept, inefficient, and unaccountable. NPM as an administrative reform theory and practice embraces competition, decentralization, contracting out, privatization, entrepreneurial government, as well as other reforms. There is a notion that public administration is steadily progressing toward a unanimously accepted and universally applicable managerial practice (Du Gay, 1993). One may ask whether these reforms and innovations reflect changing values and belief systems about the government’s role and how it should operate, and the effect of fundamentally altering governmental structures in many aspects.

The NPM is an expansive family of ideas and thus a comprehensive review and analysis is beyond the scope of this paper. This paper intends to explore some of NPM’s claims with the help of a metaphorical approach. In the following sections, the paper highlights some features of the NPM reform; introduces an analytical framework of metaphor; analyzes the NPM’s three claimed premises by using metaphors of opening organisms, political systems, and a dialectical logic respectively. It then moves on to probe the NPM’s viability through the lens of its rhetorical power of persuasion and finally concludes the paper.

What is the New Public Management Movement? The NPM is a managerial revolution in the public sector that has affected a number of countries around the world, although to considerably different degrees. Although the theoretical foundations NPM relies upon were largely developed in the United States, it is interesting to note that the Westminster nations, including Australia, UK, Canada, and New Zealand, are the world’s most aggressive NPM reformers and have widely been viewed as models (Dunleavy & Hood, 1994).

The theoretical background of NPM draws on substantial elements of new institutional economics, public choice theory, and transaction costs economics developed by American theorists (Scott, Dale & Ball, 1997). New institutional economics analyzes implications of transaction costs as the equivalent in economic systems of friction in physical systems. In public policy and management, transaction costs render public choice problems and principle-agent problems. Public choice problems arise when the transaction costs of gathering information and influencing policy-makers enable special interests to become more organized and informed so that they can succeed in twisting public policies in their favor at the expense of the wider public interest. Members of larger groups, or the public as a whole, are more difficult to organize, have less information, and have fewer stakes individually, although their aggregate
losses may be very large. The capture of policy and resources by the public institutions that are involved in the delivery of services is a subset of public choice problems. The principal-agent problems are essentially about the difficulties caused by transaction costs of aligning the incentives of people in the public sector delivery systems with the policy objectives that politicians establish either directly or through authorized governing bodies. This class of transaction costs, known as agency costs, includes the costs of establishing, monitoring, and enforcing contracts for the delivery of services and also deadweight losses due to imperfections in these contracts.

These theoretical perspectives suggest that the goal for reforming public sector institutions and processes is to avoid public choice problems and minimize agency costs. Therefore, the basic guidelines directing the NPM reform are summarized as the following (Osborne & Gaebler, 1992):

- Public management should shift its emphasis on procedure and input control to results or output control.
- Competition is desirable between service providers through privatization, contracting out, as well as other market mechanisms.
- Citizens should be redefined as customers to whom the public sector should be responsive.
- Government ought to ensure that public goods and services are provided, rather than produce those goods, or provide the services by itself; in other words, steering rather than rowing.
- Centralized, hierarchical bureaucratic control and monitoring of government operations is not consistent with results-oriented public administration, and is to be replaced by competition, customer service incentives, and accountability to customers.
- Front-line operators should be delegated and empowered decision-making authorities to exercise creativity and innovation in the pursuit of more effective services to customers.

- Public organizations should be as entrepreneurial, innovative, and flexible as the private sector.

In sum, the NPM model emphasizes the switch from policy formulation to management and, process controls to output controls, integration to differentiation, and centralization to decentralization. It highlights the utility of adopting private sector practices in reforming the public sector and assumes managerial values and practices as a priority in the operations of governmental programs and agencies. The NPM revolution is mainly based on the following claimed premises:

- Pressure of competition and technological advance transform public management into a global convergent style of private-business model.
- Such a transformation would be in the interests of the general public.
- Public sector reform is a managerial problem instead of a political one.

A Metaphorical Approach to the New Public Management Claims

One possible way to better understand the ascendancy of NPM in the 1980s is to analyze the movement's three claimed premises. Any theory is an explication of a set of relations among concepts within boundary background assumptions (Bacharach, 1989). Background assumptions assert a connection between the event and data, and the process or states of affairs described by the hypotheses. They are the means by which contextual values and ideology are incorporated into scientific inquiry. Then, the next question is to locate an analytical framework as a point of departure. Gareth Morgan (1984) warns that there is a logical contradiction in attempting to argue for or against the certainty or superiority of knowledge stemming from one set of assumptions if one's argument is based on those assumptions. To be able to make such foundation claims regarding the priority of one subject or some relation between the two, one has to be able to see and evaluate their claims from a perspective that transcends the presuppositions that shape the subject.

A framework of metaphor, I believe, provides us with such a transcending tool to unveil the logic of
NPM as a new wave of administrative reform. A metaphor is a socially constructed, interpretive process of transferring information, knowledge, or experience from a tacit/unknown domain to a relatively familiar/explicit domain, from an intuitive insight to a shared interpretation, in order to make sense of the reality and legitimate new behaviors (Weick, 1995 and Scott, 1995). Organizational and management theorists and practitioners draw out of implications of different metaphoric insights for bounding, framing, and differentiating categories of experience referred to as an “organization” or “management.”

As Morgan (1997, p. 4) argues, “…the use of metaphors implies a way of thinking and a way of seeing that pervade how we understand our world generally.” A metaphorical analysis is a critical examination of the ways in which our thinking is shaped and constrained by our choice of metaphors. It enables us to discern the underlying assumptions that are made about the subject and to reveal elements that have been overlooked because of the partial and one-sided nature of any metaphor. Deriving from this perspective, administrative reforms, like the NPM movement, can be better understood with the help of metaphors of open organisms, political systems and dialectic logic.

**The Claim of A Convergence to A Business-like Model Driven By Competition and Technology: A Metaphor of Open Organisms**

The metaphor of organisms represents an environmentally deterministic view (Astley & Van de Ven, 1983). It holds that organizational change originates in the environment based on the assumption that the organization is an open system that constantly interacts with its environment, transforming inputs into outputs as a means of creating the conditions necessary for survival. Environmental changes are viewed as presenting challenges to which the organization must respond and adapt through a process of variation, selection, retention, and struggle (Aldrich, 1999). According to that metaphor, NPM could be interpreted as an administrative reflection of that broader set of social changes triggered by external environment, more specifically, competition and technological change.

First, that metaphor helps us understand the NPM’s desire to structure public organizations to promote efficiency in response to competition at the micro and macro levels. At the micro level, the NPM reform is based on the desire to increase the efficiency of public agencies (Lane, 1997; Considine & Painter, 1997). It views NPM as an organizational theory attempting to transform the public sector through reforms that focus on results in terms of efficiency, effectiveness, and quality of service. Efficiency is a major tenet of managerialism, with the same emphasis as private managers on holding public managers accountable for producing public goods and services.

At the macro-level, an environmentally determined motivation of public sector reform is believed to derive from nation-states’ continually seeking advantage compared with other nation states in a global economy. The delivery, choice, and provision of increasingly efficient and targeted public support policies and mechanisms are therefore important factors underpinning a nation-state’s competitiveness. New global competition requires that the public sector address market-rational behavior with minimal bureaucracy and the exploitation of as little public power as necessary. Thus, the changes in the nature of the delivery of both government policies and services reflect (at least partially) market rationality driven by competitive concerns.

Second, NPM claims that the onset of the modern information age has rendered a bureaucratic form of government that was established on the basis of Weberian-style command-control system ineffectual and obsolete. Therefore, governments should be made more entrepreneurial, primarily through a process of reforming administrative institutions on an entrepreneurial model (Reschenthaler & Thompson, 1996).

This line of thinking comes from new institutional economics theory. It suggests that the comparative advantage of any institutional arrangement boils down to a question of information or transaction costs. As technology advances, the justifications for the public sector are dissolving. Most market failure arguments boil down to claims about market mechanisms being blocked by transaction costs. But technology has trimmed transaction costs and made the old rationales for government intervention increasingly obsolete. Besides trimming transaction costs, technological advancement accelerates economic change and multiplies the connections between activities. By making the economic system even more complex, it makes the notion that regulators can meaningfully know and beneficially manipulate the system less credible (Reschenthaler & Thompson, 1996).

The metaphor of open organisms merits considerable attention for its emphasis on the public sector’s ability to adapt to environmentally induced changes. It is nevertheless as partial as any other metaphor. By insisting on the self-evident validity of their explanations, NPM has succeeded only in replacing blind obedience to the public sector with blind obedience to the private sector.

First of all, an implicit assumption underlying
the NPM’s claim is that only if the public sector operates in a more business-like manner can it be efficient. This concept of efficiency is simply understood as existing in an economic sense: maximizing output at a given input. This is partially true because the public sector performance should also be measured in terms of responsiveness, accountability, and equity (Bozeman, 1987). As Terry Cooper (1985, p. 113) points out, “...an efficient government should be viewed as one which maximizes the full range of public-private relationships for any given inputs.” The drive to increase economic efficiency with competition is partial for neglecting to meet the need for reform in accountability and equity. As long as the social and ecological costs are not included in the calculus of efficiency, the term is meaningless. Accountability from perspectives of efficiency and competition in the private sector are more important to shareholders than to consumers.7

As far as competition is concerned, one downside overlooked by the claim of competition is that inter-jurisdictional competition among decentralized levels of government in the US has the possibility of introducing serious allocative distortions. In their eagerness to promote economic development with the creation of new jobs, state and local government officials tend to hold down tax rates and, consequently, outputs of public services so as to reduce the costs for existing and prospective business enterprise. This results in a “race to the bottom” with sub-optimal outputs of public services (Oates, 1999).

Second, the NPM’s claim on the irreversible transformation from the public to private sector because of technological change, particularly information technology, is questionable. It is based on the assumption that technology changes would always lead to changes in fundamental social relationships (Hood, 1998). What it ignores is that organizations shape the way information technology is used just as much as information shapes the way organizations work. For some, computer networks can open access to power through lateral interaction among the social solidarity of like-minded groups scattered around the world whose culture, outlook, language, or belief might otherwise be lost in the workings of old-fashioned mass media. For others, the results of new information technologies could instead reinforce the existing management culture.8 “…Other bureaucracy theorists have argued that technology actually leads to more bureaucracy, so that advances in technology reinforce the effects of size increases, rather than diminishing bureaucracy” (Donaldson, 2001, p.127).

James Curtis (1992) further points out that the belief in the benevolence and power of science and technology popular during the late 19th century has been called into question. The expectation that knowledge serves the interests of democracy led to the conviction that technology was the ingredient that could solve the problems of scale and complexity in modern society. Technical training may promote values at odds with popular participation in government. Technical discoveries can solve technical problems, but the problems posed by scale and complexity are not of a technical nature, they are questions of human capability and social organization.

Third, the metaphor of open organisms ignores the fact that the environment does not only trigger change but also presents constraints that direct and limit the path of change, that is, path-dependent. Path-dependence refers to the range of policy choices available for administrative reformers embedded in existing institutions and shaped more by what have already existed than by any desired model.

This position can be used to explain the variation of NPM implementation across those countries in terms of depth and width, suggesting no convergent trend. It has been observed that a relatively pure model of reform—large-scale, forceful changes—are implemented in those Westminster democracies with a tradition of stronger, more centralized government, such as the UK and New Zealand. It is because in the classic Westminster system, two parties compete in the electorate and the one gaining a majority in parliament forms a government. Through cohesive voting on policy, the governing party is then in a position to pass its own program at will.9 The institutions allow the executive to get what it wants and thus enable radical reform in those countries (Aucoin, 1995).

However, parliamentary administration, which rests on the foundation of legislative supremacy, is not available in the US, which was founded on three separate and equal branches of government. In contrast, the multiple layers of government in a federal system, combined with the devolved responsibility for public policy, make public sector reform a much more difficult prospect in the US than in Westminster nations.10 The US system of divided government means that agency performance can be undermined by disharmony in objectives arising in relation to the executive, the legislature, the taxpayers, or the recipient of the service. The nature of political struggle between the executive and the legislature means that each branch of government often specifies different and conflicting performance objectives for public sector agencies. The result is confusion and blurred accountability as
growing demand for "consultocracy" (Saint-Martin, 1998). Following the rise of the NPM in the 1980s, politicians in many countries increased their use of management consultants from the private sector in developing and implementing the course of reforming their bureaucracies. Because of their knowledge of business administration, consultants provide a way to bridge ideas and values across the private and the public sectors. For instance, because of their traditional link with government through accountability, British and Canadian consultants have been involved in the last 30 years in the construction of state management capacities. Through their participation in these institution-building processes, they established networks of expertise with the state and acquired the experience of work in government. Over the years, these created opportunities for consultants to make their voices heard in the inner circles of decision-making and made possible the exercise of influence on the NPM reform policies. The losers will be the majority of consumers who are too unorganized to sustain a collective action and subsequently bear the diffused costs.11

The Claim that Public Sector Reform is a Managerial Problem Instead of A Political One: A Metaphor of Dialectic Logic

A metaphor of dialectic logic can be traced back to Taoist philosophy in ancient China. Taoism presents a dialectic view of reality, treating change as a consequence of tensions between opposites. A modern version of dialectical analysis highlights the paradoxes and contradictory tensions that are created when organizations are interacting with their environments. Any phenomenon implies and generates its opposite and the existence of one side depends on the existence of the other (Benson, 1977). Public sector reform can be seen from this angle as a process of managing paradoxes of politics-administration dichotomy that has long haunted the field of public administration.

A politics-administration dichotomy is a normative one about how the administrative state ought to work. It is the job of elected officials to set public policy through the political process, and the job of administrators to execute that policy impartially and effectively. The development of modern public administration manifests tensions between the two trends: pluralization of politics and rationalization of administration (Cooper, 2001). The transition from early to modern public administration is commonly marked by the discipline’s pendulum that swings between the two extremes.

The Progressive movement in the US, beginning in the late nineteenth century and flowering in the early part of the twentieth century, was the first attempt to separate administration from politics to create “administrative state” (Rohr, 1986).12 Its aim was to establish public administration as a technically competent, politically neutral, and merit-based profession rather than a set of jobs with which politicians could reward their friends and relations. Yet scholars and practitioners later came to recognize that public administration is
unavoidably political: under constant pressure from politicians and interest groups, is subject to political control of their programs, budgets, and personnel through numerous administrative procedures, and compelled to become strategic political actors in order to survive and prosper (Waldo, 1965). With the politics-administration dichotomy no longer shaping the scholarly mind, it is reasonable to think that political scientists would have seen structures, staffing, and other basic administrative issues as inherently political, and that they would have taken action to put administrative theory on a political footing. An understanding of public bureaucracy calls for a theory grounded in politics, which I label the “political state.”

However, the longer one method of social organization has been in good standing, the more obvious its faults become and the more it bears the blame for all the ills of society. The longer the alternative system has been out of favor, the rosier the light in which it appears to those disillusioned with the current orthodoxy, and the more its own faults tend to be forgotten. Consequently, today’s NPM grew out of a profound dissatisfaction with over-politicized administration, a reaction against the restrictions imposed by generalized process rules and a monastic culture of public services. It comes as no surprise that New Zealand, as a classic example of corporatist progressivism in the 1970s, gave birth to the most radically individualist public management reform.

Two famous NPM slogans, “let managers manage” and “make the manager manage,” exhibit such a shift toward a “managerial state” (Saint-Martin, 2000) as a revised version of “administrative state”—the belief that a professional class of managers should run an administration. The argument to “let managers manage” believes that managers know the right things to do, but existing rules, procedures, and structures create barriers to doing it. Existing policies and practices create their own political reality, which make managers reactive, chained to standard operating procedures and limited in vision. Advocates of making managers manage point out that managers have little incentive to manage better because most government agencies and programs are monopolies. The only way to improve government performance, they believe, is to change the incentives of government managers by subjecting them to market forces (Scott, Ball & Dale, 1997).

One of the assumptions central to the NPM model is the same as the Progressive movement, that is, administration can be insulated from politics. An overemphasis on the management side however inevitably produces a counter force of the political side. Whether one likes it or not, public administration is inherently political in its nature. As the Denhardt's (1979) suggest, any chances of balancing the growing concerns for efficiency and a concern for choice were seriously limited by the early distinction between politics and administration. To the extent that administration began to be perceived as separated from the political process, the discipline of public administration was no longer obligated to address questions related to the basic role of public bureaucracy in modern society. Rather, public administration could concern itself solely with those technical problems encountered in the context of rational bureaucracy (Kirlin, 1996).

To operationalize the assumption of separation of politics and administration has not been very successful. Even if you let, and make, managers manage, the outcome of public policy implementation typically depends not solely on management’s efforts but many factors that public managers themselves cannot control. One frequently cited problem in the supply of public services arises when users of services also function as essential co-producers. Without the intelligent and motivated efforts of service users, the service may deteriorate into an indifferent product of insignificant value. For instance, the productive efforts of students and users of educational services critically affect the quality of an educational product. When professionals presume to know what is good for people rather than providing them with opportunities to express their own preferences, one should not be surprised to find that increasing managerialism of public services is accompanied by a serious erosion in their quality. The better services are, as defined by professional criteria, the less satisfied citizens are with those services.

Some recent developments exhibit a reverse change. One related change is a move from the stress on ‘results’ or ‘outputs’ that is constantly the catchword of the NPM reformers in the early 1980s, to the stress on ‘governance,’ an equivalent to ‘process’ as the hot topic in the 21st century. Another example of such flip-flopping is the California power crisis (LA Times, 2001). The California state legislature approved electricity deregulation with a unanimous vote in 1996. The move was expected to lower power bills in California by opening up the energy market to competition. Relatively few companies, however, entered that market to sell electricity, giving each a considerable influence over the price. Meanwhile, demand has increased in recent years while no major power plants have been built. These factors combined to push up the wholesale cost of electricity. But the state’s biggest utilities, Pacific Gas & Electric and Southern California Edison, were barred from increasing consumer rates. So, the utilities have accumulated billions of
dollars in debt and, despite help from the state, have struggled to buy enough electricity. The state Senate voted to create a public power authority that would build, buy, and own power plants and sell to consumers at or near cost.

**New Public Management’s Rhetorical Power of Persuasion**

A metaphorical analysis of NPM calls into question the very notion that public management is steadily progressing towards a unanimously accepted and universally applicable management theory of best practice. Even so, one may still ask why NPM has become such a viable movement implemented by both right- and left-wing governments. In order to address this question, one needs to seek help from studying acceptance factors embodied in the rhetorical persuasion of any administrative argument.

As Herbert Simon complained as early as 1946, administrative theories are more like verbal argumentation, such as proverbs, than like the law-based natural sciences. He launched a behavioral revolution to replace proverb-like administrative theory with scientific theory based on careful empirical observation and crucial experiments (Simon, 1946). However, five decades after Simon, theories of administration remain unchanged. There is no basis for definitive arguments that would prove one concept superior to others, as would be required of a science of administration. Instead, Hood (1998) and Stone (1988) respectively maintain that attention should be shifted to the link between administrative and policy arguments and their acceptance. The most important question about the administrative arguments is not about their truth or falsity or their value in enhancing organizations and environments. Rather, it is about why certain arguments gain currency and are accepted as truth in a process of rhetorical persuasion. Public management is more a matter of persuasion than of observation and proof. Acceptance rests on some key elements of persuasion, such as symmetry that presents arguments to fit the times, ambiguity to allow diverse interpretations, selectivity in their use of evidence, and private interests as public good that presents arguments about private advantage in terms of public good (Hood & Jackson, 1994).

Symmetry refers to the fact that persuasion is enhanced by producing solutions that appear to match problems perceived by those to be persuaded.13 Viability of any administrative argument must be built on a diagnosis of political expectation of the persuaded. NPM seems to provide solutions to some perceived problems facing political leaders.

Aucoin (1990) points out that NPM matches three perceptions. First, there was a widespread perception by political leaders that state bureaucracy had assumed too much influence on the management of the state. NPM has tried to check, counter, and limit this influence. Second, there was a perception that central executive systems had come to restrict the capacity of political leaders to manage their own portfolios. NPM reform has made an effort to enhance this capacity. Third, there was a perception that public sector management was excessively preoccupied with adherence to rigid rules and procedures and thus prone to bureaucratic pathologies. NPM has introduced a greater emphasis on performance, an increased focus on responsiveness to citizens, and accountability to results. Moreover, the rise of NPM movement in the UK and US in the early 1980s is consistent with conservative ideology and market-oriented public policies favored by the Reagan administration and the Thatcher government.

Ambiguity illustrates that arguments are typically formulated as if they were universal truths, applying to all circumstances, to all times, and to all people. The knowledge that people are vulnerable in that way is used to fashion persuasive advertising (Etzioni, 1988). Any administrative argument must have the ability to speak simultaneously to persons or groups with different views and interests, making them draw their own positive conclusions. Ambiguity helps silence disbelief.

NPM has frequently touted citizens as customers or clients. These terms satisfy people’s positions along the right-left ideological spectrum. For those on the right, citizens deserve the same attention afforded to paying customers or consumers by the private sector businesses. From this perspective, the mistrust of government is similar to the mistrust of private monopolies. For those on the left, citizens deserve the same attention clients receive from professionals who give primacy to the interests of their clients. From that perspective, the mistrust of government is similar to that of professionals when clients’ interest takes a backseat to professional interest. Therefore, it came as no surprise that NPM reform has been pursued by both right- and left-wing governments in Westminster democracies.

Selectivity suggests that persuasion is achieved by careful selection of evidence and examples that fit a conclusion. People can not easily resist the temptation to discover just what they wanted to discover in the field through a biased selection of cases and evidences.

Osborne and Gaebler’s book *Reinventing Government* is replete with selective examples of inspirational public managers who magically turned around
poorly performing bureaucracy. Much of NPM’s emphasis on output rather than process, quantifiable measures, and other ‘hard’ technology, has been introduced into the public sector at the very time that the shift in the private sector seems to be in the opposite direction. NPM reform in New Zealand has been applauded with numerous examples of improving efficiency, without referring the fact that New Zealand has been one of the worst performing nations among OECD countries in terms of economic growth during the reform period.

Private interests as public good. To be persuasive, an administrative argument must be seen to be for the public good. However, at the same time, it hides the fact that it renders private benefits. As the metaphor of political systems has already illustrated, administrative reform is intrinsically political, shaped by the different interests.

Despite its promise to deliver quality public goods and services, NPM reform accrues private benefits to a list of agents. They are management consultants, potential private providers of public services, business management schools which have offered generic management training, accounting firms that have expanded their business into auditing public agencies, and those senior civil servants and private sector business people who have assumed many management positions during the various restructuring programs. Furthermore, as has been pointed out, NPM’s emphasis on the financial performance and cost cutting reasserts the power of some central control bureaucracies, like the Treasury.

Conclusion
New public management is an administrative reform movement preaching that management techniques from the private sector should be applied to public services. A metaphorical analysis employed in this paper is instrumental in shedding some light on the NPM’s claims of convergence of public administration to an entrepreneurial model; beneficial changes to the general public and emphasis on managerialism. First, a metaphor of open organisms suggests that the convergence claim is not substantiated because seeking efficiency due to competitive pressure may not be compatible with accountability as required in the public sector; impact of technical change is indeterminate; and public sector reform is path-dependent. Second, rather than as a reform beneficial to the public, a metaphor of political systems reveals that NPM is actually a reflection of “new client politics.” Third, a metaphor of dialectical logic illustrates that the succession of public administration ideas tends to consist of a set of reactions to the excesses of yesterday’s orthodoxy because ironically the politics-administration dichotomy never died, but in fact was institutionalized in the debate of public administration. NPM from this perspective is a manifestation of “managerialist state” against “political state.” Last, viability of the NPM arguments can be better understood as a myth of rhetorical persuasion rather than a reflection of changing values and belief systems about what government should do and how it should operate, and fundamentally altering governmental structures. The dominant concern of those NPM advocates is more with language, making their ideas sound nice and powerful, than with discovering their validity and relevance in the real world. The debate is far away from an ideal speech situation.

Author
Bin Chen is an Assistant Professor in the School of Public Affairs, Baruch College of the City University of New York. His research and teaching interests focus on cross-sectoral governance and inter-organizational collaboration in public policy implementation, government-nonprofit relations, inter- and intra-organizational network analysis, and comparative public administration and public policy. He received his PhD in public administration from the University of Southern California, M.Sc. in public administration and public policy from the London School of Economics, and BA in English from the Shanghai International Studies University. He can be contacted at bin.chen@baruch.cuny.edu.

References


**Notes**

1 It was initiated in the United Kingdom, spread first and foremost to the United States, Australia, Canada, and especially New Zealand, and then further on to Scandinavian countries and Continental Europe.

2 As Helen Longino has noted (1990), in any scientific inquiry, evidential reasoning is always context-dependent where data are evidence for a hypothesis only in light of background assumptions.

3 Metaphor as a rhetorical approach is to understand and experiencing one kind of thing in terms of another kind. It also provides a mechanism for presenting and disseminating the maximum level of information with a minimum of energy.

4 Since the initial drive was to make bureaucracies more economically efficient, this placed a premium not just on developing cost-benefit analysis, but on viewing public services and goods as products to be measured with businesslike practices.

5 For example, New Zealand’s initiation of NPM has been described as being an immediate response to a fiscal crisis due to a weak world economy in the early 1980s (Scott, Ball and Dale, 1997).

6 For example, new detection and metering technologies are being developed for highways, parking, marine farming, and auto emissions, making property-rights solutions viable. Information becomes more accessible and user-friendly, suggesting that quality and safety can be better handled by the private sector, undercutting consumer-protection rationales. As for public utilities, new means of producing and delivering electricity, water, postal, and telephone services dissolve the old natural-monopoly rationales for control and governmental provision.

7 During the recent California power crisis, it has been argued that major power suppliers systematically manipulated the wholesale electricity market to rip California off for $6.2 billion. Power companies’ actions are justified on the ground that firms are accountable to their shareholders (LA Times, 2001).

8 As Ronfeldt describes (1992, p.280), “…increased susceptibility of individual to outside manipulation, a rise in the number and diversity of *ad hoc* interest groups and social movements, increased fragmentation and fractionalization of society and politics, great stratification and centralization of society around information resources, and great efforts by some policy-makers to control access to information and use it to manipulate the public.”

9 The executive arises out of the legislature and the majority party controls both. The executive is the leadership of the majority party, and thus the leadership of the legislature itself.

10 For example, the accountability line in the US government is designed to be a matrix of balancing influences and incentives, rather than single line of accountability from a departmental head through the minister to the legislature, as in the Westminster system.

11 In dealing with its power crisis, the California Public Utilities Commission approved rate hikes up to 46%, the largest in California history, for customers of Southern California Edison and Pacific Gas & Electric Co. The PUC also approved a formula that will allow the state to issue $12 billion in bonds to bail out the state’s three major private utilities with taxpayers’ money (LA Times, 2001).

12 Progressivism is normally interpreted as a reaction against the spoil system: the threat of rule by corrupt machine politicians interacting with special interests and big businesses.

13 For example, an explanation of the persistence an eventual triumph of mechanistic philosophy in terms of its provision of a world picture satisfies the emerging needs and interests of its European social and political contexts.
The Issue of Problem Formulation in Public Policy-Making: A Sandstorm-Combating Policy Case in Northern China

Lihua Yang, Beihang University
G. Zihiyong Lan, Remin University of China, Arizona State University

Abstract: Problem formulation is a critical step in the public policy process. Nonetheless, this importance is not listed in regular policy textbooks and is often overlooked. This study uses the case of sandstorm-combating in Minqin County, China, to illustrate the problem. Through statistical analysis of the data, the authors have demonstrated how policy formulation could be set on the wrong premise and lead to wrong policy consequences, particularly in the case of environmental issues for which full information is not readily available. In conclusion, the authors argue that conscientious attention to policy problem formation, careful empirical analysis, and collaborative participatory efforts are essential to ensure public policy success.

Policy scholars have described the policy process as consisting of a few critical steps such agenda setting, policy formation, policy legitimization, resource attachment, policy implementation, policy evaluation, and policy change (Jones, 1970; Lynn, 1987). However, not many of them have paid due attention to the issue of problem formulation, a step in between agenda setting and policy formation. A search for the key words “problem formulation” in public policy literature yields only very limited results. One would wonder why this critical step in the policy process has been omitted. As early as the 1940s, in this classical work “the Administrative Behavior,” Nobel Prize Laureate Herbert Simon (1997) lamented our lack of knowledge about the “mechanism of problem formulation” even in an already set policy agenda (p. 125). He said, “The problem is on the agenda, but finding an appropriate problem representation is difficult and has not yet been fully achieved” (Simon, 1997, p. 126). Vickers (1965) recognized the importance of problem formulation and argued that the framework within which the problem is defined will do more than any other act to affect the future events. Munger, too, studied the meaning of problem formulation and argued that:

… ‘problem formulation’ often includes, at least implicitly, a theoretical model of causation. This stage includes the listing of available alternatives. One important task for the analyst is the redefinition, or creative restatement, of the problem in such a way that new alternatives become available. (Munger, 2000, p. 7)

These arguments are literally stating that the way the problem is articulated has already implied its solution. Rittel and Webber (1973) went so far as to argue that the problem cannot be defined until its solution has been found, and that it is the designers’ idea on how to solve the problem that determines the type of information needed for defining the problem. Furthermore, authors argue that “You’re not solving the problem, you’re just redefining it” (Wildavsky, 1987, p. 56), and the redefinition of problem alters the view not only of the problem “but also of the power to decide who should define it” (Wildavsky, 1987, p. 57).

Indeed, there are different policy actors at play in the policy process. Due to the necessity of division of labor, in any organization, some people “acquire the skills and perquisites of leadership” while others “become accustomed to being led.” Except for authority, individuals in diverse fields such as policy analysts, sociologists, and philosophers of science, also can influence the redefinition of problems (Wildavsky, 1987, p. 57). At different points in the policy process, they may strive to have their own say. How these policy makers represent themselves in the
policy process and what is the outcome of their interplay becomes an important issue of concern in public policy making. For this reason, we proceed to atomize a case of policy making in Minqin County in north China. The case can help shed light on our understanding of the critical importance of problem formulation in public policy making.

The Case
The case is drawn from Minqin County (102°45′–103°55′E, 38°20′–39°10′N), China, also called Minqin Basin in some academic articles. The county is typical of many of the oasis counties in inland China with a combination of pastoral and agricultural production regimes (Reynolds, 2001). It is located in the northeast of the Hexi Corridor (the most important part of the old Silk Road) on the lower reaches of the Shiyang River on the Alashan Plateau, and bounded by the Tengger and Badain Jaran deserts, two large deserts in northwest China, in the east, west, and north. It covers an area of 16,000 square kilometers. Minqin County falls under the jurisdiction of Wuwei city (approximately 70 or 80 km from Wuwei) in central-eastern Gansu province and was once a natural barrier in the path of the encroaching sand (Figure 1). In the past 5 years, especially the past 2 decades, it has been seriously affected by desertification and changed into one of the driest places nationwide. It is eaten away by encroaching sands at a speed of 8 meters a year, causing periodical sandstorms in the region. Many people have left their hometowns. Some villages now only have a few residents. For example, 10 years ago, 40 families lived in the small village of Huanghui on the boundary of the oasis, but now only two families remain (Wang et al, 2000; Yang, Squires & Lu, 2001: Preface, vii).

Because of its severe desertification, Minqin Oasis has become one of the four major sources of sandstorms in north China. As severe weather phenomena and major disasters in arid and semi-arid areas, severe sandstorms not only cause serious air pollution and environmental problems (Ologunorisha & Tamuno, 2003; Goossens, 2000; Ta et al, 2003) but also cause other negative economic and developmental consequences such as delays and reduction in pasture for livestock, road closures, and settlements, even villages can be enshrouded with sand (Natsagdorj, 2003). On May 14, 2005, a Black storm appeared in Minqin. This strong sandstorm lasted for almost 3 hours and created the lowest visibility record that year. The crops along the line swept by the sandstorm were buried or brought down, and the economic losses in the whole county reached to 98.105 million RMB (China Meteorological Administration, 2005).

![Figure 1. The map of Minqin County](source: Sun et al., 2008, p. 304)
Although frequent sandstorms, as caused by desertification, are products of many natural and human factors (Berry et al., 1977; Bryson, 1973; Chouhan, 1992; Glantz, 1977; Wang, Zhang and Ma, 2003; Wang and Zhu, 2003; Zhu, 1998), studies before 1990s tend to attribute this to the behavioral problems of the local farmers rather than to inadequate governmental polices. For example, an article by Zhu (1990) argued that urban industry and the state are accountable for only 9% of the desertification problem nationally, whereas rural farmers are accountable for as much as 85.5%. An article in China Daily asserted:

…overgrazing and blind reclamation cause degeneration of the grassland. Rare animals are killed wantonly … and famous scenic spots are damaged in varying degrees. Yet not all people take ecology seriously. Some ignorant people regard it as of no importance, thinking timber is more profitable than forest and making money more necessary than protecting scenic spots. (China Daily, 1987; Cited from Williams, 1997)

Furthermore, during this period, many studies are often refutable. Researchers, especially those studying this problem from a social science perspective, were often officials in governments and some were scholars who often incorporated their ideas in various governmental reports and correspondence. Thus, these studies often relied on researchers’ intuition, prejudice, and ideologies rather than careful evidence collection and scientific research. As they blamed the farmers, these studies also argued that previous regimes aggravated and ignored desertification, especially the Qing Dynasty and the Republic of China (Bureau of the Ministry of Forestry, 1990; Government of China, 1980; Kou & Xue, 1990; Williams, 1997; Zhu, 1990). These studies stated that the previous governments’ belief in the superior socialist institution prevented them from looking into the governmental policies themselves.

On the basis of these biased, unproven, and even flimsy arguments, three major methods were chosen to combat desertification, which is regarded as the major cause of sandstorms (Chang et al., 2002). Based on Chairman Mao’s philosophy of class-struggle and the heroism of “man can conquer heaven,” the first major method of desert control was to develop water resources, reclaim barren land, improve soil, harness the sand, create new oases or pastures, and improve use of gobi land or transform the gobi. Water, grass, forest, and folder were deemed as four elements of desert control. During that time, many new fields, pastures, and forest lands were dramatically created (LIGCD & CAS, 1980; OEP, 1980; WCWB, 1980). These policies were also supported by some scientists. For example, a Kezhen Zhu, a very famous scientist, even wrote a very well-loved and romantic essay entitled “March in Desert” (Zhu, 1961). The second method was to plant trees and create forestry on a large scale. This policy was first implemented in Mao’s era (WCWB, 1980). After 1976, it was again implemented, especially in the 1980s (MXBW, 1994). The third was to build dams and reservoirs. Under this policy, canals were constructed on the mountainside to bring water into the desert and reservoirs were built “on land in-between sand dunes, in lakes and marshes, and on shoaly land along the rivers to collect and conserve flood waters, in order to make full use of the water and land resources in the desert regions” (LIGCD, 1980, p. 133).

Although these polices in the short run led to some positive results, in the long run, they were destructive. First, the policy of “marching into the desert” created new oases and pastures and transformed the gobi in the short run; however, because of the lack of necessary natural conditions such as water resources, these developments were not sustainable in the long run. Once the necessary natural conditions could not be sustained, new desert was inevitably created. Furthermore, because the original frangible equilibrium in desert was already destroyed, the situation became worse before these policies were implemented. Second, these policies destroyed the local governments’ traditional self-governance system. Before 1949, although there were many problems in combating desertification, the locals already developed many traditional methods to resolve this problem, which were effective to some extent. After 1949, however, this system was compromised. For example, an analysis by Minqin Bureau of Water Resources indicated that the traditional scheme of water distribution between Minqin County and Wuwei City was reasonable before 1968, when it was adjusted according to the fluctuation of weather conditions. However, because of the new policy, after 1969, Wuwei City began to draw more and more water, reducing the available water flowing into Minqin County (Li & Chang, 1989, p. 239). Third, the implementation of the policy of planting trees and forestation destroyed the original frangible ecological equilibrium rather than protecting the environment. Furthermore, it accelerated the situation of limited water and also increased evaporation (Miao & Wang, 2001). Notably, white poplars were called ‘lift pumps’ because they
evaporated a great amount of water through their leaves. But during this period, white poplar was the most commonly planted species of tree. Fourth, strict control by the central government and corruption made this situation even worse. For example, under the requirements of organizing farmers and other social actors to plant trees, the local government only focused on how many trees they could plant every year and ignored ecological problems and following management and protecting problems. Planting trees and forestation really became a new fuse of desertification in Minqin rather than a tool of environmental protection. Fifth, many reservoirs destroyed not only the natural equilibrium but also traditional water-use systems, and then led to unreasonable water use, deteriorated desertification problem, and enlarged deserts. For example, because many reservoirs were built since 1950s on the upper-reaches of Shiyang River, the water flowing into Minqin dramatically decreased, resulting in a major cause of the desertification problem in modern Minqin (Li & Chen, 2001; Zhao et al., 2004; Chen & Li, 2002). In 1962, Mr. Li, the Magistrate of Minqin County, even took a detonator to the dams on the upper-reaches of Shiyang River with the full intention to bomb it out. However, the upper level governmental leaders disagreed with Li and demoted him (Liu, 2003). Unfortunately, the nightmare Li feared became the reality. Serious desertification and sandstorms troubled Minqin County in the next 30 years.

After entering the 1990s, more researchers became interested in the problem of desertification in Minqin. These studies have identified the following factors as the leading causes of desertification, and hence, sandstorms: (a) many years of unprecedented dry weather with low precipitation but high evaporation (Average precipitation is 110 mm but evaporation is 2640 mm annually) (e.g., Joey, 2004); (b) rapid growth of the human population (e.g., Ci, 2001); (c) the traditional agriculture structure of Shiyang River and the expanding mechanism of traditional agriculture (Yang et al, 2002; Ma et al, 2003), and unreasonable land use (e.g., Reynolds, 2001; Yang et al, 2002; Song et al, 2003; Ma et al, 2003); (d) too much land reclamation, too rapid industrial development along the upstream of Shiyang River (e.g., Joey, 2004; Ding, Wang & Huang, 2003) and reservoir construction on the upper reaches of this river (e.g., Zhang, 2004) led to decreased water flowing from upper-reaches (e.g., Li & Chen, 2001; Zhao et al., 2004; Chen & Li, 2002); (e) increased livestock numbers and overgrazing in Minqin County (e.g., Reynolds, 2001).

Three major problems of these studies are: (a) they often made their conclusions or findings on the basis of simplistic observations, several interviews, and researchers’ own imagination rather than by way of scientific field studies and statistics analysis; (b) these studies are fragmented and lack a comprehensiveness; and (c) they transcendentally assumed that farmers are mainly responsible for these natural phenomena. For example, through studying the landscape changes of Minqin oasis from 1987 to 2001, some researchers claimed that human beings are reconstructing the landscape of the oasis. This claim led them to simply conclude that farmers’ unreasonable land use changed the landscape pattern and the condition of water resource accelerated the landscape deterioration (Song et al, 2003).

On the basis of these arguments, many new government policies were formulated after 1990. Notably:

(a) Gradually move some residents to other places. For example, of the 80,000 farmers in Minqin County, 30,000 were relocated in 2003, according to the county chief (Cao, 2004).

(b) In 1995, the central government invested more than 300 million yuan (US$36 billion) to build Water-Transfer Project Traversing Desert, which diverts water from the Yellow River into the Hongyashan Reservoir after running through four counties, including a 99-kilometer section in the Tengger Desert. This project is designed to channel 61 million cubic meters of water into the Hongyashan reservoir annually, and is expected to water the original 44,513 hectares of irrigable farmland and to feed 8,800 more hectares in Minqin County.

(c) Established the Shiyang River Basin Administrative Bureau (SRBAB) to plan and manage the reasonable uses of the water and the downriver unification dispatch, and legally regulates waterways. This project argued that the water flowing to Minqin by way of the river must be maintained at a level sufficient to guarantee the long-term survival of the oasis. The conflicting demands for water use in the upper, middle, and lower reaches of Shiyang River, however, have not yet been satisfactorily resolved.

(d) To arrest and reverse the decline in land productivity and living standards by improving water use, farming systems, and range management through the extension of more appropriate technologies, a project called Integrated Desert Control and Sustainable Agriculture was started in 1993. This project was implemented by several institutes, such as the Gansu Desert Control Research Institute (GDRCI) and the Minqin Integrated Desert Control Experiment Station (MIDCES) (Reynolds, 2001).
At first glance, all these policies are reasonable strategies for combating desertification. However, these policies are based on the original conviction that farmers created the problem and the government is the problem solver. Farmers’ participation in making these policies was trivial.

Have these policies been effective? The head of the Minqin County gave his answer, “Although some part of the eco-environment has witnessed improvement, the deterioration of the ecology in Minqin as a whole has not been curbed.” Approximately 94.5% of the area of the county has now succumbed to desertification. Much of the desert vegetation has died or withered, and drifting sands extend more than 600,000 mu (about 40,000 hectares). Based on a survey about the farmers’ response to some government dominant eco-environment protection policies, such as returning grain plots to forestry, enclosing grasslands and allowing plants to re-inhabit naturally, rearing livestock in pens, readjusting industrial structure, and emigration in Minqin, one study even found that there are serious contradictions between these policies and farmers. Governmental coercion often led to farmers’ resistance rather than cooperation. From example, farmers chose slinking grazing as a major method to improve their income when the policy of enclosing grasslands was implemented, which destroyed more grassland than before (Fan, Ma, & Zhou, 2005).

Why were these policies not more effective? Further analysis of the problem suggests that it is not only the policy formulation or implementation but also the identification of the policy problem—policy problem formulation—that is the root cause.

Modeling Human and Natural Impacts on Sandstorms

To verify our assertions, we gathered as much annual data as possible from 1956 to 2000 from the government gazette of Minqin County and the Meteorological Bureau of Minqin County to conduct a systematic analysis. Our study covers both the eras of before 1990s and after 1990s and all the important and measurable factors influencing desertification and sandstorms in Minqin. Some are human factor data: (a) the population growth of the year before the last year (the correlation coefficient is -0.3274); (b) the abandoned land areas of the year before the last year (the correlation coefficient is -0.3220); (c) average farmer income change of the last year, denoted as \( \Delta I \) (the unit is Yuan, and \( \Delta I = I_t - I_{t-1} \)); (d) the water amount flowing from upper reaches of three years before (the correlation coefficient is 0.6091), and (e) the water amount flowing from upper reaches of three years before (the correlation coefficient is -0.0955). Overgrazing resulting from increased livestock numbers led to farmers’ income change. Too much land reclamation from rapid industrial development and reservoir construction along the upstream of Shiyang River led to the decrease of water flows from the upper-reaches.

Other information is related to natural forces: (a) the number of strong winds of the current year (the correlation coefficient is 0.6536); (b) the total temperature of the current year and the last year (the correlation coefficient is -0.4474); (c) the precipitation of the last year (the correlation coefficient is -0.1840); (d) the total evaporation of the current year and the last year (the correlation coefficient is 0.3382), and (e) the number of sunspots of the current year (the correlation coefficient is 0.1158).

Generally, many scientists (e.g., Xia et al., 1996; Qia, et al., 1997) believed that strong wind is the one of the three most important natural conditions of sandstorms (the other two are the desertified and sandy land and the unstable atmospheric conditions). Some researchers (Wang & Ma, 2004) also found that sunspots may also influence sandstorms. Thus, although the influence of strong winds and sunspots was not mentioned yet in academic research, we also included these two variables in our model.

On the basis of this information, we built a model estimating the impact of these factors on sandstorms, which are not only an important process of accelerating land desertification but also an important indicator reflecting the degree of desertification (Wang et al., 2000; Yang, Squires & Lu, 2001, Preface, vii). Also, the number of sandstorms can be easily measured. In the model, the annual number of sandstorms is the dependent variable, denoted as \( S_A \).

The independent variables include: (a) population growth of the year before the last year, denoted as \( \Delta P_O \); (b) the abandoned land areas of the year before the last year, denoted as \( \Delta L \); (c) average farmer income change of the last year, denoted as \( \Delta I \); (d) the water amount flowing from upper reaches of three years before, denoted as \( \Delta W_A \); (e) the number of strong winds of the current year, denoted as \( W_I \); (f) the total temperature of the current year and the last year, denoted as \( T \); (g) the precipitation of the last year (denoted as \( PR \)); (h) the total evaporation of the current year and the last year, denoted as \( E \); (i) the number of sunspots of the current year, denoted as \( S_U \).
Using these denotations, the basic research model is specified as follows:

\[
SA_t = f(\Delta PO_{t-2}, \Delta L_{t-2}, \Delta I_{t-1}, \Delta WA_{t-3}, WI_t, T(t)_{(t-1)}, PR_{t-1}, E(t)_{(t-1)}, SU_t) \quad (1)
\]

Assume that the relationship between all the independent variables and the dependent variable is a linear relationship, and then the above function becomes:

\[
SA_t = \alpha + \beta_1 \Delta PO_{t-2} + \beta_2 \Delta L_{t-2} + \beta_3 \Delta I_{t-1} + \beta_4 \Delta WA_{t-3} + WI_t + \beta_5 T(t)_{(t-1)} + \beta_6 PR_{t-1} + \beta_7 E(t)_{(t-1)} + \beta_8 SU_t \quad (2)
\]

Where \( \alpha \) is the intercept, \( \beta_i \) is the difference coefficient, and \( \epsilon_t \) is the stochastic error term.

Findings

Table 1 shows the statistical results from STATA using Negative Binomial Regression Model.

For the four human factors, the coefficient of population growth of the second over the previous year is 0.0778198; this means for 10-thousand population growth of the year before the last, the number of sandstorms increases by a factor of 1.080928 (=exp[0.0778198]), holding all other variables constant. The coefficient of peasant income change of the last year is -0.0025203; this means for one-Yuan increase of average peasant income of the last year, the number of sandstorms decreases by a factor of 0.997483 (=exp[-0.0025203]), holding all other variables constant. The coefficient of abandoned land change of the year before the last is 0.0339688; this means when the abandoned land of the year before the last increases 10-thousand-“mu”, the number of sandstorms increases by a factor of 1.034552 (=exp[0.0339688]), holding all other variables constant. The coefficient of number of strong winds is 0.0168775; this means when the number of strong winds increases one unit, the number of sandstorms also increases 1.017021 (=exp[0.0168775]), holding all other variables constant. The coefficient of total temperature of the current year and the last year is -0.0014684; while holding all other variable constant, when the total temperature of the current and last years increases one degree, the number of sandstorms decreases by a factor of 0.998537 (=exp[-0.0014684]). The coefficient of the last-year-precipitation is 0.0002244; this means when the precipitation of last year increases one unit, holding all other variables constant, the number of sandstorms also increases by a factor of 1.000224 (=exp[0.0002244]). The coefficient of the total evaporation of the current and the last years is 0.0007246; this means when holding all other variables constant,
for a degree increase of the total evaporation of the current and the last year, the number of sandstorms increases by a factor of 1.000725 (=exp[0.0007246]). The coefficient of the number of sunspots is 0.0000589; this means holding all other variables constant, when the sunspots increase one unit, the number of sandstorms increases by a factor of 1.000059 (=exp[0.0000589]).

As to the constant 1.953222, this means the number of sandstorms will be 7.051371 (=exp [1.953222]), when all other variables are zero. The significance levels of income change, wind, the total temperature of the current year and the last year, and the total evaporation of the current year and the last year are all below 0.01 (They are 0.001, 0.000, 0.004 and 0.000 respectively). The significance level of water from upper reaches is significant at 0.093 < 0.10.

However, the population growth of the year before the last, the abandoned land of the year before the last, and the number of sunspots are 0.307, 0.516, and 0.413 respectively. They are not very significant. This means that there is no strong relationship between these factors and sandstorms. Theoretically, land use is often expected to have a positive relationship with sandstorms. Our empirical result, however, shows that although there is a positive relationship between abandoned land and sandstorms, their relationship is not very significant. One of the explanations for this result may be that the areas of cultivated land are almost the same over last 4 decades especially after 1962 (Figure 2). Sunspots and precipitation are not significant (0.413 and 0.83). Although the number of sandstorms decreases over the last about 40 years, the precipitation is almost at the same level (Figure 3). The significance level of the constant is 0.027, which is less than 0.05.

**Whose Fault: Government or the Farmers?**

The empirical results show that although human factors may contribute to sandstorms, the greatest impact results from natural factors, such as the number of strong winds, the total temperature of the current and the last year, and the total evaporation of the current and the last year. Among the human factors, only farmers’ income change of the last year is highly significant. Water from upper reaches is relatively significant. Interestingly, different from the so-called common sense theory by some researchers that the number of sandstorms will increase with increased farmer income, this study finds that the number of sandstorms decreases when average farmer income change increases. Another relatively significant (p<0.10) human factor is water flow from upper reaches of the river. As its amount decreases, the number of sandstorms increases. Thus, it is unfair to blame the local farmers whose behaviors are generally deemed as major factors of the current increase of sandstorms.

Furthermore, the trend of the water flowing
from the upper reaches was continually decreasing (Figure 4), a phenomenon also mainly due to the impact of government policy. From 1967, the water flow dramatically decreased until the early years of the 1980s. The reason is that many reservoirs were built after the Hongyashan reservoir, as previously stated in this paper. Government policy encouraged people to build reservoirs. As more water was stored in upper reach reservoirs, water use of the upper reaches also dramatically increased.

Although population may also contribute to the increase of sandstorms (not very significant), Chinese population, however, was strongly influenced by political factors during Mao’s era from 1949 to 1976 and the one-child policy since 1974. Thus, population growth in China, at least in Minqin County, is in fact strictly controlled by the government. This can also be seen in Figure 5, which illustrates that from 1960 to 1964, the population dramatically decreased in Minqin County. This decrease is not due to the natural factors but due to the failure of Mao’s Great Leap Forward Movement. Many farmers died in these years. Afterwards, governments began to strongly encourage the farmer to bear more children to compensate for the population loss. After 1964, the population in Minqin began to increase again, until 1976. During this period of time, there was a one-time sudden drop in population, due to the Expansion of Anti-right Movement during the Great Cultural Revolution. Some died and many left. After 1973, especially 1975, the high increase of population suddenly ceased until 1983. These are the years the One-Child Policy came into effect in Minqin County. From 1984 to 1989, the increase of the population was not very fast and had two stages—1984 to 1986 and 1987 to 1989—which reflected the implementation effects of the one-child policy under the different leaders of the governments. In the 1990s, the population also increased relatively quickly because the young men born from 1965 to 1973 began to have their own children. But after 1999, this increase was stopped due to the one-child policy and emigration of the farmers conducted by the governments because of the serious desertification in Minqin County.

In sum, governmental policy influence on loss of water flows and population fluctuation are rather significant. However, because the problems have been wrongly formulated, farmers are blamed for desertification, and governmental policies are formulated as such for helping the farmers to resolve these problems and banning farmers’ participation.

**Observations and Discussions**
The case has vividly described a policy scenario in which a wrongly formulated policy problem led to a
waste of resources and an ineffective policy outcome. Some authors attributed this result to the conspiracy of the powers against the under-privileged citizens. Shaw (1906), for one, warned that all professions are conspiracies against the laity. To him, conspiracy means the power of profession. By virtue of their exclusive roles in the creation and legitimating of specialized knowledge, professions can control or manipulate the presumed beneficiaries of that knowledge in the service of their own ends. Simply, conspiracy means “using specialized knowledge to control or manipulate others.” Furthermore, it also has the tendency “to disregard or distort the common sense understanding of research subjects and to disguise normative judgments as neural methodological assumption” (Catron & Harmon, 1981, p. 535).

Although we are not in a position to defend or reject the conspiracy theory, it is obvious that more pertinent analyses and local residents’ (farmers) participation in the process of problem formulation are lacking. For public policy-making, different policy actors are involved because of the division of labor. Political elites may not know all the information about the problem, but they have more political power. Experts, however, know something that political elites do not know and are able to provide explanations of the problem otherwise unavailable, but have limited political power. Citizens, or local residents, however, are neither in a position of power, nor of knowledge and information. They tend to become the scapegoat. This natural tendency in the public policy process needs to be conscientiously addressed. Enthusiastic authors advocated a model of citizen participation in governance (Arstein, 1969; Dahl, 1994; Fiorino, 1990; Fischer, 1993; Ostrom, 1990; Zimmerman & Rappaport, 1988), yet the gap between the knowledge to decide and the power to decide is always in tension. The idea of inclusion should be able to increase rather than reduce the quality of problem identification and formulation. The public should be seen as citizens with local knowledge, rather than laypersons or ready scapegoats; the experts or scholars should move closer to the local sites; and the government should use its power to encourage participation of all stakeholders in the policy outcome and enable a collaborative relationship among all the policy actors (Yang, 2007). After all, only when a policy problem is correctly formulated can the right policy actors be chosen, the right solutions be found, and the right strategies for implementation be structured.

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Figure 4. The variation of water flowing from upper reaches in Minqin County, 1956–2000
Mr. Libing Yang and Dr. Jie Zhang for their tremendous help in my field studies.

Authors
Lihua Yang is Associate Professor in the School of Public Administration and Director of Workshop for Environmental Governance and Sustainability Science (WEGSS), Beihang University, Beijing, China. His research interests include scholar-participated governance, research methods and methodology, public policy making, and desertification control in China. He has published a batch of English-language articles in journals such as Ecological Economics, Government Information Quarterly, Journal of Policy Analysis and Management, International Journal of Sustainable Development and Word Ecology, Environmental Management, Chinese Public Administration Review, and Journal of Geographical Sciences and more than 30 Chinese-language articles. He has also published two Chinese language books by China Economy Press (2004) and Peking University Press and Beihang University Press (2008). He can be contacted at journeyyang@yahoo.com.cn.


References


Bureau of the Ministry of Forestry in Charge of Construction of Shelter Forest in North, Northeast,


Human Resources Management For Effective Public Administration

Caroline Covell, Walden University

Abstract: Managing human resources in public administration is difficult and complex because it is an academic field, a field of scientific management and application, and a field of managerial professionalism, which includes legal and political processes. Effective management of human resources in public administration requires the incorporation of human resources development and continuous and strategic planning for “the right person for the right job.” The contemporary public administration with personnel that possess “employable skills” belittles the government and reduces its capacity. This system has resulted in a human resource management style that is based on feelings. This paper argues that traditional human management is more effective and it determines the success and the strength of the government. The crisis faced by public administration today is the result of the reinventing the government movement—a system whose human resources management is based on “employable skills,” multitasking, and a fast-paced environment. This system diminishes the importance of knowledge, science, and professionalism. It causes a leadership crisis and poor capacity governance. This paper describes the theoretical foundation of human resources management in the government. This paper also discusses a comparative analysis between line-department and matrix approach as an alternative solution to improve the capacity of public employees so that they can perform effectively and maximize their potential.

In its Introduction, United Nations Department of Economics and Social Affairs, Division for Public Administration and Development Management (2005) stated, “Good government requires good people” (p. 1). Good people indicate personnel with high quality and technical capacity.

In many government reports or consultancy papers, there is also the emphasis that government can be efficient and successful as well as able to respond to different social, economic, political, and global challenges if it can recruit and retain a talented workforce. However talented the workforce is, when it refers to the reality of “employable skills” personnel and line department setting at a government where personnel who have the same knowledge and skills are pooled together to perform multiple tasks (McShane, 1992), work in a fast-paced and competitive environment, they will not produce an effective and efficient workforce. Multitasking and a competitive environment create personnel who are a “Jack of All Trades” but they are master in none while competitiveness creates hatred, envy, and jealousy, which are revealed in personnel behavior and limited capacity (Segan, 2005). A man is expert in his own field. Multitasking causes knowledge crisscrossing and causes personnel to do work beyond their area of expertise. In addition, the new public management requires less education but simply the basic knowledge of how to do a task and the employable skills, which are the willingness to assist, to learn, and friendliness (Ritzer, 1988; Kazilan, Hamzah, & Bakar, 2009).

This scheme results in the diminishing values and importance of science, knowledge, professionalism, and managerialism in public administration. In the legal and political fields, employees and leaders depend much on hunch (Nagle, 1984; Buchanan & DiPierro, 1980) and it makes the process of managing human resources in public administration more difficult and complex. Politicians and chief executives operate and make decisions based not only on hunch but also on prediction. However, prediction is a forbidden knowledge and those who tread on prediction are unwise (White, 1999). It is dangerous to perform management based on prediction. Lao Tzu once said, “Those who have knowledge don’t predict. Those who don’t have knowledge predict.” Similarly, the use of feelings and emotions in hiring and recruitment is becoming a trend in the public sector because of a lack of knowledge about the jobs in the public sector and a lack of professionalism (Kramer, 1998), which results in irrational hiring decisions (Damasio, 1999).

Within line department, there are small teams and self-directed teams, and leadership role is insignificant (Olson & Eoyang, 2003; Markulis, Jassawalla, & Sashittal, 2006). Then why are we questioning the severe leadership crisis in public administration? It is because we have eliminated leadership roles and functions with our invention of
small teams and self-directed teams. Janz (1999) argued that small teams and self-directed teams introduced by past scholars, as a method of restructuring with a promise of improving organization performance, job satisfaction, motivation, and personnel cooperation has never materialized beyond a small piece of autonomy.

Market personalization elevates feelings rather than professionalism, but feelings are deceitful and desperately wicked (Jeremiah 17:9). With the adoption of competitiveness, market personalization of human resources management in public administration breeds corruption, other unethical practices, and discrimination that will linger in the system and spreading chronically across sectors and spill over into society. Discrimination in human resources management antagonizes the true characteristics of public administration, which are social equity and human rights (Bansal, 2001).

Privatization of human resources management should not be part of public sector practices (Berman, 1998). Private recruiters do not understand the nature of the work, the work, the environment of the government, how the process should be, and the cycle of the administration in the government. It weakens public leadership and over time, it reduces its personnel’s capacity, increases non-accountability, and improves the demand for decentralization of political power and decision making while social problems are balloonning without solution.

Human resources management in public administration can only be effective if it focuses on the theoretical and practical foundation of the public administration, which is an academic field (Ronquillo, 2008), a field of scientific management and application (Van Riper, 1995); a field of managerial professionalism, and a field of legal and political processes (Fry & Nigro, 1996; Dreachsler, 2000). It is then we can argue, “Good government has good people” (United Nations Public Administration and Development Management, 2005).

Objective
The objective of this paper is to promote change through the adoption of a strategic human resources management framework that challenges the new public management style, the corporate system of public administration that has caused leadership, managerial, and organizational dysfunctions. This system is, argued Weber (1947), more effective, more efficient, and more sustainable—one that will promote capacity development, democratic governance, and strong leadership.

This paper also conducts a comparative analysis between a line-department and matrix approach as an alternative solution to improve the capacity of public employees so that they can perform effectively and maximize their potential. In addition, this study indicates that as long as there is weakness in human resources management, it is difficult to achieve good government. It is difficult to achieve bureaucratic efficiency and effectiveness because the flaws inherent in line department, teamwork, self-directed team, and human management policy, which are designed “ala McDonald’s” or “ala Wallmart,” are greater than what is idolized by the market.

An Alternative Model of Change Toward Human Development
The restructuring process of the private sector, which is usually introduced when firms are downsizing, promises efficiency but never produces efficiency (Janz, 1988). Then, what makes one think that restructuring the public sector “ala private enterprise” may bring efficiency, particularly in the managing of the human resources?

Most public leaders and personnel know very little about the government (Congleton, 2004) even about the Constitution. Samara, a charity organization, interviewed 65 former Canadian Members of Parliament and found they do not know about their government, their jobs, and many do not have job descriptions. Wrote Samara, they are sponsored to run for federal politics, never trained, but given only a small booklet about constituency’s rights and responsibilities; and as one of the Members of Parliament said during the interview, “You learn by the seat of your pants.” How could one work in a difficult and complex organization (Jones, 2003) he or she knows nothing about and operate by “Googling” their way through?

In order to know the job descriptions of a politician, one must understand the bureaucracy, its structure (Kvint, 1990), and the Constitution (Riggs, 1994) because it characterizes the legitimacy of the government (Long, 1952; Overeem, 2008), the roles and functions of government, and the duties of the leaders (Lawler, Schaler, & Schaefer, 1998; Hartmus, 2008). Understanding the Constitution is difficult because it is not a simple administrative process (Rosenbloom, 2007). It should be the priority knowledge requirement for all public leaders and public servants (Dube, 1963).

Managing human resources in the public sector is different from the private sector. In the private sector, it is about recruiting and matching people with the job, about people performing the task, and about
motivating people (Markman & Baron, 2003). In the public sector, it is about managing people and their practices (Berman, Bowman, West, & Van Wart, 2001), managing the administration of the flow of the tasks (Lane & Wolf, 1990), about human cognitive development and personnel capacity development as well as the building of the nation (Dube, 1963). Therefore, it requires the understanding of human development, the level of knowledge, purposes, and contributions of science and knowledge in the workplace to achieve organization goals, and the benefits to the society should the scientific knowledge be applied in the task. Like public policy, human resources management and human resources development require continuous planning. It is a continuous and never-ending process (Anderson, 1991).

Human resources management and development also require public leaders and personnel to master and comprehend the Constitution (Dube, 1963) because it is the foundation of the nation and steers the Nation’s future. Although Constitutions vary in each country, in general, the document outlines the power and source of power of the leaders (Palmer, 1959) whose main responsibility is to guarantee the checks and balances (Overeem, 2008) of each public policy. According to Dube, public leaders and personnel should go through a rigorous education about the Constitution because it is through the Constitution that they understand the roles and functions of the government. Through the Constitution, they understand that it is a privilege to serve the citizens, it is a calling (Heintzman, 2007).

Jobs in the public sector consist of paradoxes, which cannot be standardized, and developing the capacity of its personnel means to thrive on paradoxes (Berman, Bowman, West, & Van Wart, 2001). They grow, spread, and emerge in the future. Gavin Anthony called them, “dying like a seed.” Each time a person leaves the bureaucracy due to retirement, the seed he has planted germinates then grows and bears fruit. The fruit germinates into a new plant and it follows the same cycle of human development.

For decades, we have been operating according to the philosophy of “Managing by Performance.” This philosophy is influenced by the performance of the Hollywood actors/actresses whose biological appearance and characters, and risk-taking spirit in films are very attractive. The movie stars have hypnotized many people, and even the expressions they use in the films are being adopted into the normal workplace. Because of their popularity, they are being appointed to lead as ambassadors for the United Nations and as leaders in commissions. George Clooney was elected to join the Darfur Commission because of his role in the movie Three Kings. Suzanne Sommers, an actor in Three’s Company, was elected to deliver and advise Canadian policymakers on biological medicine. However, actors’ “leadership” is simply performing. They act based on script. One cannot transform the film script into reality. Kevin Bacon, another Hollywood celebrity, once revealed to STAR Television, that celebrities are living in two different worlds: if they apply their screen life into the real world, their life is destroyed. He even suggested that one should never take advice from celebrities especially in the world of scientific application. The glamour and success of the Hollywood movies cause people to dream of being celebrities. Many regular people who enter the government through political appointment are seeking the opportunity to become popular by banking on Hollywood celebrities or just to associate themselves with these celebrities.

Director of Titanic, James Cameron, was elected to lead NASA’s Nuclear Regulatory Commission Space Exploration Project. James Cameron studied physics at California State University at Fullerton but switched to English, then dropped out. The enthusiastic company later filed for bankruptcy and abandoned the project after spending $97 billion of public money of its estimated project cost more than $250 billion because the company overestimated the abilities of its leading role and underestimated the complexity of the project. Such project requires highly scientific knowledge, which James Cameron and his crews could not perform. It is difficult to transform entertainment into scientific reality, isn’t it? It is interesting that, despite NASA failure, James Cameron later became a lobbyist who lobbied the White House to develop a 3D camera for the Mars Rover. More interestingly, he was appointed to lead the project as a NASA adviser and would give advice to a crew of scientists. It should be the other way around but his appointment was simply politically to generate fund due to his celebrity status.

We are also living in the era of aristocracy where jobs and leadership positions in the private sector are frequently based on “hand me downs” (Schorr, 1997). As government is operating in a businesslike manner, this practice is being adopted into the public sector as well. In terms of leadership, many young people are very attracted to leadership roles because they perceive such positions as being a celebrity. They love to perform and see themselves talking on TV, but all are artificial (McLaren, 2006). Many of them, even the adults, dare to take the risk of becoming executives, managers, directors, or analysts without
adequate intellectual and professional grooming and without undergoing proper cognitive development, but simply performing as what the Canadian Members of Parliament admitted in their interview with Samara. Unfortunately, managing by performance has been one of the contributing factors to the corporate bankruptcy (Daft, 1998) across the globe. It is also one of the causes of the flaws in the government today (Rosen, Boothe, Dhalby, & Smith, 1999).

Human Development vs. Human Resources Management

Managing human resources is not an easy task (Heames & Harvey, 2006), especially in the government. It is time consuming because it requires constant planning and is very complex (Lam, 2002) – from the recruitment (Varette & Zussman, 2008) to testing, selection, training, placement, succession, and so forth (Lane & Wolf, 1990) – all require continuous planning. It requires the understanding of human development and the importance of knowledge and education. It requires long-range thinking for the survival of future generations (Wellisch, 2000). This indicates that a person who is in charge of human resources management should be a person who has gone through the process of cognitive development, has knowledge and education, and that he or she has been groomed professionally and intellectually. Without these skills, it seems difficult to recruit, match, and place the right person for the right job for today and the future.

A human resource manager should be highly educated, have high cognitive development, and have gone through professional development and have experience in the field. The manager must understand the value of knowledge and its contribution to the success of an organization and that of a community. Through his or her professional experience, the person knows what knowledge and experience are required for a particular job and at which level the candidate should be placed or assigned. Within a line department, clerical staff are quickly placed at the executive position and empowered to perform duties similar to the administrative staff because the manager does not understand the job of an executive.

A young administrative staff at the Ontario Human Rights Tribunal was advanced to the position of a judge (vice chair) to the Ontario Human Rights Tribunal without going through the process of development to become a judge. In the hearing room, she brought in her laptop and transcribed every word uttered by the parties in disputes and the witnesses. She never read any summation, never read any material facts, never read the case, and never took into account the bundles of proofs submitted but made her decision based solely on "who appeared to be telling the truth", which she called it the “evidence.” Her analysis was based on the parties’ demeanor during the hearing, which she called “credibility.” Yet, people lie in the court even though they put their hands on the Bible. They camouflaged their demeanor and acted as if they were telling the truth (Hahn, 2008) but it was indeed a big lie.

In the new public administration, the “Wall Mart” system emphasizes that education is no longer considered significant. Simply a little experience, despite the sector, the employable skills, and some basic knowledge of doing a task, even though the public and the private sectors are vastly different (Yu, 2008; Noble, 2006). The public and private sectors are different in every aspect (Reed & Swain, 1990), operate differently (Van der Gaag & Štimac, 2008), and the nature of their work is different in every way. Thomas Jefferson once stated, “Education is the most important factor for the success of the organization.”

Jean Piaget, a Swiss psychologist, described that human cognitive development is limited to his or her level of maturity, intelligence, and education. The aptitude for decision-making is similarly tied. Imagine if a human resource manager, who makes the hiring decisions, is a person with only a high school or a two-year college diploma and the candidates have degrees from higher learning institutions. Regardless of his or her level of education and cognition, the person who does the hiring will rely solely on his or her feelings or emotions. Hiring decisions are based on “likeness” or “they have to like you,” stated Professor Oreopoulos, who did a study on discrimination in Canada.

In his study, Professor Oreopoulos found that firms “don’t value degrees from prestigious foreign universities or master’s degrees but simply the applicant’s name matters considerably more than his or her additional education, multiple language skills, and extracurricular activities.” He concluded that firms do not value the qualifications and credentials of the candidates but their hiring decisions are based on how strong the candidates make emotional contact with the interviewers. This conclusion sounds like the candidate is looking for a date. When government contracts its hiring to the private sector, it receives personnel who are hired based on these criteria such as how good the person makes emotional contact with the interviewers, rather than their knowledge or education and professional experience or what they can contribute to the success of the organizations.

In Canada, the priority qualification for hiring
in the public sector is fluency in French language. The candidates’ experience, education and professionalism are insignificant. Since the hiring manager at the Public Service Commission has a limited level of cognition or a limited level of education, the computer decides who would be hired and the candidates are selected randomly based on name criterion. It causes the government to overlook the important qualities and capacities of the candidates (Dowlen, 2009). Indeed, the irrelevance of intellectuals in the government has been one of the main sources of government failure around the world.

A young, two-year Facility Management graduate from Algonquin College was hired as a branch manager at Robert Half International Inc. to act as a human resources manager and consultant for private companies and the government. She interviews the candidates and makes hiring decisions within 5 minutes after interviewing the candidates. She claimed that the people she hires are executives with CA, CMA, CGA, and other high education credentials as well as people who have adequate professional experience. However, those she hires and sends to companies and the government is ones who are lacking in these credentials. Interestingly, résumés produced by the candidates are often falsified in both experience and education to make them qualified for higher-level positions. They are paid according to their rate but the company bills the clients according to the price for the position plus 87% markup.

This practice is common in the consulting industry and the nongovernmental organizations as well. Even in the international world, consulting firms and nongovernmental organizations take the credentials of the qualified candidates from their roster for government tender but the candidates they send to do the work do not have such qualifications. Using result-based report, they could easily cut and paste from other reports and present the result as their own work. Interestingly, without having done the work, they have a report to present to the government done through cut and paste. In the field, they talk more as McLaren (2006) put it, they “shoot their mouth” and demand for entitlement, but all are artificial. Norman Vincent Peale, the author of The Power of Positive Thinking, stated they talk more to cover what is lacking in their job performance. The knowledge they have is what they learn along the way or during seminars and conferences but without the foundation. The result of their work is non-sustainable.

The marketing or advertising culture of the private sector has infected public sector in terms of recruitment as well but it promotes waste of public resources. In 2009, Canada National Resources Department conducted its recruitment for policy analysts and economists. Candidates were flown from all over the world to write exam and tour the department facility at the capital City of Ottawa. During the 2-day event, all their transportation, hotels, and meals of the candidates were paid by the department. The first night involved a briefing that was followed by wine and cash. Day 2 was the exam, which involved writing a two-paragraph summary of a report based on four bundles of reports and a one-page memo. Candidates from all levels of education were given the same exam. After the exam, the candidates were given a tour around the facility and taken to a restaurant for lunch and cocktails. Hundreds of thousands of dollars were spent on this event, but most candidates hired were friends, colleagues, relatives, temporary personnel, students, or even volunteers who had been working in the department. Like the observation of Lane and Wolf (1991), career policy analysts and career public servants were not selected in favor of those with a business background, as stated by one of the managers. This manager believes that only those with business background could bring efficiency to the government.

Unfortunately, the belief that business brings efficiency to the public sector is a delusion (Seddon, 2008). It is a politics of control (Harel & Partipilo, 1996). This politics of control is transformed through human resources management practices, in which recruitment process is a celebration event, hiring is done by private contractors, decision making is lowered to the frontline as suggested by Schorr (1997). As politics of control, according to Harel and Partipilo, youths are being elevated to the executive positions and those without knowledge or education background are placed as the managers or leaders at the government organizations because they can easily be shaped by external influence. Knowledge, education, and experience are not significant because they can learn by doing (Samara, 2010). This practice is, charged Williams (2000), seriously flawed, misleading, outright harmful, and should be corrected.

According to Piaget, people make decisions based on the limits of their level of cognitive development. Then we wonder why government has such a poor human capacity. Government has poor capacity because knowledge and professionalism have been abandoned while feelings and emotions are gratified. Government is becoming like most nongovernmental organizations, Kramer (1998) argued, which are low in professionalism and high in emotions. The field of scientific knowledge (Randma-Liiv & Connaughton,
Another delicate scenario occurs when the hiring manager is a young person. Horn (1970) found in his study that younger individuals tend to score better in fluid intelligence, which is a native capacity for reasoning, problem solving, and memorization. They emphasize the importance of feelings (Kramer, 1998), common sense, and practicality (Sayer, 1992) rather than scientific realities. Mature individuals, on the contrary, use both formal professionalism and education, and rely more on wisdom, which Horn described as crystallized intelligence. This indicates that for a human resources manager to evaluate and make a decision, he or she must have not only knowledge and education but also maturity, professionalism, and have experienced a higher human development process, as well as wisdom. It takes wisdom to place the right person for the right job. It takes wisdom to prepare candidates for future placement because one of the inherent roles of government is to build the nation (Groeneveld & Van De Walle, 2010). This process requires continuity because the government is designed as social development organization (Kaplan, 1968) and for the survival of civilization (Appleby, 1954).

Politically managed government (Moore, 1983) and the privatization of its human resources management increase the degree of low-skilled workers and workers without knowledge and technical capacity in the government, and the greater is the macro and micro mismanagement of the bureaucracy (Cowell, 2004). Among Canadian Members of Parliament, many do not even understand what constitutes public policy. Some consider banning the Gideon from giving out the Bible to the new-sworn citizens is public policy. Others consider wearing scented product in the public sphere or taking peanut butter sandwich to school for lunch is public policy. None of these rules has merit as public policy. They are individual preferences and have no place in public policy (Palmer, 1959) but have been adopted as public policy because policy makers don’t understand public policy.

Seeing the managerial, administrative and structural dysfunctions, and poor capacity personnel of the government today, it is essential to remove the practice of human resources management of the private sector from the government because it is harmful (Williams, 2000).

Human resources management of the public sector should be assessed according to Erikson and Piaget’s theories because public administration is an academic field (Selden, 1997; Ronquillo, 2008), a specialized scientific field application (Van Riper, 1995; Styhre, 2007), a field of science and art (Fredrickson, 2000), a field of legal and political process (Fry & Nigro, 1996), and a field of professionalism and managerial application (Milakovich & Gordon, 2008; Du Gay, 2005).

Many young people have gone through the fast track of obtaining the highest degree of education without knowing how to apply this knowledge in the real world because they have not gone through the right professional experience. Hence, they cannot relate the theory to the application. Consequently, they reduce the value of the scholars, who have obtained professional experience and have knowledge specialization but are not welcomed in the world of application.

After going through bankruptcy, the Indonesian government realized its mistakes. Previously, it had a surplus of unemployed higher learning graduates while people with a low level of education, some were even illiterate, and foreigners who spoke no Indonesian dominated the employment in the public sectors. Adolescents also dominated the executive positions. Many entered the bureaucracy as contract or temporary personnel recruited by private contractors because they would be paid less than the professionals and experts. Even foreigners were recruited by staffing agencies to work for the bureaucracy. No one envisions the phrase Sleeping With The Enemy because it is about maximizing profits.

Industrial espionage is common in the private sector (Choate, 1990) and it is now becoming a trend in the public sector. When the FBI agent Richard Hansen was caught for espionage, 150 private employees who worked in the government as contract staff or term employees including administrative personnel at the military were also caught and charged with espionage (Herbig & Wiskoff, 2002). Most of them worked for the department of defense and according to Herbig and Wiskoff’s report, they sold government and military secrets to anyone who offered them money because they are not citizens but customers. In Canada as well, industrial espionage is becoming rampant, pervasive, and aggressive in the private and public sectors (De Pierreborough & Juneaue-Katsuya, 2009).

Some scholars generalize human development with social development or with an individual ability to develop his or her skills. According to Cultural Human Resources Council, in its Human Resources Management: Recruiting the Right People, managing human resources is about recruiting and choosing people to fill the empty positions. However, this process is only a small part of human resources management.
This process has failed because it simply recruits and places people on the jobs not according to their educational background or professional experience but based on personal assessment of the candidate’s behavior. People know to perform multiple tasks but lack important knowledge. Hence, the hiring managers put emphasis on feelings and emotions, which have no place in the public sector (Palmer, 1959). It undermines the character of the government and its ability to solve public problems in a professional manner (Rosen, Boothe, Dahly, & Smith, 1999).

Others, such as Wetzel, Inglehart, and Klingemann (2002), defined human resources development as social and economic development, value change, and change in political institution. Berman, Bowman, West, and Van Wart described this definition as the liberation of human resources management. This management system emphasizes employees’ empowerment, job reengineering, teamwork, customer service, self-directed teams, flat organizations, and decision-making power is at the hand of the front-line staffs that are trained on the job. Education is insignificant as long as they are willing to learn, to assist, and are friendly (Kazilan, Hamzah, & Bakar, 2009). However, the result has been poor productivity (Lewis, Shannon, & Ferree, Jr., 1983). This system allows personnel to do as they please (Boyte, 2004) and human resources development is emphasized on political programs (Ke, Chermack, Lee, & Lin, 2006).

Human resources development as defined by Wetzel, Ingehart, and Klingemann is difficult to relate to human resources management. In terms of the growth of political institutions, Wetzel, Ingehart, and Klingemann argued that it causes a massive rise in societies’ democratic performance. On the contrary, greater political parties cause the politicians to concentrate their effort on political survival (Covell, 2004). They concentrate on winning the election (Samara, 2010) at the expense of the public, because no one understands the true process of human resources management and development in the government.

Piaget wrote that human resources development involves biology, sensory, mental and psychological abilities, cognitive abilities, patterns of thinking, social interaction and transmission, knowledge and education, maturity, and other human attributes. Erik Erikson (1963), conversely, defined human development through eight stages, with a conflict in each stage. Without this conflict, there can be no development. According to Erikson, this includes oral sensory (trust vs. mistrust), muscular anal (autonomy vs. doubt), locomotor (initiative vs. guilt), latency (industry vs. inferiority), adolescence (identity vs. role confusion), young adulthood (psychosocial development), middle adulthood (generativity vs. stagnation), and maturity (ego integrity vs. despair).

Erikson’s theory of development indicates that adolescents (12–20 years old) are still looking for identity, confused about individual roles, self-centered, indecisive, and exhibit possible antisocial behavior. Between the ages of 18–25 years old, although young adults begin to form relationship, they avoid commitment to work. Between the ages of 25–45, they lack interests and commitments, and are more self-indulgent. This explains why leaders at this age threshold prefer performing than being committed to work and to maximize the welfare of the society. They are more attracted to themselves. It explains why in performing their duties, as public officials, socializing and drinking alcohol have become the culture of the public sector just as that of the private sector. They don’t care about public interests but are keen to pursue individual interests once they become public officials. According to Erikson and Piaget, mature adults at the age of 46–65 are more committed, more dependable, more willing to make meaningful contribution, and have more concern for others. This theory explains that becoming a leader at an age below this threshold undermines leadership. It explains why leaders or executives like to perform and be idolized as celebrities. They try anything controversial to have their picture in the media. Ex Ontario Minister of Health George Smitherman even dressed in a diaper to express his empathy for senior citizens because they have to wear diapers, but for the sake of popularity. The lavish lifestyle of celebrities is contagious and unfortunately, when it comes to public leadership, the lavish lifestyle of the executives comes at the expense of the public.

Regardless of how adolescents mimic the celebrities’ lifestyle or how they mimic the adults in thinking, adolescents “still tend to be egocentric and naïve in some of their thoughts” (Buskist & Gerbing, 1990, p. 405). Piaget also stated that things that are simple to adults are complex to children. Similarly, things that are simple to a person with higher degree learning who has professional experiences are complex to those without higher learning and professional experiences. Consequently, these individuals tend to rationalize things (Ritzer, 1988) to meet their level of cognition. In hiring Canadian federal public executives, for example, job requirements are made to suit the candidates’ experience rather than selecting the candidates according to their qualifications and the job requirements. Similarly, the exam questions for the higher learning candidates are similar to
those of the high school-educated and undergraduate-educated candidates because education is not important as long as the candidate is able to perform simple mathematics and read and write (Lane & Wolf, 1990) English or French.

In terms of job performance, many are bragging or boasting about their abilities to perform in a field they are not trained for such as businesses claim they are able to bring efficiency in the government. Many even claim they know better how to lead and manage public resources and are crossing over into public policymaking through a Think Tank group. This is, as Rosen, Boothe, Dahlby, and Smith (1999) argued, very misleading. The saying goes, “Empty barrel sounds louder than a full barrel.” Business people and accountants are crossing the boundary of knowledge and entering public policy, becoming experts in organization efficiency or in ethics and accountability. Towne (in Shafritz, Ott, & Jang, 2005) once stated, when there were some dysfunctions in the organizations, never ask business, accountant, or administrative clerk to fix the dysfunctions but have people who are trained in the field to fix the dysfunctions. According to Piaget, people tend to take shortcuts when the matter is beyond their comprehension. This is one of the greatest weaknesses of leadership in the public sector. Some leaders take too many shortcuts because they are, said Mao Tse-tung (1970) and Rotberg (2006), knowledge illiterate and as managers they accumulate the greatest dysfunction in the government.

In the private sector, human resources management is about job performance. Bechel (2009) defined human resources management as a “set of tools to recruit employees, form and organize their professional career, and ensure that employees are assigned to do the adequate tasks and that the overall performance of the administration is aligned well with the general and particular objectives that it seeks to accomplish” (p. 3). Specifically, she added, human resources management is “a set of tools which makes it possible to undertake a search for the best possible assignment of people to the required tasks, and a search for the best possible service delivery given the human faculties present” (p. 4).

In the public sector, human resources management is about commitment to serve the public with high-quality service (Wu, 2008), high professional manner, high significance of serving the public, accountability of actions, responsibility toward social welfare, equity and fairness, transparency, and a model of excellence (Department of Public Service and Administration, 1997) to achieve the mission of the government as defined and characterized by the Constitution (Palmer, 1959). The Department of Public Service Administration also stated it is about managerial responsibility, authority, and fairness of accessibility to government officials and public resources. It is about human and social development, developing leadership, building professional managers, building human capacity using scientific knowledge and professionalism (Wellisch, 2000) to solve public problems (Heald, 1985; Kemp, 2003), and leading and serving the public democratically.

Human resources are the most valuable assets and the cornerstone of the government, argued Heald (1985). They are the source of capital (Rosen, Boothe, Dahlby, & Smith, 1999) and power because government is from the people, to the people, and for the people (Boyte, 2004). The greatest charge against the government is inefficiency even though there is no apparent evidence that government is inefficient (Rosen, Boothe, Dahlby, & Smith, 1999). This charge is a delusion (Schwarz, 1983; Ryals & Rogers, 2006) and misleading (Rosen, Boothe, Dahlby, & Smith, 1999) because management differs across sectors (Denhardt, Denhardt & Aristigueta, 2002).

The charge of government inefficiency is overly stressed (Fu-Lay, 2008), although it is based on, what Mantzios and Murphy stated, in their In the Public Interest: Debunking the Myths about Government, Government Workers, and Unions, myths. Scholars and activists are comparing apples to oranges (Graham, 2007), but the independents, liberals, and conservatives alike are overwhelmed by the pervasive mood of discontent with the government’s ability to improve the people’s standards of living (Schwarz, 1983). The policy to reduce government’s assets becomes the new sounding principles and objectives of the government, which are its human resources.

Today, like in the Reagan era, the claim remains that government is the problem (Shafritz & Russell, 2000) and the policy of the past is so discredited as the effect of the present (Schwarz, 1983) that although a change is being made, the blame continues even after the millennium—we are still living in an era of blaming (Simmons, 2005). Blaming has been the political culture of the private enterprise, which causes organizational dysfunction (McShane, 1992). It causes the government, particularly the Federal government, to become very dysfunctional (Dobbs, 2006) because, as McShane stated, it would cause the government to concentrate its effort on fixing the blame and ignoring its most important roles. While government is busy fixing the blame, lobbyists and private interest groups are bribing the bottom line.
staffs to pursue their interests (Nowness & Osborn in McGrath, 2009).

With very little knowledge about the government (Congleton, 2004), many leaders adopt the new economic philosophy of reinventing the government. Entrepreneur politicians sing their political anthem, government should operate in a businesslike manner, as sung by John Tory, the ex Ontario Conservative Party leader during 2006 Canada Club meeting in Ottawa, in order to be more efficient, to deliver service with higher quality, greater professionalism, provide services with less resources at a reduced cost, and to deliver services digitally (Fox, 2003). All these promise the world (Clawson, 2003) but deliver inequality, discrimination, economic oppression, social deprivation (White, 1999) and cause political conflicts, labor and economic polarization, even social exclusion.

The hierarchical system of government, which Shafritz and Russell (2000) and Weber (1947) described as the traditional system of government, is being revamped. Leadership management and human resources management in the bureaucracy can be very effective if the system is well designed, argued Shafritz and Russell, but without its power of human resources with intellectual capacity, the system is paralyzed. Because elected officials had very little knowledge about the government (Congleton, 2004), its power is diminishing (Austin, 2000). As government’s power diminishes, its control also becomes limited, added Austin.

In early 1990s, following the study of Linda Duxbury, under the leadership of Prime Minister Jean Chrétien, between 45,000 and 65,000 Canadian federal employees were laid off through a buyout package or attrition, and others went through job changes through contracts, temporary assignment, seasonal, or volunteerism (Condrey, 1998). Even at the municipal level, government employees were laid off. A municipal office has about three employees with two clerical jobs up to the managerial positions and from contractors, and from sub-contractors to sub-sub-contractors. As time goes by, contracting out and outsourcing are becoming more aggressive—from the clerical jobs up to the managerial positions and from the federal government down to the municipal government. These schemes contribute to the dysfunctional system of government (Dobbs, 2006) and poor capacity government. The field of scientific and professional application becomes a field of practicality (Bradbury & Waechter, 2009) while decisions are made based on political pressures (Boyne, 1998) and common sense (Sayer, 1992). Financially, this arrangement causes massive fraud of public funds, theft, and contractors are not held accountable. Some contractors use the opportunity to milk money from the public and become wealthy (Rixin, 2010), or for personal enrichment (Jenkins & Page, 2004).

Ellen White (1999) stated that people who are not trained in the field of healing are not fit to serve in the ministry of healing. Similarly, those who have no
knowledge and training in the government are not the right agents to renovate the government. If a person says you are inefficient, you do not hire that person to prove that you are efficient (Covell in Pinkowski, 2008). Added Covell, that person would prove you are inefficient even though it is based on lies. Those who cast the stone are those who commit the crime.

The pressure for privatizing government functions promises cost saving and greater efficiency (De Bettignies & Ross, 2004), but it never materializes (Lewis, Shannon, & Ferrée, Jr., 1983). Too often, privatization or contracting comes “at the expense of plans for improved human resources” (Winniger, Aarts, & Burch, 2010, p. 4) training and development.

Obsessed with the delusion of market efficiency (Schwarz, 1983), the Hon. Richard McTigue (2004), in front of the House of Representative at the White House claimed, he can reinvent the government by transforming the engines of the machinery of government into small business units and turning bureaucrats into plutocrats. Many leaders have gone too far with the delusion of efficiency (Schwarz, 1983) and are going further to rob the system of its stability. They nurture the political anthem that government should operate in a businesslike manner. However, said Milton Friedman, entrepreneurs are not in the business of public policy or social welfare but maximizing profits (Hooker, 2004).

As the engines of the machinery of government become small business units and bureaucrats become plutocrats (McTigue, 2004), the working environment in the government is hybridized (Bakvis & Juillet, 2004; Daft, Fitzgerald, & Rock, 1992) so is its human resources. People who work at a government office represent an army as in a manufacturing company and the government is becoming like a McDonald’s-style system. Personnel work in a fast-paced environment, jobs and all administrative procedures are standardized, the working environment becomes competitive, personnel compete with conflicting priorities, and information technology becomes their tool for making decisions (Ritzer, 1988). Karl Marx called this the “labor machine.” They also work in small teams, self-directed teams, and everyone does the same kind of work (McShane, 1982) but their main priorities are to serve the clients’ needs (Schorr, 1997) not to serve the citizens (Boyte, 2004; Schorr, 1997). This hybrid system eliminates knowledge, specialization, professionalism, and intellectual capacity. At higher-level jobs, almost everything is quantified and the value of government service is monetized (Ritzer, 1988). Transparency, accountability, authority, and responsibility are also diminishing while democracy becomes autocratic or dictatorship (Dube, 1963). The principles and characteristics of the government are also disappearing when the government operates in a businesslike manner.

Personnel are mobile from the private sector to the public sector or vice versa and work under contract, temporary assignment, volunteer, job sharing, and other schemes (Condrey, 1998). Their sense of security is soon replaced by feelings of insecurity. With the elimination of job security, employees compete, raising petty jealousy among the employees (Benziné, 1990). It takes away the sense of obligation among the personnel to serve the public impartially.

After having experienced in small teams and self-directed teams at the bottom level, more people prefer the advisory to executive positions (Hunt, 1987). Education and knowledge are becoming insignificant as long as the person has extensive experience in the administrative procedures. Since they are lacking in professionalism and education, jobs descriptions for executive positions are created to suit the experience of the chosen candidates who enter into the bureaucracy through the “revolving door” or the political party. Sometimes, said Maria Barrados, President of Canadian Public Service Commission, job requirements for an executive position are created to meet the handpicked candidate’s experience rather than the candidate’s qualifications to meet job requirements. Sadly, after the assignment, this newly appointed or elected executive’s main job is performing because most decisions and jobs are done at the bottom level. Consequently, these executives don’t stay long. The highest turnover rate in the Canadian public sector is among the executives and political appointees.

Shafritz and Russell (2000) asked “Can business government work?” Previous City of Ottawa Mayor O’Brien’s vision is to invent the City to become a business unit and act like a retail store. This concept shocked city council and staff. They work “with tensions of diversity and divergences in points of view that are inevitable part of collective activity but are now routinely turned into a mere power struggle and the uneasy truces of compromise” (Briggs & Peat, 1999). Over time, councilors become consultants to private enterprises, which do business with the City for fees. In contracting the jobs, most IT jobs go to Larry O’Brien’s firm Calian Technology with and without proper tender. In addition, since he knew nothing about the job of a mayor, he carried the City work to Calian Technology office and had his staff to do the work for him. This is, as Williamson (2000) stated, harmful and unacceptable.
The price of the reinventing the engines of the machinery of the government has been weak government, leadership deficit, a diminishing power and limited control of government (Austin, 2000), failing government, while public service is experiencing capacity deterioration. In Canada, for example, government is severely lacking experienced professionals, scientists, scholars, engineers, auditors, and other specializations (Winninger, Aarts, & Burch, 2010). According to Aijala (2001), some of the contributing factors are “unflattering impression of public sector, poor recruitment strategies, employees demanding individualized approaches to work, amorphous career paths, meager career development and opportunities for learning” (p. 11–12).

**Human development** defined by psychologists is more suitable to be adopted into human resources management. Human “management development is a hybrid of training and selection ... conscious effort on the part of an organization to provide a manager with the skills needed for future duties. ... Workers are trained so that they can better perform their present duties; managers are developed so that they can be of greater organizational value in both present and future assignments ... and to provide them with the kinds of assignments and experiences that will allow them to grow professionally” (Shafritz & Russell, 2000, p. 371). This must be inhibited in public sector’s efforts of recruiting and hiring.

In her interview with Witzel (2006), Professor Danica Purg discussed the trend of declining leadership skills, which plagues not only the business sector but also the public sector. Many workers jump into leadership roles with enthusiasm because they are young, full of energy, and are risk takers, but they do not have the leadership skills, wisdom, and experience to guide the organization successfully. They jump from the bottom level to the executive level without proper intellectual and professional development. Hence, they become fatigued in a short time. The high employee turnover rate in Canada is among public leaders. They leave the bureaucracy just as quick as they enter the bureaucracy.

One of the reasons of the decline in capacity and leadership skills in the public sector is the transformation of the hierarchical structure of the bureaucracy into a line department, designed by the reinventing government innovators (Shafritz & Russell, 2000). This system is poorly crafted, politically driven, or politically motivated and internally inconsistent (Hays & Kearney, 1999). When it comes to E-Government, this arrangement poses a tremendous challenge to not only privacy and accountability but also theft of public funds and no one is accountable because the system has been designed to fail.

“If it ain’t broke, don’t fix it!”

**Line Department**

Adopted from the retail industry or private structure, line department has become fashionable in the public service. Some consider that line department, which emphasizes “know-how,” service performance, a fast-paced work environment with competing priorities, fast response, and “customer service” type performance, is becoming an important issue in the government. Line department never suits the public sector.

According to Condrey (1998) and Berman (1998), the practice and management of the private sector should not be transferred into the public sector. It weakens public leadership and over time, it reduces the personnel’s capacity, increases non-accountability, and increases the decentralization of political power and decision making while social problems continue to balloon without a solution. Line department or functional structure has become an important issue and is widely promoted as a “know-how” tool in the government (Bakvis & Juillet, 2004). This structure exists in the private enterprises where “people are grouped together in departments by common skills and work activities ... expertise, and resource use” (Daft, Fitzgerald & Rock, 1992, p. 291).

Line department structure is common in private enterprises because of the nature of its products, services, the scope of the business, and its focus orientation. Problems in the private sector stem from purchases of goods, returns of defective goods, and poor customer service with regard to product warranties. Contrary to private goods, public goods are unique. Their demand is elastic (Rosen, Boothe, Dhalby & Smith, 1999). The level of consumption of the goods by one person does not affect the marginal utility consumption of another person (Rosen, Boothe, Dhalby & Smith, 1999) and its price is not affected by the market.

In the public sector, the hierarchical system of government, which is influenced by the Roman tradition and the military, affects the goods provided, services delivered, and how the human resources are being managed and developed. This ranges from the needs, social values, rights, equality, ethics, technology, science, education, anthropology, philosophy, culture, tradition, standards and norms of the society, physics, health, and many other factors such as the core fields of public administration, which according to Shafritz and Russell, “the sky is the limit.”
Within the functional structure of line department, even though companies seem to be successful, the greatest problem is accountability (Daft, 1992). It has been widely applied in the public sector (Bakvis & Juillet, 2004) to foster speed in the decision-making process (Schorr, 1997). Nevertheless, it causes decisions made are raw, quick, without thinking (Shafritz & Russell, 2000), and causes more damage than good (Russell & Harshbarger, 2003). It even costs more and takes longer to fix mistakes (Shafritz & Russell, 2000).

According to Daft, Fitzgerald, and Rock (1992), when employees are grouped together to perform common tasks, the enterprise would achieve economies of scale; the resources used are more efficient; it enhances employees’ skill because they work on a variety of problems; employees are more motivated to develop their own skills in solving problems, and it is especially beneficial for employees who are technologically sophisticated. This structure allows employees to develop their own skill set without additional training, added Daft, Fitzgerald, and Rock.

However, this structure has more disadvantages than advantages (McShane, 1992). Daft, Fitzgerald, and Rock did agree that a functional structure of line department “creates management problems, such as difficulty in pinpointing problems within departments” (p. 294). Other problems, they continued, are decisions that tend to be centralized because of the problem of non-accountability lack of responsibility, and poor communication across the departments and across the organizations. Employees tend to focus on the attainment of departmental goals rather than the organizational goal as a whole, prioritize their individuality rather than serving the citizens. As a result, they lack creativity and respond slowly to external change. Employees lack the understanding of the true purposes and goals of the organization because they see only their respective tasks and not the big picture.

There is a danger when public employees are grouped into a “Customer Service Department” to handle “everything,” given the freedom to develop their own capacity, the routineness of the tasks, the mundane and responsibility of the tasks, and the pressure of giving out a fast response. Because of years of being accustomed to focused work and making decisions, the ability of public leaders and employees to see beyond the sphere (Simmons, 2005) is doomed. Their intellectual capacity is buried in their fast-paced routine and is deteriorating at a diminishing rate. Eventually, they surrender to market control (Ritzer, 1998) and are unable to defend the public when faced with the pressure and demand for privatization, contracting out or outsourcing, which would lead the government to race to the bottom (Shafritz & Russell, 2000). The capacity they gain through learning by doing lasts only temporarily because they do not have the foundation or only to the level that they are mentored.

Smith (1993) argued that when man has to perform many different tasks with the same tool, his work is usually slothful and defective. Accountability is lacking and it is easy to blame others for a mistake (McShane, 1992). Towne (in Shafritz, Ott, & Jang, 2005) also stated that when the work of the government is divided and done by multiple intermediaries at different places and with different tools, it causes confusion and dysfunction.

Because of the focused and task-oriented atmosphere, employees are incapable of managing and coordinating diverse departments. They have limited appreciation of the dual nature of accountability (Bakvis & Juillet, 2004). This functional structure of line department also reduces general management training for employees. Consequently, “they fail to be groomed for top management and general management positions,” added Bakvis and Juillet. Canada Prime Minister allows the senior bureaucrats to stay longer on their jobs because these line managers do not have the capacity to manage public administration. Even though they are managers, their jobs are similar to those of their subordinates. One can over-ride the others’ decision without accountability and responsibility. In fact, line manager position is a dead-end job (Collins, 1997).

Canada Statistics reveal that not only are today’s public employees occupying positions for which they are not qualified in their education or professional training, but also they are lacking leadership skills (Witzel, 2006). They show a lack of wisdom and understanding of the true purposes and goals of the organization. Like the politicians, they do not comprehend public policy. Politicians, on the other hand, do not act in civilized manner during political debates, do not know what the public values or public interests are because they are buried in their own interests and have a myopic view (Lardaro, 2008) about public administration. Hence, they disrespect the values of knowledge and education.

Despite the disadvantages of line department, it has been heralded as the tool for government reform especially for the shrinking government. This arrangement represents a challenge to human resource management. National security is at stake especially when it is associated with IT because a majority of crimes today is IT related (Garson, 2006).
When job security disappears, people continuously adjust to the norms and standards of the new organizations, and as they work in different environments at a time, their loyalty to the government disintegrates. When they go to work every day with the thought that “tomorrow is my last day,” they eventually don’t care anymore. Their priority is first to their professionalism, second is to the person who sends them to work for the government, and third is to themselves. They are not loyal to and don’t care about the government.

Line department is the greatest weakness in human resources management system, particularly for the government, because as jobs are generalized or as employees are asked to work as “Jack of all trades,” specialization diminishes. Roles tend to become routine and are standardized. The negative side of standardization is that a person can quickly scrutinize another person’s work and it reduces employees’ creativity. Employees have to think inside the box. Standardization also allows anyone to do any job without accountability. In terms of human development, like the story of Nortel, which considered education is insignificant as long as the person is willing to learn, assist, and be friendly, it went bankrupt. As a result, the Canadian Federal government is in a state of severe crisis of professional and specialist personnel.

Facing the demand for faster response, the army of line department performs multiple tasks and makes multiple decisions. They are also very competitive and have to work in a fast-paced environment. Nevertheless, it causes knowledge crisscrossing. Nortel Inc. suffered a severe financial scandal and though it tried to restructure after its bankruptcy for the second time, without strong, intellectual leadership Nortel was finally dissolved.

Since line department’s personnel are people who have the same background, ability, and have the same level of cognition (McShane, 1992), problems beyond their ability tend to be shifted to the politicians. Even simple problems are shifted to the politicians. Since very few of the politicians know very little about the government roles and functions (Congleton, 2004; Samara, 2010), problems are politicized and publicized in the media to allow them to become the celebrities of the day. Over time, management of the bureaucracy becomes more political than managerial (Covell, 2004). Problems are never solved but are shifted upward. Similarly, the upper level of the bureaucracy has almost no intellectuals (Mao Tsetung, 1970; Rotberg, 2006).

Knowledge crisscrossing causes businesspeople and accountants to enter public policymaking while career and trained policy analysts are rejected from the public service (Lane & Wolf, 1990). Without jobs descriptions, politicians as well perform multi-tasking. Even deputy ministers and political advisors become human resource managers, but their jobs is simply approving who should be hired and tell the subordinates what to do.

When it comes to privatization and operating in a businesslike manner, planners are usually the first person to be ushered to the unemployment door. Even though most politicians lack scientific and intellectual training and as “multi-taskers,” they act as planners, consultants, engineers, negotiators, trade experts, lobbyists and almost everything they can do but policy-making and only according to protocol. They cannot solve public problems because these problems are beyond their grasp. Some Canadian Members of Parliament contract journalists to do their work because at the same time, they get exposure and become popular at public expense. Though journalists seem to be good at public policy, their policy is too artificial, argued Shafritz & Russell (2002). They don’t last because they are trained in selling news not in making public policy.

Unsolved problems are shifted upward. Since the upper level is also operating in the same system of line department without intellectual and scientific backing, problems remain unsolved. Then, the problems are tossed into the global market for bidding. Even though international agents promise to solve the problems, they provide a “garbage can solution,” one that seems to solve the problems but it creates another problem that co-exists with the existing problems and together they grow into another complex problem (McShane, 1982).

Business leaders are also entering conflict resolution in the international market because they thought their trade of negotiation skills would enable them to be experts in solving conflict. Even among scholars, many people enter a different field of knowledge based only on interest but not because they have expertise in that particular field. In the work of practicality, expertise is based on “doing the same work over and over” but the true value of expertise is knowledge, education, professional experience, training, and skills (Salem, Reischl, Gallacher, & Randall, 2000).

When one becomes a super employee, he or she can only do very little and the end product is also very little. When a man’s taste for intellectual matter is declining, no one can solve even a simple problem.

Matrix Approach
Matrix approach is a combination of functional and divisional chains of command simultaneously (Daft,
Continuous planning, which is the nature of human resources management and human development, reduces waste and it enables the employees “to manage everyday situations more effectively in order to achieve reliable outcomes” (Weick & Sutcliffe, 2001, p. 79). Planning is the key to the economic success (Lipsey, Purvis, & Courant, 1994) and it is an extremely complicated business as it “involves highly specialized knowledge and developed manipulative skills” (Dube, 1963, p. 1) and for its implementation, Dube continued, it requires “deep administrative insights and a keen evaluative perspective,” which are provided by the leaders.

Within this matrix system, planning allows the organization to design desired future outcomes, to prepare for the inevitable, preempt the undesirable, and control the uncontrollable (Weick & Sutcliffe, 2001). The same authors argued that planning presumes consistent high-quality outcomes that will be produced time after time as repetitive and routines and routines are in every environment.

As the matrix system requires continuous training to improve capacity, Shafritz and Russell (2000) indicated that capacity development requires strategic and comprehensive planning (Management Science for Health, 2005). This process guarantees continuity (Simon, 1946). It involves recruitment, evaluation and testing, certification eligibility for appointment, interview with appointing authority, classification, job offer, training, placement, and succession. Although Shafritz and Russell proposed reference and credential checks prior to extending a job offer at the government, a scrutiny of security or credential check would be more appropriate especially when there is a threat of terrorism. Several incidents have indicated how references override a bad security check.

For example, a scandal in the Royal Canadian Mounted Police involved an employee who had 40 violations, yet went unnoticed and managed to bring down the organization. Of the two Canadians, one is in prison in Guantanamo Bay and another is in a London prison. These individuals were employed with the Canadian government due to their references. References promote nepotism and cronyism and it does not guarantee that the candidate is the best because it has relied on what the reference said even though it is not necessarily true. A public office becomes a family office such as the City of Ottawa where 56% of the employees are blood related.

To prevent nepotism and cronyism, Shafritz and Russell (2000) referred to the Report of the Congressional Joint Commission on Reclassification of Salaries, a report that emphasizes that the principles of human development in terms of position classification. They stated that hiring of employees in the
public sector should be based on position not the individuals, on duties and responsibilities not the individuals or position, on qualifications, in terms of experience, knowledge, necessary skills for the performance of certain duties, on the nature of the duties, and on equality. Individuals’ characteristics should not have bearing on the position.

Management for capacity development is a hybrid of training and selection (Shafritz & Russell, 2000). “Creating an effective workplace involves cultivating a learning environment … continual learning opportunities are critical to the cutting-edge management tool” (Condrey, 1998, p. 104). Capacity development, indeed is vitally important for public administration, says Condrey. Human resources management is not simply about recruitment but as an “integrated use of procedures, polities, and practices to recruit, maintain, and develop employees in order for the organization and develop employees in order for the government to meet its goals” (Management Science for Health, 2005, p. 3). This includes, added Management Science for Health, capacity development, continuity process of building, effective and strategic planning, policy and practice, data collection and storing, performance management, and training. Public personnel require a comprehensive understanding of the Constitution and the nature of jobs before they start working because the privatization of human resources has resulted in the dysfunctional administrative system in the government around the world.

While the current trend is to hire Generation X or Generation Y, Condrey argued that it is a grave error on the part of decision makers to conclude, “Investment in mature workers would bring insufficient performance benefits to the employers” (p. 3). Such judgment, which could be because they would retire soon and that short-term investment on them would not bring a long-term benefit is considered shortsighted thinking, charged Condrey. They are the backbone for human resources training and development.

Whether employees are old or young, training is designed to build people’s skill set, a part of human development to expand and improve their ability to cope with disturbance and learn from their experience (Weick & Sutcliffe, 2001). Training helps the personnel to understand the organization. It is a mechanism to build their loyalty, particularly if they are to be working for a long time. “Human resources management is more effective in an organization when hiring is at the hand of senior management level (Management Science for Health, 2005, p. 1), one who is not only senior in position but also in knowledge, experience and professionalism. If the person who handles the hiring has a high school diploma, for example, that person will disqualify many qualified candidates whose level of education is higher than his or hers due to competitiveness. Interview or exam questions tend to be related to the level of intellect of the person conducting the interview. In general, argued Philip Orpoulos, a University of British Columbia economist and the author of Right Resume, Wrong Name, when it comes to making a hiring decision, interviewers make split-second decisions based on subconscious stereotypes (Jiménez, 2009). Their decision is based on feelings if the candidates make the most emotional connection with the interviewers. Hence, this behavior nurtures the practice of discrimination and reduces the importance of professionalism, knowledge, and scientific application in the workplace but it upholds feelings, emotions, and common sense. Similarly, when hiring is based on random selection, argued Dowlen (2009), it causes the system to overlook qualities or qualifications and technical capacity.

Facing the threat of terrorism, human resources in government are very crucial. Sir Andrew McGregor once stated, “Education and training are very important issues” and they are needed more than ever. This indicates that in order to change from the line department to the matrix approach, there should not be an outsourcing of human resources in public administration. Government needs homegrown personnel rather than the extreme outsourcing as has been applied.

In several instances, contractors are sending people without qualifications to roles in government based solely on security clearance. They recommend candidates’ resumes that have been fabricated or borrowed from other qualified personnel. Then we wonder about the poor quality of work and short-minded policy produced by the government. The policy designed is not only influenced by individual values, beliefs, and perspectives, but also by society norms and standards, social tradition, political party affiliation, organization norms and values, professional values, and leadership influence (Anderson, 1991), which many personnel do not understand because it is not their field of knowledge.

In a corrupt bureaucracy, the matrix approach is better suited for public governance. The values of knowledge, expertise, and professionalism guarantees the best result, best quality. People with knowledge and who value their professionalism are not motivated by money but those who have less knowledge do, argued Denhardt, Denhardt and Aristigueta (2002). They emphasize their professionalism on servicing the society, which many don’t understand (Shafritz & Russell, 2000) because they are not celebrated as those in the private sector (Schwartz, 1983), while
those who lack knowledge often emphasize their work on “value for money” or “service for money.”

Human resources management in the public sector not only encompasses recruitment, selection, training, compensation, evaluation, discipline, and classification, but also includes developing human capacity. It is about germinating a seed and building a nation. Jobs in the government are different from those in the private sector. In the private sector, recruitment today, hiring tomorrow, and do the job the day after tomorrow. In the public sector, recruitment today, hiring between 6 months and 1 year later, then there is the training period of at least 6 months to 1 year before the person would be able to start the job. This is very time-consuming and complex. It requires creativity and constant forward thinking. It requires not only skills but also knowledge, professionalism and education.

Training for human resources management in the government requires particular training, which is not simply about doing the job but it involves the Constitution, the organization, its mission, objectives, and goals. The nature of job in the government is very different from that in the private sector. It requires high integration of human rights and social equity (Fischer & Sirianni, 1984/1994), humanity, social and professional values. In addition, personnel including leaders at the public sector should or must understand the roles and functions of the government, the principles of the government, and the characteristics of the jobs they would perform. They have to undergo training to understand the structure of the government because it is different from that of the private sector, and this structure has relationship with the principles, mission, and goals of the government and all are defined and characterized in the Constitution (Palmer, 1959). This structure inscribes their duties as public leaders and employees (Dube, 1963). The matrix approach can only exist in a hierarchical structure and helps the leaders to understand their network and the capacity of their subordinates.

Department of Health and Human Services-Administration for Children and Families, in its Knowledge Management White Paper: Maximizing Human Potential and Organizational Performance, argued that human resources management in the public sector is about maximizing human potential, organization success and organization performance. Everyone must be sensible to how much work is facilitated and abridged by the application of proper knowledge. Personnel will find it easier and are more ready to perform work they are trained for and are specialized in that knowledge. This process eliminates speculation and the assessment of human resources management based on feelings or emotions, in terms of hiring and promotion. If line department requires knowledge apprenticeship or learning by doing, matrix approach requires knowledge specialization. It also enhances respect for knowledge and expertise as well as authority. The process of human resources management should include the human development process.

Different from the market approach to capacity building, which is through seminars, conferences, and workshops, matrix approach is an internal venue toward capacity building that is more sustainable because it is like intrinsic values to public personnel. Public leaders are required to learn continuously. Stated White (1999), “the cultivated mind is the measure of the man. Your education should continue during your lifetime; every day you should be learning and putting to practical use the knowledge gained” (p. 337). She added, never think that you have learned enough as a leader and that you may now relax your efforts. When leaders learn by doing, their creativity of obtaining knowledge stops at the time they stop learning and their mind is no longer cultivated.

Different from the current practice in which everyone from any sector can become public leaders because they claim they were born as leaders, matrix approach develops leaders. Lao Tzu once said, “Leaders aren’t born, they are made … through hard work.”

Recommendation and Conclusion
One of the criteria of public policy is reversibility (Patton & Sawicki, 2001) but today’s policy has been driven further away from this criteria or because few of the elected officials have very little knowledge about government policies, its roles and responsibilities (Congleton, 2004). Research indicates that today’s elected officials are unable to design public policy (Samara, 2010) and public executives severely lack knowledge (Mao Tse-tung, 1970; Rotberg, 2006). Entrepreneurialship could be the key factor associated with elected officials and their inability to design public policy because they are not in the business of public policy or social welfare but to maximize profit (Hooker, 2005).

Kramer (1998) argued that it is risky to equate private and public governance, and Condrey (1998) agreed that management of human resources “that work in business cannot be transferred wholesale into government,” (p. 254). Today, we are facing the demand for continuous learning, greater quality management, or Total Quality Management (Condrey, 1998) and this requires human development, which is delivered through continuous on-the-job learning (Shafritz & Russell, 2000). Weick & Sutcliffe (2001)
also agreed that quality of work promotes reliability and mindfulness, which is crucial to high performance in a complex and uncertain environment. The irony of on-the-job learning is that knowledge dies with the departure of the mentor.

For conclusion and recommendation, Daft, Fitzgerald and Rock (1992) stated that the matrix approach is very efficient and effective, especially in a continually changing environment, and when there are uncertainties (Olson & Oeyang, 2001). The knowledge, skills, or expertise is available to all divisions (Condrey, 1998), which can promote reliability and stability (Shafritz & Russell, 2000). It is best suited for public governance today where corruption plagues the bureaucracy and is especially important when the safety of the nation is at stake. Education, said Thomas Jefferson, is very crucial for the success of the organization.

Hiring personnel in a matrix system requires a hiring manager with knowledge and education as well as professional experience and wisdom. The matrix system requires the application of a scientific approach and knowledge specialization to complete tasks. This approach requires the adoption of human development into the management of human resources. The higher the position in the bureaucracy, the higher the level of knowledge, education, professionalism, and maturity requirements should be. This requirement encourages continuous improvement of personnel capacity and hence, their performance as well as those of the leaders and the organization.

This system provides what Antoine de Saint-Exupery, a French pilot, a writer, and the author of The Little Prince once stated, “If you want to build a ship, don’t drum up people together to collect wood and don’t assign them tasks and works, but rather teach them to long for the endless immensity of the sea.”

Author
Caroline Covell is affiliated with Walden University, Faculty of Public Policy Administration. She has specialization in public leadership and management. She can be contacted at carol59@xplornet.com or carolinecovell@hotmail.com

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Rereading Central-local Relations in China: the Fundamentals and Premise?

Shi-wei Jiang, Zhengzhou Institute of Aeronautical Industry Management

Abstract: Scholars both Chinese and foreign were, are, and will be studying central-local relations in China, but China still functions with problems. This paper reviews central-local relations in China and reveals that scholars have mistakenly named “central-local relations” when the proper classification is political and economic. Meanwhile, this paper shows that relations between the center and localities function like federalism with regard to the economy yet as a unitary state politically. So, scholars study political and economic relations separately, and there will be two types of measures for central-local relations.

Since the birth of the People’s Republic of China, scholars have sought to make central-local relations in China function well, but this goal is an uphill climb in a country with many difficulties. Thus, researching this theme never stops. In the long history of research, there are two different periods to discern, one is before the time of informing and opening China, the other is after. Consequently, research gathered at each time are different. However, the problem is that both cannot have given effective measures making central-local relations working well. Therefore, scholars must rethink and re-realize the research to discover the problems inherent in the research and how to resolve and avoid it. This paper tells us several important things:

1. What are central-local relations in China? This basic question was unfortunately ignored by many scholars, especially after reforming and opening. This paper reinterpret what comprises central-local relations in China and identifies its qualities for the reader.

2. What is the situation of researching central-local relations in China? There are two main and different perspectives researching this theme: “local” and “overseas.” Scholars of the local school clearly realized differences between China and western countries and tired to find a countermeasure. Conversely, scholars of the overseas school pointed out that we must have learned from the federalism-oriented western countries of federalism. The local nor overseas perspectives are completely correct. The key is which can interpret and solve problems of central-local relations in China.

3. What are measures for us? For us, giving measures is much more important than just defining problems. Thus, we must seek new research methods that are suitable for actuality of China.

Rereading does not mean that we can neglect the research scholars have done. I find that scholars who researched this topic before China’s policies of reform and openness focused on China’s long traditional history. These researchers are different from scholars who studied democracy after opening, and we can divide the history of research into two times, namely time of before reforming and opening and after. As the society and economy developed, two schools of research gradually developed to research central-local relations: “local” and “overseas.” Scholars in the “local” perspective emphasize differences between China and western countries and seek to determine measures from China itself (e.g. China’s special political institution, the socialist institution), China’s long traditional history. Meanwhile, scholars with the “overseas” perspective interested in western democracy (e.g., federalism and division of powers) pointed out that China’s political institutions, especially the Communist Institution, was a big hurdle on the way to developing central-local relations, thus, China would go further and benefit under the condition that China must learn from western countries by building up federalism and even democracy. Scholars of both local and overseas perspectives tried to define an effective theory to interpret situations of central-local relations in China and create useful measures to solve its problems. The differences between the two schools imply that there were two distinct times in the history of researching central-local relations.

Since 1949, the birth of the People’s Republic of China, China had been brought into a new era, the
Communist era. Because of political factors, China and its political leader Mao Ze-dong insisted on class-fighting. So, the Soviet Union was the only country that China learned from then in the world, and the political system of China was very similar with that of the Soviet Union. Many Chinese scholars believed that China’s political institution including central-local relations was the best in the world and considered it as partly socialist. It followed, then that we should learn from the elder brother the Soviet Union. Therefore, scholars at this time believed that it was not necessary to learn from western countries to benefit China, and there would not be matters with central-local relations. When the Soviet Union collapsed in the 1990s, some observers (Wang Shaoguang and Hu Angang) claimed that the decline of Beijing’s ability to amass revenue was leading the country to follow Yugoslavia’s fate and eventual breakup (1994a, 1994b). I do not want to discuss why China as a unitary state still exists rather than tell readers that this time, scholars studying central-local relations just looked at China itself and determined that it needed opening. During this time, researching central-local relations was not based on sciences but politics.

Fortunately, since the Third Plenum of the Eleventh Central Committee in December 1978, P. R. China has entered a new time of a “Reform and Open Door” policy. Therefore, another school of thought had arrived, namely, “overseas,” which was influenced in a large part by western countries. A new science carried over from the western countries was Public Administration. And these “overseas” scholars studied central-local relations using modernized research methods such as institutional analysis and pluralist analysis according to rules of western sciences. From their research came governmental concepts characterized by decentralizing, separation or division of powers, and federalism. According to scholars of the overseas perspective, China’s communist and socialist institution were at fault for the country’s many problems and the only choice for China was to develop China’s democracy. Chinese scholar Zheng Yong-nian, clearly pointed out that “in the long run, selective institutionalization of de facto federalism will lay an institutional foundation for China’s de jure federalism,” (Zheng2006). During this time, researching central-local relations functioned more and more like western science. In this paper, it will be called the scientizing period.

There is nothing wrong with new and advanced theories and thoughts. However, it does not mean that new and advanced theories and thoughts are suitable for us or our country. As Robelt A. Dahl, a well-known expert of public administration said, “Generalizations derived from the operation of public administration in the environment of one nation-state can not be universalized and applied to public administration in a different environment. A principle may be applicable in a different framework. But its applicability can be determined only after a study of that particular framework” (1947). I agree that democracy, including division of powers, federalism, and so on, enables central-local relations in western countries to function well, but democracy cannot work well in China too. Meanwhile, another scholar Mengzhong Zhang in his paper pointed out that China was in a different developing stage from western countries, such as the US (2009). According to Dahl and Zhang, we must analyze new thoughts, theories, and the specificity of China and localize those concepts that have originated from overseas. Finally, we can determine which is suitable for us.

Re-realizing Central-Local Relations in China: Fundamental and Premise of Research

Every study has a question that serves as its foundation and logical starting point. So, it is necessary for us to understand the objects of central-local relations including structure, framework, and scope. In fact, there are many arguments on central-local relations now because of misunderstanding objects. For instance, some scholars ignoring political relations mistook economic relation between centers and localities as central-local relations, which in actuality is just a part of the latter. Some scholars excessively emphasized decentralization of power so that the center could not get enough compliance with laws and policies from local governments. And conversely, some scholars held a view of recentralizing power that disappointed and discouraged local governments. Mistakes were made by scholars because they fundamentally misunderstood central-local relations in China.

What are the Central-Local Relations?

Answering this question is not easy because the relations between the center and localities are very complex and include several different areas, for example, politics, government, economy, and power. Therefore, we must pay attention to all aspects of central-local relations when researching this topic. Unfortunately, scholars ignored that central-local relations were pluralist and just talked about one or two aspects of it so that there is not one research report that has studied central-local relations comprehensively. Basing on a literature review on central-local relations, I believed
that central-local relations in China consisted of political relations including power relations and institutional relations and, today, economic relations. Within the framework of central-local relations, political relations are much more important than economic relations, but the latter have an effectiveness and influence on the former. And in practice, political reform in China occurs more commonly after economic reform as many scholars argue.

Political relations in China can be described as five different types: provinces, municipalities at provincial level, provincial level autonomous regions, special administrative regions, and one out-of-control province, Taiwan (Lan, 2003). Within China’s political framework, there are not divisions of power between the center and local governments and a separation of power between the center and its branches. The power of nation had been centralized by the center, specifically The Political Bureau of China Communist Party, and in this perspective China is a unitary nation. However, according many scholars, China’s economic development occurs faster and better than its political development and they called this the Chinese model of reform “economic reform without political reform.” In short, local governments have little independence, power, and liberty, which is greatly different from localities in countries under federalism. Therefore, local governments must obey the center while the center makes political decisions. We call central-local relations in China in terms of politics “father and son;” the center is the father and the localities are the son. Central-local relations in field of politics satisfy the following conditions:

1. Within China’s political framework, there is only one center and there are no division of power between central governments and sub-national governments and separation of powers between the center and its branches.
2. The central government has absolute power to make national policies and local governments must to implement the policies whether they want to or not.
3. Local governments have little independence and liberty to self-govern and may do so only after receiving permission from the center.

Therefore, we can conclude that China is a unitary state absolutely in the term of political relations between a central government and sub-national governments. Therefore it is not suitable to call the system of central-local relations in China federalism.

Comparatively, local governments, especially local governments at the county and township levels, have much more independence and liberty to govern and make policies both in law and practice, The local governments’ scope and strength of independence and liberty are inverse with the level of governments because China is so large that the center cannot rule the local levels effectively. With regard to the economy, the center functions as a macro-control on the economy, which differs from local governments that implement national macro-policies made by the center. However, the local governments are not always obedient and compliant. The center receives obedience and compliance from localities only when the interests implied by national policies align with the localities’ interests, but the center gets nothing when the local and center interests contradict. Then, localities will bargain with the center in order to protect their interests until there are agreements on how to distribute their benefit. There are also characters of central-local relations in terms of economy, for example:

1. There are divisions of power between central and provincial governments and provincial governments can make policies and take activities only with regard to the economy.
2. Provincial governments have more and more powers as well as responsibilities over the economy.
3. Local-level congresses have the right to make local laws and adjust their activities of implementing national laws and policies.

We can see from these characteristics that central-local relations in the term of politics are different from that in the term of economy, even conversely. According scholars of federalism, I call the system of central-local relations in China relative federalism.

How do Central-Local Relations Function?
Central-local relations function differently economically and politically, and it can be described as federalism with regard to the economy and a unitary state politically. Actually, understanding the differences in how central-local relations function economically and politically are key and important for researching this theme, and no matter who researches central-local relations in China, he or she must realize the context of it that determines successes of researches. But how can we describe the functioning mechanism and the context of central-local relations?

In field of politics, central-local relations in China described as absolutely unitary states have been formed by China’s Constitution. Within the framework of central-local relations, the National People’s Congress is the highest executive organ of State power, as well as the highest organ of State administration theoretically. The central government, namely, the State Council (the SC) called “Guo Wu Yuan” in
Chinese is the highest administrative body with 27 ministerial-level ministers and commissions. Meanwhile, the Supreme People's Court and the Supreme People's Procuratorate make up the justice system. In fact, because of China's Communist Party leadership, the highest decision-making body is the Political Bureau of the Party and this context of political power functioning results in economic and political differences of central-local relations. In theory, political interests of civilians are delivered by members of NPC who have been voted for this position every 5 years, then the NPC makes political interests become policies and laws.

However, since the situation of the leadership of the Communist Party, accesses of civilian’s voices, and interests of decision-makers have changed, and committees of the National People's Congress of Political Consultation (NPCPC) also deliver political interests and voices to top leaders who make the final decisions. In some ways, committees of the NPCPC have abilities of numbers of NPC, and the NPCPC can influence decision-making of the NPC and affect executing policies.

In this sense, local governments are under the leadership of several national organizations: the State Council, the NPC, the NPCPC, and the supreme justice organizations including the Supreme People's Court and the Supreme People's Procuratorate. Actually, the final and absolute leader is the Communist Party, the Political Bureau of the Party. Therefore, central-local relations in China are not only between the central government (the State Council) but also other central organs, the NPC, the NPCPC, the supreme justice organizations, especially the Chinese Communist Party Central Committee (the CCPCC) and local governments. So, scholars researching central-local relations in China should not neglect relations between localities and other central organizations, especially the relationship between localities and the Central Committee, which are an important part of central-local relations in China. We know that the Political Bureau of the CCP determines what will be discussed during every session of the NPC. Factually, the Political Bureau of the CCP is the real decision-making body, instead of the NPC. The procedure of making national decisions can be described as follows:

1. The top decision-maker is the Political Bureau of the CCP, and it makes national decisions directly or has permissions on national decisions indirectly.
2. The NPC, a theoretical top decision-maker, usually plays a role of handing down decisions that have been made by top leaders of the CCP legalities.
3. Another national political organization, the NPCPC, composed of non-Communist Parties, has the same political status as well as the NPC, the NC, even the CCPCC theoretically, and it functions as a consultant.

Based these characteristics, the relations between such central organs and localities can be illustrated as a flow chart (Figure 1).

In the field of economy, central-local relations are different from that in field of politics. Theoretically, the central government makes national decisions which are implemented by local governments. Operationally, since there are local interests that always seem to contradict the interests of the center, local governments intentionally do not implement national policies well, even reject to implement national policies. Why are central-local relations so different between the same central and local governments? How do central-local relations in term of economy function?

First, the mechanism of decision-making is different from that in field of politics. Top decision-makers do not consult with others, especially local governments, about national political affairs, but they must to hear arguments from the local governments, and even cater to localities, and that never occurs in field of politics. Actually, central and local governments play different roles in different fields. The center is an exclusive decision-maker and local governments are only executors of national political decisions. Conversely, the center and local governments both are decision-makers with executions of local governments with regard to the economy.

Secondly, whether the fiscal system functions well depends on whether the local governments comply with rules handed down by the center. Obviously, the fiscal system is crucial for one country just as one Hong Kong scholar, namely Shaoguang Wang said, “the finance is a lifeline of one country, and the state machinery can not work without revenues” (Wang, 1997). The central government collects revenues depending on the state-tax system and the local governments depend on the local-tax system. At first sight, there is no link between central and local governments about revenues. In fact, the state-system functions well depending on local support because of people and companies who are taxed by the local governments, with the exception of some state-owned enterprises. Therefore, it is necessary for the central government to obtain support and compliance from the local governments so that it collects revenues successfully. As a result, localities receive numerous fiscal allocations from central governments every year,
and it is the way in which the center obtains support and compliance from localities.

However, the center does not enjoy compliance and supports from localities all the time. Local governments oppose national policies only when national policies have damaged local interest strongly. Then, local governments will lobby powerful state-men, even the top national decision-makers, to change national policies. If the lobbying was unsuccessful, local governments would bargain with central governments to reduce the loss of local interests. Finally, local governments destroy or refuse to implement national policies only when no agreement has been reached. In this sense, central-local relations can be depicted as relationships of inter-cooperation because that both central and coming out of local interests depend on cooperation of the center and localities.

As political relations between central and local governments are described in Figure 1, Figure 2 depicts economic relations between them another way.

This figure shows us that there are differences between political and economic relations between central and local organizations, and that central-local economic relations function more readily as federalism. As shown in Figure 2, economic relations between the center and localities work intricately because there are bargains between the center and localities when national decisions are contradictory to local interests. And then, bargaining results in new national decisions or bad implementing. Within this figure, we can see that central-local relations in terms of economy are one-way when there is no conflict between the center and localities about interests, and it is two-way when there are conflicts between them about interest. But, central-local relations in terms of politics are one-way all the time.

Centralization (recentralization) or Decentralization?
There are two different schools of thought regarding central-local relations in China. One is the school of centralization of which theorists hold views that the center must centralize national powers or recentralize national powers that have been decentralized to localities in order to strengthen central authorities. The other is the school of decentralization, which states conversely that the center has centralized too many national powers so that localities have little space to work,
and the center should decentralize national powers to localities more often. Actually, arguments about centralizations and decentralization, which initially appeared in the 1970s, never stop. As we know, China was called a totalitarian country in which the only party, namely the Chinese Communist Party had complete power and controlled the people during the Mao era. Many proponents criticized China’s country system and its concept of decentralizing powers to provincial governments in order to motivate the localities. So, the aim of Deng Xiao-ping’s strategy, called the policy of reforming and opening, was to decentralize national powers politically and economically. However, the prodemocracy movement of 1989 caused a national debate relating to decentralization among Chinese intellectuals and government officials. Opponents of decentralizing national powers, called nao-authoritarianism, focused on why power should be and how it could be centralized in the hands of the central government. Many argued that the decentralization initiated by Deng’s reform since the late 1970s had led to the decline of central power; and as a consequence, the central government had lost its control over the provinces. Wang Shao-guang, a proponent of centralization, pointed out that promoting economic development generated enormous problems that had weakened central power. Wang and his collaborator, Hu Angang, justified efforts by the central government to recentralize the country’s fiscal power in their book on the capacity of the Chinese state (Wang & Hu, 1993).

However, arguments about decentralization and centralization is an inevitability of decentralization or centralization, and they both emphasized the inevitability of their own with neglecting that of the other. As a matter of fact, the inevitability of decentralization is built on the basis of excessive centralization, and vise-versa. So, it is important for scholars to determine whether national power is centralized or

Figure 2.
decentralized excessively before they give measures to decentralizing or centralizing national power. The fact of central-local relations in China is that national power of politics is centralized excessively and that of economy is decentralized excessively, so measures for central-local relations should be pluralist and classified. It is necessary to decentralize political power to provincial governments so that they have much more space, and vice-versa. In brief, measures for central-local relations in China can be depicted as centralizing economic power and decentralizing political power.

There are principles for centralization and decentralization:

1. Centralizing economic power does not mean to centralize all economic power from local governments to the center, and the condition under which centralizing economic power takes place is an excessive decentralization of economic power that has damaged economic development of localities. Then, the center must recentralize that economic power exercised by local governments from localities in hands of central governments. At the same time, economic power exercised well by local governments should be kept by localities. Meanwhile, there is the excessive centralization of economic power just like centralization in terms of decentralization. Certainly, only power centralized in hands of central governments can be decentralized to localities when they have disturbed national or local economic development. So, when we discuss centralizing (recentralizing) and decentralizing power, we must understand what need to be centralized (recentralize) or decentralized clearly.

2. The process of decentralizing power to localities from the center or centralizing power from localities to the center, is not completed at once but gradually. The power holder, whether it is the center or local governments, is reluctant to relinquish power to the other at first. So, there are usually many obstacles on the way of centralization or decentralization. There should be enough time for owners to adjust to new situations.

Conclusion Thoughts: Pluralism and Theory of Classification for Researches of Central-Local Relations in China

This paper has made an effort to review the situation of central-local relations in China and conduct a literature review on this theme for the purpose of finding a way out for reforming central-local relations, an issue China faces today. It has shown that China has never stopped reforming its central-local relations so that it could function well. Meanwhile, there are different subjects during different eras of reforming central-local relations. The subject of reforming central-local relations was decentralization from 1970s to the end of the 1980s, and the subject of that was centralization beginning from the 1990s. So, in academic circles, there are two different traditions of research: schools of centralization and decentralization. Certainly, schools of centralization and decentralizations all have been constant objects of criticisms of scholars since the concepts were first expressed. However, central-local relations do not function well according to how scholars wish it to work. Therefore, it is necessary for scholars to research central-local relations from new perspectives, just as what have been done in this paper.

First, do not simplify and classify central-local relations in China. To my mind, problems in the schools of decentralization and centralization have existed simply because the scholars simplified central-local relations in China. Scholars always describe China as a unitary country or de facto federalism simply (Zheng, 2006). Actually, central-local relations in China are more complex than scholars admit and are quite different from relations in western unitary or federal countries. So, central-local relations can not be classified exactly as the unitary state or state of federalism. In fact, political relations between the center and localities in China are unitary completely, while economic relations between them are functioning more and more like federalism, an observation described by Yongnian Zheng, a scholar of China’s political system (Zheng, 2006). I initially classified central-local relations in China as political relations and economic relations, and then revised the concept to identify central-local relations in China as unitary in the political field and federalism in economic field.

Second, it is important to separately study political relations and economic relations between the center and localities. As we know, central-local relations are classified as economic and political, and relations between the center and localities in terms of politics and economy are different from each other completely. So, scholars interested in central-local relations must realize differences between economic and political relations because it is the foundation and premise of studying this topic correctly and exactly. Any scholars who confuse political and economic relations will fail to grasp realities and study central-local relations in China. In a word, what we use and have for studying political relations, such as assumptions, research methods, and even conclusions, are different from economic relations.

Third, countermeasures for problems of cen-
Central-local relations are classified differently. Central-local relations are classified as political and economic relations and therefore scholars must consider measures individually because the problems of political and economic relations are different from each other.

Author
Shi-wei Jiang is a Lecturer at Zhengzhou Institute of Aeronautical Industry Management. His teaching research interests include Public Administration Theory and China's Central-local Relations. He can be contacted at crjsw@yahoo.com.

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