COMPARING BUSH–CHENEY AND CLINTON–GORE PERFORMANCE MANAGEMENT STRATEGIES: ARE THEY MORE ALIKE THAN DIFFERENT?

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Successful performance management strategies are intrinsically linked to the political environment in which public policy-making occurs. Since the mid-1990s, many governments have re-examined how to simultaneously reduce costs, increase performance and achieve results. Public agencies are experimenting with performance measurement and management systems designed to meet public policy goals and respond to citizen demands. Various reform models have been proposed and public administrators now expend considerable time, effort and resources exchanging ‘best practices’, finding ‘best value’, and ‘rethinking’ government operations. Although equally important, less effort has been devoted to performance management (PM) within increasingly complex, ideologically charged and politicized decision-making environments. Despite significant increases in productivity, more theoretical and empirical research is needed to assist public managers in applying private market-based alternatives to public service delivery structures. This article compares the PM initiatives of the Clinton–Gore Administration in the United States, known as the National Performance Review (NPR), with President Bush’s Presidential Management Agenda (PMA). Following the comparison, a theory-based research agenda is proposed to determine which of many approaches best ‘fits’ the varied and often contradictory systems for delivering public services in a decentralized governance system.

Government agencies struggle continuously to find the best strategies to implement politically mandated reforms within traditional rules-driven bureaucracies. Strategic needs, as well as the organizational dynamics of
diverse cultural, social, and political environments, determine which theoretical models, if any, can be successfully applied. Various alternatives should receive scrutiny, especially with regards to accountability, citizenship, competition, needs of recipients and equity of services provided to citizens (see Wilson 1989; Fredrickson 1996; Blanchard et al. 1998; Box 1998; Behn 1999; Beckett 2000; Haque 2001; Alford 2002; Gormley and Balla 2004). Since the mid-1990s, different reform models have been implemented within existing organizational structures; at the same time, less effort has been devoted to determining how to improve performance within increasingly complex and politicized decision-making environments.

During the past decade, the US federal government has initiated comprehensive and controversial legislation supporting downsizing, e-government, reinvention and results-oriented management, as well as encouraging agencies to establish standards, monitor results and post key performance measures. The full impact of this aggressive decade-long drive to improve efficiency, measure results, and increase productivity is only now being felt (Osborne and Plastrik 1997; Kettl 2000a; Beam 2001; Bouckaert and Peters 2002; Bruel 2003). Unlike the situation in the early 1990s, all US cabinet-level federal agencies now have Chief Operating Officers (COOs) and Chief Financial Officers (CFOs) to provide comprehensive performance measures and detailed financial statements to Congressional committees, the Office of Management and Budget (OMB) and to the President. In addition, some agencies also have Chief Information Officers (CIOs) to coordinate and direct improved communication and e-government initiatives. Public management capacity has been strengthened since in most agencies these positions did not even exist a decade ago.

Despite diligent efforts to promote PM strategies, public agencies still face difficult dilemmas: should they deploy the bottom-up, incremental, mixed, participatory ‘reinvention’ models proposed by the Clinton–Gore Administration or should they implement the ‘pure’ top-down corporate private-market-based approach espoused by the Bush Administration. Alternatively, should they perhaps find a middle ground or ‘hybrid’ approach, such as cooperative public-private-non-profit partnerships with a mix of public, private and non-government participants? Or should they just do nothing at all and wait for the next round of reforms? The rationales for each of these strategies are as varied as the political ideologies and theories supporting them. Partly in response to budgetary restraints, changing national priorities, deficit spending and fiscal stress, the Bush Administration favours the broader use of private alternatives such as competitive outsourcing as a performance management measure.

Privatization and outsourcing are politically attractive productivity improvement and cost saving measures that also raise serious questions about accountability, competition, democracy, equity and management oversight (Behn 1999; Beckett 2000; Deleon and Deleon 2002; Gormley and Balla 2004). As quasi-monopolistic service providers, most governments are isolated
from the competitive pressures of private markets and reluctant to accept customer focused and market-driven changes. Unlike profit-driven private companies, most public agencies, non-profits and NGOs depend on multiple sources of revenue – these range from private donations to public funds – for much of their operating revenues. Most public agencies are prohibited from generating profits or increasing market share, and rely instead on personal income, property and sales taxes for operating revenue. To ensure fiscal accountability, public budgetary and policy decisions have heretofore focused on inputs rather than outputs, outcomes or results. Consequently, public managers have fewer incentives to treat citizens as customers, reward exemplary performance by empowered employees or implement results-driven PM processes. According to popular (and largely unexamined) stereotypes, incrementalism and status quo, rather than entrepreneurism and innovation, prevail in many public agencies.

Among the leading advocates of the market-driven model, President George W. Bush and Vice President Dick Cheney espouse competition and privatization as the best option to overcome bureaucratic resistance. Indeed, under the PMA, federal agencies are required to show how public programmes achieve results more efficiently than other methods, such as faith-based, private, or non-profit alternatives. Even before Bush’s re-election in 2004, the burden of proof had shifted to federal bureaucracy to show why private alternatives are a less efficient means to achieve policy goals.

Rather than suggesting ways to more efficiently deliver services to citizens, improve policy content, or respond to recipient needs, ardent supporters of less government are reluctant to acknowledge the profound changes in performance and structure that occurred in the United States during the NPR reinvention era (1993–2001). During that period, the Clinton–Gore Administration and the US Congress passed major executive branch reforms to promote results-oriented systems for allocating public resources (Gore 1993; Kettl, 1998, 2000b; Thompson 2000). As a result, more agencies decentralized decision-making authority, empowered employees, and began to treat citizens as valued customers. As satisfaction with services improved, citizen expectations about the level and quality of services also increased.

**REINVENTION, PERFORMANCE AND RESULTS**

Reinvention was a controversial mix of theory, ideology, and practice that emphasized competitive, customer-driven, and market-based solutions to perceived inefficiencies in the delivery of government services. The National Performance Review (NPR) incorporated reinvention principles and exhorted federal agencies to downsize, eliminate unnecessary regulation, focus on results, and offer customer service equal to or better than ‘the best in business’ (Gore 1993; Kim and Wolff 1994; Russell and Waste 1998; Durst and Newell 1999). One of its explicit goals was to give public administrators
more incentives and tools to manage public agencies more like the private sector. Although the NPR emphasized competition, privatization and market-driven solutions, its theoretical foundations rested on empowering public employees and restructuring, rather than replacing, public agencies (Osborne and Plastrik 1997; Box 1998; Beckett 2000). In 1997, Clinton and Gore altered the focus of the NPR and changed its name to the National Partnership for Reinventing Government (NPRG). (A summary of NPR accomplishments from 1993–2000 can be found at: http://www.govinfo.library.unt.edu/npr/whoweare/appendixf.html.)

Like its modern predecessors (the Ash, Hoover, Packard and Grace Commissions), the NPR targeted opportunities for waste reduction and offered hundreds of specific recommendations for managerial and technological improvements. High-level initiatives avoided extreme politicization and received generally positive evaluations for achieving most major goals. Reinvention, responsiveness and restoring faith and trust in government also figured prominently in other global reform initiatives (Gore 1993; National Academy 1999; Hodge 2000). Reform proposals were drawn from private manufacturing successes during the previous decade in Japan and the United States and were selectively converted to the public service sector. Many ideas originated in countries such as Australia, Chile, Canada, New Zealand and the United Kingdom, countries which have significantly greater centralized federal control over budgets than governments in the United States (Atkinson 1997; Hodge 2000; Jordan 2001; Armijo et al. 2002; Durant et al. 2002; Forrer 2002; Bruel 2003).

 Nonetheless, budget reforms, deficit agreements and new management and performance improvement systems succeeded in downsizing the federal bureaucracy to its lowest level, both in total size and ratio of employees to population, since the 1950s (Milakovich and Gordon 2004, p. 286). Congressional legislation further required federal executive agencies to publish customer service standards, identify performance goals, specify measures and submit results to executive and legislative oversight agencies such as the Office of Management and Budget (OMB at http://www.omb.gov), the Congressional Budget Office (CBO at http://www.cbo.gov), and the General Accounting Office (GAO at http://www.gao.gov). In addition, federal agencies must also comply with stringent laws, such as the Chief Financial Officers Act of 1990 (P.L. 101-576), the Federal Workforce Restructuring Act of 1994 (P.L. 103-226), and the Government Performance and Results Act (GPRA at http://www.opm.gov/gpра/index.htm) of 1993 (P.L. 103-62, 107 Stat.285). (For further information about recent reforms, see http://www.firstgov.gov and http://www.planetgov.com.)

Efforts to improve management were not immune from politics since both political parties viewed PM legislation suspiciously as a political tool for winning elections as much as a tool for management reform (Curristine 2002; White 2003b). The Government Performance and Results Act directed most federal agencies to develop performance measures: ultimately aimed at
delivering better services with fewer resources. This led to numerous pilot projects in federal agencies, as well as in some states and local governments, increasing the potential for more effective (or perhaps selective) use of expenditures to improve (or terminate) ineffective (or politically unpopular) programmes. Its sponsors argued that government performance should not be judged on the basis of amount of money spent or activities conducted, but rather on whether ideas and approaches produce real, tangible results for the taxpayer’s dollar. (For details, see http://www.conginst.org/resultsact.)

As the Government Performance and Results Act moved to its implementation stages in the late 1990s, partisan battles erupted as agencies began submitting departmental management plans to Congress. As a result of electoral losses in 1994, President Clinton found that he was no longer working with a Democratic House and Senate. Many feared that the evaluations had become a partisan exercise, with Republicans grading unpopular agencies rigorously on criteria unrelated to the requirements of the law. Although both national political parties differ on policy goals, they present themselves to the electorate as supporters of more efficient government, lower taxes and results-driven performance management. Republicans seek to cut what they define as ‘excess’ expenditures and portray Democrats as supporters of unnecessary spending. Although President Clinton was opposed to Congressional oversight, and there were no legislative requirements to do so, various committees reviewed the first performance plans. Former Congressman Dick Armey (Republican, Texas), one of the sponsors of the bill, graded the first plans in 1997 on their compliance with the GPRA, not on their actual content. The average grade in the 1997 evaluation was 42 out of 100 (Bruel 2003, p. 60). Low grades enabled Republicans to gain political support and further criticize the ‘bloated’ federal bureaucracy for wasteful spending and ‘big government’ programmes. Even though the size of government was actually smaller than when Clinton had taken office eight years earlier, the performance data, which should have been neutral, became part of an ideological power struggle within Congress. Negative electoral results for the 2000 Democratic presidential candidate, Albert Gore, a strong supporter of the NPR, showed just how difficult it is to define efficient management, overcome stereotypes, and translate improved performance into political gains.

Despite being caught in a political struggle for power, the reinvention movement contributed to important changes in attitudes among federal executives previously reluctant to even consider, much less initiate, results-oriented management systems. Most federal managers enhanced their PM capacity, but these reforms had little impact on public opinion or electoral results. Although the Clinton Administration’s capacity-building efforts initially received tacit support from Congress, management reforms were highly politicized and limited in scope. Clinton and Gore failed to demonstrate how they decreased government’s size and improved its efficiency; at the same time, Republicans successfully advocated legislation to cut ‘wasteful’ programmes and reduce taxes by exposing programme failures.
THE BUSH MANAGEMENT AGENDA: RETHINKING BUREAUCRACY

During the 2000 presidential campaign, the then Texas Governor, Bush, clearly stated his intention, if elected, to eliminate waste and inefficiency by making government even smaller. The NPR played an insignificant role in the campaign, with nearly 60 per cent of voters mistakenly believing that, under Clinton, the number of federal employees had increased; worse still, only a little more than half the electorate had even heard of reinvention (Kettl 2000b). Thus, Bush was able to capitalize on voter distrust and continue the Republican tradition of bureaucracy bashing, painting a picture of Washington as full of incompetent bureaucrats, inefficiencies, unmanageable programmes and wasteful spending. On the campaign trail, Bush developed this theme by clearly stating:

Government should be results-oriented – guided not by process but guided by performance. There comes a time when every program must be judged either a success or a failure. Where we find success, we should repeat it, share it and make it the standard. And where we find failure we must call it by its name. Government action that fails in its purpose must be reformed or ended. (quoted in White 2003b)

This perspective, using performance data to make budgetary and programmatic decisions, became the foundation of the Bush’s Presidential Management Agenda (PMA).

The Bush Administration distinguished the PMA from the NPR by infusing the report with political rhetoric and a general lack of specifics (Bush 2001). Bush mocked the reinvention movement, and insisted instead that federal agencies ‘rethink government’ and focus on results when spending citizens’ tax revenues. During the campaign, he avoided acknowledging that the federal workforce had been reduced, doing so only after the election. Foreshadowing massive deficit-driven cuts in the 2006 federal budget, Bush criticized the previous administration’s successful efforts to downsize the workforce, using across-the-board reductions without considering the needs of individual agencies (Sanger 2001). He was also sceptical about Clinton’s e-government efforts to increase citizen access and expand the use of information technology. Technology was a major aspect of the NPR and many citizens did have greater access to government through the Internet. Bush later ‘rethought’ this strategy and adopted this idea with his electronic government initiative (something that is discussed in more detail below).

The remaining goals of the PMA were surprisingly similar to the NPR: focus government on the needs of citizens, not bureaucracy; integrate performance with budgeting; become ‘results oriented’ and ‘market based’, ultimately creating greater trust. In contrast to NPR’s hundreds of specific guidelines, the PMA included just five government-wide recommendations: (1) strategic management of human capital; (2) competitive sourcing; (3) financial performance; (4) electronic government; and (5) budget and
performance integration (table 1). The last initiative strengthened the GPRA and addressed the problem of managers believing their agencies were losing ground in building organizational cultures that support a focus on results (US General Accounting Office 1999). In addition, there were nine agency specific reforms that included faith-based and community initiatives to ‘correct’ the situation in which the ‘federal government too often ignores or impedes the efforts of faith-based and community groups to address social problems by imposing an unnecessarily and improperly restrictive view of their appropriate role’ (Bush 2001). The precise language, specific focus and strong leadership commitment from President Bush distinguishes the PMA from previous reform agendas.

Beginning in the fiscal year 2003 budget cycle, the Bush Administration mandated rigorous results-based management reforms. In addition to expanding e-government and integrating budgetary with performance indicators, other long-term goals included creating a ‘flatter and more responsive’ bureaucracy, tax simplification, partial privatization of social security and competitive outsourcing. The PMA emphasized expanded competition to replace as many as 850 000 federal workers with private contractors. Other measures were the creation of an Office of Electronic Government to promote e-gov initiatives, partnerships with faith-based and non-profit providers, and the opening of federal contracts to faith-based organizations and private businesses to ‘promote rather than stifle’ innovation through competition (Executive Office of the President 2003).

As the first president to have an MBA, Bush applied a new discipline and direct CEO style to managing federal programmes. Predictably, his approach differed from the empowerment-based participatory ‘bottom-up’ methods preferred from the outset of NPR. Some of Bush’s top-down decisions were a surprise, even to his cabinet members, who were personally accountable for the results of their programmes, but surprised to learn in budgetary meetings that many of their programmes were failing and that changes

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<th>Goals of the President’s Management Agenda (PMA) and the National Performance Review (NPR)</th>
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<td>1 Strategic management of human capital</td>
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would be made. Bush’s strategy clearly reflects his judgement that a ‘mere desire to address a problem is not a sufficient justification for spending the public’s money’ (Bush 2001). Bush criticized Clinton for insufficient emphasis on reforms to enable federal officials to manage freely while being held accountable for outcomes. Furthermore, under the PMA, agencies must demonstrate that programmes achieve intended results more efficiently than alternative methods. The precise meaning of this form of accountability would become clearer following the 2004 presidential election.

ASSESSING PERFORMANCE AND RESULTS: POLITICAL HYPE OR MANAGERIAL REFORM?

Considering the ideological differences between Bush and Clinton and the divisiveness of the presidential campaigns of 2000 and 2004, the NPR and PMA are quite similar in many respects. Both presidents emphasized downsizing and sought to make government more efficient, emphasizing results and doing more with less. The real distinction between NPR and PMA is not whether performance indicators are used to achieve better results, but how the results are used. The PMA focus on results-driven privatization as the primary basis for budgetary decisions sharply contrasts with NPR, which tried to motivate federal employees to perform better despite fewer resources. This distinction in the use of PM reforms mirrors partisan differences that appeared during the early 1990s in political battles surrounding the passage and implementation of the GPRA. Instead of relying solely on incentives, as Bush claims occurred in the past, under his administration there would be consequences for failure. Such a policy, where funds are given to programmes that work while others are reduced or eliminated, has far-reaching implications for Washington as well as for intergovernmental relationships between the federal government and the states. It is aligned with the Neo-Conservative 2000 Republican platform that redefined the federal government’s role as setting high standards and expectations, then allowing states to implement and operate programmes to achieve policy goals as they best know how.

The PMA uses a simple colour-coded scorecard, the Performance Assessment Rating Tool or PART, to determine a programme’s ranking by giving three scores: red for failing, yellow for progress, green for success. The pilot effort began in fiscal year 2003 with scores given after 20 per cent of the agencies filled out yes/no questionnaires. Scorecards are distributed twice a year, one for management and the other for general programme performance. These are separate because, even if agencies are well managed, the PART ranking may no longer be relevant if agencies’ missions have changed (Frederickson 2002). The first scoring was severe, with only the National Science Foundation receiving a green light. Defense, State, Health and Human Services as well as Justice Departments all received red lights. Another 20 per cent of the programmes were evaluated in 2004 and the
programme will be complete in 5 years time. A year-and-a-half after the release of the PMA, 26 federal agencies received red scores on competitive outsourcing and only 6 made progress on personnel. The simple scorecard reflects a grading system used in businesses, something which President Bush wanted to apply to the public sector to give him greater ‘leverage over the federal government’s vast empire of programs, agencies, and bureaucrats’ (Kettl 2003, p. 135). Bush continues to ask his officials how their organizations are performing, reflecting a commitment to improved PM, but the focus of policy discussion since re-election has shifted to ‘lean’ budgeting, eliminating or reducing up to 150 domestic social programmes.

Unlike Clinton, President Bush is supported by a Republican Congress and has enjoyed public backing for additional expenditures, especially for homeland security, fighting terrorism and improving the economy. Consequently, he sponsored several bills to further reinforce his initiatives. The Management Flexibility Act, introduced by former Senator Fred Thompson (Republican, Tennessee), gave federal managers additional tools and authority to create a ‘motivated’ workforce. The law changed the requirements for liability for early retirement and gave managers greater flexibility to use bonuses for recruitment and retention. In addition, agencies must budget the full cost of pensions and health insurance. The Freedom to Manage Initiative reduced statutory impediments and established fast track authority to move legislation quickly through Congress.

Although some felt that performance management initiatives were a passing fad, organizations involved in improved governmental systems argued that the Bush agenda was ‘deserving of thoughtful consideration’ and gave PART positive reviews (Frederickson 2002; White 2003a). However, under PART, of the 234 programmes evaluated only 6 per cent were judged effective and about 50 per cent received a rating of ‘results not demonstrated’ because of lack of data (Barr 2003). While the scorecard can be viewed as a ‘work in progress’ and an over-simplified tool that may ignore important details, it also ‘serves the key purpose of getting agency attention and focus on improvement’ by motivating administrators to improve and subjecting them to pressure from peers and constituent groups (White 2003b). Despite some methodological reservations, the General Accounting Office is generally supportive of PART and OMB evaluations. (For current performance rankings of all executive branch agencies, see http://www.results.gov.)

Of Bush’s five government-wide strategies, only competitive sourcing was not a major component in NPR (see table 1, above). Under the PMA, private companies can compete with federal agencies for nearly half a million jobs since almost 850 000 of the jobs of federal employees are already available to private contractors. Federal agencies were ordered to make 15 per cent of their jobs open for competition by 30 September 2003. President Bush believes that most citizens do not care who provides the service and the private sector is able to operate for less, creating competition and allegedly leading to savings of 20 to 50 per cent (Bush 2001). In a recent report on fiscal year
2003–04 activities, the administration claims the ‘potential’ for savings or cost avoidances in excess of $5 billion per year (Executive Office of the President 2005). Nonetheless, competitive sourcing is still extremely controversial. Paul Light sees the initiative as part of a ‘long-standing effort to keep the total headcount of government as low as possible’ (Light 2003). Bush Administration officials acknowledge the negative effects on morale of public employees, but are quick to point out that this does not represent outsourcing, but ‘introducing competition’ to the federal workforce. Consistent with Bush’s vision for PM, a job will be outsourced only if research demonstrates the private sector is more efficient.

It is still unclear how the President’s vision of competitive outsourcing relates to government performance and the more efficient delivery of public services. With the exception of increasing expenditures for national defense, federal assistance programmes consist mainly of so-called mandatory entitlement transfers for social insurance payments to individuals, for medical services, or research grants to institutions; relatively few federal agencies perform/possess direct domestic customer service responsibilities. In testimony before the Senate, Deputy Director for Management at the OMB (Office of Management and Budget), Clay Johnson, listed several examples of the positive results of competition (Peckenpaugh 2003). The Department of Transportation launched one of the largest such public-private competitions in the federal government, but this didn’t necessarily mean that outcomes were positive, unless privatization in itself is considered to be a positive outcome. Critics believe that the administration has focused too much on whether a department is contracting out enough, emphasizing that higher rates of privatization within an agency are superior. In response, many public employees insist that after working in the government for several years, they have proven their efficiency and should not be subjected to competition to determine whether private contractors would do a better job. As a result, managers are placed in a very difficult position since they have to accommodate the policies of the administration while supporting their workers.

There is also a pressing need to improve performance at the state and local level, where citizens are the direct recipients of education, law enforcement, disaster assistance, healthcare and a variety of other services from public administrators. In many states, far less concern exists about who delivers service than how to meet current service demands and employee payrolls. Several state governments are facing 10 to 35 per cent deficits in current budget projections and are being forced to increase public school class sizes, raise user fees, reduce social services, and release prisoners. How these issues are resolved has obvious financial implications for public budgeting, but also directly affects personnel management, labor relations, and the push for greater productivity in PA. Despite the expanded use of e-government, privatization, service standards, and a results-orientation in the national government, it is still too early to determine the level of commitment or the long-term impact of PM strategies on intergovernmental
relations. Consistent with President Bush’s budgetary cuts and challenge to public agencies, there is a need for more empirical research to determine whether PMA reforms lead to fundamental shifts in the administrative values of public officials.

EVALUATING THE PRESIDENTIAL MANAGEMENT AGENDA (PMA) AND PERFORMANCE ASSESSMENT RATING TOOL (PART)

There are numerous practical administrative and political challenges in implementing PART and PMA. Some agencies resist the development of ‘objective’ performance measures and fear that the Bush Administration will reduce manager-to-employee ratios and repeat the mistakes that occurred under Presidents Clinton and Reagan. Despite promises to engage in ‘strategic management of human capital’, Bush has provided no additional funding for investments in the workforce such as training and employee development. Quite the contrary, departments must find the resources for retention and recruitment bonuses by cutting what they spend on training and technology. Programme evaluations raise two further concerns: first, even if a policy is failing, it is sometimes politically impossible to cut funding for popular Congressionally-mandated programmes. The Department of Defense (DoD), for example, received additional funding despite the ‘red lights’ on performance assessments. On the other hand, PART may be used to validate cutting those programmes with failing scores instead of improving management. In 2002, the Department of Education (DoE) released a study of the Clinton Administration’s 21st Century Schools programme, demonstrating that there was little evidence the after-school services offered by the programme improved education. As a result of performance data contained in the study, the Bush Administration cut DoE spending rather than put in place improvements without cuts (White 2003a). Secondly, there are fears that the Bush Administration will use PART as a ‘political gimmick’, with many more politically acceptable agencies such as Homeland Security and DoD receiving green lights (Barr 2002). In 2004, OMB awarded ‘clean opinions’ to 21 of 24 agencies on their internal audits, up from 18 in the previous fiscal year. The White House insists that agencies are making greater use of the GPRA to determine whether or not programmes are effective and well managed. Updates on the progress of each of the five PMA initiatives can be found in the Performance and Management Assessment volume of the 2004 Budget at http://www.whitehouse.gov/omb/budget/fy2004/. Although Bush emphasizes the need to conduct more research and impose consequences for failure, this is not likely to occur until the OMB has gained greater experience with the system.

Although the final impact of the PMA and PART cannot yet be determined, implementation has shown progress in accomplishing four mutually compatible, yet difficult to achieve, public policy goals: (1) improving the productivity of bureaucracy with fewer resources; (2) downsizing domestic
government; (3) becoming more politically accountable; and (4) restoring public faith and trust. Citizen demands for lower taxes and political campaign rhetoric calling for leaner, more efficient government encourages federal executive agencies to achieve these goals by changing the way they define performance, measure productivity and improve results. To achieve PM goals, Congress passed administrative reforms mandating budget deficit reductions, personnel caps and the use of results-oriented systems.

Policy-makers must carefully analyse various models using explicit criteria that will not transfer elements that might further alienate citizens already distrustful of government actions and motives. As witnessed by the passage by a slim margin of a controversial budget-busting Medicare reform bill in December 2003, advocates of market-driven private options clearly dominate the direction of current public policy-making. Initial budget estimates of less than $400 billion dollars over the next 10 years quickly ballooned to over $450 billion for fiscal year 2004. That amount nearly doubled to over $725 in 2005 amid sharp questions about how estimates were arrived at and whether the Bush Administration withheld higher estimates to facilitate passage of the legislation. Implementation has been slow as Congress re-examines the cost estimates and senior citizens assess the impact of these changes on their own budgets. Moreover, many administrators still question Bush’s competitive outsourcing policies, both inside and outside government, because they increase the deficit and undercut many previously documented successes. Despite the attempts at high-level organizational reforms, fiscal policy conflicts, judicial nominations, and the war in Iraq have delayed many of President Bush’s plans for administrative reform. In the end, however, it is elected policy-makers, not public managers, who interpret the numbers and are accountable to the electorate for the success or failure of reform alternatives.

ASSESSING ALTERNATIVE PERFORMANCE MANAGEMENT (PM) STRATEGIES

Advocates of market-based reforms such as the PMA minimize the distinction between public and private functions and argue that government productivity will improve merely with the application of competition and business ‘know-how’ (Hodge 2000; Savas 2000; Bush 2001). To others, ‘running government like a business’ is a codeword for conservative ideologies that emphasize efficiency and downsizing over citizenship and political accountability. According to critics, private marketeers view the public disparagingly as ‘customers’ in a commercial transaction, rather than as citizens who govern themselves through active participation in democratic electoral processes (Box et al. 2001). Those who espouse greater privatization distrust ‘the public’ and rely instead on powerful well-funded private interest groups, such as Health Maintenance Organizations (HMOs), insurance companies, and pharmaceutical firms, to identify and implement self-serving policy alternatives.
Past successes such as welfare reforms suggest that alternative models to achieve public accountability and PM are not necessarily incompatible. Public managers generally understand the technical details of various alternatives, and some are even beginning to apply more advanced approaches, such as European ISO 9000 standards, knowledge management, total quality management, and Six Sigma systems, often as a result of political pressures for expanded e-government initiatives (Heeks 1999; Fountain 2001; Gronland 2002). Nevertheless, public administrators are cross-pressured by conflicting ideological demands and face difficult decisions selecting among various alternatives for improving performance (Peters 1998). Subtle differences between various management strategies, combined with the lack of consensus on which theoretical alternatives consistently work best within specific public policy arenas, add to the difficulty of selecting a successful reform model.

The business market model emphasizes results-oriented customer service quality to increase market share and retain both customers and employees. Businesses must provide the highest level of service or lose customers to other providers who offer the same product or service at a lower price. Successful businesses focus on creating an atmosphere of creative rewards and continuous organizational learning to equip employees with the knowledge to provide value-added service (without additional costs) to greater numbers of customers. Individuals within an organization must develop a shared sense of common purpose by respecting the rights of customers and making their satisfaction a primary goal. Providing more responsive service by educating public employees to implement results-based systems – within Constitutional limits set by policy-makers – is one promising strategy that is being implemented by several public agencies (Beam 2001; Milakovich 2006). In addition, recognizing employees as valuable internal customers and responding to their needs may help to alleviate the so-called ‘quiet crisis’ of retiring senior executives now threatening to undercut many of the productivity gains made by US federal agencies in the past several years (Light 2001; Barr 2003).

Administrative procedures which uncritically favour private over public sector solutions may actually discourage the development of objective outcome measures. The ‘demonstration effect’ of federal management reforms on states and local governments may be compromised as well because sub-national agencies are under severe budgetary pressures, geographically isolated from Washington, and more vulnerable to interest group pressures. In contrast to federal agencies, state and local governments provide a far greater range of services directly to citizens and devote a greater share of their budgets to employee benefits and salaries. Consequently, more non-federal employees fear losing their jobs from privatization initiatives; thus, resistance to market-driven reinvention and performance measurement is more intense at the state and local level (de Lancer Julnes and Holzer 2001; Sanderson 2001). Changes in attitudes are more difficult to integrate with governmental operations in a decentralized, fragmented and locally-controlled
system of federalism. Although there is a generally agreed-upon need to base decisions on objective performance models and results, the research challenge for public administrators is finding ways to reinvent as well as restructure existing management systems to integrate the strongest features of both models.

THE RESEARCH AGENDA: BALANCING PUBLIC AND PRIVATE ALTERNATIVES

Despite measurable increases in productivity, determining the feasibility of private market-based alternatives in specific policy areas is a challenging task. The data generated from evaluations of past successes (or failures) can help test theories to assist public managers in determining which private sector models (if any) are better suited for application by government. Research questions that will assist managers in evaluating alternatives include:

1. Have reinvented government agencies delivered on promises of better performance?
2. How many governments have developed the capacity to measure performance?
3. What new systems, tools or techniques are required to manage performance?
4. Have reform efforts such as the NPR or PMA made any difference in public opinion about the productivity and effectiveness of government programmes?
5. Do citizens differentiate between various governmental functions in their evaluations of public service?
6. What incentives can public administrators use to sustain these reforms after refocusing their mission and implementing PM systems and techniques?

The decision to adopt private market-driven models is always a political one which raises difficult administrative questions. If privatization is the preferred option, then it is necessary to address other research questions:

1. What roles should the private sector play in reinventing, rethinking or replacing public administration?
2. What criteria should be used to determine if various private alternatives perform better than existing public services?
3. How do administrators (public or private) manage across unclear lines of demarcation or ‘fuzzy boundaries’ between government agencies and other entities (Kettl 1998)?
4. What have we learned from state and local contracting and public-private partnerships for the design and construction of public facilities that have led to innovative practices, shared efficiencies and risks and improved delivery of services?
5. Does the market model eliminate participatory democracy from public sector management (Box et al. 2001)? How will performance be measured on this dimension and who will interpret the results?
6. If public administrators withdraw from direct contact with citizens by outsourcing or privatization, who is accountable to whom for what results (Behn 1999, 2001)?
7. If more federally supervised, privately operated ‘hybrids’ or partnerships are created, who is accountable for results and liable for mistakes?
8. What level of confidence exists between administrators and elected officials to inform future PM efforts?

Answers to these and other questions require additional research to inform public opinion and enlighten future bureaucratic policies at all levels of government as well as in the private, public and non-profit sectors.

CONCLUSION: WILL IMPROVED PERFORMANCE LEAD TO POSITIVE RESULTS?

Despite Presidents Bush and Clinton’s attempts to downsize government and infuse the public sector with the spirit of competition and entrepreneurship, the unique environment of public policy-making cannot be ignored. Political reforms, often recycled from the past, can contribute to positive results, but also pressure public administrators to respond defensively. Permanent civil servants are as concerned with keeping their jobs as politicians, in office for a relatively short time, are to leave a legacy of reform. Campaign rhetoric always seems to stress the aim of better government. After being elected, however, chief executives attempt to push through their own political agendas. Although elected on promises, politicians are ultimately judged by the electorate on results and the success of administrative policies are inextricably linked to the politics that surround them.

Progress and innovation in democracy result from good policies imposed through power struggles to develop something unique that has a lasting effect. Circumstances and priorities shift, however, reflecting the unpredictable nature of the politics that ultimately governs the course of administrative reforms. Management decisions in government are not simply choices to better utilize resources; they are rarely motivated solely by economic determinants alone, but reflect political forces as well. Both the Clinton and Bush management reforms agendas outlined a vision to achieve the goals of their administrations. The ongoing challenge for public administrators is to remain as neutral and detached as possible from the politics of administration and to better understand the results of policy decisions.

Just as President Clinton could not escape the political situation that surrounded and eventually enveloped his administration, the political environment is having a significant impact on the outcome of the PMA. When Bush ran for office in 2000, few foresaw the dramatic events of 9/11 or how he
would choose to react to them. His consequent actions, especially the decision to invade and occupy Iraq, overshadowed much of the overall reform agenda during his first term. Management decisions came into play with the creation of the Department of Homeland Security; this particularly involved agency reorganization, Congressional oversight and personnel issues. The proving ground for PM reforms has dramatically changed; the performance of many US public agencies is now measured in practical terms: protecting domestic security; responding to natural disasters; and fighting the war against terrorism. Ironically, despite Bush’s campaign rhetoric about smaller government and more efficient management, his tactical decisions to pursue an unpopular war, cut domestic programmes, and increase the size of bureaucracy, have created of the largest public debt in history, reversing all of the progress on budgetary reform achieved under the NPR.

Senior public administrators are cross-pressured by conflicting ideological demands and must understand the theoretical as well as the practical basis for alternative PM strategies. Compared to the early 1990s, greater numbers of administrators now possess the authority, as well as the knowledge, to improve performance. During the reinvention era, critics accused Clinton–Gore of changing government management practices to run operations ‘too much’ like a business. On the other hand, many public administrators resisted reform attempts because they believed their positions were threatened by a reinvented (and downsized) federal government. The Bush Administration tacitly endorsed many of the Clinton reforms, yet promotes shifting federal programmes to faith-based, non-governmental, or private contractors through competitive sourcing to achieve partisan policy ends. Without objective research-based data, politics restricts decision-making options and trounces management reform almost continuously. Administrators and policy-makers need objective data to decide whether to support the incremental public-oriented reforms of the last decade, encourage the greater use of private market-driven options (such as charter schools, contracting out, privatization or vouchers) or form cooperative partnerships with non-governmental organizations. Such decisions require theory-based research in the areas identified above to bolster support for recommended policy changes and provide advice to elected officials. Ultimately, citizens will be the final judges of the success or failure of such efforts.

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