Abstract of Dissertation

(Ph.D. in Public Management)

PERFORMANCE MANAGEMENT SYSTEM UNDER THE PROGRESS OF DECENTRALIZATION

A COMPARATIVE STUDY ON THE ROLE OF PERFORMANCE AND ACCRUAL BASED INFORMATION IN THE DEVELOPMENT OF NEW PUBLIC GOVERNANCE

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The main premise of decentralization emphasizes the functional segregation of the policy making and its implementation, which drives both the structural segregation of policy implementation from central governments and the functional integration of the function as service delivery partners. In this sense, decentralization has transformed the backbone of public sector governance from hierarchical to distributed governance, which is developed based on the concept of quasi contractual relationship and delegation of stakeholder management/involvement to relevant service delivery partners according to their functions.

Considering the development of new governance structure through the separation between the policy making and its implementation, and the utilization of performance and accounting information in the decision making process, this dissertation will utilize the semi autonomous agencies as a case study to answer the two research questions:

1. How can the needs and interests of the multiple, and sometimes conflicting actors and stakeholders, be represented and satisfied by the decision makers within a performance management system in a decentralized central government?

2. How does the interplay between different collectives of actors and stakeholders within organizations and the institutional external environment influence the institutionalization of central governments’ action patterns within the PDCA cycle over time? Do they still have the authority and legitimacy to claim a privilege position in the networks? Can they be privileged actors in the network without undermining the discourse?

The discussion on the utilization of performance and accrual (cost) information in the PDCA cycle to improve government performance is originated from the NPM perspective. As decentralization changes governance structure and decision-making processes, it has also influenced the relationship between the central government, service delivery partners and stakeholders to quasi-contractual relationship and distributed stakeholder management/involvement through the utilization of performance and cost information in the PDCA cycle as confirmed by the hypothesis testing and case studies. Furthermore, as the public sector has a unique mechanism for the distribution of goods and services that does not follow the market model, stakeholders have significant role in performance management as constituents, tax payers, policies and service beneficiaries. The hypothesis testing and case
studies confirmed the role of the performance and accrual (cost) information to develop relationship between actors and stakeholders to overcome the obstacles and limitation of organization structure, business process and strategic perspective.

Decentralization has expanded the boundaries of the performance management system of the central government and transformed the perspective of NPM to NPG. The performance management system in distributed governance is implemented by the collaboration between the central government, service delivery partners and stakeholders in each PDCA cycle Strategic planning and resource allocation processes are not closed processes within the central government, but the central government has to set performance targets and objectives based on negotiations with the service delivery partners to develop contractual relationships, while accommodating stakeholder needs and considering the availability of financial resources. The performance evaluation is conducted by the central government, service delivery partners and stakeholders to provide feedback to the strategic planning and resource allocation processes. The transformation from NPM to NPG has driven a more active role of stakeholders through stakeholder management and involvement in the PDCA cycle.

As the reality of public service regime has evolved, performance management has not evolved, but rather remained locked within open rational system of NPM, which has caused the dysfunction of the performance management system as shown by the case studies. It is possible to argue that the ambiguity of performance and cost information and dysfunction of performance management systems are caused by the internal and managerial (efficiency) focus on performance measurement and accounting reform As decentralization changed the governance structure, the relationship between actors and stakeholders changed and they became mutually dependant. It has also transformed the definition of performance from performance of an organization to relational performance, which is generated as a result of the relationship between actors and stakeholders. In conclusion, it is possible to argue performance management as governance since it regulates a wide variety of mechanism, process, institutions and relationship through which individuals, groups and organizations can express their interest, exercise their rights and responsibilities and mediate their differences (Nelson and Zadek, 2000). It also balances the roles, responsibilities, accountabilities and capabilities of different actors and stakeholders in society.