

Improving Public Governance by Using Performance Evaluation and Knowledge Management Approaches

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In this article interrelationship between public governance, Knowledge Management and performance evaluation is discussed. It is argued that Knowledge Management which is defined as steering of processes of creation, sharing and application of knowledge by use of information and communication technologies is related to performance evaluation which includes performance measurement and program evaluation. In the processes of performance measurement and evaluation certain knowledge is created which should also be efficiently distributed and properly applied. Knowledge Management systems could be measured and evaluated too. In the paper the concept of „public governance“ as the new paradigm of public administration which differs both of traditional public administration and the New Public Management, is formulated. The arguments are presented that specific Knowledge Management strategies as well as performance evaluation could contribute to implementation of principles of good public governance.

Keywords: Knowledge Management, performance measurement, program evaluation, participatory evaluation, public governance, the New Public Management.

Pagrindinės sąvokos: žinių vadyba, veiklos rezultatų matavimas, programų vertinimas, vertinimas dalyvaujant, viešasis valdymas, naujoji viešoji vadyba.

Introduction

At the turn of the centuries public administrations in most countries of the contemporary world change meeting the challenges of changing social, economic and technological environment. The rise of new technologies, development of globalized markets, transforming welfare states and such persisting global policy problems as poverty, environmental pollution and terrorism create new conditions for public sector reforms. The reform movement, labeled 'the New Public Management', which started at the beginning of 1980's is being reconsidered both from theoretical and practical side. It is criticized for too narrow focus on the use of market mechanisms and efficiency in the public sector underestimating importance of such civic values as democracy, participation, public interest, trust, responsibility. The new approach to public sector reforms – called either 'governance', 'the New Public Service' or else, which has been developing through last decade of the twentieth century until now includes those values into the concept of public sector and its reform agenda [1; 5; 8; 9; 23].

The aim of this article is to discuss the application of concepts, methods and tools of performance measurement and evaluation as well as Knowledge Management to improvement of public governance. The task assumes some relationship between Knowledge Management and performance evaluation as well as relevance of those approaches to the concept of public governance. In order to develop the arguments, first, terms of Knowledge Management, performance evaluation and public governance will be clarified. Next, interrelationship between Knowledge Management and performance evaluation will be discussed. Finally, it will be argued that specific Knowledge Management strategies as well as performance evaluation could contribute to better public governance.

Definitions of Knowledge Management, performance evaluation and public governance

Knowledge Management could be understood both as a managerial philosophy which perceives processes of creation, sharing and appli-

cation of knowledge to be crucial for organizational performance and survival, and as a practice applying various methods, techniques and tools such as information or communication technologies to improve operational processes of organizations. [21] According to the popular definition, „Knowledge Management caters to the critical issues of organizational adoption, survival and competence in face of increasingly discontinuous environmental change.... Essentially, it embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings., [11].

Knowledge Management has been developed and become popular as a new approach to management since the last decade. It was caused by the rapid development and widespread use of information technologies such as PC, Internet, telecommunications and such previously unknown problems as information overload.

Knowledge Management is observed as a way to cope with fast-track mobility. It means investing in ways of building skills and supporting creativity at the organizational level, working in networks and project groups and changing the physical space in private as well as public organizations. It is also related with the use of information technologies to store and share knowledge which is a way of creating organizational stability and continuity [26, p. 696].

The concept of ‚performance evaluation‘ combines two slightly different approaches, performance measurement and program or policy evaluation. Performance measurement is an ongoing monitoring and reporting of an „organization’s or program’s accomplishments“ during

a given period of time, often in comparison to pre-established goals. Performance measures often address an organization’s or program’s resources used (inputs), direct products and services delivered (its outputs), the results of those products and services (outcomes) and program efficiencies. In contrast, program evaluation is a systematic study to determine how well a program is working and why these results occurred. Knowing why is a key to sustaining good performance or improving poor performance [15].

Theoretical and practical opportunities to integrate performance measurement and evaluation has been studied by several authors [2; 3; 7; 22]. According to Davies, evaluation and performance measurement could be seen as complementary: some jurisdictions see them as having a mutually beneficial relationship, so that evaluation provides framework to develop ‘good’ indicators for performance monitoring purposes, and performance data that are collected in an ongoing manner can be used for evaluation purposes. There is also the view that evaluation and performance measurement are interdependent, that is, the successful existence of one depends on the effective realization of the other [7, p. 152].

Finally, the last concept which interests us is public governance. Public governance differs from other two recognized public administration paradigms, that is, traditional public administration and the New Public Management, by its emphasis on citizen participation and democratic, participatory decision making in the public sector. The major differences between these three paradigms of public administration are summarized in the Warwick model presented in the Table No.1.

Table No.1. The Warwick model of competing paradigms of governance

	Traditional public administration	New Public Management	Citizens-centered governance
Context	Stable	Competitive	Continuously changing
Population	Homogenous	Atomized	Diverse
Needs/problems	Straightforward, defined by Professionals	Wants, expressed through the market	Complex, volatile and prone to risk
Strategy	State- and producer-centered	Market and consumer-centered	Shaped by the civil society
Governance through...	Hierarchies	Markets	Networks and partnerships
Actors	Public servants	Purchasers and providers, clients and contractors	Civic leaders

Source: [25]; Copyright: Bennigton J., Hartley J., University of Warwick, Coventry, UK

There are different definitions of the concepts 'governance' and 'public governance'. Rhodes defines 'governance' as referring to a change in a meaning of government, with new processes which focus on 'self-organizing, inter-organizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state' [18, p. 15], though Pierre and Peters disagree with such definition suggesting that governance structures cannot be limited to networks but must also be seen to include hierarchies, markets and communities. [16, p.14-22]

According to Bovaird and Löffler, public governance is understood „as the ways in which stakeholders interact with each other in order to influence the outcomes of public policies“. „Good governance“ is defined as 'the negotiation by all the stakeholders in an issue (or area) of improved public policy outcomes and agreed governance principles, which are both implemented and regularly evaluated by all stakeholders'. [5, p. 316].

From the governance perspective, an excellent public authority needs to be more than an excellent service provider. It must also be excellent in the way in which it discharges its political and social responsibilities in the community. For example, in the case of garbage collection, excellent service provision will not guarantee clean streets if citizens continue to drop litter. In the fight to get clean streets, it may be rather more important to teach children at school appropriate civic behavior. [6, p.17].

The principles of good governance which are commonly accepted have been formulated by the OECD:

- respect for the rule of law;
- openness, transparency and accountability to democratic institutions;
- fairness and equity in dealings with citizens, including mechanisms for consultation and participation;
- efficient, effective services;
- clear, transparent and applicable laws and regulations;
- consistency and coherence in policy formation;
- and high standards of ethical behavior. [12]

It might be inferred from those principles that public governance approach doesn't completely contradict to paradigms of traditional public administration and the New Public Management because some values of previous paradigms are included into the principles of good governance.

Relationship between Knowledge Management, performance evaluation and public governance

Now I will recur to the initial statement on interrelationship of Knowledge Management, performance evaluation and public governance. Performance measurement and evaluation are directly related to Knowledge Management, for continuous monitoring of various performance measures and evaluation analysis contribute to creation of knowledge which is important to organizations. While performance is being measured and evaluated, the issue of Knowledge Management is to suggest the best ways to make the most use of this recently newly created knowledge and to share it with colleagues and/or stakeholders. Thus Knowledge Management strategies to produce, share and apply information and knowledge about performance could be created. On the other hand, implementation of Knowledge Management strategies themselves could be monitored and evaluated, a set of performance indicators measuring processes of knowledge creation, sharing and application within and among organizations could be created. For example, Knowledge Management system could be measured using such indicators as a speed of information flow within an organization counted as the relationship between the amount of information shared and the time needed to transfer the information.

Next, a question how various techniques of Knowledge Management and performance evaluation are related to public governance arises. If the previous definition of public governance is followed, then we should ask how it is possible to achieve fairness and equity in dealings with citizens, to make services more efficient and effective, to ensure openness, transparency and accountability, etc. by implementing certain Knowledge Management strategies or applying performance evaluation in the public sector.

Talking about the contribution of Knowledge Management to better public governance, first, the content of knowledge and structures of knowledge flows that are required to satisfy principles of good governance in the public sector should be clarified. If we consider processes of knowledge creation, sharing and application, we will find that these processes significantly differ between each other in the traditional public administration, the New Public Management, and the public governance paradigms. While Knowledge Management systems could be labe-

Table No.2. Knowledge Management and paradigms of public administration

	Traditional public administration	New Public Management	Citizens-centered governance
Knowledge Management	Hierarchical	Competitive	Participatory

led as hierarchical and competitive in the traditional Weberian model of public administration and in the model of the New Public Management correspondingly, the public governance paradigm implies a participatory Knowledge Management system. To illustrate this statement, an additional table to the Warwick model discussed above will be designed.

The Weberian model assumes that knowledge is being created in specialized divisions, then reported to the heads of a bureaucratic organization, which then decides how to use it. Knowledge sharing apart the hierarchical lines is uncommon. All knowledge flow processes are regulated, documented and standardized.

The New Public Management model abolishes centralized and hierarchical system of knowledge creation, sharing and application within public organizations. Knowledge is being created by teams and quality circles, shared according to contracts, and applied directly when it is possible. However, sharing and application of knowledge is limited by competitive culture which is essential to the New Public Management. Teams and organizations which compete among themselves are not motivated to share their knowledge because it is their advantage against the competitors. For example, two competing universities which pursue research grants would be unwilling to share their knowledge among themselves even if it is the public interest.

Within the public governance paradigm we should think about a Knowledge Management strategy which could help to overcome shortcomings of two models that were discussed before. In order to ensure openness and transparency in the public governance, the conditions for unrestricted sharing of information and knowledge, which is a precondition of continuous learning, should be created. Such Knowledge Management techniques as benchmarking or tools as the Internet and other communication technologies could significantly contribute to achieving these goals, however, the major changes should occur in the organizational culture.

Now let's turn to performance evaluation and its contribution to realization of better public governance. Bovaird and Loffler argue that the

criteria in conventional benchmarking models such as the European Excellence Model and the Common Assessment Framework still place relatively little importance on issues like public participation, learning and innovation as well as partnerships, even though both assessment schemes have recently attempted to incorporate these elements. According to the authors, the fundamental problem with conventional benchmarking models is that they only assess dimensions which organization can directly control. However, as the borders between public, private and voluntary sectors become increasingly blurred, responsibilities also become increasingly shared between local stakeholders. [6, p.15].

Bovaird and Loffler suggest that public governance measurement and evaluation system must:

- focus on governance issues which are not well dealt with in government, such as transparency, honesty, accountability, citizen engagement, levels of trust in society, levels of respect for democratic processes and the equalities agenda (in relation to gender, race, religion, age, disadvantage, etc.);
- apply a multiple stakeholder framework and transcend organizational borders; and
- involve all important local stakeholders in the assessment by taking into account their perceptions of how well these governance issues are dealt with in their local area [6, p.18].

Public governance measurement system could be developed trying to quantify what is meant by the principles of good governance and it should become one of the tools necessary to implement those principles. Processes of continuous performance measurement and evaluation conducted in public institutions and organizations themselves contribute to ensurance of accountability which is one of principles of good governance [19; 20]. Public governance measurement system could include such quantitative indicators of good governance as transparency indicators (e.g. an amount of knowledge which is open to share with others), policy consistency and coherence indicators (e.g. the greater number of amendments to a legal act indicates a lesser degree of consistency), citizens' participation

indicators, equity in dealings with citizens indicators, or trust indicators [5; 10; 22] Central and local government authorities could be continuously measured and evaluated using these indicators and such measurement could become an additional incentive to pursue better results for those authorities, to compare their performance with the other ones.

However, Bovaird and Loffler cautions against such governance evaluation approach which overstates importance of quantification. They suggest that the aim of governance evaluations should be to understand how different stakeholders construct their perception of the quality of life in the local area rather than to define more and more quality of life indicators [6, p. 19; 17].

Public governance could be improved and strengthened by using participatory evaluation. „One of the negative connotations often associated with evaluation is that it is something done to people. One is evaluated. Participatory evaluation, in contrast, is a process controlled by the people in the program or community. It is something they undertake as a formal, reflective process for their own development and empowerment“ [13, p.129]. This definition of participatory evaluation clearly expresses relationship of such evaluation approach to the principles of good governance. This approach differs from other more traditional evaluation approaches which are based on a conception that evaluations could be conducted only by „external“ evaluators having special expert skills and knowledge [14; 24]. Participatory evaluation counts on evaluatory capabilities of „simple people“ – program participants or community members, it is more democratic than other approaches and fosters participatory culture in the society.

Conclusions

Summarizing what has been said, let me highlight some recommendations how to improve public governance in Lithuania and in other countries as well:

1. Central and local government institutions, organizations providing public services such as public schools, hospitals, social care organizations, etc. should develop Knowledge Management strategies which could become a part of their general strategic plans in order to improve the processes of knowledge acquisition, sharing and utilization, to lessen the cost of these processes.

2. Central and local government institutions as well as organizations providing public services should continuously measure and evaluate their own performance according to a set of performance indicators, and to benchmark their own performance to best practices of other organizations. Special attention should be given to measuring of outcomes and to explaining relationship between them and organizations' performance.

3. Knowledge Management strategies which would be developed in various public institutions and organizations should include objectives to ensure such principles of good governance as openness, transparency and participation of staff, stakeholders and citizens in the processes of knowledge acquisition, sharing and utilization. Information and communication technologies should be used as tools to achieve these objectives.

4. Performance measurement systems implemented in various public institutions and organizations should include Knowledge Management performance indicators as well as indicators of good governance.

5. Active participation of stakeholders and citizens in development of performance measurement and Knowledge Management systems of various public institutions and organizations as well as in evaluation of various programs in the public sector should be encouraged. Information and communication technologies could be helpful in creating conditions for participation.

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Viešojo valdymo tobulinimas panaudojant veiklos vertinimo ir žinių vadybos priemones

Santrauka

Šiame straipsnyje nagrinėjamas viešojo valdymo, žinių vadybos ir veiklos vertinimo ryšys. Argumentuojama, jog žinių vadyba, suprantama kaip žinių kūrimo, apsikeitimo žiniomis ir žinių pritaikymo procesų valdymas, panaudojant informacines ir komunikacines technologijas, yra susijusi su veiklos vertinimu, apimančiu veiklos rezultatų matavimą ir programų vertinimą. Veiklos rezultatų matavimo ir vertinimo procesuose sukuriamos tam tikros žinios, kuriomis turi būti efektyviai keičiamasi, jos turi būti tinkamai panaudojamos. Žinių vadybos sistemos taip pat gali būti matuojamos ir vertinamos. Straipsnyje formuluojama „viešojo valdymo“ kaip naujos viešojo administravimo paradigmos, kuri skiriasi tiek nuo tradicinio viešojo administravimo, tiek nuo naujosios viešosios vadybos, samprata. Pateikiami argumentai, kad specifinės žinių vadybos strategijos, taip pat ir veiklos rezultatų matavimas bei vertinimas gali prisidėti prie sėkmingo viešojo valdymo principų įgyvendinimo.

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