

# **Analysis of the Applicability of BSC in the Performance Management of the China Government**

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**ABSTRACT:** Introducing the Balanced Scorecard into the government departments and constructing reasonable and effective index system to evaluate the performance of the government is favor to improve the evaluating quality of the government performance .The text describes the dilemma of the performance management of government at present, and discusses the applicability and conditions of BSC in the performance management of the China government.

**KEY WORDS:** balanced scorecard, performance management, applicability

## **INTRODUCTION**

Since seventies and eighties in the twentieth century, phenomena of low efficiency and the overstaffed is still the chronic malady for department development in government in western countries. Besides, the monopoly of government makes government lacking competitive consciousness and service consciousness. It results in that the practice processing in public administrative departments cannot meet the requirement of the social development, which causes gigantic social stress to government. Therefore, the performance management in government has become the main focus of public administration. Along with the strengthening of citizens' participation consciousness, the privatizing development of public service and the public's request to construct efficient government and to reduce administrative cost, to construct service-driving mechanism of low cost and high efficiency has become the core of governmental performance management. Under this demand, government departments in western countries adopt various theories and methods to strengthen the pursuit of government to high efficiency and low cost. Western countries headed by American and Britain surge the wave of strengthening responsibility and improving performance, which facilitate the development of performance management theory continuously at about eighties. The Balanced ScoreCard emerges as the times require under this circumstance, which works as a kind of management tool focusing on the balance between equity and efficiency at the process of management, participating of relative

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principal body of interest, the integrating of government mission and short-term target and improving the reinventing of government management.

## 1. PREDICTION FACING CHINESE GOVERNMENT IN PERFORMANCE MANAGEMENT

Along with continuous development of reform of Chinese government organizations, the government performance has become the big question Chinese government at every level paying attention to. In China, the traditional method of measuring governmental performance is based on unilateral index of economic benefit, which lacks rational quantitative index and puts a premium on disproportional development socially. At the present time, there are such predicaments in government performance management as following:

Firstly, the unbalance of pursuing target: the orientation of value on performance management is to unilaterally pursue economic efficiency, which results in bias of officials' value and unbalance development of government performance management.

Over a long period of time, under the drive of unilateral understanding that development is the absolute principle, government puts to much stock in economic efficiency and some government officials unilaterally pursue political effect, which directly causes that government ignores efficient value and benefit value of the performance and the loss of equal value and democratic value in performance management. The resolution on suggestions to carry forward the fine tradition of arduous struggle headed by party-government department submitted by commissioner of National People's Congress, Ren Yuling points that during 25 years from the year of 1978, the earlier years of reform and opening to the outsiders, to the year of 2003, the overhead expenses of administrative management has raised 87 times. In 1978, the proportion of administrative management expenses to the overall financial expenditure is 4.71%, which rises to 19.03% until 2003. Furthermore, in recent years, the administrative management expenditure is still increasing by a large margin and the annually average growth is 23%. Affronting austere situation, the rational value orientation of governmental performance management should lay emphasis on public responsibility and democratic participation on the basis of social equity.

Secondly, lacking effective performance measurement tools: The standard, procedure and methods evaluating government performance management stress qualitative analysis at the expense of quantitative analysis.

The stand or fall of government performance management needs a standard to measure. However, in our country, the traditional performance management evaluation is short of favorable systematic basis on evaluating idea, systematic design of the index, evaluating procedure and legal guarantee, which lays particular stress on qualitative evaluation resulting in formalizing of performance management and lagging behind the current needs. This cannot really improve government performance level. In China, government performance management is short of citizens' participating. Moreover, the effect of government performance management depends on degree of citizens' satisfaction. Therefore, the sustainable development of society cannot be achieved if without citizens' participating to government performance management.

Thirdly, it cannot keep up with the social development. The interior flow of government performance management has limitations itself and derails from the trend of social development.

Along with increase of social affairs, the harmonizing capability between organizations cannot fit social development because some functions of internal organizations of government overlap with that of other organizations, that is to say, their responsibilities are ambiguous. Furthermore, they cannot answer social requirements in time. The situation is that there are so many departments but there are not enough executing organizations, which has become the internal obstacle for governmental performance management. Besides, the main manifestation that governmental performance management derails social development is that it lacks consciousness of public service. Firstly, for government, its internal members are one indispensable part of relative benefit body. They cannot but considering their own benefit and may place departmental interests over the public interest. Therefore, they may impair public interest if without supervision. Next, China is under the transfer period from regulated-oriented government to service-oriented government. The governments have abandoned the original monopoly, but they have not had public service consciousness accordingly. So the service target of government cannot be realized. Fourthly, performance management has not achieved democratic management because it lacks the initiative participation of citizens during the process of implementing government performance management.

During the process of implementing performance management by government, the making of performance index is subjective, lacking active participating of relative benefit body, which result in that performance management is only a kind of form. During the process, the government sometimes proceeds by itself, causing negative effect. Taking the case of resettlement happened in Jiahe, Hu Nan province as the example. It is caused because local government failed to consider interest of relative benefit body and implements policy blindly. Therefore, democratization of decision-making still faces gigantic obstacle in China.

## 2. ANALYSIS OF THE APPLICABILITY OF BSC IN THE PERFORMANCE MANAGEMENT OF GOVERNMENT IN CHINA

### 2.1 The idea of balance value idea of BSC corresponding to the idea of public administration

The target of the public administration is to pursue the public interest and achieve sustainable development of society. It also pursues impartiality and efficiency, democracy and equality. However, the BSC emphasizes that the organization performance cannot be only determined by financial condition of the organization and it should pay more attention to the capability of sustainable development of the organization itself and potential value-creating ability. The core value idea of BSC is the balance. During the process of government management, it emphasizes the optimization of governmental system and exaltation of governmental ability. As a kind of management tool, its instrumental nature corresponds to the manner of government achieving public interest. Its design of performance index system also emphasizes the idea of balance, considering the balance between short-term target and short-term strategy, equity and efficiency, cost and benefit, development and stability.

### 2.2 As a kind of management tool, the BSC has advantages of qualitative analysis and quantitative analysis

As for evaluating governmental performance management, the most important thing is to provide original data and appraisal for performance management system. The performance can be measured by the standard index system. The BSC provides effective analysis base for

quantitative analysis of governmental performance evaluation through its particular and systematic index, combining qualitative analysis with quantitative analysis in performance evaluation. It not only brings the value and index of the qualitative analysis into management system, but also sets systematic analysis flow, guaranteeing the consistency of duty of governmental departments with specific targets, which makes performance management become effective tool to improve governmental efficiency.

### 2.3 The introduction of BSC helping to achieve government reconstruction of internal management process

The dimensionality of internal process of BSC emphasizes the high efficiency of the function of governmental internal flow. Therefore, the internal flow of government needs to be reconstructed. David Osborne and Peter Plastrik point that the reconstruction of government refers to the ultimate transform of public system and public organization in order to improve organization efficacy, efficiency, adaptability and creativity and that the transform can be achieved by organizational transform, organizational prompting, responsibility mechanism, power structure and organizational culture. The BSC emphasizes definitude and consistency of the flow and definitude of measurement index of flow links, which provides an effective tool for resolving problems existing in government such as service quality and low efficiency of the system.

### 2.4 The BSC paying attention to the benefit of relative bodies making for development of citizens' participating

The citizens' participation refers to a kind of basic means that citizens have the right to participate in public life, management and express their opinion on questions concerning their own interests. However, the key of the question is how to combine the enthusiasm and action of citizens' participating with effective public management process and balance, how to bring citizens' participating into the process of public management orderly and how to absorb active and effective citizens' participation during the public administration policy making and executing. This requires the government to consider citizens' immediate interest and requirement of relative benefit bodies to their interests, bringing the initiative of citizens into full play. In this way, the model citizens and public ruler in government manage together can be built. It can also further the emergence and development of harmonious society. The BSC emphasizes the consciousness of citizens' participation, takes the benefit of relative interest groups into account and integrates other factors achieving citizens' common participating, which is beneficial for realizing democratization of performance management.

## 3. THE CONDITIONS OF APPLICABILITY OF BSC IN THE GOVERNMENTAL PERFORMANCE MANAGEMENT

As a management tool, the BSC has not a standard model. Therefore, some changes must be made according to specific conditions when applied into different organizations. The aim of enterprises is to gain profit, but the ultimate aim of the government is to achieve public interest. Government is the principal part of providing public product and public service. Therefore, its performance cannot be measured by concrete cost and benefit. That is the reason why the scientific index system of performance evaluating should be constructed according to inner nature of governmental performance and itself special requirement. So the harmonious and balanced idea should be introduced into the standard of performance evaluating scientific methods of performance evaluating and models should be chosen to make evaluation. The

evaluation of governmental performance should be made by four aspects, public service, and reconstruction of government administrative process, administrative cost, study and growth.

Firstly, the implementing of BSC needs a series of systems to guarantee its normal functioning.

As a kind of performance management tool, the functioning of BSC needs certain mechanism support and legal guarantee. First of all, as the implementing body, the government needs special organization to guide its action and modifies index system in time through the feedback and summarization of experience. Next, the government should provide legal support for the implementing contents and processes, guaranteeing its accuracy and validity in the form of law. The Government Performance and Results Act, enacted by America in 1993, provides legal support for improving performance management. Besides, the BSC needs much more citizens' participating. The implementing of BSC not only includes the participating of its internal members, but also includes the participation of citizens outside the government and relative interest bodies. Therefore, the implementing of this plan needs to broaden the participating scope of citizens, deepen participating degree, increase participating channels and upgrade citizens' participating ability.

Secondly, BSC is applied to government departments and the government should amend and balance the mission and index of BSC according to the developmental strategy of government departments. At the same time, a set of index system of BSC used in enterprises needed be changed properly. Financial dimensionality should be changed into cost dimensionality of government administration; client dimensionality should be changed into public service dimensionality; the interior management dimensionality should be changed into governmental flow dimensionality; the dimensionality of study and development should be changed into governmental dimensionality of study and development.

#### 4. CONCLUSION

Since the birth of BSC, it continuously integrates new idea and new theory. Therefore, its development is a progress step by step. When government introduces this idea, the idea is integrated again, and the value of equity, participation and efficiency is introduced in the theory, making it bear the administrative color, especially at the key period when the scientific outlook on development and accurate outlook on achievement in one's post are established in China. In conclusion, the introduction of BSC helps to improve government performance management of China.

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