

Chapter 9

The Role of External Indicators in Measuring the Service Performance of Local Governments: An Italian Case Study

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ABSTRACT

This chapter discusses the role, adoption, and application of external performance indicators within local government. These indicators measure citizens' satisfaction with offline and online public services and allow administrators to collect timely knowledge about their "customers." In other words, they play the same role as customer satisfaction research in private companies' marketing activities. Despite their relevance, external indicators are often overlooked and criticized by both professionals and researchers. This chapter will also review and challenge the main criticisms of external indicators, which state that external indicators are useless and unreliable. Through the analysis of a case study within Italian local governments, the discussion will demonstrate that these indicators have a significant role in public administrators' decision making, provided that local government embraces a citizen-oriented culture.

INTRODUCTION

Private sector managerial practices have spread into traditional public administration over the last three decades. In the 1980s, the New Public Management paradigm suggested a post-bureaucratic

market-based approach (Barzelay & Armajani, 1992) that relied on two main principles: performance measurement and customer-citizen orientation. Since that time, several scholars and practitioners have tried to adapt managerial and marketing tools and to define suitable models for the public sector. Given its proximity to citizens,

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local government has been particularly affected by this paradigm evolution.

In particular, service performance measurement remains one of the most debated topics regarding public administration. Both internal and external indicators are available for this purpose. In the first case, objective measurements of service delivery (such as cost efficiency) are used to assess service performance. Meanwhile, external indicators are based on the evaluations of the customers (i.e., citizens) who rate their perceived service performance. As a result, by applying both internal and external indicators, public administrators can evaluate internal and external service quality and performance, that is, the overall quality of both traditional and e-government services. As in the private sector, the results of marketing research are used to adapt offerings to customers' needs. Collected data also serve as input for decision making in the public sector. Several indicators have been suggested and tested by scholars for this purpose.

Nonetheless, recent studies show that several local public administrators remain skeptical about external data's usefulness and reliability, whereas internal indicators are more easily accepted and require less effort to be applied. Not surprisingly, some surveys report that only a minority of local governments have adopted external indicators so far.

Thus, this chapter addresses the need to overcome this skepticism by demonstrating the fundamental role and relevance of adopting external indicators to develop an efficient local government management. These theoretical arguments are supported by the results of a survey conducted within Italian local government. Table 1 summarizes the structure of the chapter, providing a model for readers to follow.

BACKGROUND

Following the introduction of the "New Public Management" paradigm in the 1980s, several

initiatives have been sought to improve service quality and efficiency among public administrations all over the world (Politt, 1988; Page, 2005). Drawing on private organizations' managerial practices (such as Total Quality Management and services marketing), "New Public Management" brought a shift from the traditional focus on internal efficiency (Brown & Pyers, 1988) to accountability to citizens (Swiss, 1992; Navaratnam & Harris, 1995; Redman, Mathews, & Snape, 1995; Kelly, 2005). This approach can be viewed as a "theory of accountability, predicated on the notion that citizens want good performance from their government and that the aspects of performance administrators can measure are the same aspects important to citizens" (Kelly, 2005). For example, use of the term "customer" instead of "citizens" by local authority staff and politicians is an indicator of this significant change (Skelcher, 1992). Moreover, the increasing interest in citizens for public administrations has been emphasized by the development of e-government, which "is perhaps the second revolution in public management after New Public Management, which may transform not only the way in which most public services are delivered, but also the fundamental relationship between government and citizen" (Saxena, 2005).

Given their proximity to citizens, local governments have been deeply affected by these new principles, and most available studies adopt their point of view (e.g., Van Ryzin, Immerwahr, & Altman, 2008). Measurements of local government performance serve as a foundation to guide public decision making. At the same time, debate over the meaning of the word "performance" has made the design of suitable indicators very difficult (Carter, 1991; Kouzmin, Löffler, Klages, & Korac-Kakabadse, 1999). Is performance synonymous with objective outcomes or with subjective citizen evaluations of service output?

The most common answer given by professionals and researchers is that the two perspectives should be combined into a unique approach, but

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