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The opinions expressed and arguments employed in this report are the sole responsibility of the authors and do not necessarily reflect those of the OECD, the World Bank, or the governments of their member countries.

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I. Introduction

In the last twenty years, OECD has been preoccupied with a vision of modern techniques of public management which can deliver better, more relevant, and simply more, public services despite tight fiscal constraints. The OECD experience has been also held up as a model for other countries. OECD reforms and the rhetoric surrounding them have had a substantial impact on the discourse and decisions on reform in the different developing countries around the world. Many specialist and politician have believed that “modern” management could catapult countries towards OECD standards of public service. Yet we have now entered a period of reassessment of the OECD experience itself - how much have the OECD countries converged on a new model? What has changed? At what cost? Are the changes permanent or cyclical?

It is therefore an appropriate moment to take a fresh look at the OECD experience. A large literature, academic and practitioner, has looked at the OECD experience. Based on this literature, the paper will look at the reform experience of the last two decades. Then it will consider this group of countries in a structured, and self-contained way, first looking at the pre-conditions for reform, second eliciting the objectives of reform, third characterizing the actual reforms undertaken, and finally making some judgments about the consequences, intended and unintended, of these reforms. The actual reforms undertaken are considered along five technical dimensions: public expenditure management, human resources management, the structure of the public sector, alternative service delivery and demand side reforms. Lastly, the paper will evaluate some lessons and implications from the OECD experience.

This paper advocates a prudent approach to drawing lessons from OECD countries public management reform experiences. It argues that, while broad common reform trajectories can be discerned among OECD countries, and while there is undoubtedly much benefit in sharing technical reform approaches, reform strategies need to be tailored to each country’s specific situation.

This paper also covers public management at the center of the public sector. By public management we mean the machinery for policy implementation (government agencies, civil servants, financial management systems, and the procedural rules that underpin these), rather than the machinery of policy making (legislative bodies, cabinets, appointed officials, and so on).
Looking at public management reforms always throws up a problem of evidence, even in the OECD, where study is more advanced. Management is difficult to measure, so reform results are difficult to quantify. And at worst, we have to make do with rhetoric - often provided by the framers of the reform - about the intended reform results. Inevitably, this paper reflects this general weakness of the field. All too often we are reduced to generalizations based on limited - and mostly qualitative - information about reform experiences over the last couple of decades.

II. Reforming Public Management in OECD countries

2.1. The context

The context for the wave of public management reforms during the past two decades is set by a story of unprecedented growth of the public sector, by the varying degrees of malleability of institutional arrangements in OECD countries and by the traditional sources of legitimacy that have shaped public administration in the past.

The last 100 years have seen an unprecedented growth in the tasks of the public sector and in the complexity of expectations placed on public servants. Public management has been subject to constant changes, but developments in OECD countries during the past three decades have particularly responded to citizens' and politicians' changing expectations with regards to the scope of government activities and to the way government operates.

Government in OECD countries is bigger today than at any point in history (see Graph 1). The historical growth in the public sector leaves public administrations little choice but to adapt. The growing demands on the public service pose inevitable organizational challenges as the responsibilities of civil servants can outstrip their capacities, the structure of public organizations has become exceedingly complex and difficult to coordinate, and the growth in internal and external regulation is said to have led to a culture of risk-aversion. Of course, the development of information and communications technology is part of the challenge. It provides instruments that, through ever more sophisticated measurement and information systems, solve problems of organizational complexity, but also contribute to them.
Despite many concerns about confidence in the government over the last 30 years, there are no clear trends (Graph 2). Trust in the government remains reasonable.
We can outline some characteristics of OECD countries:

- **Reasonably homogenous group of countries:** The OECD comprises a quite homogeneous group of countries with respect to size and economic diversity when compared with different regions around the world. The OECD has 30 members and a total population of 1.2 billion.

- **Relatively malleable institutional arrangements:** Evolutionary reform paths have been, and still are to a large extent, determined by the very different characteristics of OECD countries’ administrative systems, with differing state structures and administrative cultures. The early reformers within the OECD (primarily Australia, New Zealand and the UK) are characterized by somewhat malleable institutional arrangements and with a distinct administrative tradition.

  The malleability of administrative systems strongly depends on the nature of the executive and the structure of the state. Single-party majority governments are particularly well positioned to drive through complex reform programs that would create tensions within coalition governments. Horizontal co-ordination of public management reforms across government is easier if there is a powerful central agency which can act as reform driver. States that have divided authority vertically between levels of government (for instance Germany, Belgium, USA, and Canada) tend to be less able to drive through comprehensive and uniform reform programs than unitary systems (for instance New Zealand, UK, the Netherlands, France). However, the lack of uniformity in federal systems can also be an important asset as sub-national government entities units can provide a natural testing ground for a variety of reform approaches.

  Different administrative cultures strongly determine reform paths. The traditional Germanic and Scandinavian “Rechtsstaat” cultures imbue their civil servants with a profound sense of the importance of preparing and enforcing laws to maintain the integrity and continuity of the state. Consequently, such administrative cultures tend to provide some legal rigidity: management changes often require legal amendments and civil servants are inclined to feel justified in resisting rapid changes, because they regard preserving the existing procedures and institutions as a crucial and legitimate concern. By contrast, the Anglo-Saxon “public interest”
tradition attaches much higher value to pragmatic and flexible decision making for the public benefit. This tradition appears to be peculiarly compatible with more radical reform efforts. The Napoleonic tradition is in many ways similar to the Germanic, although it has become identified with greater centralization.

- **Significant foundations of legitimacy in place**: The 19th century rise of the “administrative state” created the need for administrative legitimacy. A more complex service-providing machinery could only be maintained with more widespread political support.

  Stylistically, four key stages can be distinguished in the way in which the public administration has gained its legitimacy in the OECD (Figure 1). The different approaches have to be seen as cumulative rather than successive, complexity increasing as one pile on top of the other and as additional constituencies take an interest in the functioning of the public sector. They outline a change from a due-process public service that is primarily expected to serve as an apolitical bulwark of institutional continuity in the 19th century towards a public service whose performance and responsiveness to political leadership and citizens’ expectations gain increasing importance. Each institutional development introduces tensions with the gains made in the earlier reforms. In effect, the earlier foundations of legitimacy are shaken by later institutional construction work. Most particularly, the hunt for responsiveness and performance through the development of quasi contracts and the introduction of individualized incentive packages for civil servants is in some tension with the administrative uniformity and the somewhat "blind" due process of the 19th century reforms.
The concern for due process and institutional continuity emphasized the role of public service institutions as a quasi-constitutional constraint on political institutions, ensuring their adherence to constitutional and legal requirements. Thus, the 19th century saw a wave of meritocratic reforms, aimed at creating an apolitical public service, run on its own mechanical principles.

It was not until the 1950s and 1960s that a more active notion of equal access and equal treatment entered mainstream debate. Before, in what are today OECD countries, citizens' access to public services was distinctly unequal in practice, despite de jure guarantees of impartiality. As social values changed, this discrepancy became more discordant. Impartiality became increasingly associated with representativeness in public employment - based on the conviction that the former is impossible in practice without the latter.

### 2.2. Current focus

From a purely functional point of view, the challenges facing OECD governments can seem somewhat similar. (OECD: 2007a) highlights the degree to which they should all be focusing on improving labor force participation, liberalizing product markets and improving
skill levels particularly via secondary education. However, some 10 years ago (Peters: 1996) had examined such similar shared imperatives and noted that, in relation to public management reforms, different political objectives could be seen behind recent changes - but a consistent core of concern for responsiveness, in the sense of responsiveness to elected officials and political priorities, and performance in the sense of more explicit linkages between measured results and planning or accountability, can be seen.

Empirically, an increasingly explicit emphasis on balancing due process with responsiveness to elected officials and political priorities can be seen emerging since the 1960s, commencing with significant reforms to the budget process and subsequently broadening to include major reforms in human resource management.

2.2.1. Responsiveness

A responsive public sector is one that reduces the time lag between political priorities and public policy actions. Responsiveness is about what gets done and when, while a performance orientation is about how it gets done. It became an important concern because inertia and bureaucratic capture were felt to hinder politicians and policy-makers from refocusing resources on emerging priority areas.

Several OECD countries have made considerable efforts since the 90’s to increase responsiveness. Those initiatives are not only restricted to central government, but also to government business enterprises, individual agencies, and local governments (OECD, 1996). Some evidence of that is provided by the greater use of some types of arms-length agencies, as a way of enhancing responsiveness, and some increase in political involvement in senior staffing appointments.

2.2.2. Performance

A performance orientation in the public sector is one that establishes explicit linkages between measured results and planning for future services or accountability for past deliverables. It entails a concern to make ex ante promises and parallel focus on measuring the degree to which they were achieved.

As many have noted (Matheson, Weber et al.: 2007; Schick: 2005), the notion of performance is seen as fundamental to the modern state: governments must increasingly earn their legitimacy by fulfilling their service delivery promises.
In human resources management, the concern about performance becomes particularly visible in the changing arrangements for managing individual performance. Individualization allows recruitment arrangements, employment contracts, accountability and pay that are tailored to the specific tasks of the individual.

2.3. Five technical dimension of reform

In searching for modest signs of convergence in these diverse paths during the past three decades, this paper identifies responsiveness and performance as the outstanding landmarks. These parallel reform objectives play out differently in five specific policy fields: public expenditure management and financial accountability; human resource management; the structure of the public sector; alternative services delivery; and demand-side reforms.

2.3.1. Public expenditure management and financial accountability

The twin-track story of responsiveness and performance can be seen throughout the budget reforms of the last 30 years.¹

There were two historic waves of reform. The earlier set of reforms in the 1960s and early 1970s was primarily concerned with increasing the responsiveness of the budget to political priorities (allocative efficiency) and can be grouped under the title of program budgeting. The second, most recent group of performance-based budgeting reforms can be seen as primarily focused on enhancing performance through operational efficiency.

Accounting reforms have entailed a move from cash-based systems towards double-entry bookkeeping, allowing some understanding of the asset position of a department or agency, and then, in some cases and not without many challenges, to full accruals accounting (which recognizes the value of all assets and liabilities, in addition to revenues and expenditures). The latter step allows, in principle, costs to the entity to be linked to information about its performance.

Audit reforms have followed a similar move towards performance, building on the traditional base of compliance auditing and gradually incorporating performance and value-for-money auditing within standard audit procedures (Pollitt, Girre et al.: 1999).

¹ There are three core goals of public expenditure management, aggregate fiscal discipline, allocative efficiency, operational efficiency. Responsiveness and performance can be seen as increasing the emphasis on the latter two goals.
2.3.2. Human resources management (HRM)

As in budgeting, the story of responsiveness and performance plays out in HRM reforms. The four key reform areas associated with these goals: the politicization of appointments to the senior civil service, a search for a smaller and more agile government, the use of agency targets and quasi-contracts for senior civil servants, and the individualization of employment conditions.

In the 1970s, the concern for improving the responsiveness of the public service to political priorities took on a new urgency (Rose: 1976). An unresponsive civil service started to be seen in some OECD countries as an obstacle to implementing policy changes in the 80’s. Even though the ideal type of the apolitical "Weberian civil service" was rarely found in practice, neutrality was increasingly perceived as an obstacle to rapid responses to political priorities.

One consequence, as many argue, is an increase in political involvement in senior staffing appointments, as in the USA (Dunn: 1997; Light: 1995; Peters and Pierre: 2004). Political involvement in staffing decisions can affect both line positions (Matheson et al: 2007) and political advisors outside of the usual hierarchy (James: 2007). While increased politicization of the civil service is an important issue in the responsiveness-debate, the hard evidence of increasing politicization remains too limited to speak of an actual trend towards politicization.

Another consequence of the concern about responsiveness has been the search for a smaller and more agile public service. However, there is little evidence of any reduction in government expenditures on staff compensation (relative to GDP), and no evidence of downsizing in general government employment. To the contrary, data from a recent survey suggests that many General Government employment totals have increased, suggesting that the changes owe more to increases in GDP than to downsizing policies.

A key means to enhance both the responsiveness and performance of the civil service has been the use of targets or quasi-contracts for agencies, linked with the performance contracts of senior staff.

As part of the move towards individualization, most OECD countries have introduced individual performance appraisal systems which are usually linked to promotion and advancement. A majority of OECD countries have implemented performance-related pay policies, with wide variations in its application (OECD: 2005c).
2.3.3. The structure of the public sector

The emphasis on responsiveness and performance is apparent in three major structural changes: the development of regulatory management institutions; intergovernmental decentralization; and decentralization within government. These reforms result in greater organizational diversification, with greater managerial authority provided to new "arms-length agencies" and to existing departments and ministries.

New regulatory management institutions have become necessary in response to the growing importance of regulating economic actors as a key task of government. New regulatory policies have been designed to reduce the volume and complexity of regulation, to reduce the cost both of the regulatory process itself and of enforcement, and to develop regulations that better respond to firms' concerns.

The responsiveness concerns are primarily addressed through new institutionalized procedures for public consultation in the regulatory process. While additional sector-specific regulatory authorities have developed, in parallel the responsibility for regulatory quality management has been centralized in a strong central agency, providing the basis for a more integrated reform approach. Improving performance in regulation is undoubtedly still a work in progress.

Intergovernmental decentralization varies greatly across OECD countries (Blöchliger and King: 2006) and fiscal autonomy is not correlated with constitutional structure. There is a clear increase in the share of sub-national expenditures (Italy and Spain). However, this trend is not matched by a corresponding increase in local taxing power. Consequently, the "fiscal gap" has widened in the last decade.

This trend has an ambiguous impact. On the one hand, it may make service providers more responsive to local concerns. On the other, it may make service providers somewhat less concerned about performance and efficiency - because it is not their money that they are spending.

The diversification of organizational forms within the public sector increased significantly through the distribution of government responsibilities to “arm's-length bodies”. This notion reflects their common characteristic of being at arm’s length from the
control of politicians, outside the hierarchical control of traditional vertically-integrated line ministries and departments.\(^2\)

Common characteristics can be identified in an arm’s-length body. Typically, they entail a degree of specialization and differentiated management arrangements from traditional vertically integrated ministries. In some cases the minister is officially prevented\(^3\) from interfering day-to-day but always they seek to combine accountability for the delivery of that service with increased managerial and financial autonomy.

Such agencies can differ significantly along two key dimensions: the form of their political control and the threshold for changing their structure.

On the downside, three potential difficulties associated with agency governance need to be observed. First, there is a persistent concern that arms-length agencies are creating substantial policy coordination challenges (Christensen and Laegreid: 2006, p.137 et seq.). While not mutually exclusive from any performance gains, there are also concerns that they can represent a successful attempt by senior staff to avoid becoming enmeshed in the painful details of service delivery (James: 2003). Finally, there is a concern that the creation of agencies can distract from the more substantial task of removing non-essential service responsibilities from the public sector (Beblavy: 2002).

There is some limited evidence that the growth in regulatory bodies, an intentionally non-responsive (in the sense intended in this paper) form of arms-length body, has been the main growth area (Christensen and Yesilkagit: 2006).

2.3.4. Alternative services delivery

Governments face, commonly, higher operational difficulties in delivering certain kinds of services than the private sector. Outsourcing and Public Private Partnerships (PPPs) take advantage of the better operational capacity of the private agent, having the potential to improve both responsiveness and performance of the government. The government needs to have sufficient capacity to coordinate these arrangements; otherwise the cost could be higher than the benefit.

(Blöndal: 2005) notes that outsourcing has shown itself as a widely applicable approach. However, beyond the transaction costs of the outsourcing process, there are a

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\(^2\) Some prominent examples are the UK Next Steps agencies, the development of Zelfstandige Bestuursorganen (ZBOs - Independent Governing Bodies) in the Netherlands and the Bundesbehörden (Federal Authorities) in Germany.

\(^3\) It prevented by: a) contract that limits his/her involvement to an annual contract renegotiation; or b) a legislative framework that makes the entity accountable only to parliament for the way in which it applies the law.
number of systemic constraints to outsourcing. Most particularly, government needs to be able to monitor effectively the delivery of the service, to manage any governance risks concerning undue influence or even corruption, and to maintain a watchful eye over any emerging contingent liabilities. OECD experience has suggested that outsourced services rarely revert back to government provision.

Public-private Partnerships (PPPs) describe a wide variety of institution cooperative agreements from loose, informal and strategic partnerships, to design-build-finance-and-operate (DBFO) type service contracts and joint-venture companies. PPP’s have been used in several OECD countries. The claimed benefits of undertaking PPPs are to use the private sector to provide value of money and efficiency, and to more suitably transfer some of the risks to the public operator. However, PPP’s are used less than predicted by many. The UK is the OECD member country where PPPs have been most extensively used, but even there the use of PPPs only represents around 10-15% of total public investment expenditure. PPPs are most commonly employed in large-scale and long term projects that involve extensive maintenance, capital intensity, and operating requirements over the project lifetime.

2.3.5. Demand-side reforms

Demand-side reforms comprise a set of institutional changes that place greater pressure on governments - to adapt services to the policy preferences of key groups (responsiveness) and to ensure quality in implementation (performance). Broadly, such demand-side reforms comprise: the use of market-type mechanisms (such as vouchers), open government, and e-government.

Firstly, vouchers separate the provision of public services from its financing (OECD: 2005b) and can be of three main types. The first type is explicit vouchers. These are coupons of some kind issued to individuals which can be exchanged for services at a range of suppliers. The individual voucher-holder chooses among different suppliers and pays with the voucher, which can be redeemed for cash from the government. The second and third types are different forms of implicit vouchers. One form of implicit vouchers requires that the recipient chooses one of several approved suppliers and thereby triggers the government to pay directly to that provider. A second implicit voucher arrangement is when the government reimburses the user for expenditure on qualifying services from approved suppliers, either through the tax system or through a cash transfer. In each case,
government may finance the service, in part or in full. Using this broad definition, the use of vouchers is significant across the OECD.

Secondly, an open government can be loosely defined as one where businesses, civil society organizations and citizens have increased their capacity: to know what has been decided (transparency), to obtain their legitimate service entitlement (accessibility), and to be heard (consultation and participation). OECD governments have developed many new institutions that foster open government (OECD: 2005b).

Finally, e-government does not refer to a distinct set of institutions - but the significance of preparing forms of service delivery and interfacing with the public for e-government is such that the institutional changes necessary are emerging as a distinct area of reform. Performance improvements resulting from e-government can be seen when particular groups with high levels of internet access are required to undertake certain procedures online, streamlining service delivery channels and improving uptake (OECD: 2005a). OECD countries have been establishing legal frameworks for e-government that formally recognize e-government processes vis-à-vis the equivalent paper process, allow data sharing between agencies subject to privacy protection, and consolidate existing legislation concerning public sector electronic services.

2.4. Stylized reforms paths

Emphasizing that the trends within OECD countries represent a broad movement and not a tight convergence, Table 1 sets out some stylized paths that OECD countries have, to very varying degrees, been following. Such paths are not neat and tidy, or indeed predestined, but some patterns can be identified which many OECD countries are broadly following. The obvious point should be emphasized that these are reasonable interpretations from a distance.

In some areas, most notably public expenditure and financial-accountability, a trajectory from “basic” to more “advanced” administrative techniques can be observed. In the other areas, including human-resource management and structural reforms, there is a similar sequence from basic to advanced, but a less obvious unique trajectory.
<table>
<thead>
<tr>
<th>Area of Reform</th>
<th>Reform Patterns</th>
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</table>
| Public expenditure and financial accountability reforms | 1. Input-oriented line item budget, incrementalist  
2. Input-oriented line item budget, non-incrementalist (ZBB, PPBS)  
3. Input-oriented line item budget, plus some performance information (MBO)  
4. Budget procedures and timing based around performance reporting  
5. Some accruals budgeting |
| Budget rules                       | 1. Cash-based  
2. Double-entry bookkeeping  
3. Accruals accounting with extended cost calculation supported by performance measurement system |
| Accounting                         | 1. Traditional financial and compliance audit  
2. Compliance focus with elements of performance and evaluation  
3. Institutionalized financial, compliance and performance auditing |
| Audit                              | 1. Incentives for workforce reduction  
2. Greater use of lateral entry - particularly for senior staff |
| Workforce size and composition     | 1. Moves towards position-based system (or even towards use of general labor law)  
2. Promotion by performance  
3. Decentralization of the employer function  
4. Limited introduction of performance-related pay - associated with targets or quasi-contracts for agencies  
5. Moves towards defined contribution pension schemes |
| Human resource management reforms  | 1. Growth in independent regulators  
2. Creation of central bodies for regulatory management |
| Regulatory management              | 1. Unbundling - (possible) creation of more “arms-length” agencies  
2. Delegation of managerial authority within central ministries and departments |
| Inter-governmental decentralization| Some functional and fiscal decentralization to sub-national governments |
| Organizational diversification     | 1. Market-based approaches to delivering public services (including the introduction of user charges and some use of vouchers)  
2. Market-based approaches to delivering internal government services  
3. Market-based approaches to setting regulatory standards or prices |
| Alternative service delivery       | 1. Provision of information about services and entitlements through charters  
2. Freedom of Information legislation  
3. Extension of offices of ombudsman |
| Public Private Partnerships        | Greater use of “public private partnerships” |
| Demand side reforms                | Diverse pilot activities |
III. Conclusions: some achievement and some risks

We have sought to place the recent record of public-management reform in the OECD countries within a context of the political imperatives that drive reform - and most particularly the search for legitimacy and trust. For many of today’s OECD countries a modern public administration was born in the nineteenth century as a result of political concerns for due process. But in the most recent decades, there has been a marked concentration on two newer areas of concern. From the 1970s, many OECD governments came to worry about the responsiveness of the administrative machine, and its capacity to respond quickly to the elected officials and political priorities of the day. Since the 1990s, all OECD governments have worried about the performance of the administrative machine. This tighter link is intended to make the promises of politicians and the responsibilities of civil servants more transparent, to strengthen accountability for these promises, and to improve planning - in other words, to make the machine work properly and have it be seen to be working.

Due-process appears to have been a permanent concern. Otherwise, it is not clear that there has been a predetermined sequence in changing political concerns. Older concerns have not gone away when new ones surfaced. What is clear is that new concerns can be at odds with old ones - gaining legitimacy and trust on one area while sacrificing it in another. Most notably, attempts to improve responsiveness and performance can put due-process at risk. For instance, more contractual approaches to managing the civil service have often been perceived to undermine the ethical systems of old-fashioned hierarchical arrangements. Hence a balance between different concerns has to be found, and this balance needs adjusting over time as the perceived importance of different concerns changes.

The performance concern has become the dominant driver of reform across the advanced countries in the last twenty years, we believe, in large part because the very size of government has led to a crisis of manageability. That crisis consists in the difficulties of effectively coordinating a huge machine and the associated problems of fiscal pressure and, arguably, falling public trust.
While the OECD challenge in reforming the public sector has been to improve performance and responsiveness without undermining the earlier foundations of legitimacy and trust, other regions do not necessarily follow this sequence or share the same priorities. This makes the OECD reform experience something that has to be interpreted by other regions with care and selectivity.

It would be more than cynical not to recognize the productivity and quality improvements the public sectors of OECD countries have seen over the last three decades. Arguably, these improvements are due in large measure to the quantum leap in human capacity within the public sector. Doubtless, ICT investments have made a significant contribution, although the evidence is somewhat scanty. However, there can also be no doubt that managerial reforms have also had a significant share in these improvements.

The contribution of performance-based approaches has undoubtedly been significant. However, an overall cost-benefit evaluation would require some examination of the costs and outcomes of reforms - and here, evidence becomes scarce (OECD: 2008 (forthcoming); Pollitt et al: 2004). Reforms may have been more costly than anticipated - and they may also have had unintended consequences.

3.1. Responsiveness
Several OECD countries have made considerable efforts since the 90's to increase responsiveness. Those initiatives are not only restricted to central government, but also to government business enterprises, individual agencies, and local governments (OECD, 1996b).

The origins for this increasing concern for responsiveness vary, but they are generally related to budget pressures, dissatisfaction with existing public services and most particularly, concerns from the political leadership that they are unable to introduce or deliver new government programs within a politically meaningful timescale.

3.2. Performance-based approaches
Measures of performance have been increasingly introduced into management and budgeting arrangements within OECD countries, sometimes embedded within standards, which are a kind of “service delivery promise”. While the scope, types, and uses of performance measurement vary enormously (Table 2) across OECD countries, many
countries have sought to adopt approaches towards budgeting, management and accountability which shift emphasis from controlling the mix of inputs and processes ex-ante towards ex-post monitoring and accountability for outputs and outcomes. Relaxation of input controls gives managers more flexibility to improve performance, while in return they are held accountable for results.

This has led to the development of stronger processes of external control on outputs, emphasizing that results are as important as the means that delivered them. In parallel, internal management control for probity and compliance has also been strengthened as many financial and non-financial resource allocation decisions are now made at the discretion of local managers.

Collecting performance data is expensive; developing and implementing meaningful indicators takes time. More importantly, performance management systems are not an end in themselves, but serve to motivate public servants to be more attentive to public purposes and results.

### Table 2
Types of Performance Measure used in OECD Countries

<table>
<thead>
<tr>
<th>Relatively simple measures</th>
<th>Business process measures</th>
<th>Complex measures</th>
</tr>
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<tbody>
<tr>
<td>Compliance with delegated authority</td>
<td>Strength of internal governance and leadership, and maintenance of good working relationships</td>
<td>All regulatory and legislative responsibilities complied with</td>
</tr>
<tr>
<td>Leadership style</td>
<td>Effectiveness of arrangements for staff learning, fostering innovation and change management</td>
<td></td>
</tr>
<tr>
<td>Facilitating learning and change management</td>
<td>Good recruitment and retention decisions, and productive working environment</td>
<td></td>
</tr>
<tr>
<td>Human resource management</td>
<td>Operating resources, capital assets and IT infrastructure are well managed</td>
<td></td>
</tr>
<tr>
<td>Stewardship</td>
<td>Effectiveness of mechanisms to promulgate public service values</td>
<td></td>
</tr>
<tr>
<td>Promoting/preserving values</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Input usage</td>
<td>What goes into the system? Which resources are used?</td>
<td></td>
</tr>
<tr>
<td>Outputs produced</td>
<td>Which products and services are delivered? What is the quality of these products and services?</td>
<td></td>
</tr>
<tr>
<td>Policy goals achieved</td>
<td>Intermediate outcomes (direct consequences of the output) Final outcomes (significantly attributable to the output)</td>
<td>These measures are valid for performance only to the extent that there is a clear causal relationship between the individual or agency outputs and the measure.</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Costs/Output</td>
<td></td>
</tr>
<tr>
<td>Productivity</td>
<td>Output/Input</td>
<td></td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Output/Outcome (intermediate or final)</td>
<td></td>
</tr>
<tr>
<td>Cost-effectiveness</td>
<td>Input/Outcome (intermediate or final)</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Ketelaar et al: 2007)
3.3. Unintended consequences

Schick (2005) has pointed to the risk that responsiveness and service delivery performance might be achieved at the expense of the long-term and more fundamental foundations of legitimacy. Responsiveness and performance are in demand, but they do not by themselves sustain the legitimacy of government. In fact, if they are achieved by unconstrained political involvement which erodes the impartiality and inclusiveness of the public service and its perceived respect for the constitution, then they undermine the longer term legitimacy of the government.

There can be no hard and fast answer whether the public service in OECD countries has indeed retained a grasp on the basics while the recent reforms have been introduced - but, encouragingly, there are some signs that the risks are recognized. However, there are unintended consequences and these can be summarized by:

- **The erosion of value in the public service**: as decentralization of the employer function and individualization of rewards create public sectors that are increasingly heterogeneous, the risk is that of erosion in the unwritten values and ethos of the public sector. The significance of this concern is an open question, but whatever the case, there is an attempt to replace or reinforce the unwritten rules with explicit codes of ethics.

- **Managing the political-administrative boundary**: It has long been the case that while principles of public service neutrality in the sense of non-partisanship are espoused by all OECD countries, this does not equate to an apolitical process for senior appointments. Countries still have a range of laws, conventions and procedures which spell out more precisely the division of responsibility between ministers and civil servants, in some cases by prohibiting politicians or civil servants from being involved in certain areas. However, these arrangements are all under some considerable strain.

- **Emerging risks**: Could there be too many reforms? A recent review concludes, about the US, that "the deluge of recent reform may have done little to actually improve performance. On the contrary, it may have created confusion within government about what Congress and the president really want, distraction from needed debates about organizational missions and resources, and the illusion that more reform will somehow lead to better government" (Light: 2006).
In principle, it is certainly possible that the costs of some public management reforms might outweigh their benefits. Beyond the relatively easily identified staff and material costs for preparing and implementing the reforms, other less tangible but possibly very significant unintended costs need to be taken into account. Excessive transparency can obstruct compromise in decision-making bodies (Stasavage: 2006). In addition, the performance approaches bring with them a significant risk of "gaming". However, (Bevan et al: 2005) point out that gaming risks could be significantly reduced by making it more difficult for agents to predict what exactly will be measured and how it will be done.

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4 If agents know the measures that are used to evaluate their performance, they are motivated to change their conduct in order to change the measure, regardless of the impact on the public or policy outcomes.


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