

## Governing for results

**Michael Ruffner**

### Introduction

Since the early 1990s almost all OECD Member countries have been working to improve the quality of their public expenditure by implementing a focus on results to their management and budgeting systems. These reforms have encompassed all levels of central government including the whole of government level, different policy sectors, entities delivering on public policies (agencies), units within those organisations and individual employees.

The approaches to actual implementation have been diverse and adapted to national capacities, cultures and priorities. Notwithstanding these differences, the similarity of the conceptual framework and thinking behind reforms has proven sufficient to make international comparison and learning fruitful.

Examples of initiatives to improve the quality of public expenditure along these lines are<sup>1</sup>:

- Results contracts between entities delivering on public services and parent ministerial departments.
- Inclusion of results information in the budgeting and annual accounting documents.
- Results audit by supreme audit institutions.
- Whole of government results reviews.
- Inclusion of results targets in strategic plans for government entities (departments, ministries, agencies).
- Competition between public (and sometimes private) sector providers of services on the basis of results costing.
- Giving increased managerial control to managers in exchange for enhanced accountability for results.
- Results appraisal of organisations and individuals, results related pay and other forms of results related staff management.
- Issuing of government-wide results plans as policy statements of new governments coming to power.
- Restructuring of budgeting documents, preparations and negotiations around outcome and output targets.

As the result focus makes its way into the budgeting processes and the programmes of new governments, and as approaches to results management aim to strengthen accountability through parliamentary and audit office scrutiny, the results approach becomes a matter not just of service

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<sup>1</sup> Please consult the annex for definitions.

delivery but of Governance.

As these reforms are maturing, the need is arising to go beyond the rhetoric of reform to look at the practicalities of implementing a results focus. Are results focused management reforms making a difference in public sector organisations – what are the impacts and are they positive or negative? What are the conditions under which results focused management is working and not working? Are there sectoral differences? What are the weaknesses and criticisms? Do they differ between countries and are the criticisms warranted? Some reforms are based on reporting to parliaments on public sector results – are parliamentarians interested and is the information adapted to their needs?

This paper is a synthesis of current research by the OECD on results oriented budgeting. The work relies heavily on a meeting of OECD member countries in February, 2002 on the challenges of implementing performance oriented management regimes, and a report of that meeting prepared by Burt Perrin. This paper also draws on the case studies prepared for the February meeting and other works for the OECD by Christopher Pollitt, Malcolm Holmes and Jens Kristensen. The purpose of this paper is to map current governance and implementation issues connected to introducing a result focus to budgeting and management and to raise questions for discussion. A connected purpose is to draw attention to the fact that results focused management and budgeting today reaches beyond managerial concerns into the core realm of governance.

### **Outcomes or Outputs?**

Until recently, the performance of programmes, and of programme managers, has been judged largely on inputs, in particular on how they have spent their allocated budgets. Traditional bureaucracies would devote most of their attention to their processes and activities, and — perhaps — to the outputs produced. They would work at trying to be more efficient at delivering what they traditionally have been producing, with limited consideration to the value or appropriateness of their activities and outputs.

This approach, however, has been called into question by public management reform in most OECD countries, which now places an emphasis on results. One of the major factors that has led to public management reform is a concern that too often, government is preoccupied with *process* and with following rules, and that it is not clear what *benefits* are actually arising from public service expenditures and activities. This has led to the creation of results-focused approaches that emphasise the *outcomes* of public expenditures, that is the benefits that arise from one's actions rather than on processes or what one *does*. Monitoring and evaluation activities have been increasing at exponential rates, with attempts in some jurisdictions to tie management and budgeting to results.

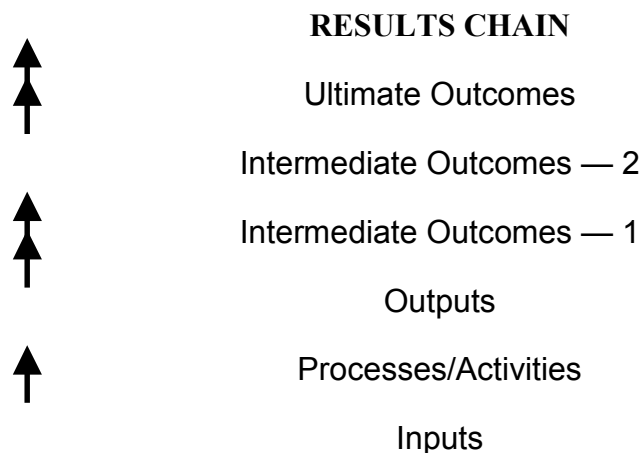
Moving to a focus on outcomes involves a shift in thinking as much as in measurement. This requires managers at all levels to bear in mind that they are engaged in activities and producing outputs not for their own sake but in order to achieve "big picture" outcomes in line with the mission of the programme. This requires thinking about outcomes on a regular basis, in order that the mix of activities and outputs are frequently reviewed and adjusted as necessary in order to maximise the impact of the programme in addressing the needs that form the rationale for its existence. Otherwise, activities and outcomes easily can become irrelevant.

Kristensen<sup>2</sup> of the OECD has indicated that: "Outcomes reflect the intended and unintended results

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<sup>2</sup> OECD. *Evaluation and Outcome Focused Management and Budgeting*, Presentation by Jens Kromann Kristensen to the TRANS-TALK Third Workshop: Improving Evaluation Practices in Transport, Brussels, 30 May – 1 June, 2001.

from government actions and provide the rationale for government interventions.” Mayne<sup>3</sup> has added: “That is what the public sector is all about — producing benefits, or results, for its citizens.”



Thus the *raison d’être* of a results-focused approach is to bring about a shift in focus along the results chain, as illustrated in the accompanying box, from inputs to outcomes. As John Mayne, in Canada’s Office of the Auditor General put it: “The aim [of a results focus] is to change the culture of public administration from one that is rules focused to one focusing on the results that matter to citizens.”<sup>4</sup>

Thus a focus on outcomes is central to any results-focused approach.

### **Current Status**

There appears to be a general appreciation of the need for an outcome focus. Yet at the current time, there seems to be just variable attention to this. For example, the country papers contained numerous references to terms reflecting a primary concern with input, or to a limited extent, output, such as: “efficiency”, “productivity”, “activities”, “procedures”, “expenditures”, and “outputs”. But in general, there was much less use of outcome-oriented terms, such as: “benefits”, “value”, “effectiveness”, “outcomes”, “impacts”, or “quality of life”.

A number of OECD member countries acknowledge that they have not been successful in implementing an outcome perspective, as the following quotes illustrate:

“Today, results-based management primarily focuses on output and workload indicators. ... While output is easy to quantify and monitor, [our] experience shows that relying solely on output involves a risk that agencies will lose sight of the effect their programmes are intended to have on society.”

“There are few good examples of ministries and agencies that have achieved an effective linkage and correlation between input and output, which was an objective of implementing performance management as a tool in public governance.”

“These problems made it difficult for anyone without a detailed knowledge of [the

<sup>3</sup> John Mayne. *Performance Measurement*. Evaluation Seminar 1. Evaluation Seminar Series. State of Victoria (Australia), Department. of Natural Resources and Environment, 2001. Available on the Internet through: [www.nre.vic.gov.au](http://www.nre.vic.gov.au)

<sup>4</sup> John Mayne. Addressing Attribution through Contribution Analysis: Using Performance Measures Sensibly. *Canadian Journal of Program Evaluation*. Vol. 16, No. 1, pp. 1-24, 2001.

Department] to make an informed assessment of the department's overall performance." ... "While there is considerable information regarding [outputs] (individual payments and services), it is not clear how they contributed to the achievement of the planned outcomes."

The countries giving papers and presentations at the February meeting are at various stages along the results chain in terms of their primary approach. In some countries, such as Brazil, France, Germany, Ireland, the primary focus appears to be mainly (but not necessarily entirely) with respect to reform of the budgetary process. In other countries, including Denmark, Iceland, Netherlands, Norway, and Sweden, there is considerable emphasis placed on the monitoring of activities and outputs. In contrast, Australia, the United States, and the United Kingdom are actively engaged, at least to some extent, in both the monitoring of outputs and the evaluation of outcomes. Finally, the European Union, Korea, and Spain are looking to expand their capability for the evaluation of outcomes, without necessarily working through a process of output indicators.

Why has there been such limited attention to outcomes, in spite of their central position to the very concept of a results-focused approach to performance? One key reason is that as a number of countries acknowledged, this has proved immensely difficult, considerably more difficult than they had anticipated. Despite the implications of public sector reform regarding the importance of thinking and managing in outcome terms, traditional ways of thinking are persistent. Within governments and agencies, there frequently is resistance to outcome-focused approaches.

As for example one country put it: "Outcomes are immensely difficult to measure and monitor." They are far more difficult to quantify, if it is even possible, than are activities or outputs. By their very nature, frequently they would not be expected to be manifested until some time after the programme intervention, generally not in sync with the same budgeting cycle. And outcomes typically come about not just as the result of a single intervention by one programme in isolation, but by the interaction of a number of different factors and interventions, both planned and unplanned.

Thus to summarise: outcomes are viewed as very difficult to identify, and certainly difficult to quantify; they are seen as remote in time and space from what the programme does; and interact with other factors. For these and other reasons, it seems difficult or impossible to link outcomes directly to actions or with managerial decisions.

For these and other reasons, there is a tendency to fall back on what is easiest to measure and to count, i.e. outputs, even if they are less important than outcomes. The danger of this, however, is to negate the major purpose of results-based reform, which is to refocus efforts on what citizens and society ultimately gain from government. Without a focus of at least some form on outcomes, one too easily can lose sight of the bigger picture, which is what the programme is supposed to be about. And if as is commonly stated: "What gets measured gets done," then performance measurement can result in perverse effects, with less rather than more focus on impact.

Indeed, the experience in many different jurisdictions over the decades is that without an outcome perspective, one invariably gets "stuck". That is to say, one does not "move up the ladder" from a focus on outputs to outcomes unless there is a major reason to do so. For example, a recent major review by the New Zealand Treasury<sup>5</sup> of the effectiveness of its public sector reforms indicated that the focus was on efficiency rather than on effectiveness, with no clear links to policy. With an almost exclusive

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<sup>5</sup>New Zealand Treasury. *Review of Evidence on Broad Outcome of Public Sector Management Regime*, Treasury Working Paper 01/06 prepared by Murray Petrie and David Webber, 2001. Also available at: <http://www.treasury.govt.nz/workingpapers/2001/twp01-6.pdf>.

emphasis on accountability for outputs, there has been little attention to outcomes and no indication that the reform regime has actually resulted in benefits to New Zealand society and its citizens.

Thus if there is one key message emerging from the expert meeting, it is that there is a need to a much greater focus on outcomes, along with the development of the necessary supporting systems, structures, and availability of expertise.

Besides, there is substantial evidence from a variety of sources that despite the perceived difficulties, outcome assessment in fact *can* be done, albeit at times with a somewhat different mindset and approach than from the direct measurement of inputs and outputs. This is briefly discussed in the following section.

### **How to Implement Performance Management with a True Outcome Focus**

Mayne has suggested using contribution analysis as one approach by which one can assess outcomes. He has summarised this approach as follows<sup>6</sup>:

Step 1: Develop the results chain	Describe the program theory model/program logic/results chain describing how the program is supposed to work. Identify as well the main external factors at play that might account for the outcomes observed. This program theory should lead to a plausible association between the activities of the program and the outcomes sought. Some links in the results chain will be fairly well understood or accepted. Others will be less well understood or subject to explanations other than that the program was the “cause.” In this way you acknowledge that attribution is indeed a problem.
Step 2: Assess the existing evidence on results	The results chain should provide a good idea of which intended results (outputs, intermediate and end outcomes) could be measured. What evidence (information from performance measures and evaluations) is currently available about the occurrence of these various results? The links in the results chain also need to be assessed. Which are strong (good evidence available, strong logic, or wide acceptance) and which are weak (little evidence available, weak logic, or little agreement among stakeholders)?
Step 3: Assess the alternative explanations	Outcomes by definition are influenced not only by the action of the program but also by external factors — other programs, as well as social and economic factors. In addition to assessing the existing evidence on results, there is a need to explicitly consider the extent of influence these external factors might have. Evidence or logical argument might suggest that some have only a small influence and that others may have a more significant influence on the intended results.
Step 4: Assemble the performance story	With this information, you will be able to set out your performance story of why it is reasonable to assume that the actions of the program have contributed (in some fashion, which you may want to try and characterize) to the observed outcomes. How credible is the story? Do reasonable people agree with the story? Does the pattern of results observed validate the results chain? Where are the main weaknesses in the story? There always will be weaknesses. These point to where additional data or information would be useful.
Step 5: Seek out additional evidence	To improve your performance story you will need additional evidence. This could involve information on both the extent of occurrence of specific results in the results chain and the strength of certain links in the chain. A number of strengthening techniques

<sup>6</sup> This table is copied verbatim from Figure 2, page 9 in Mayne, op. cit., Note 4.

	that you might be able to adopt are outlined in this work.
Step 6: Revise and strengthen the performance story	With the new evidence, you should be able to build a more credible story, one that a reasonable person will be more likely to agree with. It will probably not be foolproof, but will be stronger and more credible.

The government of Canada is now promoting the use of performance measures as a way for programmes to tell their “performance story”. As explained in an OECD publication:

“Putting this approach into practice means thinking through the “results chain”: the logical connections between inputs, activities, outputs and outcomes. The development of this logic means agreeing on expected outcomes, measuring progress toward them, using this information in decision-making, and reporting results. The government believes that encouraging federal departments and agencies to use this results chain to express their results allows for maximum flexibility in telling their performance story. In order to assist federal organizations to think through this results chain and to articulate their performance story more cogently, we are currently creating, in consultation with departments and external stakeholders, a lexicon of key “results-based management” terms.”<sup>7</sup>

Thus while it *is* possible to assess outcomes, there are some differences from how one goes about identifying inputs and direct outputs.

Use of evaluation as well as performance monitoring. As Mayne has indicated, “a good overall measurement strategy would include both ongoing performance measurement and periodic evaluation.”<sup>8</sup> Indeed, identifying outcomes and linking them in some way to programme interventions represents the main task of evaluation. There is a wide range of potential evaluation methods and approaches that can be applied, depending upon the particular questions and situation and the degree of rigour required. There is an extensive literature on evaluation, along with professional associations now active in most OECD countries.

Evaluation approaches become increasingly important as one moves up the results chain, because of the interaction of a variety of different factors and the increasing complexity of outcomes and the identification of causality.

**Theory-based approach.** The approach outlined above is one example of what is referred to as a theory-based approach to evaluation.<sup>9</sup> This currently is one of the most common approaches within the international evaluation community. For example, it forms part of the theme of the forthcoming 2002 European Evaluation Society conference.

Part and parcel of a theory-based approach is the articulation of a programme logic (or intervention) model. A logic model identifies the presumed causal links and connections between and among activities, outputs, and outcomes at various levels. It illustrates how the programme is expected to work. It is an invaluable tool for programme planning, and also can help direct appropriate monitoring and evaluation approaches at various stages in the programme development. The results chain model on page 5 represents a very simplified version of a programme logic model. In fact, there is always a number of different intermediate outcomes at various levels. Progression is rarely linear as illustrated

<sup>7</sup> OECD. *Outcomes-Focused Budgeting — Case Studies*. PUMA/SBO(2001)5/ANN1. May, 2001.

<sup>8</sup> Mayne, op. cit., Note 4.

<sup>9</sup> E.g. see. Carol Weiss. *Evaluation: Methods of Studying Programs and Policies*. 2<sup>nd</sup> Ed. Sage, 1998.

on the model on page 3. A logic model should be developed for every programme or intervention, also indicating external factors that also may be expected to have some impact on outcomes at various levels.

**Acceptance of uncertainty.** As Mayne indicates, measurement has limits, especially at the outcome level, and we must be prepared: “to accept some uncertainty, where the aim of measurement should be to acquire some insight and develop some assurance that the program is actually having an impact.”<sup>10</sup> As the European Union guide to evaluation<sup>11</sup> indicates, it is better to have imprecise answers to the important questions than to have precise answers to those that are unimportant.

**Constantly keep the “big picture” in mind.** Use of a logic model or results chain can help maintain thinking and perspective on outcomes — the *raison d’être* of government activities — at all times, even when one is measuring performance at a more intermediate level and when it may be premature to assess outcomes further along the results chain. This *perhaps is the most important factor* and the essence of a results-focused approach. In this way, one can avoid viewing outcomes as all or nothing, which appears to be one reason why many people have backed away from an outcomes approach.

One should consider one’s progress along the results chain on a periodic basis. This should involve checking initial assumptions of the “logic” of the results chain and how the programme outputs are expected to contribute to desired outcomes. This inevitably will result in some adjustments. This is one way to help keep performance measures meaningful.

Thus it *is* possible to assess progress towards outcomes, even if it is not always easy or possible to specify in exact terms.

**Maintain a balanced approach.** It is of course necessary to monitor inputs and outcomes, as well as to assess progress towards outcomes. Each jurisdiction needs to assess the appropriate balance, which may very well vary from agency to agency and from programme to programme, depending upon the status of its life cycle, nature of the programme activity, and other factors. But given that the current emphasis in most OECD countries appears to be on inputs and perhaps on outputs, it would appear that in most cases more attention to outcomes would be appropriate. As a recent OECD report states:

“Anticipating, learning from and communicating the outcomes of policies will be at the core of the transformation of public organisations into learning organisations. The systematic focus on outcomes is in its infancy and the establishing of the right form and level of evaluation still represents an important challenge.”<sup>12</sup>

Without some focus on outcomes from time to time, inputs and outputs run the risk of becoming disconnected from their reason for existence. And as noted earlier, this perception is one of the driving forces that has been behind public sector reform.

### **Cascades of targets**

Most approaches to results focused management and budgeting build on the assumption that a hierarchy of results targets can be established making it possible to link high level objectives of

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<sup>10</sup> Mayne, *op. cit.*, Note 4.

<sup>11</sup> European Commission. *Evaluating EU Expenditure Programmes: A Guide to Ex Post and Intermediate Evaluation*. 1997.

<sup>12</sup> OECD. *Knowledge Management; Learning-by-Comparing Experiences from Private Firms and Public Organisations*. Summary Record of the High Level Forum held in Copenhagen, 8-9 February 2001. PUMA/HRM(2001)3, CER/CD(2001)2.

government and parliament as formulated in legislation, government strategic plans or the budget to targets for policy sectors, ministries, entities delivering on public policies, divisions, managers and ultimately the individual staff on the floor. To do this often involves a plethora of documents and processes for setting targets, reporting on these and translating them into meaningful targets at the next level. Systems designers talk about a “clear read” from top to bottom.

Good governance includes the notion that those holding public power should report on their use of that power and subsequently be held accountable for their actions. The idea of cascading targets from the highest political level to the level of individual staff and subsequently reporting up through the chain of targets, aligns well with this dimension of good governance.

Experience, however, teaches us that establishing such a clear read is challenging to say the least. Furthermore, countries and organisations aiming at full coverage from policy to staff level often end up with complicated planning and reporting systems. The challenge is to balance the quest for coherence, coverage and accountability against complexity and costs of operating the management and budgeting systems.

### **Aligning results and financial information**

The implicit and explicit formulation and voting on policies, the allocation of financial resources and the potential for comparing policies in the budget documents and connected procedure holds a huge potential for enhancing policy coherence, effectiveness, efficiency, transparency and accountability. Good budgeting is thus one of the cornerstones of good governance.

A number of countries, including in particular Australia, the Netherlands, the United States, the United Kingdom, New Zealand and, to a certain extent, Finland, have been working on introducing results targets and information in the core budgeting documents for some years. The idea has been that presenting financial and results information in the same documents will make decisions on the level and distribution of appropriations better informed.

A recent, and to some extent logical, development in these countries has been not only to show financial and results information in the same documents but to more closely align results targets and reporting to appropriations and accounts. The thinking is that a more meticulous linking of results and money will increase transparency and therefore improve not only decision making but also the accountability of elected government and the administration delivering on policies.

Experience to date shows that finding the right format for inclusion of results information in the budgeting and accounting documents is challenging but potentially rewarding. However the risk of information overload is pertinent and collecting timely, reliable and relevant information can be costly. Furthermore, given the fairly primitive cost recording in many countries, the linking of results and expenditure often presupposes substantial changes in accounting infrastructure.

### **Parliaments**

Many results focused reforms in OECD countries implicitly or explicitly build on the assumption that result information is ultimately to be reported to parliamentarians who will take an active interest in the reports and use them for accountability purposes. This is explicitly the case in countries like Australia, France, the Netherlands, New Zealand and the United States. In the Scandinavian countries this is also the case, but primarily in regard to agency reporting – not in regard to the overall delivery on policies.

Parliamentarians, however do not seem to be interested in results information. Some countries have held the view that this was mainly because the information delivered has been on inputs, processes and outputs and that things would change with the introduction of information on outcomes (see below). Nevertheless, initial experience suggests that parliamentarians continue to ignore much of the abundant information actually available.

Adapting the format, content and timeliness of results information to parliament's actual interests seems to be pertinent if this challenge is to be overcome. Public sector reformers introducing results focussed budgeting and management regimes should consider whether their systems build on a sufficient understanding of the dynamics of parliamentary politics.

### **Outcomes or outputs**

Earlier in this paper, there was a discussion of using outputs and outcomes. It is useful to stress the point about the desirability of using outcomes rather than outputs to measure the utility of government involvement in society. Most OECD governments introducing a results focus do so by increasing the amount, quality and use of information on outputs, i.e. the goods or services which government bodies provide for citizens, business and/or other government bodies.

However, the pure output approach can be seen as having some limitations.

- Politicians and the public are assumed to be more interested in outcomes, i.e. the impact of government policies on society.
- An output focus can distort the attention of public entities delivering on public policies away from reaching policy goals to meeting production targets.
- Focusing solely on outputs can result in insufficient attention being given to how outputs contribute to outcomes.

To address these issues a number of countries are giving increasing attention to outcomes. By doing so, results approaches to budgeting and management more explicitly move from the realm of management to the intersection between management and politics.

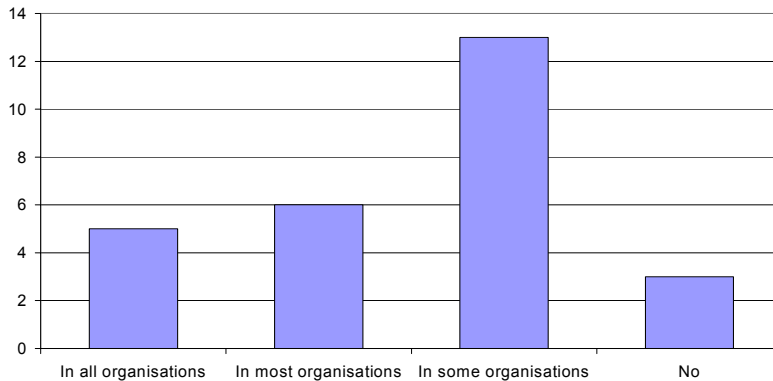
Outcome targets necessarily concern the success of policies and by making it explicit (ultimately measurable in quantitative terms) which results policies are to achieve, the potential for holding politicians accountable for the delivery and policy objectives greatly increases. Setting targets at the outcome level goes beyond management per se and enters into the domain of policy making.

By raising the issue of the linkage between outcomes and outputs the discussion of how best to reach policy objectives enters centre stage in regard to policy formulation. Setting targets is only meaningful if evaluation of the extent to which targets are achieved is undertaken. More systematic feed-back-loops on how well outputs are contributing to outcomes raise the attention on how successful not only policy implementation but also policy making is.

By linking outcomes and expenditure the question of allocation of financial resources is introduced. Such linking will potentially move allocation decisions from being tied up with institutions to focussing on policy objectives. Crudely speaking, instead of deciding on the distribution of appropriations between the Ministry of Health and the Ministry of Education, discussions will centre on the distribution between achieving a healthy population and an educated population.

Defining outcomes and measuring them is a daunting task. Most governments that have embarked on this development of the budgeting and management systems have year long experiences with output focused approaches and acknowledge that introducing an outcome approach, though following logically from having worked with outputs for a period, will take time to get right.

**Is the distinction between outputs and outcomes used in public sector organisations?  
(Number of countries, 2001, N=27)**



Source: Overview of result focused management and budgeting in OECD Member Countries, available at [www.oecd.org/puma](http://www.oecd.org/puma).

### **Audit, evaluation and results**

With the introduction of results information in the budgets, the issue of the role of audit enters the debate. All OECD countries make a distinction between material included in the budget for information and material included as part of the legally binding vote. Most countries treat results information and targets in the budget documentation as material included for information only. However, the closer financial information is aligned with results information and targets the more the latter can be regarded as part of the appropriation. This strengthens the legal status of the targets and results information and this will increase the role of Audit Offices because these institutions' *raison d'être* traditionally has been to control that actual expenditure corresponds with the legal frameworks for their use.

In addition, Supreme Audit Institutions in many countries are mandated to undertake operational/results/administrative/performance audits looking into, broadly speaking, how well public entities delivering on public policies are managing themselves. In most of these countries the setting of targets and reporting against them is included in these exercises

This move has important governance implications because Supreme Audit Institutions typically refer to the legislative rather than - or in addition to - the Executive, thus potentially shifting the check and balance of political power.

Furthermore, with the introduction of outcomes, the role of evaluation becomes pertinent. Outcomes - the impacts of public policies on society - are inherently very difficult to sort out. Questions of how to organise programme and policy evaluation thus re-emerges on the public management and budgeting agenda. No country seems to have found the answer at present.

As outcomes become part of budgeting and management documents and processes and as audit changes its role, the relationship between evaluation, audit and result management becomes important.. One challenge will be to avoid applying the principles of compliance and blame associated with traditional audit while finding a way to build better policies on the basis of for the evaluation of the past.

### **Personnel Management**

Many organisations delivering public policies are introducing a result focus to their management of personnel. Such initiatives build on the assumption that staff are motivated by being held accountable for their achievements and that their activities become better aligned with management objectives if it is clearly stated up front what is expected.

Critics of result focused management and budgeting often correctly state that humans rarely are motivated by targets alone. Personal fulfilment in its various guises, legal requirements and culture play a role. The challenges are to recognise the limits of formal management systems - including results focused approaches - but also to maintain the benefits of setting targets and holding staff to account.

### **Ensuring institutional take-up - establishing a results culture**

A number of OECD governments have been continuously introducing a result focus to budgeting and management systems over the last 10-15 years. One of difficulties most frequently raised by practitioners engaged in introducing a results focus is to ensure institutional take-up or, as it is often phrased, facilitating public sector organisations in establishing a results focused organisational culture. By this is meant that the values, attitudes and norms for good conduct is oriented towards setting targets and achieving results - in other words that the result approach to budgeting and management has gone from being an external and formal system to becoming internalised in everyday behaviour.

Change management has always been challenging, and introducing a result focus to budgeting and management is no exception. Time, education, resources, involvement, leadership, consultation, using both rewards and sanctions and avoiding blaming is needed.

This raises the issue of the governance of modernisation. Who is to be given responsibility for developing approaches? Who is to be given responsibility for implementation? Is legislation needed or is voluntary adaptation superior? How is compliance or adoption to be evaluated and which form of accountability is to be applied? The main challenge seems to be to balance central and decentral responsibility and accountability.

Practice varies greatly across the OECD countries. One challenge is to adapt approaches to national administrative and political realities and capacities and not to let international governance and management fads dictate policy.

### **Governance, management and results**

An emphasis on governance implies:

- Moving from a more narrow to a comprehensive analysis – notably looking at the institutional setting of specific sectors.
- A (re)introduction of politics, policy formulation and political institutions in analyses outside

the realm of political science

- A shift from focussing on institutionalised and organised interests and powers to a broader range of stakeholders – organised as well as unorganised
- Introducing the interplay of power centres and/or actors in the setting being analysed
- Sometimes setting up and promoting normative standards or values for the interplay between these actors – leading to “good governance”.
- A belief that good governance – however defined and implemented – besides being a goal in itself is important in realising aims as for example economic growth, social cohesion and sustainable development.

One way of summarising these developments is to see governance as the distribution of responsibilities and rights among organisations and individuals, the way these rights and responsibilities are exercised and the formal institutions in which they are embedded. Thus outlined, the introduction of governance denotes an expansion from narrow analyses to a broader and normatively anchored agenda in the analysis of the economy, the public sector, civil society and the interplay between these areas of society.

Through the years, the results focus to budgeting and management has followed the broadening of the public sector modernisation agenda reflected by the introduction of governance. The move from outputs to outcomes, the discussions of the role of parliaments and Supreme Audit Offices, the whole-of-government perspective, the analysis of the interaction between different management and budgeting tools, the focus on transparency and accountability and the discussions of allocation all reflect this development.

This move is likely to continue in the years to come thus intermingling the management and governance agendas.

## **Biography**

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