

## LITERATURE REVIEW—IMPLEMENTATION OF RESULTS-BASED MANAGEMENT<sup>1</sup>

1. The following is a synthesis of the lessons learned from implementing results-based management (RBM) in a variety of jurisdictions. The lessons that have been identified as being instructive are divided into three sections: (i) promoting favorable implementation conditions, (ii) developing performance measurement systems, and (iii) using performance information. A summary of the key messages from the literature is presented in the box below, followed by the literature review itself.

### Key messages from the literature

- a. It is quite common for RBM to be introduced in response to external pressures on the organization.
- b. RBM requires a 'sense of crisis' and strong commitment/involvement by senior management.
- c. The design and implementation of RBM needs to be customized to the specific needs and circumstances of the organization. Learning by doing can be a very effective approach in the early stages of adopting RBM.
- d. The introduction of RBM requires a clear vision of what is to be achieved and a well articulated strategy for managing the change process.
- e. Developing a performance management and learning culture is essential. Resistance to change is to be expected and needs to be effectively managed. It is important that appropriate incentives are in place.
- f. The provision of adequate financial and human resources to support implementation is critical.
- g. Provide adequate training in RBM and supporting guides and tools.
- h. Management systems must be aligned with RBM in order to support rather than hinder its implementation.
- i. Performance measures should be aligned with accountability and decision-making authority and the organization's strategic framework. The provision of credible performance information is essential.
- j. The demonstrated use of performance information by senior management is critical to the success of RBM. Performance information must both be used and be seen by others to be used.

### A. Promoting favorable implementation conditions

2. Implementing and maintaining a performance management and measurement system represents a major commitment on the part of any organization. Several organizational and

<sup>1</sup> The material in this appendix is based upon the following publication: Office of the Auditor General of Canada. 2000. *Implementing Results-Based Management: Lessons From the Literature*. Available: [http://www.oag-bvg.gc.ca/domino/other.nsf/html/00rbm\\_e.html](http://www.oag-bvg.gc.ca/domino/other.nsf/html/00rbm_e.html); with some supplementary text adapted from Mayne, J. 2005. *Challenges and Lessons in Results-Based Management*. Available: <http://evi.sagepub.com/cgi/content/abstract/13/1/87>; plus Universalialia and Baastel. 2002. *RBM Study Tour Report*. Available: <http://www.moeys.gov.kh/rbm/references/RBM%20-%20Study%20tour%20report.pdf>

human factors have been identified in the literature that contributed to the creation of a favorable implementation environment.

### **1. A customized results-based management regime is critical**

3. Though it may be tempting to simply adopt a results-based management system deemed successful in another jurisdiction or organization, this practice has been proven to be very ineffective. It is important that the system be developed according to the needs and situation of the users. No single system will be appropriate for every organization. As Joyce (1997, p. 53) notes: "...public agencies are not all alike. Different solutions exist for the performance measurement problem in different agencies." The evidence suggests that customized results-based management systems are critical for success (Caiden 1998, p. 45). Even individual components such as indicators and data collection systems should be developed with the specific users in mind (Joyce 1997, p. 53; Itell 1998, p. 12).

4. Experience in OECD countries suggests that selecting an appropriate approach for implementing results-based management is also very important. "Basic approaches to implementing performance management (e.g., top-down versus bottom-up; comprehensive versus incremental; systematic versus ad hoc; de facto versus de jure) must be selected according to the needs and situations of each country" (OECD 1997, p. 29).

### **2. Take your time and maintain momentum.**

5. Implementing results-based management is a long-term process. It takes time to plan, develop indicators, and align management systems before even collecting any performance data (OECD 1997, p. 29). For example, Poate (1997, p. 54) notes that "For aid donors dealing with a two year planning cycle and five-year implementation, results may take a decade to emerge", while Plantz, Greenway and Hendricks (1997, p. 24) suggest that "It could easily take an agency seven months or more of preparation before collecting any data, and it easily could take three to five years before the findings of a program's outcome measurement system actually reflect the program's effectiveness." As suggested by the experience of OECD countries and development agencies, organizations have to be patient and persistent. In this type of process, building consensus and maintaining momentum is crucial to success (Poate 1997, p. 56). This is particularly important in a highly politicized organization where the political timetable may present a formidable obstacle to long-term implementation (Newcomer 1996–97, p.32).

6. Experience suggests that it takes a minimum of 4–5 years of consistent effort to implement a results management approach and considerably longer before the benefits start to be realized (Mayne 2005). A key reason for the difficult progress is that integrating performance information into public management and budgeting is not primarily a technical problem that can be left to 'experts' such as performance measurers and evaluators. Rather, an evidence-based outcome focus can require significant and often fundamental changes in how an organization is managed.

### **3. Linking performance measures to the policy or strategic framework is key**

7. The successful implementation of results-based management depends on the extent to which performance measures are linked to an existing policy or strategic framework (Poate 1997, p. 56).

8. From an organizational perspective, if your performance management efforts are not connected to your business plan (which defines day-to-day operations in a government agency) and to the budget (which is where the money is), then you will be doomed to failure because your performance measurement approach will have no real meaning to the people running, or affected by, the program (National Performance Review 1999). This requires the existence of a strategic plan, inclusive of organizational goals and objectives that reflect a long-term vision or mission (National Performance Review 1997; Downey 1998, p. 18). Ensuring that performance indicators and measurement practices are linked to strategic objectives or expected results is key to successful performance management (OECD 1997, p.29; Poate 1997, p.56; Epstein and Olsen 1996, p. 43; Newcomer and Downy 1997–98, p. 38; Nakamura and Warburton 1998, p. 40). In this way, performance measurement is integrated within strategic planning (Epstein and Olsen 1996, p. 42) and therefore "knowledge about strategy implementation is increased, and the strategy is more likely to be realized" (PricewaterhouseCoopers 1999 p. 8).

9. A message throughout the literature is to "Focus on the big picture. Executives must not get bogged down in minutia, but instead create a simple, clear vision of the agency' core mission based on a realistic view of the current situation and of future trends. Managers also need to take a corporate-level view, and not make the mistake of aggregating function or lines of business" (Downey 1998, p. 18; see also PriceWaterhouseCoopers, 1999, Epstein and Olsen, 1996).

#### **4. Align management systems to support implementation**

10. Successful implementation of results-based management requires management systems that support the systematic collection, recording, analysis and reporting of performance information (Olsen 1997, p. 29; Poate 1997, p. 57; PricewaterhouseCoopers 1999, p. 11). For some organizations, this may mean realigning existing system in order to ensure that they collect the right information needed for decision-making.

11. In order to avoid costly duplication of effort, organizations should carefully examine existing data collection, monitoring, evaluation and research functions and the information they already collect. Existing systems may already be compiling data related to outcomes (Plantz, Greenway and Hendricks 1997, p. 24; Nakamura and Warburton 1998, p. 41). "Another advantage of making use of existing information is that the personnel who have been responsible for the previously existing data systems will not be as likely to view the new performance measurement system as a direct threat to their job security." (Nakamura and Warburton 1998, p. 41)

#### **5. Providing adequate financial and human resources is critical**

12. In order to successfully implement results-based management, organizations require adequate financial and human resources. There is a cost associated with implementation and organizations do not necessarily have the capacity to adopt a new system (Thomas 1998, p. 17; Caiden 1998, p. 40). Experience in the USA suggests that "commitment of resources—including the time of a top-level manager devoted to design and implement feasible performance measurement systems" is a key indication of top leadership support. Such support "minimizes the risk" (Newcomer and Wright 1996–97, p. 32).

## **6. Location of stewardship over performance measurement process is important**

13. There are so many players involved in implementation that there can be confusion over ownership in the development process. The location of ownership and control of the process is very important because this will inevitably have an effect on the type of performance measures that are developed. The literature points to different possible locations.

14. There is evidence suggesting that control over the process should not be located in financial management or budget office. Doing so may lead to measures that will serve the budgeting process well but will not necessarily be useful for internal management. Some suggest that performance management be located at the program level and that this will assist in ensuring buy-in from line-managers (Newcomer and Downy 1997-98, p.39; Newcomer and Wright 1996-97, p. 32; Wholey and Newcomer 1997, p. 94). However, according to the experience in the Australian Public Service, central monitoring and evaluation units within organizations should take responsibility for the process. It is argued that these units can provide the necessary technical and analytical expertise needed for successful implementation. (Poate 1997, p. 56).

## **7. Pilot projects can be a useful approach**

15. Conducting pilot projects presents a good opportunity for organizations to test new management systems. They represent an opportunity to identify and work out problems with some or all of its components. To be effective, pilots must attempt to emulate the scenario of full implementation. Therefore pilots must last long enough to test most aspects of the new system including data collection and must involve a representative group of participants (Plantz, Greenway and Hendricks 1997, p. 24).

## **8. Developing a performance management culture is critical**

16. Successful implementation of results-based management is dependent on the organization's ability to create a management culture that is focused on results (USGAO 1997b, p. 73; Epstein and Olsen 1996, p. 43; PricewaterhouseCoopers 1999, p. 11). It requires more than the adoption of new administrative and operational systems. An emphasis on outcomes requires first and foremost a performance-oriented management culture that will support and encourage the use of the new management approaches (Poate 1997, p. 57; Downey 1998, p. 18). The public sector traditionally has had an administrative culture which emphasizes the measurement of input whereas a performance management culture is focused on managing inputs and outputs to achieve outcomes.

17. A lesson from companies in Europe and the US is to ensure that the right values and behaviors are operative in the management culture. "Leaders are establishing a target set of desired values and behaviors, and designing measures to deliver these whilst avoiding inadvertent undesirable behaviors.... Leaders are realizing that processes to produce desired behaviors must work their way through an increasingly complex organizational web if value is to be delivered" (PricewaterhouseCoopers 1999, p. 11).

18. Changing the culture is not an easy task and also takes time. It is long-term process of change that must be consistent and requires continual refinement and improvement (Thomas 1998, p. 17; Poate 1997, p. 56). Experience suggests that appropriate leadership and a sense

of shared commitment to the reform process is critical to building a performance-oriented culture (Mascarenhas 1996, p. 17; USGAO 1997b, p. 73).

## **9. A practical understanding of accountability is needed**

19. Implementing results-based management is a significant public sector management reform which presents new challenges in defining accountability. "In this environment it will be necessary to rearticulate our vision of public accountability" (Shergold 1997, p. 303). The traditional notion of accountability, top-down authority responsible to the people through elected policymakers and senior administrators, must be reshaped to reflect this new public sector management environment (Kettl 1997, p. 456). The traditional notion of only holding public servants to account for the correct application of government regulations and procedures seems incompatible with an empowered, results- and service-oriented public sector (Mayne 1997, p. 159). However, it is recognized that "...it is a significant challenge to effect a culture change that allows employees to realize that they are accountable for results—not just to their supervisor, but to the organization, customer and stakeholder" (National Performance Review 1999).

20. Results-based management requires a shift in focus away from procedures and outputs management to outcome level results achievement. While current outputs-based performance management systems hold individuals responsible for output achievement, it does not logically follow that public servants should now be held accountable for achieving policy and program outcomes. "Accountability means that agencies have a responsibility to influence outcome results. This does not mean writing into a contract or a performance agreement that you are going to be 100% accountable for reducing an accident rate to a certain level by a given time. It is a matter of recognizing that there's a responsibility to influence the outcome result that's being sought" (State Services Commission 1999). There remains, nonetheless, an obligation to demonstrate what outcome results have been accomplished. "The key is to make this demonstration the essence of the accountability regime. Accomplishment accountability is the credible demonstration of what one has achieved that is of significance and value" (Mayne 1997, p. 159).

## **10. Senior level leadership and involvement is essential**

21. There is strong evidence to suggest that senior level leadership is necessary for successful implementation (Plantz, Greenway and Hendricks 1997, p. 23; Wholey and Newcomer 1997, p. 94). Without the support of senior management, there is no impetus for change (Epstein and Olsen 1996, p. 42). It is critical that they fully support and actively participate in both the creation and implementation of results-based management (Downey 1998, p.18; Poate 1997, p. 54). By actively participating in implementation, they are demonstrating their commitment to the reforms (Alford and Baird 1997, p. 56). "Clear, consistent, and visible involvement by senior executives and managers is a necessary part of successful performance measurement and management systems" (National Performance Review 1997). "Senior leadership must help an organization overcome its resistance to change" (National Performance Review 1999).

22. There is also evidence to suggest that the leadership role should be shared. Although the support of top political leadership is essential to ensure the success of the system (Newcomer and Downy 1997-98, p. 39), it is important to cascade leadership throughout the organization (National Performance Review 1999). This will give the performance management process a depth and sustainability that ensures its survival through changes in political party leadership or senior management level turnover.

### **11. Full participation fosters support for implementation**

23. In all cases, governments attribute successful implementation to full participation of staff at all levels (Downey 1998, p. 18). In addition to staff, it may also be beneficial to include other stakeholders in the process especially when identifying expected outcomes. Seeking different perspectives may reveal important issues that may not have occurred to staff (Plantz, Greenway and Hendricks 1997, p.24; National Performance Review 1999; Local and regional authorities in Europe 1997, p. 15; Epstein and Olsen 1996, p. 42). Stakeholder involvement can help an agency identify results-oriented performance measures and set realistic target levels (USGAO 1997b, p. 13). Stakeholder involvement helps increase their commitment and a sense of ownership, both of which provide needed support for the performance measurement system

### **12. Training and education are key ingredients for success**

24. A major hurdle in implementing results-based management is the relative lack of experience and expertise (Mascarenhas, 1996, p. 22; Hatry 1997b, p. 41). Successful implementation is dependent on managers and staff having the necessary knowledge, skills and abilities to develop and use the performance measurement system (USGAO 1997b, p. 76; Itell 1998, p. 17; Newcomer and Downy 1997–98, p. 39; Poate 1997, p. 57). The lesson has therefore been to provide training for nearly all of those involved. Training will provide managers, staff and key stakeholders with the knowledge and skills they need to work with data, understand it and use it to improve effectiveness (Gibson and Boisvert 1997, p. 11). It has also been suggested that in order to ensure the institutionalization of results-based management, political appointees in strategic areas such as budget offices should also receive training (Newcomer and Wright 1996–97, p. 32).

25. Training can also assist in changing the organizational culture. Once managers and staff understand how results-based management works, they start to appreciate its potential (Epstein and Olsen 1996, p. 42). "When new systems are bring introduced, training is likely the be needed at two levels: familiarity with the basic concepts linked to the underlying principles of reform; and operational support to define objectives, construct performance indicators, use indicators for reporting and review, and evaluate. The former can be achieved through briefings and explanatory material. The latter required a sustained effort from something like a methodology support group" (Poate 1997, p. 54).

### **13. Use existing expertise to support implementation**

26. Implementing results-based management can be very challenging for organizations, especially those that lack the in-house technical capacity. One important lesson that has been learned is to use expertise to support implementation. A technical expert can provide guidance on every aspect of development and use of the performance measurement system. "The first time around, guidance on collection and analysis methods from a technical expert will often save time, offer reassurance, and improve results" (Plantz, Greenway and Hendricks 1997, p. 24).

### **14. Communicate purpose of performance measurement system**

27. It is essential to have a vision or plan which contains a clear definition of the purpose of results-based management and to communicate this throughout the organization (Epstein and Olsen 1996, p. 41, p. 42; PricewaterhouseCoopers 1999, p. 7; Itell 1998, p. 17). Lessons from

companies in Europe and the US show that "The starting point for any improvement program is to realize that the current position is unsatisfactory and something better exists and is achievable" (PricewaterhouseCoopers 1999, p. 7). Employees need to know why performance measurement is being undertaken, what their role is in the new system and how performance information fits into the decision-making process (National Performance Review 1997; National Performance Review 1999). They need to know that the performance measurement system will provide essential information to improve management within the public sector and that it will help monitor progress made towards the achievement of expected results. "A lack of clear expectations about possible uses for performance data presents perhaps the most difficult challenge...[because] In many cases, the sorts of measures that might effectively guide internal decision-making may provide data that managers would not want made public for resource allocation decisions" (Newcomer and Downy 1997–98, p. 38; Wholey and Newcomer 1997, p. 95). The experience of state and local governments in the USA has been that well-informed employees adjust more easily to the new performance management system and will perform better (Epstein and Olsen 1996, p. 42).

28. In addition to this internal communication, external stakeholders should also be informed and understand the purpose of results-based management because, ultimately, they will be interested in knowing how well an organization has achieved its goals and objectives (National Performance Review 1997).

## **B. Developing Performance Measurement Systems**

29. The task of developing a performance measurement system can be quite daunting to the inexperienced organization. Organizations from around the world that are the leaders in performance measurement have been learning by doing through trial and error for more than a decade. Out of this experience a number of common lessons have been identified that can guide the novice organization in mastering the technical aspects of developing a performance measurement system.

### **1. Use a manageable number of indicators**

30. One of the biggest risk factors that threaten successful implementation of results-based management is over-complexity. Over-complexity of a performance measurement system will lead to implementation problems and will simply frustrate stakeholders. The easier it is to use and apply, the more likely stakeholder will adopt and embrace the new approach (Meier 1998, p. i).

31. One way to keep it simple is to limit the number of indicators. "Multiple cases suggested that indicators should be kept down in number; three indicators which are solid measures of outcome are better than 10 which don't measure anything relevant" (Epstein and Olsen 1996, p. 43). "Departments are limited to five program outcome indicators but are free to adopt as many internal management indicators as necessary" (Itell 1998, p. 13). "The performance measures for a specific individual or group should not exceed 5 to 7 measures" (Atkinson and McCrindell 1996, p. 17). Too many measures is the sign of an organization that has not taken the time to prioritize measures (National Performance Review 1997). This is echoed in both the public and private sector where it is argued that the quality of the indicators is far more important than the quantity (Poate 1997, p. 56). Too many measures may not only be ineffective but could be harmful. "There is significant evidence to suggest that over-complexity of the performance measurement and data collection system is the biggest factor threatening successful implementation of results-based management (Meier 1998, p. i).

32. However, it is important to adopt a balanced set of measures that provides adequate information on which to base decisions (PricewaterhouseCoopers 1999, p. 9). The measures must provide an adequate performance picture (USGAO 1997b, p. 71). At a macro level, many jurisdictions have resorted to using composite indicators. "Alberta, Oregon and other jurisdictions engaged in macro-level planning have resorted in part to multiple measures. By building composite indicators based on clusters of performance measures, for instance, they have established a framework for tracking progress on 'soft' socio-economic goals" (Gibson and Boisvert 1997, p. 8).

## **2. Clearly define key terms and concepts**

33. Another lesson has been that defining key terms and concepts will assist in the implementation process. "Agencies' use of inconsistent definitions for their programs' measures could hamper decision-makers' use of data collected from those measures in planning, comparing performance, and reporting on performance achieved" (USGAO 1997b, p. 61). A standard set of definitions will help minimize misunderstandings and will foster consistency throughout the organization (Nakamura and Warburton 1998, p. 37).

## **3. Using the logic chart can be very helpful**

34. Using logic charts has proved to be very helpful in the development and identification of expected results, indicators and risks. It facilitates the task of conceptualizing project/program in terms of inputs, outputs, and outcomes. It also helps verify the logical consequences of cause and effect linkages and hence, the level of attribution (Plantz, Greenway and Hendricks 1997, p. 24). This is a particularly useful tool for stakeholders that are not familiar with results-based management because it illustrates how RBM works (Meier, 1998, p. i). "A further advantage that proponents still claim for the logframe is that the identification of risks help to structure the uncontrollable factors separating outcomes from output" (Poate 1997, p. 55).

## **4. Align performance measures with accountability and decision-making authority**

35. When performance measures are being developed, care should be taken to ensure that these are aligned with accountability and decision-making authority. Measures should relate directly with management and staff job descriptions and responsibilities (Nakamura and Warburton 1998, p. 46). In this sense, individuals should only be held accountable for what they can influence (PricewaterhouseCoopers 1999, p. 8). "In constructing performance measures for workers or for organizational units, and interpreting and using performance measure results, it is important to know the formal job description of those involved. Performance measures focusing on aspects of a process over which those whose performance is being measured have only partial or no control may engender anxiety or feelings of unfair treatment" (Nakamura and Warburton 1998, p. 42).

36. Certain conditions must exist for individuals to accept accountability for results. Managers and staff must understand the system and how they can influence results. They must understand what they are responsible for and believe that the system measures what they contribute to the organization (National Performance Review 1997). If these conditions do not exist, the performance measurement system will be deemed unfair [with respect to accountability] (Atkinson and McCrindell 1996, p. 16). It is also important that the performance information be tailored to the individual users (Poate 1997, p. 55). A frequent problem faced by

managers is that the information is too highly aggregated and is therefore of little use to them because it does not correspond to their level of decision-making (Mascarenhas, 1996, p. 21; Hatry 1997b, p. 40). To overcome this problem, some suggest that programs/projects identify their own expected results, indicators and data collection methods (Plantz, Greenway and Hendricks 1997, p. 24).

37. If managers are to be held accountable for the performance of their programs, they need the flexibility and power to manage their programs for results (Newcomer and Downy 1997-98, p.40). Some also suggest that accountability must be shared by managers and staff throughout the organization (National Performance Review 1999).

38. Finally, it is important to recognize that performance measurement is ultimately a means of providing accountability for a program, not just its manager. As the National Performance Review (1999) pointed out: "Accountability is a multidimensional concept and often a key enabler of success...[There must be an] establishment or assignment of accountability for performance/results and the effective stewardship of resources to produce those results. To truly work, accountability has to be shared by managers and employees; further, your organization as a whole must be accountable to the customer and stakeholder."

#### **5. Credible performance information is essential**

39. For performance information to be useful, it must be valid and reliable. The information will simply not be accepted or used if it is biased or inaccurate (British Columbia. Office of the Auditor General 1997, p.9; Atkinson and McCrindell 1996, p. 17). Even the perceived possibility that the information could be falsified can impair the usefulness of the system (Nakamura and Warburton 1998, p. 47). To ensure that the information is credible, there needs to be some form of independent checking or auditing (Epstein and Olsen 1996, p. 44; Nakamura and Warburton 1998, p. 41). The means of verification must be communicated. It has been found that simply describing the chosen method within annual reports provides assurance to readers that the information is credible (USGAO 1997b, p. 72).

40. Independent checking or auditing not only influenced those using performance information, it also has an effect on those collecting the data. It seems that the possibility of audit is enough to increase efforts to maintain accurate records (Epstein and Olsen 1996, p. 44).

#### **6. Performance standards and targets are essential for measurement**

41. In order for results-based management to function as intended, emphasis should be given to identifying targets and performance standards. (Poate 1997, p. 57) It is difficult to judge whether results are improving if one has no reference point against which to compare. In this sense, targets are also critical for defining accountability. "Absent a specific and measurable standard of performance against which measured performance is compared, there is no basis for accountability." (Atkinson and McCrindell 1996, p. 17)

42. Benchmarking against similar programs is another method used for setting targets. Evidence from the private sector suggests that benchmarking against competitors is a useful practice. (PricewaterhouseCoopers 1999, p. 10) Poate (1997, p. 57) notes that "Indicators and targets should be set in the context of what is understood to be best practices through reference to the experience of other agencies undertaking the same or similar tasks. However, cases in the public sector point to the dangers of comparing outcomes of one program to another to

determine which is better. Some suggest that the best comparison for a program is itself. (Plantz, Greenway and Hendricks 1997, p. 26)

However, meeting an individual single target may or may not be important. What is most important is that the whole results chain is in fact happening as expected. That is the real performance story. Setting expectations might better be thought of as answering the question, 'Has the chain of expected events which set out the theory of the program—and the specific targets in it—been realized?' (Mayne 2005).

## **7. Use baseline data to set targets**

43. There have been multiple cases illustrating that the use of baseline data from past performance can help agencies set realistic targets (USGAO 1997b, p. 61). Baseline data provides the trend information on which to base targets. For those who have no experience with results-based management and therefore have no baseline data available, some suggest that they start by collecting data before actually setting targets (Plantz, Greenway and Hendricks 1997, p. 26; Laurent 1999).

## **C. Using Performance Information**

44. How an organization uses the performance information generated from its performance measurement activities will influence its long term success in implementing results-based management. A learning organization uses performance information to identify its weaknesses and strengths as a basis for making adjustments to management systems and strategic planning processes. The following lessons learned reflect the experiences of leading organizations in using performance information for the purposes of learning and continuous improvement.

### **1. Demonstrable use of performance information is essential**

45. Performance information must both be used and be seen by others to be used. If top-level managers use the information for decision-making purposes, others are more likely to follow their example (Newcomer and Downy 1997–98, p. 39). This will encourage staff to accept and participate in the new performance measurement system (Epstein and Olsen 1996, p. 43). If the performance information is not readily used, the credibility of the entire activity will be questioned (Poate 1997, p. 57). However, managers and staff also have to see that there are significant benefits to the organization and its programs. Performance management must make a difference and account for something. The performance information collected has to be useful (OECD 1997, p. 29; Gibson and Boisvert 1997, p. 18; British Columbia, Office of the Auditor General 1997, p. 6). It has to illustrate that it is worth the cost incurred to collect the data (Hatry 1997b, p. 41; Itell 1998, p. 17). As data usage increases and produces real benefits, the more confidence individuals will have in the data (Gibson and Boisvert 1997, p. 11).

### **2. Evaluation and performance measurement are complimentary**

46. Performance information alone does not provide the complete performance picture. Evaluations complete the performance picture by providing the depth of analysis needed to explain why targets were not met or why they were exceeded (Poate 1997, p. 56). They also provide information managers need to improve operations. "Identifying and communicating the reasons that programs do not perform at expected levels is also clearly the province of program evaluation. Performance measurement alone will typically not provide the data that program managers need to understand why performance is below expectations, nor will it tell them how

they may improve operations. The wide variety of program evaluation techniques that can be used to illuminate program operations complements performance measurement" (Wholey and Newcomer 1997, p.98). Impact evaluations can also "help agencies confidently attribute the achievement of intended results to one or more of its programs by providing information on the extent to which those programs contributed to the results achieved" (USGAO 1997a).

### **3. Incentives can be used to foster support**

47. There is evidence to suggest that providing incentives, whether financial or non-financial causes individuals to change their behavior and helps communicate what is important to the organization (National Performance Review 1997; PricewaterhouseCoopers 1999, p. 11). Rewarding successful employees is needed to complete the accountability framework. "Accountability is a two-way street. The organization must reward individuals who keep their end of the bargain" (National Performance Review 1999).

48. The most successful results-based management systems are non-punitive. They should focus on using the information to help improve programs and projects (National Performance Review 1997). Other evidence states that the system can include penalties, but that these should be introduced slowly (Gibson and Boisvert 1997, p.18). Introducing sanctions, especially those linked to the budget, can compromise staff and management buy-in and commitment (National Performance Review 1999).

### **4. Performance reporting is needed for decision-making**

49. Information regarding progress towards achieving objectives should be reported and communicated to all stakeholders. As stated earlier, results-based management should be implemented using a participatory approach. Stakeholders involved in the process will want to be kept informed of the progress. This vital flow of information should be maintained (National Performance Review 1997, 1999).

50. Managers and staff need performance information relatively frequently in order to make adjustments to programs and to later assess the effectiveness of those adjustments (Hatry 1997b, p. 40). However, an overemphasis on frequent and detailed reporting without sufficient evidence of its value for public managers, the government, parliament, and the public will not meet the information needs of decision-makers. "Frequent reporting may facilitate good management of the public sector but there is no guarantee of improvement in performance" (Mascarenhas, 1996, p. 21). The manner in which the information is presented will also affect its usefulness, with too much detail detracting from the utility of the information (Poate 1997, p. 57). "Information should be presented in a way that can be easily understood by legislators and the public and is sufficient to provide an understanding of government's performance. Excessive detail, vague or overly technical descriptions and jargon should be avoided as they might cause confusion and misinterpretation" (British Columbia. Office of the Auditor General 1997, p. 7).

51. Other than the use for decision-making, reporting has other advantages. Reporting may actually motivate employees to become more outcome oriented because it makes them more aware of their contribution to the organization. Their work is in essence validated (Olsen 1997, p. 32).

### **5. Learn, review, and adjust performance measurement systems**

52. Another lesson that has been learned is that even once results-based management is implemented, the work is not done. To ensure continued success, the performance measurement system must be monitored and improved continuously. This will translate into a responsive system that reflects the changing environment in which it operates (Poate 1997, p. 56; Plantz, Greenway and Hendricks 1997, p. 24; Epstein and Olsen 1996, p. 41). This is really the essence of a learning organization. Managers and staff learn best through trial and error and a hands-on-approach (Meier 1998, p. i; National Performance Review 1999).

53. Some also suggest that even before implementing new procedures, past and current systems should be reviewed to better understand why they may have failed to achieve their objectives. Learning from past mistakes and using shared experiences may help gain acceptance and consensus regarding the new initiative (Poate 1997, p. 53).

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