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Organizational Performance

Managing for Results in State Government: Evaluating a Decade of Reform

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State governments in the United States have enthusiastically embraced the idea of managing for results. This appears to represent a victory for New Public Management policy ideas transferred from New Zealand, the United Kingdom, and Australia. The managing for results doctrine that emerged from these countries called for an increased focus on results but also increased managerial authority to achieve results. In return, it was claimed, governments would enjoy dramatic performance improvement and results-based accountability. This article assesses the implementation of public management reform in the United States and argues that the managing for results doctrine has been only partially adopted. State governments selected some of the New Public Management ideas but largely ignored others. In short, state governments emphasized strategic planning and performance measurement but were less successful in implementing reforms that would enhance managerial authority, undermining the logic that promised high performance improvements.

Over the last decade, state governments have proved themselves willing to reform management practices and, in particular, create a managing for results (MFR) framework. However, public management policy adoption has been at odds with the New Public Management (NPM) doctrine it sought to emulate, meaning that MFR reforms in the states are unlikely to live up to expectations.

The NPM doctrine is a set of arguments about how government should be run. In some cases, NPM doctrine advocates the privatization of public services. This paper focuses on arguments made for the management of core public services, which I characterize as MFR, a subset of the wider NPM doctrine. The MFR doctrine argues that traditional forms of public organizations perform poorly because they lack explicit standards, managers are not held accountable for achievement of goals, and managers are too hamstrung by red tape to perform well in any case. Efficiency and effectiveness improvements can be achieved by adopting a focus on results while increasing managerial flexibility. Reports from the NPM benchmark countries—the United Kingdom, New Zealand, and Australia—have confirmed the widespread implementation of NPM policy advice, even if definitive empirical evidence on whether these changes have had the desired effect has not been forthcoming (Barzelay, 2001).

In the United States, NPM has also been influential, fueling debate about the future of the public service. Evidence suggests that during the 1990s, the most intensively adopted reforms in U.S. state governments were those associated with the concepts of "results" and "performance" (Brudney, Hebert, and Wright 1999), particularly those that focused on the creation and distribution of performance information (Melkers and Willoughby 1998; OPPAGA 1997; Snell and Grooters 2000). Research presented in this article, which is based on external analysis of performance information, further supports the claim of widespread creation of performance information systems in state government. However, to compare state efforts with the MFR doctrine, it is necessary to measure not only progress in establishing a focus on results but also managerial flexibility, which I do in the areas of human resource management and financial management. The data were collected from the 2000 Government Performance Project (GPP) survey of state governments and concurrent content analysis of state documentation. The GPP was a multiyear assessment of government capacity in state and local government undertaken by the Maxwell School of Citizenship and Public Affairs at Syracuse University. More information on the GPP data-collection procedures can be found in the appendix and in *In Pursuit of Performance: Management Systems in State and Local Government* (Ingraham, forthcoming). (GPP 2003). The data presented here are not definitive because they lack cross-time points of comparison. However, the data are persuasive, especially in the context of other analyses and surveys addressing the same issues.

This article offers an explanation for the growing sense of disappointment in MFR, a feeling that will

only increase as it becomes clear that heightened expectations have not been met (see, for example, Franklin 2000; Schick 2001). Elected officials set these expectations for MFR, claiming that it would lead to results-based accountability and performance improvement and, in some cases, claiming that MFR could help governments avoid tough decisions on cutting services or raising taxes (Durant 1999). Although reformers adopted the language and expectations of MFR, the data suggest that state governments have actually adopted only half of the MFR reform recipe—an increased focus on results—while neglecting the other half—an increase in managerial authority. The analysis is important because the positive benefits claimed by the MFR doctrine rest on the simultaneous implementation of both halves of the doctrine. Simply adopting one part without the other provides us with a very different management framework than that advertised by the NPM, one in which great expectations are likely to be disappointed. This article does not conclude that MFR has been a failure, but that it has been only partially implemented and that serious debate should be engaged in when assessing the suitability of current MFR doctrine for the U.S. system of government.

Managing for Results as a Management Doctrine

One of the defining tensions in the intellectual development of public administration is the tension between the field as a social science and as a professional activity undertaken in a political environment. Frequently, decisions about the running of public organizations are made on the basis of what Hood and Jackson (1991) refer to as "administrative arguments" or "doctrines." Such doctrines are ideally suited to policy choices in a political context. Doctrines are a theoretical explanation of cause and effect, often presented as factual and widely applicable and designed to prompt actions consistent with this explanation. Proponents of public administration based on social science have exposed such doctrines as contradictory (Simon 1997). Yet this style of argumentation persists, and the history of public administration is replete with examples of management doctrines, often of a very similar nature (Downs and Larkey 1986). This persistence is partly the result of the demand-driven nature of public-sector reform. Practitioners and elected officials constantly seek suggestions for improving public organizations and rarely differentiate between knowledge derived from social science and plausible argument (Forrester and Adams 1997).

Managing for results closely fits the categorization of management doctrine, employing many of the rhetorical tools of administrative argument (Hood and Jackson 1994). It gives a sense of symmetry by offering generic solutions to the perceived weaknesses of traditional public organizations. Consistent with Hood and Jackson's description of the qualities of administrative argument, MFR offers a theory of cause and effect for running public organizations, resulting in a series of policy options that demand implementation if the desired state of effective, efficient, and results-based public organizations is desired. Traditional public organizations are portrayed as inefficient and ineffective, focused on maximizing inputs and rendering compliance. Existing management systems are to blame for the undesirable state of public organizations. Changing the formal institutions of government in the manner prescribed by MFR could produce a more efficient, effective, and results-driven public sector.

The credibility of these doctrinal claims relies on the credibility of the warrants that underpin them (Barzelay 1999). As I have noted, MFR is a subset of NPM doctrine.[1] The NPM provides the core idea of MFR: using performance information to increase performance by holding managers accountable for clearly specified goals and providing them with adequate authority to achieve these goals. Examining this source domain clarifies the doctrinal claims of MFR and provides a basis for comparing U.S. state experience with the doctrinal standards associated with the NPM benchmark countries.

New Public Management as a Source Domain for the Managing for Results Doctrine

The NPM doctrines first emerged during the early 1980s, drawing on reasonably well-established literatures—most prominently, economic theories of the firm (Boston 1991; Buchanan and Tullock 1962; Moe 1984; Niskanen 1971; Tullock 1965; Williamson 1981) and managerialism (Aucoin 1990; Peters and Waterman 1982; see also Hammer and Champy 1994 for a summary of the reengineering approach). It is doubtful that these subcomponents of NPM would have gained the same degree of prominence they enjoyed without their simultaneous implementation in the NPM benchmark countries. Proponents of NPM could make their administrative argument persuasive for reformers in other countries by pointing to apparent successes in their own nation-states (Hood and Jackson 1994). Indeed, many of the strongest proponents of NPM theory were former government officials who had been involved in organizing reform (e.g., Keating and Holmes 1990; Scott, Bushnell, and Sallee 1990). These officials, as well as other academics reporting on NPM, found an audience among U.S. academic and practitioner journals during the 1990s (see, for example, symposia devoted to NPM in *Governance* (1990), *Public Administration Review* (1999), and the *Journal of Policy Analysis and Management* (1997).

Doctrinal Claims about Traditional Public Management Systems

With regard to the management of core functions, NPM reformers pointed to the unsuitability of existing management systems to the encouragement of efficiency (Schick 1999). NPM targeted compliance with such systems rather than the traditional reform targets of managerial malfeasance or incompetence (Keating and Holmes 1990). The logic of NPM reform common to the benchmark countries can be summarized as follows: Traditional public management systems provide only limited types of information, which act to discourage efficiency. Managers are provided with a list of inputs—budgeted appropriations—which they are obliged to spend. Financial controls are centered on controlling these inputs, ensuring that money is spent for the purpose for which it is allocated. Managers lack the discretion to reallocate the money they have received, even if reallocation could foster more effective and efficient achievement of goals. Personnel controls reinforce financial controls, restricting the ability of the manager to make decisions about human resources.

In any case, there are no individual or organizational incentives to deviate from existing controls toward more efficient performance. Instead, disincentives exist. Savings realized as a result of efficient budget execution are not retained by the agency but reappropriated to the entire government. In making budget proposals, agency administrators are likely to seek more than they need to cover costs and then spend down the remaining money before the end of the budget cycle to avoid losing unspent appropriations and receiving lower allocations in the future. The definition of accountability underpinning these control systems is legal compliance, probity, and error avoidance, not goal achievement, technical efficiency, or program effectiveness.

Doctrinal Claims about Changes Required

Given the critiques of traditional management systems, what does NPM doctrine tell us about changing these systems? Moving from an administrative culture of compliance, error avoidance, and presumed inefficiency to a more efficient and effective public service requires multiple changes to existing formal systems. First of all, administrative goals should be specified through some sort of formal strategic planning. Short-term strategic goals are intended to be consistent with longer-term strategic plans for the organization. These short-term goals form the basis of a performance contract between elected officials and senior administrators. Goals are defined in measurable terms that compare ex post performance to ex ante targets. Administrators face responsibility for achieving performance goals and should be rewarded accordingly.

The NPM doctrine calls for an increased focus on results accompanied by a decentralization of managerial control. Increasing managerial flexibility matches increased responsibility with authority. This, in turn, improves productivity because enhanced authority is necessary to enable accountability for performance—motivating managers—and to enable managers to improve existing processes—freeing managers. Schick (1999) sketches the ideas common to the NPM. These ideas focus on performance, which is assumed to improve when the following occur:

- Managers have clear goals, with results measured against these goals.
- Managers are given flexibility in using resources.
- Operational authority is devolved from central agencies and agency headquarters to operating levels and units.
- Government decisions and controls focus on outputs and outcomes rather than on inputs and procedures.
- Managers are held accountable for the use of resources and the results produced.

Schick illustrates how NPM ideas depend on one another to work and are not simply a menu of independent prescriptions. Flexibility and operational authority are increased *in return* for results-based accountability. Figure 1 portrays this interaction, in which MFR enables a shift from traditional bureaucracies that are characterized by low focus on results and constrained managerial authority to a performance-driven MFR ideal type that is based on a high focus on results and high managerial authority.

The United Kingdom, New Zealand, and Australia increased managerial authority by significantly decentralizing financial management and human resource systems (Barzelay 2001). This required the elimination of centralized civil service rules regarding tenure, promotion, and pay. Managers were given similar employer authority as their private-sector counterparts. Appropriations, the price tag for the services agreed upon in the performance contract, were aggregated. Therefore, the main limitation on management's use of resources was the size of the appropriation, not specific line items. Managers were also allowed to carry over unspent funds to eliminate the incentive for year-end spending.

The U.S. Audience for New Public Management Doctrine

The MFR arguments was used in the arguments of U.S. public management commentators, who drew directly on NPM benchmark countries, indirectly from U.S. reformers who had employed NPM principles, and from the source domains of NPM, particularly managerialism. The NPM ideas were sometimes

	Low focus on results	High focus on results
High managerial authority		MFR ideal-type, managers have clear goals and have authority to achieve goals. Should facilitate manager attendance to program effectiveness, higher technical efficiency and results-based accountability.
Low managerial authority	Bureaucratic systems, high focus on inputs and little incentive or authority to increase technical efficiency	

Figure 1 The Promise of MFR Reform

repackaged by U.S. public management writers, most commonly as reinvention (Osborne and Gaebler 1992) or as reforms to the budgeting process (Cothran 1993; Thompson 1994). As with NPM argumentation, these authors relied on practical examples of successful application of doctrinal principles. Although there is less explication of the theories that underpin MFR among U.S. authors, the similarities between reinvention principles and the NPM principles outlined here are clear. For example, in his U.S. examples of "entrepreneurial budgeting," Cothran concludes, "Once those at the top are confident that their goals will be pursued by those below, they are more willing to give those subordinates greater discretion to decide on the methods to employ. To be effective, such devolution of authority must be accompanied by a clear specification of goals, authority, and responsibilities" (1993, 450).

Osborne and Gaebler's (1992) widely read manifesto on government reform, *Reinventing Government*, also employs NPM principles, calling for the separation of provision and production; moving from compliance with rules to a focus on results; funding outcomes, not inputs; and empowering managers. These principles implied the use of strategic planning and performance measurement as the means to set organizational goals, motivate, judge, and reward performance. Enabling greater employee empowerment, decentralized decision making, and less reliance on formal rules demanded increased managerial authority. The benefits claimed for this increased authority were improved performance as employees make better-informed decisions and reengineer existing management processes.

The Reality of Implementation in the States

Having established doctrinal claims for MFR, this section will examine survey and content-analysis evidence to question what the flurry of MFR reform has actually amounted to. In doing so, the results–authority dichotomy illustrated in figure 1 is helpful. It articulates what MFR actually involves and the logic by which it increases performance. It avoids categorizing public management reforms in terms of an independent menu of options, emphasizing the interdependent nature of different aspects of MFR. It also moves beyond simple notions of MFR reform as a one-dimensional dummy variable that has or has not been adopted and allows us to categorize the level of implementation of governments in terms of each aspect of the dichotomy. We first examine the focus on results before analyzing data on managerial flexibility in financial management and human resource management systems.

Focus on Results

Previous surveys, based on measurements of formal requirements for performance reporting or the self-reported existence of performance information, found a high level of adoption of performance information systems that create strategic goals and performance data (Brudney, Hebert, and Wright 1999; Melkers and Willoughby 1998; OPPAGA 1997). Findings from a survey of executive and legislative budgeters caution that the actual implementation of MFR is still a work in progress, partly because of diverging expectations for use and success among different actors (Melkers and Willoughby 2001). Evidence reported here largely confirms the widespread adoption of MFR policies but adds to the discussion in two ways. First, rather than measuring requirements for MFR or relying on self-reporting, content analysis is used to verify the actual existence of performance information in state documentation.[2] Table 1 reports an index measuring the different types of performance information in each state. The appendix lists the content-analysis procedure used to collect these data. Second, although all states claim to have some form of MFR system in place—and often can point to similar legislative or administrative requirements for performance information—there is enormous variation in the range of information actually produced.

The findings demonstrate that 48 of 50 states have some type of performance information system in place, and the remaining two states claimed to be planning to implement such practices.[3] The most frequent mode of strategic planning is agency planning. Based on a sample of three agency functions (corrections, transportation, and education), 43 states have at least some agencies that provide performance information in documents, and in the GPP survey, 36 of the 50 states claimed that more than 75 percent of state agencies have strategic plans in place. Forty states include performance information in published budget documents. Twenty-seven states have developed a statewide strategic plan or performance report, up from 17 states in the previous GPP survey in 1998 (Moynihan 2001).

Managerial Flexibility: Financial Controls

In the GPP survey, many states claimed to be increasing managerial authority with financial tools.

Table 1 Range of Performance Information in MFR Documents

State	Range of performance information in MFR documents	State	Range of performance information in MFR documents
Alabama	13.00	Montana	45.00
Alaska	10.00	Nebraska	71.00
Arizona	101.00	Nevada	43.00
Arkansas	—	New Hampshire	—
California	33.00	New Jersey	44.00
Colorado	41.00	New Mexico	57.00
Connecticut	38.00	New York	21.00
Delaware	82.00	North Carolina	33.00
Florida	69.00	North Dakota	50.00
Georgia	68.00	Ohio	48.00
Hawaii	63.00	Oklahoma	22.00
Idaho	66.00	Oregon	63.00
Illinois	53.00	Pennsylvania	55.00
Indiana	36.00	Rhode Island	56.00
Iowa	77.00	South Carolina	44.00
Kansas	19.00	South Dakota	24.00
Kentucky	52.00	Tennessee	59.00
Louisiana	98.00	Texas	89.00
Maine	69.00	Utah	52.00
Maryland	55.00	Vermont	47.00
Massachusetts	14.00	Virginia	79.00
Michigan	27.00	Washington	61.00
Minnesota	72.00	West Virginia	21.00
Mississippi	20.00	Wisconsin	16.00
Missouri	81.00	Wyoming	47.00

State average 48.08

However, the central executive branch agencies or the legislative branch remain involved in the use of these tools, eliminating any real increase in discretion at the agency or operational level. Levels of centralization on financial controls that constrain process change—procurement, contracting, and the use of resources—are reported here based on GPP survey responses from state financial management officers. The potential to carry over cost savings across years, a means to encourage efficiency in operations, is also discussed.

In the area of procurement and contracting, agencies have a fixed dollar sum below which they have discretion (see table 2). These sums are relatively low, with an average of $18,300 for procurement and $24,567 for contracting. Above such levels, a formal bidding process is required, which agencies rarely have discretion over without central approval. Although the agency may be involved in the process, the governor or the executive budget office usually makes the final decision. In only seven states do agencies have complete discretion in formal procurement bids, and only four states for contracting.

A similar pattern exists for discretion in resource allocation. Efforts to switch money between programs, object classifications, and line items may be prohibited or subject to ex ante approval by the office of the governor, the finance department, or the legislature. In only seven states is there limited discretionary power for agencies to switch money among programs, and this discretion is unlimited in only one state. Controls become more decentralized for smaller resource categories, such as object classifications and line items. Thirteen states claimed limited discretionary power for agencies to switch between object classifications, and 13 other states claimed unlimited discretion. Eleven states claimed unlimited discretionary

Table 2 Agency Discretion in Procurement and Contracting in 50 States

Agency discretion in nonformal contacts	Yes = 80%
Limit before formal contract required	$24,567.69 (average)
Agency discretion for formal contracting	Yes = 8%
Agency discretion in nonformal bidding process	Yes = 90%
Limit before formal bidding process required	$18,300 (average)
Agency discretion for formal bidding process	Yes = 14%
External oversight of procurement process	Yes = 96%

power for agencies to switch between line items, and 19 states claimed unlimited discretion. In some cases, the discretion applies to some but not all agencies. Another frequent and significant limit on resource discretion is the explicit prohibition against affecting wages or salaries, thus protecting the largest departmental operating expenses from change and reinforcing human resource controls. A final form of financial control is the requirement to return unspent appropriations rather than allow carryovers, denying a possible incentive for greater efficiency in spending resources (Cothran 1993; Lauth 1987). Although 12 states allow the possibility of a carryover, it is usually subject to uncertain ex ante central permission. Only two states claimed to offer agencies unlimited discretion in carrying over unspent funds.

Human Resource Management Controls

Recent analyses of HR trends in state governments have noted increased decentralization, most significantly in classifications (Selden, Ingraham, and Jacobson 2001). However, this decentralization is relative and largely reflects a shift in control of personnel functions from state-level human resource offices to agency-level central offices. Table 3 details the degree of managerial control of a range of human resource functions, based on GPP survey responses from human resource specialists in each state (for more detail, see the appendix). The contents of each table provide a numerical score derived from an ordinal scale that moves from complete central agency control (1) to complete control by operational managers (6). Creating an average of the degree of managerial control across states provides an indication of the relative centralization of some functions versus others.

Table 3 Degree of Managerial Control of Specific Human Resource Functions

Function	Average
Recommending appointments	5.4
Establishing performance expectations	5.34
Making appointments	5.26
Administering performance appraisal	4.86
Determining promotions	4.8
Interviewing	4.76
Approval to fill position	3.76
Determining appraisal grading/scoring systems	2.77
Screening candidates	2.59
Ranking candidates	2.55
Developing performance appraisal instruments	2.18
Establishing candidate list	2.12
Developing tests	2.04
Administering tests	2.04
Scoring tests	2.02
Determining compensation	2.00
Developing classification	1.24
Conducting classification	1.94

Note: Managerial authority is measured on a scale of 1 to 6, where 6 is complete managerial control and 1 is complete control by the statewide central agency actor.

Central agencies at the statewide and agency levels clearly define the framework within which managers can work, which is usually guided by some form of civil service legislation. Managers have high levels of autonomy in establishing performance expectations and are largely responsible for administering performance appraisals. However, they are closely guided by centralized performance appraisal instruments and scoring systems and have little control in determining compensation to reflect performance. Similarly, classification systems that detail the duties and status of employees are largely centralized at the state level and beyond the control of individual managers. In terms of hiring, managers are usually involved in approval to fill a position, interview candidates, recommend appointments, and make appointment decisions. However, a mixture of the departmental and statewide human resource agencies first establishes the screening, ranking, and selection of a candidate pool.

Partial Adoption of the Managing for Results Doctrine

MFR doctrine identifies results-based accountability and performance improvements as benefits of an enhanced focus on results and increased managerial authority. However, the adoption of MFR in U.S. states has overlooked the reorganization of managerial authority, essentially narrowing the understanding of MFR to the creation of performance information systems (see figure 2).

Figure 2 empirically demonstrates for state governments the essential components of MFR presented in figure 1. Managerial authority, represented on the vertical axis, is based on an averaged index of the human resource management functions (table 3) and employs a six-point scale of managerial authority (1 = complete control by a statewide central agency and 6 = complete control by operational managers). The horizontal axis, a measure of focus on results, is based on content analysis of the range of performance information in state MFR documents. These categories are described in the appendix, and a score for each state is given in table 1.

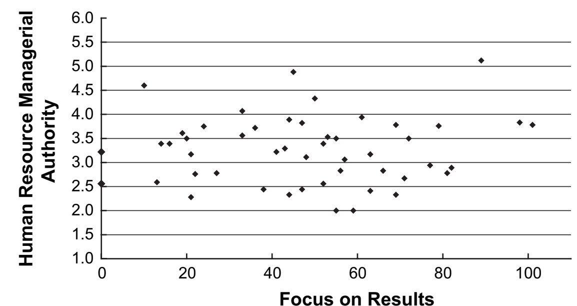

Figure 2 The Reality of MFR Implementation

The resulting graph offers a number of insights. First, it supports the claims made about continuing constraints of managerial authority. Human resource authority remains largely shared between statewide and agency-level specialists and has not led to significant increases in managerial authority for operational managers. Second, it is clear there is not much variation in the level of managerial authority between states; this stands in contrast to the vast variation between states that have actively increased the focus on results and those who have not. The main limitation of figure 2 is that there are no long-term equivalent measures of performance information or managerial authority against which to compare the data. This provides the potential for other interpretations of the data. For instance, figure 2 does not preclude the possibility that the focus on results did not increase during the 1990s. To help choose the most plausible interpretation, we rely on previous assessments. Such reviews suggest that an emphasis on results was not evident prior to the 1990s (Denhardt 1985); that it exists and was implemented to various degrees during the 1990s (Brudney, Hebert, and Wright 1999; Snell and Grooters 2000); and that it has increased in recent years (Ingraham and Moynihan 2001). The GPP surveys also found state governments emphasizing MFR as a new wave of reform.

Another possible criticism of figure 2 is that it fails to acknowledge increases in managerial authority in recent years. Indeed, Selden, Ingraham, and Jacobson (2001) suggest there has been some decentralization. However, the evidence presented both here and in Selden, Ingraham, and Jacobson (2001) suggests that deregulation of key controls largely implied shifting more authority to agency-level personnel specialists, not to managers themselves. In short, increases in managerial authority did occur, but not to the degree called for by MFR doctrine. More supporting evidence comes from data presented by Brudney, Hebert, and Wright (1999) on the degree of reform adoption among state governments. The most intensively adopted reforms related to creating performance information systems, whereas the least intensively adopted reforms were the reduction of human resource and financial management controls.

The third and perhaps most significant insight offered by figure 2 is the lack of strong positive correlation between the focus on results and managerial authority. Table 4 reports the actual correlation data between the measures of managerial authority and focus on results. The correlations in table 4 use the focus on results data presented in table 1, the human resource data from table 2, and the financial management data discussed previously: program resource reallocation, object classification reallocation, line-item reallocation and carryover discretion, and a weighted average of these four scores. The appendix describes how these scales were created.

Table 4 confirms the low correlation (0.073) between personnel authority and focus on results.[4] The relationship between financial management and focus on results is stronger but still less than MFR doctrine would imply. An overall weighted measure of financial authority has a 0.265 correlation with focus on results, not significant at 5 percent in a two-tailed test.[5] The individual measures of financial authority provide a mixed picture. There are significant or near-significant positive correlations between the limited discretion over object classifications and line items and focus on results. However, there is no relationship between the more substantive program measure of reallocation discretion and focus on results. Furthermore, there is only a weak positive relationship between the ability to carry over funds and focus on results. States that adopt a focus on results appear to be more likely to provide a narrow range of increased financial discretion but not broad increases in either financial or personnel authority.

A critical caveat that undermines the strength of the correlations is that low personnel authority severely limits financial authority. The most frequently mentioned limitation on the use of resources was that changes cannot affect personnel, where most public organizations spend the majority of their budget. Even if managers gain new financial authority, this limitation means they can redirect only at the margins of their operating budget.

This evidence undercuts the proposition that MFR reform is being implemented in stages and that managerial authority simply lags the prior implementation of performance information systems. States that have led the way in focusing on results have not taken on significant parallel reforms of authority and do not view the two aspects of MFR as closely connected. Such a connection may be realized in the future as the limitations of the current approach to MFR becomes evident, but it does not appear to be the current blueprint for reform.

Table 4 Correlation between Focus on Results and Measures of Managerial Authority

	Focus on Results
Human resource managerial authority	.073
Financial management managerial authority	
Program reallocation	–.055
Object classification reallocation	.279*
Line-item reallocation	.252
Carryover power	.136
Weighted average index	.265

* Significant at .05 level, two-tailed test.

High Results Focus and Restricted Authority: Implications for Public Management

Figure 2 suggests that NPM doctrines have indeed exerted an influence in the United States, leading to new configurations of governmental systems. This finding is significant, but what is more interesting is that the outcome did not mirror the MFR ideal type called for in MFR doctrine and experienced by NPM benchmark countries. Instead, U.S. state governments have shifted toward a configuration characterized by a high focus on results but constrained managerial authority (see figure 3).

What are the implications of this new configuration for governance? The MFR ideal type portrays the potential for improved efficiency and results-based accountability, but MFR doctrine also emphasizes that efficiency gains through process improvement are inherently limited by constraints on managerial authority. Likewise, results-based accountability cannot occur when managers lack authority over processes and, ultimately, outputs. Whether MFR has any positive benefit at the managerial level depends largely on the willingness of agency leaders and managers to search for alternative ways to use MFR.

Ultimately, the potential for performance systems in which managers seek to improve performance and are formally held accountable for results is undermined by the continued existence of financial and personnel control systems that emphasize compliance and error avoidance. The existence of performance information has not replaced these systems as the fundamental ways in which state governments attempt to control managerial behavior. The ability of public managers to achieve high-level outcomes is already stretched by factors beyond governmental control, but internal management controls further restrict the ability to direct and improve more modest organizational outputs. There are many valid arguments to be made for such controls in terms of the need for probity and the avoidance of improper use of public power. However, state governments have lurched headlong into the pursuit of results-based government, hoping for improved efficiency and results-based accountability while only partially implementing the reforms necessary to achieve these goals and maintaining control systems contradictory to them.

	Low Focus on Results	High Focus on Results
High Managerial Authority		MFR ideal type: managers have clear goals and authority to achieve goals. Should facilitate manager attendance to program effectiveness, higher technical efficiency, and results-based accountability.
Low Managerial Authority	Bureaucratic systems, high focus on inputs, and little incentive or authority to increase technical efficiency →	Pressure for performance, but managers have limited power to engineer change. Lack of authority undermines the scope of performance improvement and potential for results-based accountability.

Figure 3 The Implications of Limited Reform

The idea that a high focus on results and high managerial authority will result in high performance is the central assumption of MFR. The evidence presented here does not directly test this assumption, but instead it points out that states have not fully followed the logic of this assumption and have only partially implemented MFR doctrine. Therefore, the expectations for the benefits claimed by MFR doctrine—performance improvement and results-based accountability—seem implausible. It may seem tautological to point out that managers can engage in process improvement only to the extent that they have control over these processes, but this seems to have been forgotten in the implementation of MFR.

Conclusion

This article has told the story of partial implementation amid high expectations—a likely recipe for disappointment. It is beyond the scope of this article to fully examine why this partial adoption took place. Expanding managerial authority appears to be a trickier reform than adopting performance information systems and more difficult to integrate into existing management routines. Clearly, further research is needed to explain the politics of partial reform adoption.

One implication of partial reform adoption is that the growing sense of disappointment with MFR is not a fault of its underlying theory but the way it has been implemented. A logical extension is that state governments should fully implement MFR doctrine to meet the goals of performance improvement and results-based accountability. There are two reasons to question this line of thinking: one related to competing hypotheses for failure, and another related to the institutional design of U.S. government.

It is possible that even if increased managerial authority accompanied the creation of performance information systems, the positive benefits claimed by MFR still would not emerge. Perhaps elected officials would not structure relationships to make the link between performance and accountability; perhaps agency managers would feel there are better ways to spend their time than seeking to reengineer processes, or perhaps they would see reengineering as a waste of time if they are not rewarded for cost savings. Perhaps managers who have spent their careers in the context of tight managerial controls would struggle to make sense of and fully use the new freedoms.

Some scholars argue that MFR doctrine—particularly increased flexibility—is unsuited to the U.S. system of government and its management traditions, a case that has been made persuasively by Moe (1994), Radin

(2000), and Terry (1998), among others. The NPM benchmark countries share a Westminster parliamentary system, a framework with traditionally clear hierarchical lines of accountability between elected officials and professional bureaucrats. The U.S. state and federal systems are built on separation of powers. Accountability is diffused, maintained by checks and balances, and there is a deeply ingrained tradition of political appointments. Such characteristics appear to be fundamentally at odds with existing MFR doctrine. How can there be a focus on results or accountability in a system that creates multiple and possibly conflicting goals? Will increased flexibility be exploited to enlarge the political spoils of elections at the expense of competence? Would such flexibility lead to an entrepreneurial approach that threatens democratic governance?

Empirical research would help to answer the questions raised here, ideally by examining a U.S. government in which there is both a high focus on results *and* high managerial authority. Based on the data presented here, Texas and Georgia are the most likely candidates. Such states are exceptional in the way they have adopted reforms, but they may be the clearest examples of the future of public management reform. The success of MFR reforms in these states would provide a green light to other states to more diligently implement MFR. On the other hand, negative assessments should cause state governments to reassess the reasons they are implementing MFR. Reformers could readjust the expectations associated with the reform, pointing out that it is intended to improve the transparency of government programs, not to reinvent operations. Alternatively, they could opt to develop a new and explicit set of arguments that redefine results-based reform, more closely matching it to the institutions and traditions of the U.S. governmental system. Such a step would require a more careful assessment and debate of MFR than we have seen yet, but is necessary if we do not wish to see MFR collapse under the weight of its own (dashed) expectations.

Notes

1. Indeed, Keating and Holmes, who were closely associated with NPM reform in Australia, explicitly used the term "managing for results" as early as 1990 as a way of summarizing the philosophy that underpinned the management reforms in Australia.
2. Using such an approach avoids the potential measurement-validity problem of self-reported data (an upward bias) and rules-based assessment (legislation or administrative requirements might not be observed in practice, which would make rules-based estimates too high; or, a government might produce performance information despite the absence of a formal requirement, making rules-based estimates too low).
3. The two states that scored zero on table 1 both claimed to have a formal MFR process in place. Arkansas claimed it is in the process of developing a performance-based accountability system and a new statewide information system, pointing to 1999 legislative requirements. At the time of survey, four agencies had started pilot programs, the development of a new statewide system was ongoing, and additional MFR legislation was planned for the 2000 session. New Hampshire also pointed to 1999 performance-budgeting requirements with two pilots and some agency long-range planning. However, for purposes of the content analysis, performance-budgeting pilots were not considered because they were not judged to be representative of the budget process.
4. Georgia did not offer responses to the questions on which the human resource data were based. That state has significantly decentralized its personnel system, essentially eliminating the civil service system. It could be argued that Georgia most closely resembles Texas in this regard; if we give Georgia the same score as Texas, 4.83, then the correlation rises to .148. Given the swings that a single outlier can make to the correlations, it is perhaps best to make judgments on the typical state situation based on the visual offered by the scatter plot in figure 2.
5. A simple average of the four measures of financial authority has a .308 correlation with focus on results, significant at 5 percent in a two-tailed test. However, the use of a simple average as an overall measure is misleading, incorrectly implying that the four measures are of equivalent importance (e.g., that the ability to move around resources among line items is equivalent to the power to move resources among programs). The weighted measure, described in the index, reflects differences between the measures.

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Appendix: Data and Indices

Data Collection

In 2000, the Government Performance Project researched five different management systems in all state governments: capital management, information technology, managing for results, financial management, and human resource management. The results of the survey were published in the February 2001 issue of *Governing*, with summary letter grades provided for each management system in each state.

The research triangulated three types of data collection to increase overall data validity. First, a comprehensive survey for each management system was sent to the state government. The survey was completed by specialists in each particular management area (e.g., central budget staff completed the financial management section, and state personnel specialists completed the human resource section). All states, with the exception of Connecticut, responded to the survey; Connecticut did respond to the human resource section of the survey. The second aspect of the research was content analysis of state documentation relevant to each particular area. The third aspect was interviewing state government officials from each state. All of the data included in this article were collected as part of the GPP, and the particular mode of collection for each set of data is discussed in the following sections.

Focus on Results Index

The focus on results scale displayed in table 1 and figure 2 is a summative scale based on a content analysis of MFR documentation in all 50 states in 2000. The content analysis surveyed the most recent statewide MFR documents (state budget, statewide strategic plan, and performance report) and a sample of agency strategic plans and performance reports. For the purposes of standardization, the functions of corrections, transportation, and education were examined in each state. The coding was undertaken by graduate students. The coding process for analyzing surveys and documents included the following steps:

- A coding scheme and state codebook were designed for the conversion of qualitative data from documents into quantitative data. The state codebook was an improved version of the city codebook used in previous GPP analyses of city MFR documents.
- An instruction book furnishing standard definitions for variables and clarification of the coding scheme and codebook was designed.
- Coders were trained to develop a common understanding of the survey and documents and consistent application of the coding scheme.
- A coding pretest of three sample states was performed.
- The coding scheme and codebook were revised based on feedback from the pretest.
- The instruction book for the revised coding scheme and codebook was expanded.
- The documents were coded using two coders working separately for each document.
- Each document was coded for the existence of the following items: vision statement; mission statement; core values; medium- and long-term goals; short-term goals; performance measures; performance targets; link of responsible actor, unit, program, and organization to goals; assessment of key external factors; level and type of goals and measures (high-level, government-wide, aspirational goals; high-level, specific, cross-functional goals; agency-level goals; program- or subagency-level goals; individual employee goals; and implementation strategies); clarity of goals; consistency of measures with strategic goals; cross-year

comparison of performance indicators; comparison of actual performance with performance target; and consistency between goals in agency documents and statewide documents.

- A process for resolving coding discrepancies was developed and employed. As Larsson (1993) recommends, the designer of the coding scheme did not code documents (this would lead to different coders operating on the basis of different amounts of information) but did act as a third rater because "complex designs benefit especially from the additional information that the designer can bring to bear on the codings, as well as the secondary validation based on their firsthand knowledge of the case" (Larsson, 1993, 1532). A consensus approach was used in which the first, second, and third raters examined and resolved discrepancies between the two original raters. According to Larsson, this approach is preferable to simply averaging out discrepancies, although it is time-consuming.
- Intercoder reliability was computed using the percentage pairwise agreement and the share of observations for which the coders were in complete agreement (Bullock and Tubbs 1987). The percentage pairwise agreement is .83.

Procurement Authority Data

The data included in table 2 are based on questions 31 and 32 of the financial management section of the GPP survey. Question 31 asked, "Up to what monetary level can services be contracted out without going through a formal bidding process? For those contracts that *do not require* a formal bidding process, who has the authority to make the decision to contract out a service? For contracted services that *do require* a formal bidding process, who must approve these contracts?" Question 32 asked, "Up to what dollar value can purchases be made *without* a formal bidding process? For goods that *do require* formal bids or quotes, who must approve purchases? For those purchases that *do not require* formal bids or quotes, who has the authority to decide to purchase a good? Who is responsible for oversight of procurement in your state?"

Resource Reallocation Data

Question 15 from the financial management section of the GPP survey asked states to identify constraints that limited managerial ability to move funds among programs, object classifications, and line items, providing the following options: dollar amounts, limit of percentage of expenditures, exemptions, responsibility for authorization, and approval. Agency discretion was not considered to be present if ex ante or ex post approval is required from a central agency, legislature, or the governor. When there were no survey responses (Florida and Connecticut), data for a similar question posed by OPPAGA (1997) were used. For the question on line items, Minnesota, Mississippi, Washington, and Wyoming did not respond to the question on line items because they do not budget at the line-item level. Therefore, these states were excluded from the correlation in table 4.

Carryover Authority Data

In question 15 of the financial management section of the GPP, survey states were asked whether agencies could retain any savings realized and under what circumstances this was allowed. To be assessed as having carryover discretion, states could not undertake ex post, case-by-case reviews of savings, require reappropriation of the funds, require central agency approval, or require formal agency proposals for use of funds. States were considered as having limited carryover discretion if managers can carry over funds but are limited to certain programs, by personnel spending or position count, types of spending, or a percentage of savings.

Financial Management Authority Index

Table 4 employs scales of financial management authority for program, object, and line-item reallocation powers, carryover authority, and an overall weighted average of the four scales. The resource reallocation and carryover authority data were divided into three broad categories: unlimited, limited, and no discretion. This provided the opportunity to create an ordinal scale based on these categorizations, although there are differences between states within the broad categories. Along this scale, states that provide limited agency discretion received a score of 2, unlimited discretion received a score of 3, and all other states received a score of 1. In creating the overall index of financial management authority, I recognized and weighted differences in the importance of the four individual measures by multiplying the results of program and carryover authority by three, object classification authority by two, and line-item authority by one. The total was divided by nine, unless a state failed to answer a question for a specific type of authority, in which case its average was calculated by dividing by the weight of the authorities it did furnish a response for. The result is a 1–3 scale, where 3 is very high managerial authority and 1 is very low.

Human Resources Managerial Authority Index

Question 4 of the human resource section of the GPP survey asked states to indicate who has primary responsibility for the functions listed in table 4. Respondents were given the option of central human resource staff, state budget office, agency human resource staff, and agency managers. The response of each state for each function was scored using the following scale:

- 6 = Complete managerial control of function
- 5 = Function shared between agency human resource staff/agency head and managers
- 4 = Function controlled by agency human resource staff/agency head
- 3 = Function controlled by a central agency actor (central human resource staff/state budget office), agency human resource staff/agency head and managers. (For "approval to fill position" function, sharing of function between managers and state budget office is classified as 3.)
- 2 = Function controlled by central agency actor (central human resource staff/state budget office) and agency human resource staff/agency head
- 1 = Complete control of function by central agency actor (central human resource staff/state budget office)

Aggregate state scores were calculated by summing the state scores on the 1–6 scale for the 18 individual functions listed in table 4 and then dividing by 18. If a state failed to answer a question for a specific function, then its average was calculated by dividing by the number of functions it did furnish a response for, so as not to underestimate the level of authority. It could reasonably be argued that this scale actually overestimates human resource authority because it fails to take into account the interactive effects of different functions on each other (i.e., a manager may have complete control over hiring decisions, but if his or her selection pool has already been determined by a higher level, then this authority is effectively limited).

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