

Diffusion of Responsibility for Public Programs:  
Problems and Opportunities for Managers

NASPAA Workshop on Assessment of Training Needs

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I. Introduction.

The focus of this workshop is on assessing the needs of managers and designing more effective training and technical assistance. This paper describes an important aspect of management that needs to be taken into account by those doing such needs assessment and training. Increasingly, management and implementation are not confined to what goes on within an organization. Instead managers are more and more share responsibility with individuals outside of their organization, with other organizations, with third parties, with private sector bodies, and even with clients. Models of management and training need to address this growing diffusion of responsibility and authority and appreciate that it presents both problems and opportunities for managers.

II. Diffusion of Responsibility in Developing Countries

The third world is beginning to experience a phenomenon that has become increasingly apparent in our own country - namely the diffusion of responsibility for implementing public programs. Referring to developments in the United States, Salamon noted as long ago as 1981, the increase of what he calls "third party government." He was referring to the "major proliferation that has taken place in the tools of government action, as the Federal government has turned increasingly to a wide range of new, or newly expanded, devices, e.g. loans, loan guarantees, insurance, social regulation, government corporations, many of which do not appear in the budget. In the process, moreover, a significant transformation has taken place in the way the Federal government goes about its business - a shift from direct to indirect or 'third party' government, from a situation in which the Federal government ran its own programs to one in which it increasingly relies on a wide variety of 'third parties' - states, cities, special districts, banks, hospitals, manufacturers, and others to carry out its purposes."(1981, 257-58).

Salamon continues that these changes have important implications for management. "(M)any of these new forms of action render the traditional concerns of public administration and the traditional techniques of public management if not irrelevant,

then at least far less germane. The 'street-level bureaucrats' in these forms of action are frequently not public employees at all, but bankers and businessmen, hospital administrators, and corporate tax accountants. Under these circumstances, a body of knowledge that focuses on how to organize and operate a public agency, how to motivate and supervise public employees, has far less to say" (1981, 261).

Gonzalez-Vega describes a similar set of choices for managers of farm credit programs in the development context. He notes that the manager of the program could choose to carry out the credit program himself, or he could rely on other options such as: "state agricultural banks, supervised credit agencies, national and regional development agencies, area pilot projects, crop purchasing authorities, various kinds of farmer associations and cooperatives, credit unions, commercial and rural banking systems, private processors and exporters, suppliers, distributors and dealers, village merchants, etc. (Gonzalez-Vega, 1979, 8). The implications for managers are very similar to those that Salamon emphasizes.

Certainly few third world countries have gone as far in this direction as the notably pluralistic structures in the United States. Still "third party government" is growing more evident every day. It is coming about for many reasons, not least of which is the growing pressure by donors on governments to diversify, to privatize, to contract out to third parties. Increasingly those who promote the private sector are talking about partnerships, about varied arrangements, and about new roles for the public sector. Third party government is also emerging in many communities from the bottom up, rather than the top down. Local governments and community organizations, and non-profit organizations are beginning to assume responsibilities that earlier were assumed to be in the sole province of the national government. This paper addresses this growing phenomenon of diffused responsibility in which managers have to rely on other units to carry out public activities.

### III. Views of Diffused Responsibility in the Management Literature.

The academic literature has its own jargon for discussing this diffusion of responsibility. It refers to the problem of selecting the appropriate unit of analysis. Salamon himself criticizes the implementation literature for focusing too exclusively on the manager in his or her organization. This approach has not shed light on the real problems that managers face as they try to implement and manage policies and programs as they share responsibility with others. A focus on the problems in managing different strategies for implementing programs would provide more purchase on the actual problems that managers face

(Salamon, 1981).

Another important group argues that the appropriate unit of analysis is the policy network, or all those involved in carrying out a particular policy. Some within this group have been trying to develop a theory of interorganizational behavior as a corrective to studies that focus either on the individual or the organization. They argue that too often we overlook the work of those who function outside of an organization, those who may be in a position to mediate between and among groups (Hanf, 1986).

Lawrence O'Toole adds that a broader perspective will not only better explain management performance, but will also overcome a major weakness in the traditional management literature. It compensates for the bias in the public administration literature towards centrism and systems of control and accountability. Most of the western literature grew out of a conviction that strong, activist central governments are the best vehicle for bringing about positive change. As a result most of the work within public administration has been preoccupied with problems of accountability and monitoring, and there has been less interest in the positive effects of diffusion and shared responsibility (1988).

Salamon himself illustrates this bias. His work on third party government, was written out of a frustration that such diffusion of responsibility unduly complicates implementation. He proposes a theory that "clarifies the incentives of the non-Federal actors, ... and provides guidance about how Federal managers can bargain more successfully to shape the behavior of the erstwhile allies on whom they are forced to depend" (Salamon, 1981, 261). (Emphasis added.)

The development management literature can make a significant contribution to management theory in general precisely in this area. Much of the work sponsored by the Science and Technology Bureau within A.I.D. has examined such issues as decentralization and the contributions of local community groups and non profit organizations. Korten, Uphoff and Esman are perhaps the best known of an important group of researchers who have documented the contributions of local organizations. To date this literature has not been integrated with the management or policy reform or training literature. One way to do so, is to recognize that increasingly managers within national institutions are being asked to share their authority with such groups. This literature is a reminder that the management problem is not only how to supervise and hold others accountable, but also how to learn from them and give them some discretion.

#### IV. Pressures from Donors

In the meantime those in the business of providing development assistance have been linking their assistance to requirements that governments function more efficiently and that they undertake policy reforms. This new emphasis creates contradictory pressures on the program ministries. First, donors are urging central ministries such as Finance, to increase the controls and monitoring of the program ministries. Second, the program ministries are being asked to explore new institutional arrangements for delivering services and providing policies. Ministries of agriculture, for example, are experiencing more controls from central ministries at the same time that they are farming out responsibilities to field units and private groups.

What are the implications of this pressure on ministry officials to decentralize or privatize some of their activities? Many of these new arrangements stem from the growing interest in privatization and the presumed efficiency of the private sector and of competition. Increasingly the World Bank is urging that parastatals be sold off, that activities be decentralized and contracted out to local and regional bodies, that ministries explore private sector arrangements for many of their activities. The point here is not to argue the merits or demerits of this direction, but only to note that it is happening and that it greatly diffuses the responsibility for carrying out sectoral programs.

Initially much of the literature drew a sharp dichotomy between private and public sector arrangements, and the thrust was to move toward private sector arrangements as much as possible. Increasingly, those concerned with these issues are talking about a more mixed and complex pattern. Instead of referring to private versus public, they are talking about a variety of arrangements, about public/private partnerships, about transitional arrangements, about a complex set of institutions that combine public, private, non-profit, and local community organizations.

There are two major implications for management and training. First, managers and trainers need to take into account this variety of organizational arrangements and the diffusion of responsibility that it entails. What does it mean for the manager of a particular project activity when the success of a policy no longer depends on people working in his organization, but depends on a number of units, many of which are not even part of the public sector, and are responsible only to their own profit margin or local constituencies?

Second, diffused responsibility both complicates the work of managers and offers them an opportunity to be more responsive. Unfortunately management models usually view this increasing

complexity as a problem to be overcome. It has tended to ask how those in charge of a program can assure accountability by all those involved in an activity and has paid less attention to the ways those at the top can learn from the other units who share responsibility for an activity.

#### V. Example - World Bank Project to Produce Seed in Guinea

Consider an example from a World Bank proposal for Guinea. The World Bank has been working with Guinean officials to increase their capacity for developing improved seed that will be appropriate for the different environments in the country. Most of the seed to date is imported and not adapted to different ecological settings. In the meantime the government has agreed with the Bank to greatly expand agricultural production and the need for quantities of improved seed is evident. The Bank has been working with the Ministry of Agriculture to improve its institutional arrangements for providing seed and has come up with the following proposal that is currently being put in place.<sup>1</sup>

First, the existing research stations of the Ministry of Rural Development (MDR) are being helped to identify, select and produce base seed. Second, the projects sets up Seed Conditioning Centers (SCCs) in several ecological zones. These will purchase seed from the research centers, and then sell the seed to privately contracted outgrowers, local farmers, who in turn multiply the seed. The SCCs then repurchase the seed, condition it and resell it to private traders who in turn sell it to farmers. Once underway, the SCCs themselves will be sold to the private sector. Once that takes place, the research centers will be working through a network of private sector units and individual farmers.

In the meantime, according to the analysis of the agricultural system in Guinea it is clear that extension services are very inadequate, that transportation infrastructure and a marketing system are virtually nonexistent. There is no credit available to farmers and a drastic shortage of tools and equipment. Even if improved seed is developed and distributed, its productivity depends on these ancillary operations.

What does this new system for producing seed mean for the ministry officials and those in charge of the research centers? Operationally it means they will have to set up a number of new units and insure that they are run on a profitable basis so they can be sold to the private sector. It means they will have to train local staff to contract with and oversee local farmer outgrowers. It means they will have to set up a system of quality control to insure that the seed meets agreed-on standards. It means they will have to coordinate these with changes in a number

of other arenas to insure that farmers are in a position to adopt the seed.

In describing these tasks, the World Bank project paper adopts a top-down perspective on the role of ministry officials. Potentially, however, it is possible to view these tasks from a bottom-up perspective. Needs assessments should not only ask how to regulate seed production, but also how the research centers and seed conditioning centers can remain responsive to local farmer interests. How can they help to identify and insure that groups are being responsive? How can the officials in the ministry and the research centers keep in touch with preferences and demands and needs in the field? The management problem is not only to recognize and hold these other units accountable, but also to learn from them and share responsibility with them.

One obvious answer, and one that has been implicit in much of the donor literature, is to privatize responsibilities. Then competitive pressures can insure that the private units are responsible and accountable to consumer demands. Those familiar with organization and management studies, however, know that this is too simplistic. It is simply not true that competition and privatization by themselves insure that units are responsive to demands and accountable to their publics. These remain at least in part, responsibilities that public officials have to continue to assume. A more adequate understanding of how to manage situations of diffused responsibility is therefore needed.

#### VI. Criteria for Managing A Program Where Responsibility is Diffused

What are the appropriate criteria for managers to use in this increasingly complex and diffused arena of policy implementation? What criteria should program managers apply when they share responsibility with a variety of units? Most who have thought about these issues have emphasized either efficiency or accountability. These emphases, in turn, have shaped how donors view management and the kinds of training and technical assistance that managers need. Economists and those in the management science tradition have insisted on the importance of efficiency. Efficiency models rely primarily on competition to insure that organizations are attentive to costs and operate efficiently. Increasingly, they encourage managers to emulate private sector models, to privatize, to contract out wherever possible.

Others within the management science tradition, including much of the writing on management coming out of the World Bank (e.g. Lamb, 1987), stress the criterion of accountability. They emphasize the need to insure that different units are held accountable, and that central ministries such as Finance have the

power to monitor and control what other units do. They assume that auxiliary units will otherwise divert funds to their own uses, waste public resources, or displace the goals of public programs. It is not hard to document all of these charges; witness most of the implementation and management case studies that make up the development administration literature.

According to a NASPAA study of technical assistance in the ministry of rural development in Guinea, this emphasis on control has characterized the training and assistance offered by the World Bank (Diallo, Kante and Morgan, 1988). There has been more interest in training staff in the central ministries to control those within the program ministries than in assisting them to improve their management. And within the ministries there has been more emphasis on controlling those in the field, than in finding ways to give those in the field some necessary discretion.

Without denying that efficiency and accountability are important orientations for managers, there is a third way of thinking about relations among multiple units. It comes out of a different orientation to management and organizations and is supported by much of the literature referred to above on the role of local community organizations in development. It is a "demand responsive" approach to management. In many respects, AID, with its long interest in decentralization, in community institutions and its reluctance to focus solely on centrist institutions, has been more receptive to this approach, than has the World Bank, (Olson, 1986).

## VII. A Demand Responsive Approach to Management

Richard Nelson and Albert Hirschman, two economists, provide useful insights into demand responsiveness. (It is interesting that these two economists are providing some of the most useful insights into organizational behavior in the current literature.) Hirschman, in his important book, Exit, Voice and Loyalty, observes that traditional economics is wrong to assume that managers and organizations want to maximize. Economists value competition because they assume that managers will either respond to the negative feedback as parties exit or they will soon go out of business. Whatever happens to particular organizations at a micro level, they assume that at a macro level, a competitive system will encourage more efficient organizations.

According to Hirschman, however, organizations typically have a lot of "slack." Managers are willing to satisfice, to get along at a far less than optimal level. For this reason, managers may be very pleased when those who are most dissatisfied exit or leave. Instead of responding by changing and improving their efficiency, organizations are apt to continue with business as

usual. Thus Hirschman continues, competition is not necessarily the best way to improve organizations and make them more efficient and accountable. Instead organizations need more voice, they need people to express their preferences and criticisms. Voice is often better able to encourage adaptation and change and responsiveness in organizations than are competitive pressures.<sup>2</sup> Since managers are not necessarily looking for opportunities to be more efficient, they need voice to let them know what the problems are.

Nelson's point is very similar. In his study of policy implementation, The Moon and the Ghetto, he argues that the important contribution of economists to policy implementation is their emphasis on demand responsiveness (1977). They make two mistakes, however. First they are wrong to assume that competitive market-like organizations are most responsive to demands. Organizations are generally slow to respond and make changes. Second economists are wrong to assume that consumers know what they want and are informed about their interests. For both of these reasons, he continues, organizations and procedures are needed to inform the public, and to enable them to express their demands more effectively.

These two writers provide an important perspective on training and management. As managers begin to take seriously the growing diffusion of responsibility for a policy or program, they need to develop criteria for working with and through the multiple units. Efficiency and accountability are reasonably well developed in the economic and public administration fields respectively. These authors remind us about a third criterion, namely demand responsiveness. Further they tell us that voice cannot be assumed, it has to be encouraged. And organizations, even those in the private sector, do not necessarily respond to demands.<sup>3</sup> One of the important tasks of managers in this setting is to stimulate and encourage demands, and to provide mechanisms for them to be expressed. One important channel is the multiple units they will be working with.

Consider the implications of these several criteria for the managers of the research centers trying to improve seed in Guinea. They need to encourage efficiency throughout the system, particularly to attract the private sector to take over the seed conditioning centers, and to stimulate farmers to be willing to serve as outgrowers. Secondly, they need to insure accountability for what the other units do through their quality control procedures. Third, they need to view the diversity of units and organizations of farmers as mechanisms for learning about the preferences and needs in the agricultural community, as well as how to be more responsive to these. They need to view the lower level units and third party organizations as sources of information and vehicles for informing and expressing demands. The World Bank study on the National Seeds Project in Guinea

refers briefly to the role of farmers in giving feedback. They note that quality control needs to be done both within the laboratories of the regional centers and by the local farmers. They place far more emphasis, however, on the procedures for assessing quality control in the labs, and pay little attention to procedures for enabling the farmers to contribute to quality control.

### VIII. Conclusions

The view of management and training within the donor community needs to be broadened to take into account a growing reality in developing countries. Increasingly governments are finding that they are having to, or choosing to, rely on a number of third parties to carry out aspects of their programs. From the traditional management perspective, with its concern for accountability, such diffusion of responsibility can raise severe problems for managers. And much of the management and training literature collaborates with managers to identify these problems and design ways to cope with them.

While efficiency and accountability are important criteria for managers to apply to the network of organizations they are part of, there is a third criterion that needs to be taken more seriously. This criterion emphasizes the importance of encouraging managers and organizations to be responsive to demands. Demands are not necessarily known or expressed or responded to. Since it is not possible to rely on people to express demands, or on organizations to seek out and respond to preferences, managers need to inform and facilitate demands. From this perspective the growing plurality of organizations and units that are part of the manager's arena are opportunities for learning about what is going on throughout the community. They are not simply a source of complexity and confusion that makes coordination and management more difficult.

### NOTES

1. For a description of the project see, World Bank, Staff Appraisal Report, Republic of Guinea, National Seeds Project, November 16, 1987.
2. Hirschman notes that these thoughts first came to him in the 1960s when he was studying development projects in Nigeria and writing his influential Development Projects Observed. He noted that the Nigerian railroads had failed to correct many of their inefficiencies in the face of increasing competitive pressures from the trucking industry. The example he gives is worth quoting at some length: " The presence of a ready alternative to rail transport makes it less, rather than more, likely that the weaknesses of the railways will be fought rather than indulged.

With truck and bus transportation available, a deterioration in rail service is not nearly so serious a matter as if the railways held a monopoly for a long-distance transport - it can be lived with for a long time without arousing strong public pressures for the basic and politically difficult or even explosive reforms in administration and management that would be required. This may be the reason public enterprise, not only in Nigeria, but in many other countries, has strangely been at its weakest in sectors such as transportation and education where it is subject to competition: instead of stimulating improved or top performance, the presence of a ready and satisfactory substitute for the services public enterprise offers merely deprives it of a precious feedback mechanism that operates at its best when the customers are securely locked in. For the management of public enterprise, always fairly confident that it will not be let down by the national treasury, may be less sensitive to the loss of revenue due to the switch of customers to a competing mode than to the protests of an aroused public that has a vital stake in the service, has no alternative, and will therefore 'raise hell'" (1967, 146-47.)

3. Paul Streeten (1986) writes about the need for education and dialogue in the context of policy reforms.

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