Managing Roads 3: Efficiency & Effectiveness in Managing Our Roads

The previous articles have highlighted the importance that roads play in any economy, their enormous costs but even larger benefits attainable, and how they can be funded. This article highlights what are the common problems experienced in managing roads in many countries and from this, what can be done to ensure that the money spent on providing roads (whether it is enough or not), is used as efficiently and as effectively as possible. Efficiency refers to how well something is done, whereas effectiveness refers to whether it was the right thing to do.

The focus of this article is not on the technical or engineering issues of managing roads, but on the institutional arrangements: what are the relationships between different institutions and the organisational constraints that affect their ability to fulfil their tasks as well as possible? These institutional factors strongly influence the technical and engineering performance of these organisations (important as they are).

The institutional problems of managing roads are common to many developing (and developed) countries and have a significant impact on the ability to deliver road infrastructure to an adequate standard and at a reasonable cost. Some of the most common are described below.

- **Funding is unpredictable, erratic, incomplete or late.** The funding arrangements for roads needs to provide a stable, predictable and long-term level of funding (even if it is inadequate), so that road managers can make and apply long-term plans, in order to reduce the overall road transport costs to the community over the whole life of the road. This was discussed in the earlier articles.
- **Decision making is slow and bureaucratic.** This is often caused by a lack of clear responsibility for the specific functions on which decisions are required, resulting in a lengthy process of numerous individuals and institutions needing to be involved before a decision can be made. Besides slowing decision making, this continual consultative process is often demoralising to those involved. Making specific individuals clearly responsible for specific functions within specific institutions allows decisions to be made quickly and provides managers with a greater sense of control and responsibility. However, with this greater autonomy must come greater transparency and effective accountability, in order to reassure others that their decisions and actions are known and appropriate.
- **Decisions are not clear or are inappropriate.** There are a number of reasons why this happens:
    - **The decision makers are many**, thereby allowing them to deflect any criticism onto others, (i.e. ‘passing the buck’ without being able to hold anyone accountable, because no one is effectively responsible – see above). Such opaque mechanisms do not help to identify where problems exist and how to fix them. They just allow these problems (and their costs) to perpetuate.
    - **There is no effective accountability**, allowing decision makers to avoid being accountable for their decisions or actions. This may be due to weak management oversight, poor reporting systems, or ultimately, to disinterested or uninformed road users and government oversight.
    - **There are no clear criteria** (or policies) against which to make decisions. Clear policies need to be established (see previous article), against which

decisions can be made, guiding managers in their decision making and direct resources to those areas that are considered most important (thereby improving effectiveness).

  - **The information on which decisions are made is inaccurate**, inappropriate, incomplete or out of date. It is important that managers are able to use their management information systems to support their decisions. This in turn makes it easier for them to justify (account for) their decisions, as well as ensuring that the institution's resources are directed to the most appropriate need.

- **Staff morale is low undermining the development of a professional culture** to do a good job. There is an English expression that is appropriate here: "If you pay peanuts, you get monkeys"! If you remunerate people badly (uncompetitively), don't give them the resources to do their jobs properly, and expect them to work out of inadequate and dated offices, then you are telling them (indirectly) that they are not important and you don't value them. You may be able to hire or retain good managers, but that will be the exception: it will be in spite of the system, not because of it. As soon as they see a better opportunity elsewhere, they will leave, with the best, most competent leaving first. Continual external interference, frequent (and unjustified) staff relocations, inflexible remuneration (to reward good performance) and a lack of effective penalties (to discourage poor performance) only exacerbate this problem. If however, you want the expensive road asset to be managed as well as possible, then you need professional, educated and experienced road managers. This means offering conditions of employment that are competitive with the private sector (and even with neighbouring countries) as it is these markets with whom you are competing for the best talents.

  But this in itself won't be enough to retain the skills that are needed. It is also important to make their responsibilities clear and allow them to get on with their work without continual outside interference. Then make them accountable for the decisions that they make.

  Some say that the country can not afford to provide competitive conditions of employment. The country can not afford not to! As has been explained already, bad or inadequate roads are already costing the community about 3 times more than it thinks it is "saving", thanks to higher road user costs. And the vast majority of the expenditure on roads is incurred in the actual physical works: administrative costs (including staff costs) normally only account for about 10% of the total expenditures. So, the additional cost from paying road management staff properly is tiny compared to the overall costs, let alone the enormous benefits that good road management provides to the community. And effective accountability allows this improvement to be measured.

- Coupled with this is another common characteristic in too many public road institutions: **overstaffing**. This further undermines the development of a professional culture in these organisations. It is important to recognise that a road management institution is established to serve the needs of a particular sector of the public by providing roads efficiently and effectively. It is ***not*** an employment agency, nor a opportunity for the well connected to pretend to work at the public's expense. It would be far better for the country to either support these surplus staff in finding other employment opportunities, or stop pretending and place them in a "Ministry for the Unemployed" (complete with meaningless job titles), where their presence does not undermine the performance of the institutions' important functions.

- **There is a high level of waste, corruption and other losses.** This is related to the comments above (institutional factors often are interrelated, which is why they should all be addressed at once: for example, having a highly efficient road management (implementation) service is of little benefit if its funding is erratic or its objectives unclear). If managers are not guided by clear (and transparent) policies, then they are unlikely to be able to direct (or prioritise) the institution's available resources to the most important areas of need, and the benefits achieved will be less than would have been the case. If decision making is slow or bureaucratic, lacking in objectivity and transparency, or based on inadequate information, then decisions are unlikely to be as good as they could be. And a poor allocation of responsibilities means that managers are not clear on what they should be doing.

  Corruption is a symptom of woefully inadequate remuneration (if people are not paid an adequate living wage, how else can we expect them to survive?); poor professional culture within the organisation (where such practices are silently condoned); and inadequate accountability (often caused by a lack of clear responsibility), allowing such practices to go on undetected.

  Quality of construction can often be a sign of poor institutional arrangements. It is in a contractor's interests to use substandard (i.e. cheaper) materials, or to skimp on the quantity or workmanship. However, these practises result in roads that deteriorate more quickly than should be the case, resulting in higher costs to the community. Ensuring that this does not occur and that the community's interests are protected, is an important role of the road institution, who (either directly, or through hiring consultants) must supervise and monitor the contractor's activities and deal with any unforeseen problems. Such rigorous supervision is less likely where an unprofessional culture exists (see above), where bribery is possible (due to inadequate management controls and oversight), where there are inadequate skills present (because the organisation is unable to attract and retain the skills that it requires) or where there is inadequate enforcement of contract conditions (due to a combination of factors above).

It is interesting to note that many (if not all) of these weaknesses (and their solutions) are equally applicable to other businesses and sectors of government. In devising solutions, it is important to understand what are these weaknesses and why they exist, in order to structure the institutions to minimise or overcome them. Fortunately, solutions *do* exist for road management, and these are discussed in the next article.

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