

An Insiders View

Performance Management in the Public Sector: What Can We Learn from the Past?



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Expert

I am an Irish Civil Servant of thirty years' standing. For most of that time I worked in the Department of Finance in Dublin, and since June 2001 I have been on secondment to EIPA in Maastricht, the Netherlands. Before coming to Maastricht, I spent about seven years working in the Centre for Management and Organisation Development, a unit of the Department of Finance. My main functions there involved the training and development of senior civil servants and the promotion of a major programme of change known in Ireland as the SMI/DBG. (Strategic Management Initiative – Delivering Better Government).

In my thirty years service, I have always been part of a bureaucratic system, with a hierarchy initially of superiors (I hate that word) and subordinates (I hate that too!). Political correctness changed this to supervisors and supervised over the years, and more recently to managers and job holders. Titles are easy to change, but it is much harder to change the culture, attitudes and beliefs in an organisation. In the course of my career I have been subjected to dozens of reform initiatives, many of which had little or no long-term impact. However, as a trainer, facilitator, consultant and especially as a public servant, I am happy to say that the latest initiative seems to be succeeding. I believe we have learned from past experience.

In this article, I propose to look at what it is that the public want, and what exactly we mean by “performance”. I also propose to examine “management” in a public service context and to explore the role of the manager in public sector reform. In doing so I will refer to some common themes in administrative reform, and finally I will propose some options for staff development to make the reforms stick.

What the public want

When Eamonn De Valera¹ was asked how he knew what the Irish people wanted from his government, he replied “I looked into my heart and knew”. These days we are

a little more scientific about things, and Irish Governments in recent years have consulted widely with all the social partners to find out. There is a clear demand for impartiality, simpler procedures, respect for the law, disclosure of information, high standards of service and value for money. They want the four Es – Economy, Efficiency, Effectiveness and Equity. They also want the truth. To quote another President, George Bush Snr, “Read my lips, no new taxes”. His failure to deliver on that promise is widely believed to have cost him a second term in office.

Common themes in Administrative Reform

There are very few administrations around the world that are not undergoing some type of reform programme at present. The reform agenda tends to focus on issues such as accountability of public bodies and individuals, with less emphasis on inputs and an increased focus on outputs and outcomes, as well as on improving performance and delivering quality services to the public. The objective is to change things for the better. In most cases, a strategic management approach is being adopted, with a strong emphasis on human resource management. Of course, reform of financial management also plays an important part in the process, as does the use of

information and communications technology. Regulatory reform is another major element in the drive for improved performance, openness and transparency.

Common Change Measures

Some administrations are moving from career-based systems to position-based systems while at the same time switching from a “command and control” style to participative management. Some are also shifting from unsuccessful annual performance appraisal schemes to the ongoing management of performance on a day-to-day basis. In Ireland we have introduced a new Performance Management and Development System (PMDS), which focuses on output targets, performance

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indicators, critical success factors and the development of competencies. To put it another way, we are moving from the old input (budget and human resources) control model to one where the focus is on outputs and outcomes. The hierarchical structure remains the same, a pyramid with the Minister at the apex, but it has been turned upside down. Now the Minister, together with top and middle management, provides support, information and resources to enable the front-line troops to deliver quality services to the public.

Why Change?

Before SMI/DBG, there were growing forces for change in the Irish public sector, both internal and external. Externally, the public demanded better service, better value for money, and a reduction in the public service pay bill. The changing business environment meant that people were getting a better quality of service from the private sector than they had in the past, for example from banks and insurance companies, and they sought similar improvements from the public sector.

Internally, politicians, management and unions all had a change in mind, for various reasons. The unions were concerned that change could adversely affect the career paths of their members. Staff joked that the emphasis on transparency and accountability would drive managers to seek a Clerical Officer with a scapegoat allowance to take the fall if something went wrong. There were concerns that decentralisation would reduce the number of available promotion opportunities for their members in Dublin. Management were looking at what was happening elsewhere and particularly at the UK and New Zealand examples. There was a clear recognition of the need for change, but the extensive agencification as in the UK, or the wholesale firing of public servants as in New Zealand, were not very attractive options. They recognised the need for performance management and so the Strategic Management Initiative was born. Politicians felt the pressure from the public for better service and for transparency and accountability. Some said that only those doing the work could be expected to know all the details. The political commitment to the SMI project was set out in Delivering Better Government (1996) and the targets and expectations were reiterated in the Government's Programme for Prosperity and Fairness (PPF) in 1999.²

Actions in Progress

The programme is not yet complete and is an ongoing one. While it seems perfectly normal now, the process of consultation and participation was strange at first. Most people recognise now that without such a process, very little would have been achieved. At this stage all Departments have produced third or fourth generation Strategy Statements and developed business plans to

implement them. The Public Service Management Act 1997 formalised the delegation of functions within Departments. The programme of change includes a strong commitment to training and to Human Resource Development. From a base of around 1.5 % of total payroll spent on training and development in 1995, there is a commitment to spend 4% of payroll on it by the end of next year.

Much progress has been made in the key areas of Quality Customer Service, Regulatory Reform, Financial Management, Human Resource Management and the use of Information and Communications Technologies. This has been supported by the provision of money through a Change Management Fund. Under the heading of Human Resource Management, the HR Function has been refocused, with more responsibility falling on managers. A new system has been put in place to help managers to manage performance (including under-performance). Recruitment, promotion, tenure, equality are all under examination and a new Civil Service Code is being introduced.

On Regulatory Reform, the objective is the elimination where possible or at least the simplification of legislation to ensure its accessibility. Impact analysis is also being undertaken.

Financial Management changes include the development of a new management information frame-

work which includes financial and non-financial performance indicators, the delegation of authority for administrative budgets on a multi-annual

basis, and the regular review of programmes of expenditure to ensure they are achieving the intended outcomes. In relation to Information and Communications Technologies (ICTs), these are being used as change agents and a lot of progress has been made towards the introduction of Electronic Government, both for the provision of information services and for interactive service delivery. The aim is to provide fully integrated services via ICTs. One issue that may affect progress is the retention and development of ICT skills but maybe the dot.com crash will solve that one.

Partnership committees have been established at all levels to continue the process of consultation and participation that is so essential for success. Major training programmes have been rolled out to all civil servants on Partnership, on the Freedom of Information Act 1997, on the new Performance Management and Development System and on the new financial management model. As I mentioned earlier, this is an ongoing change programme and the level of change-related activity is more likely to increase than to decrease in the future.

Change – The only constant

Does the introduction of anything new bring your people to a grinding halt? Are they suffering from

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“reform fatigue”? New public management, the re-engineering of time-honoured processes, new legislation, the transition to teamworking, “doing more with less”, revised reward systems, organisational restructuring, outsourcing ... the list is endless. Clearly, new competencies are needed if people are to cope. The status quo is crumbling every day as organisations strive for improved performance. As I already mentioned, the public expect four E’s – Efficiency, Effectiveness, Economy and Equity. There is no shortage of good ideas for change, but once a proposal for change gets the go-ahead, what do you do to make it happen? How do you deal with employees set in their ways? What if you have your own personal reservations? How do you rally people around a change that, in their minds, could jeopardise their jobs? What skills do managers need to become effective “change agents”?

One approach, which we are using in Ireland, is to create understanding. We need to understand change and its effect on people, communicate it better to people and exploit the positive opportunities change usually brings with it. We need to convert all opposition into partners in progress – and watch performance and productivity soar.

We need to regard our public servants as whole people, not just role people, and we need to adopt McGregor’s theory Y of motivation.

McGregor’s Motivation Theory X states that managers act as if people are lazy, dislike work and will avoid it if they can, that they have to be coerced, controlled, directed, threatened and given incentives to get them to do anything, that they avoid responsibility, have relatively little ambition and desire stability above all else. Finally, managers using theory X act as if people are indifferent to the needs of the organisation

Under McGregor’s Motivation Theory Y, on the other hand, managers act as if people find work as natural as rest or play, that they are self-motivated and self-controlled. Given satisfactory conditions, people find work a source of satisfaction and enjoy achieving results. They learn to accept responsibility, even to seek it, and work best when given responsibility and the freedom to achieve. Finally, theory Y managers believe their people can contribute more than is usually recognised and have talents that are under-utilised.

The Role of Managers

“Management is the art of getting things done through people” *Mary Parker Follet, 1868-1933*. Management is the process of planning, organising, leading and controlling the efforts of other organisation members and of using all other organisational resources to achieve stated organisational goals. In implementing change initiatives, managers need to help people be proactive about change – so they feel they have more ownership of the process, and less “victimised” by it. They also

need to create the ambassadors for progress that management expects and people need. If they can deal constructively with resistance, objections and apathy they are more likely to succeed. They may also have to coach those who want to adapt – but don’t know how. First and foremost, though, they need to recognise their own responsibility to the organisation and its people to develop the people they manage.

Staff Development – Options

As I am involved in the business of training public servants, you might expect me to recommend sending everyone on endless training courses until they are competent to do just about anything. I’m not going to do that. Firstly, training courses can sometimes be expensive and time-consuming. Secondly, there are some things people need to develop that not even the greatest training session in the world could deliver. They need specific knowledge, skills and attributes to do their job well. What does the person need to know in order to do the task? How detailed does the knowledge have to be? Can you itemise the knowledge required? What skills are needed? Skills may be manual, e.g. keyboard skills, or interpersonal, e.g. giving information, listening to problems, negotiating solutions, or they may be cognitive, e.g. analysing, evaluating, computing. What personal qualities are required to perform the task effectively? For example, do they need to take the

initiative, do they need to have a drive to achieve, do they need commitment, or good judgement? And finally, what behaviour is

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required to be demonstrated? e.g. to deal with customers in a prompt, efficient and courteous manner?

Any new entrant to the organisation should undergo induction training, ideally at an early stage and before some disgruntled old hand tells them the “real story around here”. There is no real expense involved in delivering such training in-house, and the bad effects of “negative socialisation” can be avoided.

Managers can do a lot to develop their own people, while at the same time freeing up some of their own busy schedule. By delegating and coaching, they can pass on their own knowledge and skills, and maybe even learn something themselves. Giving both positive and constructive feedback (and seeking the same) is a central plank in managing and developing people. Whether it is in the context of a formal appraisal or more informally, feedback helps people to know what their role is, what they have to achieve, how they are getting on and what they need to do to improve. Try catching people doing something well and praise them for it. Counselling can help where problems occur. Mentoring can also be a useful tool. Simply improving the flow of information can have a very beneficial effect on performance. Briefing sessions, staff exchanges, sending people to meetings and seminars are all helpful and can often be seen by those sent as a form of reward or recognition. Ensuring

regular mobility helps to prevent staleness and avoids the danger of people getting stuck in a rut. It also helps to generate new ideas, as a fresh pair of eyes CAN see the wood and the trees. Of course, there is also a very important role for formal training and professional education. My point is that it should not be the only port of call.

Conclusions

We have learned from past experience that change efforts require leadership. Any new change initiative has to be led from the top, in Ireland at Secretary General level. There needs to be priority allocation of time, agreed consultation arrangements, mechanisms to signal difficulties, and it requires fairness and transparency with maximum clarity in defining key concepts. There is also a need for the acknowledgement of exceptional circumstances and a methodology to address variations across the public service. Consultation, participation

and communication are key to the successful implementation of change to improve performance. To quote Neil Kinnock, Vice-president of the European Commission at the recent 2nd Quality Conference for Public Administrations in the EU which was held in sunny Copenhagen, "Tell them the truth. And keep telling them until they believe you".

NOTES

- ¹ Former Prime Minister and former President of Ireland.
- ² For more information please see www.bettergov.ie where you will find a recent review of progress on the whole SMI/DBG programme which was conducted by PA Consulting Group. □