

# ORGANISATIONAL PERFORMANCE – CULTURE CHANGE AND PLANNING

## FROM TRADITION TO RESULTS

Development of a performance culture with an emphasis on employee empowerment, commitment and the achievement of results rather than subordination and control involves organisations in major change and requires shifts in management and employee thinking. In public services in the last decade many have moved from concentration on inputs (*how much budget?, what staff establishment controls?*) to outputs (*what results have been achieved?, to what level of quality?*) Central agencies and corporate offices, in many settings, have moved from being regulators to providers of enabling policies, models and tools to assist public service organisations to achieve their public purpose. Managers and supervisors are making the transition from a culture of direction and control to a culture where managers and supervisors are leaders, enablers and coaches.

Such developments require organisational change and action in relation to structures and to how people in the organisation are managed.

Structural changes supporting the development of a performance culture in government settings have included:

- restructuring and right-sizing to remove unnecessary management layers and duplication of functions;
- devolution of accountability and responsibility to the level in the organisation with the best information to make appropriate decisions;
- legislative and policy reforms which provide an appropriate safety net for organisations while allowing them maximum flexibility to adopt local policies and systems that help them to meet best their unique organisational functions;
- review and update of accounting and information management information systems;
- development of integrated budgetary and strategic planning initiatives to ensure resources are prioritised in line with government goals, and systems are in place to measure their achievement.

Such structural changes move the organisational culture away from tradition and habit and towards a recognition that the organisation only exists to produce desired outcomes and must be judged on its success in doing that. *From Problem to Solution*,<sup>1</sup> No. 1 in the **Strategies for Improvement Series**, describes the overall shifts that have taken place, broadening the range of managerial options available in the public service. *Redrawing the Lines*,<sup>2</sup> No. 2 in the series, describes the particular significance and implications of the delegation of personnel management in the change process.

#### THE DRIVERS OF CULTURE CHANGE

People management changes necessary to build a performance culture include:

- development of a vision of where the organisation is going to guide strategic planning – *this is who we are and where we are going*;
- change from a control culture to a commitment culture – from top-down directives to two-way communication and mutual agreement on targets;
- development of a set of common values, a code of conduct or required capabilities for the organisation to clarify and guide expectations of appropriate organisational behaviour – *this is how we do things around here*;
- modelling of the desired behaviours by senior management;
- respecting and considering the history and past successes of the organisation at every stage of the reform programme;
- reducing uncertainty by communicating openly and honestly with employees at each stage;
- building trust by following through on commitments made;

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<sup>1</sup> *From Problem to Solution – Commonwealth Strategies for Reform*, No.1, Managing the Public Service, Strategies for Improvement Series, pp 69, Commonwealth Secretariat 1995, ISBN 0 85092 452 9, Price: £9.00/US\$14.00

<sup>2</sup> *Redrawing the Lines – Service Commissions and the Delegation of Personnel Management*, No 2, Managing the Public Service, Strategies for Improvement Series, pp 90, Commonwealth Secretariat 1996, ISBN 0 85092 461 8, Price: £9.00/US\$14.00

- developing systems to nurture and reward results-oriented thinking and behaviours.

Increasingly, contribution not status must become the basis for performance recognition, and performance management systems are valuable tools to integrate change strategies and develop a performance culture.

## **BUILDING LINKS**

A performance management system is an integrated series of processes, strategies and actions that aim to focus the organisation on the questions:

*Where do we want to go?*

*How will we know when we have got there?*

*What do we have to do to achieve success?*

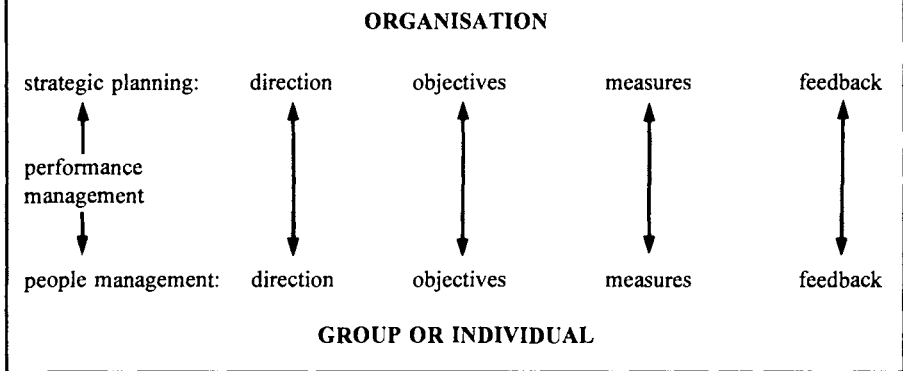
It is a system of direction-setting, objective identification and feedback that links the strategic planning, budgetary and management activities of the agency with the targets and direction provided for individual staff.

It starts with a commitment to performance communicated from the top of the organisation usually in the form of vision, mission and value statements and encompasses corporate planning and the identification of objectives and key result areas for the agency together with appropriate measures of success and monitoring mechanisms.

A performance management system links the organisation with the group or individual in four key areas:

- direction-setting
- objective identification
- measuring achievements
- providing feedback

**Performance management system – linking organisational strategic planning with people management**

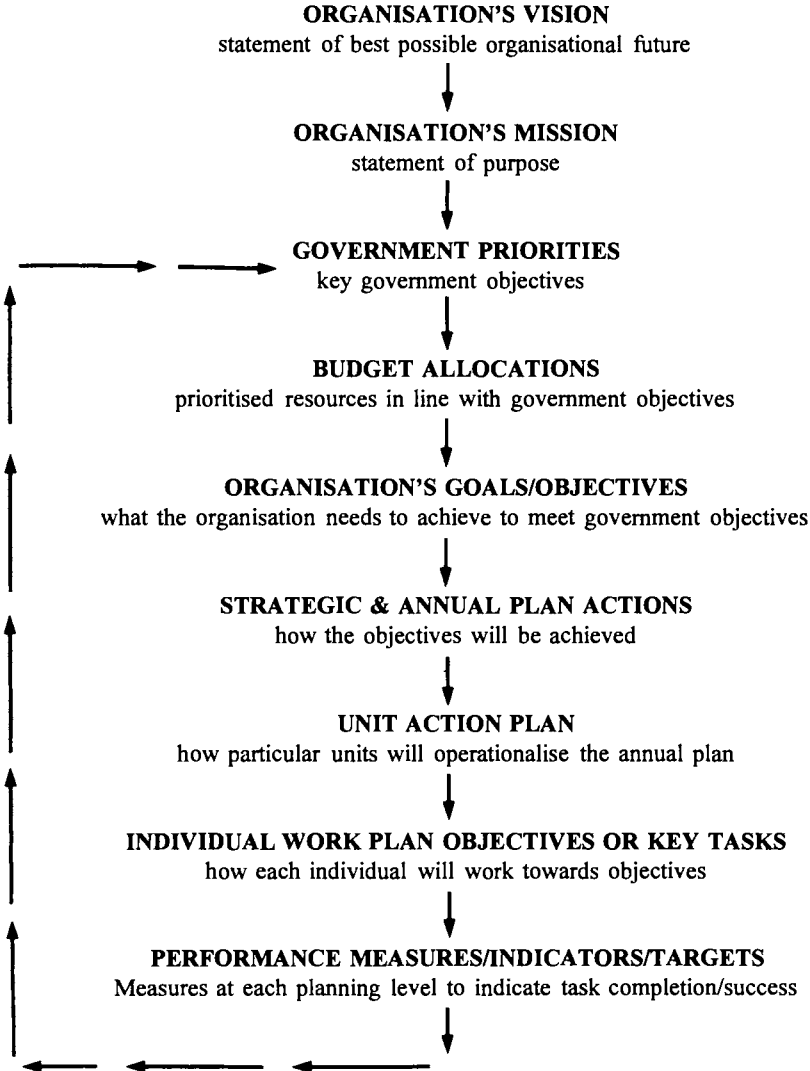


	Direction setting	Objective Identification	Measuring Achievement	Providing Feedback
	<i>knowing where you are going and how you will behave</i>	<i>knowing what you want to achieve</i>	<i>knowing how you will know when you have achieved</i>	<i>recognising and rewarding good performance, turnaround of unsatisfactory performance</i>
<b>Organisation – wide concerns</b>	<i>corporate plan – vision, values, core capabilities</i>	<i>key result areas objectives, goals, strategies expressed in, strategic plan, business plan, department plan</i>	<i>performance measures expressed in corporate, and strategic and business plans</i>	<i>management reporting systems, recognition and reward strategies, budget planning cycle, capability reviews</i>
<b>Group or Individual concerns</b>	<i>code of conduct, job purpose, job description, position specification</i>	<i>key result areas objectives, goals, strategies expressed in group plan, own work plan</i>	<i>indicators, standards, targets expressed in group and individual work plans</i>	<i>progress reviews, annual review, recognition and reward, training and career development plan</i>

## THE PERFORMANCE SYSTEM

A performance management system links the organisation and the individual by developing a purposeful results-oriented direction which sets the scene for both developing organisational objectives and defining individual tasks.

### *ACHIEVING THROUGH PEOPLE*



## CORPORATE PLANNING PROCESSES AND CYCLES

Role and goal definition and the setting of objectives and priorities for the whole of government and individual ministries, departments or other public service organisations set the scene for performance management.

Ideally, this occurs within a framework of corporate or strategic planning which involves development of a vision for the organisation and public statements about the organisation's role and goals. This activity is followed by an identification of the best options or strategies to achieve goals and these are translated into a

In South Africa's Gauteng Province, Heads of Departments who gather for their annual Budget Bosberaad retreat, first consider government priorities and how these can best be met. Only when strategic direction is agreed and priorities identified will departmental budget estimates and bids, tailored to meet these priorities, be put forward.

strategic plan for the organisation. Government priorities are then considered and budgetary allocations made. Annual business plans for each division, linked to the budget cycle, flow from the strategic plan. Performance measures are then developed for the business plans.

Strategic plans containing organisational visions which define the shape of the best possible organisational future, missions or statements of purpose, and values which state the operating philosophy and expected behaviours for the organisation are generally reviewed each year. A fundamental reappraisal takes place every five years or when the organisation takes a major change in direction. The lead in

### The Public Service Reform Programme in Zambia

The reform programme was officially launched in Zambia in late 1993 with the following main objectives:

- To improve Government's capacity to analyse and implement national policies and perform its appropriate functions.
- To manage public expenditure to meet fiscal stabilisation objectives.
- To make the Public Service more efficient and responsive to the needs of the population.

It has three main components:

1. Restructuring of the public service;
2. Management and human resource performance improvement;
3. Decentralisation and strengthening of local government.

The strategy for delivering component 2 is:

- A results-oriented organisational performance management system for senior managers on the performance of their unit.
- Based on strategic plans, a simple but comprehensive monitoring and reporting process specifying overall objectives, intended outputs, planned activities and expenditures.

developing the strategic plan is usually taken by the Permanent Secretary or head of department and the senior management team, but activities to ensure communication and ideally consultation with all staff are usually included in this process.

The annual review of the vision, mission and values, overall goals and strategies takes place at a business management meeting involving Permanent Secretaries or heads of department and the senior management team. Budget allocations are considered in relation to government priorities.

The strategic plan is a statement of overall aims and objectives, and the business plan is the map of how to get there, how to achieve those aims and objectives. Sometimes they are contained within the one document that may be called a corporate plan.

The following table illustrates characteristics of these plans.

The New Zealand Government has adopted a strategic planning approach which encompasses both the electoral and budgetary cycles. A 1993 document 'Pathway to 2010' has set vision statements for government organisations for the period 1994 to 2010. A second document 'The Next Three Years' has been developed by ministers and public employees and contains milestones for policy action to achieve the vision. In support of these activities, Strategic Result Areas (SRAs) which define longer-term priority objectives have been set by Cabinet for either single departments, or where there are multiple contributors, across portfolios. In addition to SRAs, supportive and additional Key Result Areas (KRAs) are set by each minister for departments within their portfolio.

SRAs and KRAs are included in chief executive performance agreements and form the basis for the budget bid process and agency planning.

<b>Strategic Plan</b>	<b>Business Plan</b>
Strategic in focus	Operational in focus
3- to 5-year outlook	Looks one year ahead
Rolled over and updated annually	Prepared annually
Establishes high level strategic direction	Translates strategic directions into action plan for the coming year
Focuses on objectives, strategies and the operating environment, not on resourcing	Focuses on all issues associated with translating objectives and strategies into deliverable outputs, including resourcing and detailed timelines
Specifies objectives (intended outcomes) and provides critical success factors for their achievement	Specifies outputs, resources, time-lines, performance measures and targets

The top or overall direction-setting end of performance management has received considerable attention over the last few years as governments, increasingly faced with severe resource constraints, plan and ensure that critical priorities are achieved.

The State of Victoria in Australia has developed an Integrated Management Cycle (IMC) which establishes a timetable for planning, resource allocation, delivery and performance monitoring, reporting and reviewing. It aims to ensure that government is in control of strategic directions in a changing environment, while giving ministers and departments clear responsibility so that detailed central agency control is not necessary. The IMC links portfolio strategies to the budget process and these strategies are the basis for departmental corporate and business plans. Results are evaluated and are part of the input for the next year's cycle.

The IMC is the predictable calendar which binds together decision-making on the Government's broad policies and strategies with decision-making about resource allocation and the delivery of quality services to the community in the context of rigorous financial constraints.

### INTEGRATED MANAGEMENT CYCLE

