

IMPROVING QUALITY MANAGEMENT

Quality management is the creation of a culture of commitment to identifying and meeting customer requirements throughout whole organisations, within available resources. The approach defines standards for each area of activity, from which performance standards are set for each member of staff and unit of management. Performance is then regularly assessed against customer expectations and satisfaction. Commitment to quality management is openly acknowledged and performance is made public.

The term 'customer' here has a broad meaning: any citizen engaged with government, or any person acting as proxy for the public. For example, New Zealand includes the minister as a proxy customer for the policy advice outputs of the department.

The idea of quality management originated in the private sector, but has become increasingly relevant to government as rising expectations have highlighted areas of unacceptably low standards of service to the public, to officials, and to politicians. Increasingly in Commonwealth countries, the reputation of government is improving through the application of quality management approaches within the public service.

Improvements in quality require improvements in human resource management, with an emphasis on leadership, team-building and performance management; and restructuring, particularly organisational changes leading to flatter pyramids and improved communications.

Singapore's Work Improvement Teams

Singapore was the first public service to introduce Work Improvement Teams (WITS), developed from the Quality Control Circles employed in successful and innovative private sector companies. These teams allow groups of staff of any grade from the same work area to meet regularly to discuss openly and honestly the obstacles to quality and to devise practical solutions for service improvement. WITS aim to improve performance, motivation and quality of work life.

All new entrants to the public service are automatically assigned a WIT. Existing staff who are not members of any WIT either form new teams or are co-opted into existing WITS. A newly-formed WIT will have to complete at least one project within its first year of formation. Subsequently each WIT is expected to complete two or three projects a year.

A WITS convention is held every year to recognise outstanding contributions.

Changes in the work culture and systems are encouraging a respect for excellence at all levels. Success within the public sector is recognised and rewarded. Practical and measurable quality standards are set, with participative mechanisms established to ensure that the need for quality has a broad ownership at all levels of staff.

- The Botswana Government introduced the Productivity and Quality Improvement Programme in 1993 by creating Work Improvement Teams within various institutions and departments.

ISO standards for quality management in Malaysia

In Malaysia, the civil service has implemented ISO 9000 at all levels of administration. The implementation of ISO 9000 requires continuous adherence to a comprehensive quality management system that is based on internationally-established quality standards. The elements of the system encompass organisational structure, responsibilities, procedures, processes and resources for implementing quality management. A quality system based on the ISO 9000 standard will ensure that an organisation's products and/or services continuously meet the needs of the customer. A set of guidelines was prepared in 1996 and an action plan for its implementation on a stage-by-stage basis covering the period to the year 2000 has been drawn up.

TRENDS IN MANAGING PUBLIC SERVICES

Although individual countries have emphasised different aspects of managing public services and adopted different approaches to implementation, certain general trends are apparent. Key among these are:

- focusing on the core responsibilities of central government, while devolving non-core activities to local government and non-government organisations (including privatisation);
- reducing costs to taxpayers by improving efficiency, reducing overhead and control costs, eliminating non-productive activities and exploiting opportunities to generate revenue;
- focusing management attention and accountability more on achieving results, in terms of efficiency, effectiveness and quality of service, and less on compliance with detailed rules;
- decentralising authority within government organisations, thus providing delivery units with greater flexibility to achieve results;

- paying increased attention to the service needs of programme recipients, such as easier access, simplified procedures, published standards for service times and more courteous service;
- making greater use of market-type mechanisms, such as direct competition and competitive contracting, to provide incentives and allocate resources;
- working more with other levels of government or the private sector rather than working on its own; and
- the strengthening of strategic capacities at the centre to guide the evolution of the state and allow it to respond to external changes and diverse interests automatically, flexibly, and at least cost; and
- fostering the exchange of public management ideas and experiences within and between governments.

Some of these changes have been implemented to varying degrees in different countries. However, in many cases, they remain more as statements of intent than actual accomplishment. The changes have meant that instead of thinking in terms of processes and rigid frameworks for service provision, institutions and individuals are encouraged to focus more on improving the results of public service interventions, including exploring alternatives to direct public provision.

However, there are possible risks to these changes including:

- under-resourcing of some activities, leading to service deterioration;
- negative impact of staff reduction and changes in human resource management on staff morale and motivation;
- loss of policy cohesion, operational co-ordination and responsiveness to the wishes of the government that may accompany increased autonomy for delivery units;
- undermining of public values, such as fairness, consistency, and probity;
- pursuit of performance targets and service standards that skew performance in ways that do not respond to the broader public interest;
- capture by clients, local/special interest groups, or suppliers/sub-contractors;

- weakening of the potential for policy formulation to benefit from insights gained through operational experience; and
- loss of control over programme costs.

PERFORMANCE MANAGEMENT

A key issue facing managers in all parts of the public service is to demonstrate that resources are being managed economically, efficiently and effectively. In order to demonstrate these achievements at the levels of the individual, team, department and whole organisation, the ability to measure, manage, and report performance is required. Traditionally in the public sector the emphasis was on how money was spent, however the concern now is with the effectiveness of expenditure.

The term “performance management” describes the systematic approach to performance involving a regular management cycle in which:

- performance objectives and targets are determined for programmes (and in many cases made public);
- managers responsible for each programme have the freedom to implement processes to achieve these objectives and targets;
- the actual level of performance against targets is measured and reported;
- the performance level achieved is used in decisions about future programme funding, changes to programme content or design, and the provision of organisational or personal rewards or penalties; and
- the information is also provided to review bodies, such as legislative committees and the external auditor, whose views may also be used in the decisions referred to above.

Performance management systems are key instruments for linking the management of people to organisational goals and strategies. Yet, in many cases they are not used to their full potential.

- The most highly developed system is in New Zealand, where the system of purchase contract agreements between departments and the government makes it imperative that departmental outputs are tightly managed and that the work of employees contributes to the desired outputs. There is a chain of performance agreements, with specified performance targets derived

from corporate objectives, from the chief executive downwards through senior management to middle management and staff.

PERFORMANCE MEASUREMENT

For public sector agencies, performance measurement is a major aspect of accountability. Financial reporting alone is insufficient to meet this requirement. While financial reporting covers the collection and distribution of funds and the allocation of resources, it does not show the service provided nor the quality of these services. A set of performance measures is needed to provide a balanced and accurate picture of an organisation's performance.

Performance measurement provides a valuable tool for management. In particular, measurement of performance can assist towards improving the delivery of goods and services. As a result, the best performance measures tend to be those integral to the organisation's business and not merely a set of data prepared to meet an external reporting imperative.

However, performance measurement in the public service poses particular problems. Much public service activity does not lend itself to precise quantification, particularly with regard to quality. Perceptions of quality can vary from client to client. It should be recognised that the achievement of performance measures can be affected by factors beyond the control of the department, such as unexpected delays in other government agencies and changes in government policy.

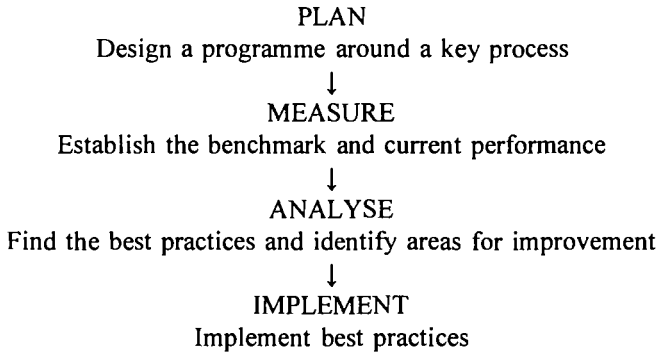
Performance measurement is compatible with various modern management approaches, such as Total Quality Management. Performance measurement, while focused on operational issues, can also be used to inform a department's strategic planning process. Further, the development of performance measures can be enhanced by an effective management information system.

In evaluating performance levels, it must be recognised that a performance measure is relative, and must be evaluated by reference to some base. While actual performance will be compared to budget or targets, these can be set at tight or achievable levels and, in turn, be based on past performance or performance of other comparable organisations.

BENCHMARKING

Benchmarking is a useful tool to compare the performance between different organisations, or different units within a single organisation, undertaking similar processes. Comparisons can be used to identify, and work towards, best practice

and to ensure that managers do not become complacent about current levels of performance. A typical benchmarking process would have the following stages:



In the public sector, some organisations undertake the same type of work, e.g. courts, hospitals and public libraries. While others may undertake at least some of the same activities, e.g. maintaining buildings, catering and paying staff. At the broadest level, it is possible to compare approaches to customer service, staff management, public relations etc. with organisations – from either the public or private sector – recognised as leaders in the field.

The areas of work which are suitable for benchmarking vary from one organisation to another. However, the first step in benchmarking is to identify the ‘core processes’, i.e. those activities which, if improved, will have the greatest impact on the organisation’s performance.

Each activity selected for benchmarking should be evaluated; the start, content and end points of the activity must be clearly defined, with the factors critical to successful service delivery being specified, and the measures and indicators necessary to report achievement.

The benchmarking process encourages change. By evaluating selected activities and comparing them with similar activities being undertaken elsewhere, the process not only identifies the need for change, but it also identifies what must change and provides a measure of the results that may be achieved.

**Benchmarking in the UK
Department of Employment**

This technique was used in the UK Department of Employment in its Contracts Branch to provide for continuous improvement and direct planned innovation into its operations. The focus initially was on the Contracts Branch’s internal operations but later it was extended to all stakeholders in partnership towards continuous improvement of services. Benchmarking was found to be a powerful technique which can reap large benefits if conducted properly. Around 40 departments and agencies are now introducing the process.

- Australia Post has been benchmarking its performance in areas like postal overhead costs and domestic letter costs with six European postal services since 1995. When benchmarking customer satisfaction, the group of postal organisations compared their best practices against two ‘best-in-class’ companies – Rank Xerox and Ford. This reflected the group’s belief that their competition is unlikely to be restricted to postal services and that, despite recent improvements, there was no room for complacency.

IMPROVING HUMAN RESOURCE MANAGEMENT

New approaches to human resource management have been evident over the past decade. These have arisen from a recognition that improvements in the efficiency and effectiveness of the public service are closely linked to such issues as pay and employment practices, working methods, and the performance and attitudes of staff. Increasingly, people are regarded as the principal resource of the public service and managing them well is the key to its ability to cope with new and evolving demands. Good management of the public service involves maintaining this human resource with its competencies and its commitment to act in the public interest.

While the extent and content of reforms in human resource management vary among countries, common features among some developed countries include:

- the devolution of responsibility for human resource management from central bodies to line departments and agencies and to line managers;
- a greater focus on, and new approaches to, the management of senior public servants;
- increased emphasis on training and development and on performance management; and
- the development of more flexible policies and practices in areas such as pay and conditions of employment, classification and grading, staffing, and working arrangements.

Reforms are generally aimed not only at providing managers with more discretion to manage their staff, but also at improving the skills of public servants and strengthening their commitment to quality service and accountability to the public. Often, therefore, increased managerial flexibility is combined with measures such as greater involvement of staff in decisions affecting their work and working conditions, equal employment opportunity policies, and improved career structures. Cost-cutting measures such as pay restraint and efforts to cut public service

employment have usually been found to be an element of undermining other human resource management reforms.

Recent innovations in the management of human resources involve managing diversity within a unified system and include developing flexible staffing practices, recognising achievement, developing performance contracts, creating a strong public service ethos, and a determination to minimise corruption.

FLEXIBLE STAFFING AND RECRUITMENT PRACTICES

Open recruitment procedures, with wider recruitment for senior posts, are ensuring that vacancies are filled on the basis of skills and competence, limiting political appointments, and weakening the assumption of a career-based public service with semi-automatic promotion on the basis of time served. At senior levels, low reward, high security positions are being replaced with the exact opposite.

A number of governments have, like that of New Zealand, successfully experimented with developing flexibility in working conditions; moving collective bargaining from the entire public service to the workplace and the application of private sector law to the public sector. Some of the most successful Asian economies recognise the importance of recruiting the most talented people available and improving their skills through constant training. Hong Kong and Singapore carry out aggressive recruitment at entry level, entice high-flyers for further training, and generally pay attractive salaries compared with the private sector.

As the emphasis continues to shift from high security careers, shaped by length of service and seniority, towards shorter-term employment contracts and achievement-oriented promotion, a new cadre of responsive managers is emerging.

This shift away from a career public service has been emphasised by the establishment of Senior Executive Services in Australia and New Zealand, offering appointment contracts, performance measurement, and intra-service mobility. The expectation is that public sector managers, often recruited from the private sector, will have a high level of managerial skills and talent and will be flexible enough to manage effectively in any government agency. Singapore has maintained a systematic focus on efficiency as the sole criterion for retaining or retiring senior public servants. Seniority is not the basis for promotion and many of Singapore's permanent secretaries are comparatively young.

Mobility is increasingly being emphasised within the public service. Encouraging officers to move between departments on promotion or transfer is seen as an effective way of achieving versatility and professionalism within the service. Such mobility also assists with developing career paths and succession planning.

In Australia, the practice of mobility is spreading through middle management and lower levels. Many agencies are increasingly filling middle-management vacancies by external transfer from another agency or department. As a result, the career service is seen as being Australian public service-wide and not just limited to the department joined at career entry.

RECOGNISING ACHIEVEMENT

Incentive packages which ensure that skills and, in particular, personal achievements are recognised and rewarded, are also becoming more widespread.

- The Government of Singapore has made a commitment to pay public servants market rates for their abilities and responsibilities in order to attract and retain the talent it needs. As a result, senior public servants earn salaries which are extremely high by international standards.

- The Malaysian public service provides a good example of a successful strategy for giving due recognition to, and appreciation of, agencies and individuals through the series of awards it offers. These awards are also aimed at

motivating officers to improve their performance in line with the aim of providing quality services. They include the Public Service Innovation Awards to recognise individuals for practical ideas and implementing them to improve the quality of public service. Another is the Public Service Excellent Service Awards to individuals who have rendered services exceeding expectations and the normal responsibilities of their job.

Performance management systems are key instruments for linking the management of people to organisational goals and strategies, but are often under-utilised for this purpose.

Malaysia's New Remuneration System

The NRS was established in 1992 to ensure a personnel management system capable of delivering high quality services. It introduced, amongst others, the following changes:

- recognition of experience and expertise over academic qualifications for certain posts;
- annual salary progression based on individual performance;
- salary increases for each service sector to be differentiated according to the need and importance of the service; and
- additional allowances and benefits, such as paternity leave or club membership.

Civil servants were given the choice of opting for the NRS or not. 99.5% of employees chose the new scheme over the old.

Performance review techniques which identify strengths and weaknesses of individual contributions, and personal career planning, are being introduced in performance management strategies which ensure that personal ambitions and aspirations are harnessed towards the overall service of government.

Performance-based compensation systems in the South African Public Service

Performance-based compensation systems have been introduced and are currently utilised to grant special recognition to personnel who have distinguished themselves from their peers through sustained above-average work performance. This is expected to stimulate the initiative of personnel and to encourage them to be more efficient and effective. Components of the system are:

- **MERIT AWARD SYSTEM:** applicable to all public servants. A cash amount, calculated at either 18 per cent or 10 per cent of basic annual salary, depending on the evaluation of results, can be made to an individual.
- **SPECIAL RECOGNITION:** by way of either cash payments or commendations can be granted to personnel for suggestions, invention, improvements, etc.
- **DEPARTMENTAL-SPECIFIC AWARD SYSTEM:** where awards, bonuses or allowances may be granted to persons of exceptional ability, or to those who possess special qualifications utilised to the benefit of the employer and those who have rendered sustained meritorious service over a long period.

- The Canadian Government has made it a policy to inform employees of the results expected of them in the performance of their work; to make them aware of the standards against which their performance will be judged; to provide them with feedback on a continuing basis and periodic formal feedback; and to act on the conclusions of employees' performance reports.

TRAINING

A highly pragmatic approach needs to be adopted to maximise the effectiveness of all levels of staff for improved service delivery. Training and development programmes to ensure competency are increasingly tailored explicitly to the skills needed to support the vision, objectives and strategies of the government. Among the reasons for the continuing emphasis on training programmes are: the need to invest managers with the necessary skills to handle newly-delegated responsibilities; the increasing knowledge and skills required by jobs in the public service; to develop customer orientation and improve standards of service delivery; to adapt

to new technology and new working methods; and to address skill shortages. In general, training and development programmes are seen as playing an important role in inculcating new values and bringing about desired cultural change.

In many countries, departments and agencies are encouraged to develop their own programmes so that they can tailor them to their specific needs. The development of managerial skills, especially at senior management level, is given high priority by many public services. This is generally regarded as an area in which central management bodies should take responsibility in order to ensure that all senior managers acquire the leadership and management skills that are considered essential to the success of public service reforms.

- In several countries, such as Australia, New Zealand and the UK, programmes are based on a set of core abilities that senior managers are expected to acquire. The competency-based approach is being developed across the entire Australian public service as a whole by a joint management-union training council as part of the government's national training reform agenda.

Thus, a major initiative of many training and development initiatives is to inculcate values and skills needed to re-orientate the public service and public servants towards the provision of service to clients and concern with service standards.