12. IMPROVING THE PUBLIC SERVICE: A COMMONWEALTH PERSPECTIVE

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Why focus on the public service?

Public service performance and the national strategy: the chain of connection

The last decade has seen an unparalleled debate concerning the size and role of the public sector.[1] This debate has been powered, in varying measure, by public disillusionment with the competence of government, changing views on the relationship between the citizen and government, and growing budget pressures.

Globalisation – the growing inability of national borders to restrict the flow of ideas or of capital – underpins every aspect of this debate. Public disillusionment with government has its roots in the over-optimistic assumptions of the 1960's and 1970's concerning the ability of the public sector to drive development by large-scale projects and large-scale spending. But that disillusionment can also be traced to the ready comparisons which an increasingly global media offers between standards of living in different regions. The performance of the public sector, previously accepted somewhat fatalistically, has become more open for debate.

Within increasingly global markets, national economic policies are now tested against international yardsticks of competitiveness. The capacity of the public sector to establish the right regulatory frameworks for development, to enforce them, to develop national productive capacity, to attract capital, and to act itself as a producer, are all in question. Again, globalisation has played its part in challenging the form and function of the public sector.

The debate concerning the role of government has also been strengthened by a remarkably consistent stream of managerial and political ideas which emerged during the 1980's. In sum these ideas, emerging from different settings but globally reinforcing each other, emphasised the significance of distinguishing between those who decide what should be done, and those who should do it – between policy-makers and implementors, or between purchasers and providers. Combined with a renewed conviction that market competition will improve efficiency, the managerial and organisational consequences for the public sector of these ideas have been vast.

In the 1990's, ideological rigour is giving way to a more considered evaluation of the newer organisational forms and distribution of functions, but the intensity of the international debate concerning the preferred *shape* and *size* of the public

sector is undiminished. Tentatively there is, however, some emerging consensus concerning one particular *role* of the public sector – that of aligning the need for personal freedoms and democratic accountability with the need to achieve a globally competitive position for the nation.

By tradition, there is a distinction between the overall public sector and the public service which lies at its core. That distinction has never been straightforward, and the lines have become increasingly blurred as newer and more autonomous organisational forms have emerged within government.

For clarity, this paper is taking the public sector to be the entire executive machinery of government – the public bureaucracy which responds to politically defined priorities within a constitutional framework. The public sector is distinguished from the private and NGO (or "third") sector in that it is directly accountable to government, and is subject to control by government in the details of its processes as well as through legislation and an overall regulatory framework.[2]

The public service, in some settings known as the civil service, is at the core of this sector. This consists of a body of employees unified by common professional norms and principles, by uniform financial and personnel management regulations and, traditionally, by a common career structure.

The public service always contains those arms of the state concerned with controlling the input of human and financial resources into the public sector: the treasury and the key personnel management functions. It generally contains core social and economic policy-making functions. Many service delivery functions and enterprises are within the public sector, but not within the public service, in that their internal personnel and financial management systems have drifted away from those imposed within the core public service.

As this paper will note, the boundaries between an increasingly less uniform public service, the broader public sector, and in some cases the private and NGO sectors, have become less distinct.

It is the ability of the public service to deliver the policy-making and regulatory basics that determines the overall capacity of the public sector. If not a *sufficient* condition, a competent public service is certainly a *necessary* condition for a competent public sector.

Improvements in the ability of the public sector to deliver a national strategy – the appropriate alignment of personal freedoms and democratic accountability with the need to achieve a globally competitive position for the nation – rest on an improved public service.

Three pressures for change

That linkage between national strategy and a competent public service can be seen in the three interlinked pressures which are forcing change within the public sector. Each of these change pressures places the performance spotlight firmly on the public service.

First, a renewed emphasis on legitimacy of government – where, as explained later, legitimacy includes equal portions of accountability and efficiency amongst its ingredients – is positioning the public service as the key indicator of successful change. More than any other national institution or sector, the public service must show that it reflects the changing emphasis.

Second, a concern for individual empowerment, the re-identification of the citizen as a customer of government, is requiring the public service to strengthen its roles as funder and regulator of other sectors.

Third, the imperative to get more for less, reorganising the machinery of government to increase efficiency, is requiring the public service to find new systems of accountability. The direction of organisational change within the public service is exposing ethical uncertainties which are focusing particular public attention on the previously obscure topic of public service organisational structure.

Pressure number 1: a renewed emphasis on legitimacy

The renewed emphasis on legitimacy of government, interpreted broadly, starts from the premise that the right of government to tax, spend, control and assist is constantly earned rather than permanently granted. Legitimacy is earned in three ways:

- through democratic accountability and transparency – a clear demonstration that ends have not been allowed to justify means and that redress is available;

- through actual or potential contestability – the provision of sufficient information to allow an observer to assess whether the services would have been better produced elsewhere; and

- through alignment with the procedures, structures and service standards of regional partners – very particularly through harmonisation within regional trading blocs.

These themes of political representation and accountability, appropriate constitutional and legal frameworks, transparency of government processes, strong civil society and mechanisms for achieving redress, are underpinning major

debates concerning the shape and nature of government in developing and, in different guises, in developed countries.[3]

In summary, the climate within which government must operate is being influenced by rising expectations concerning all aspects of its legitimacy: accountability of public office-holders; transparency in the disbursement of public finance and in the operation of state power; the availability of mechanisms for achieving redress; and consistency with trading partners.

The change in that surrounding climate can be assessed by such indicators as the freedom of the press, the independence of the judiciary, regional cohesion and, very particularly, the strength of civil society. The latter is, in turn, seen to be judged by the capacity and independence of non-governmental organisations, professional and labour associations, and other mechanisms for facilitating popular "voice" in national life.

In developing countries, pressure to change that climate of expectations has been substantially driven by the donors but it would be a caricature to imply that they have been the only source of pressure to place such values on the agenda – or that they have been substantially successful in doing so. The debate concerning these underpinning values and structures of the state has been encouraged by more pervasive developments ranging from satellite television to selective ideological emphasis on particular governance values in order to promote political agendas.

The Commonwealth itself is actively promoting distinctive values concerning the recognition and welcoming of diversity and pluralism within national life, and the significance of democracy and accountability, within a framework of the rule of law. These ideals found an explicit expression at the Commonwealth Heads of Government Meeting held in October 1991 in Harare. The Heads of Government noted that: "The special strength of the Commonwealth lies in the combination of the diversity of its members with their shared inheritance in language, culture and the rule of law. The Commonwealth way is to seek consensus through consultation and the sharing of experience".[4] They concluded that: "To give weight and effectiveness to our commitments we intend to focus and improve Commonwealth co-operation in these areas. This would include strengthening the capacity of the Commonwealth to respond to requests from members in entrenching the practices of democracy, accountable administration and the rule of law".[5]

The importance of sharing experiences "within a framework of similar values including a respect for pluralism, informality, and a belief in genuine consensus"[6] was emphasised at the 1993 Heads of Government Meeting held in Cyprus in 1993.

The pressure for change in the public service arises from the widespread perception that it lies at the centre of the machinery of state, somewhat insulated from the

surrounding climate of national values and public expectations. A popular image of the public service would hold that it is insulated from the public which it serves and correspondingly insulated from the changing values which make up this climatic shift towards enhanced legitimacy.

This insulation is provided by the political/legislative mechanisms of the state: the assumption that the electorate express their views and requirements to the legislature, and that it is this body which in turn operationalises these through the structures and processes of the public service.[7]

Identifying the public service as the partially insulated core of the machinery of government gives it a very particular significance. If the public service is one of the areas of national life most remote from changing national values and public expectations – the last resort of unreconstructed, unresponsive, at worst illegitimate and at best opaque government – then it follows that if the public service can be made consistent with the strengthened concerns for accountability and transparency, then these values must indeed be triumphant.

Significant improvements in the public service are seen as a key indicator of the successful penetration of the values supporting the legitimacy of government into the core of national life.

Pressure number 2: the citizen as a customer of government

The mass movement of citizens from passive recipients of government services to active customers has been a well-publicised journey. Charters, guarantees and service contestability are well documented themes[8] emphasising the core dimensions of consumerism: access; information; choice; and redress.

The limitations of consumerism as a model for government are also well understood. The risks of attempting to squeeze the constitutional subtleties of liberty, nationality, community, collectivity, and national vision into the pint pot of a shopping metaphor are widely recognised. However, as a dynamic for change, the experience of consumers in the private sector market-place in relation to quality, responsiveness, and customer service at the point of service provision have placed very significant pressure on government to change the style and nature of its service planning and delivery.

The most dramatic form of this dynamic for change has concerned moves to improve the experience of individuals at the point of contact with government, but it is consistent with several other related themes all falling under the larger heading of output-orientation. This set of ideas moves the emphasis away from a concern with inputs of financial and human resources, and with processes, towards a concern with outputs – what was actually produced, and how well.

Focusing on outputs has been a necessary prerequisite for other consumerist moves, from contracting out (the purchase of goods and services, previously produced within government, from private sector suppliers) to the establishment of performance measures for government departments. All such moves presuppose that the outputs of government can be identified, qualitatively and quantitatively. That identification amounts to an assumption that all those outputs have customers – whether the customers are individuals, institutions, other government departments, or an entire sector.

This movement is leading to a separation of roles between the service planners and funders within government on the one hand and, on the other, the organisations which are contracted to provide those services – which may be in the public, private or NGO sectors. In this way, the move from citizen to customer has led to a greater emphasis on the provision of services by agencies outside of government.

As a result, in addition to its traditional relationship with the political structures of the state, and its diminishing direct service delivery relationship with the public, the public service must now increasingly manage contractual relationships with the private sector and parastatals and similarly with the NGO sector.

Given its increasing reliance on the private sector, parastatals and the NGO sector for service delivery, the responsibility of the public service to manage the regulatory environment and to manage the economic structures and conditions for enhancing the diversity and capacity of these sectors is emphasised. In this way, the proliferation of service providers has resulted in a more complex web of organisational relationships, but has simultaneously highlighted the role of the public service as conductor of this more diverse orchestra. Paradoxically, amidst much debate concerning the shrinking role of government, this positioning of the public service provides it with a role that is perceived to be broadening.

Significantly, the tidy distinction between, on the one hand, government services provided only by government employees and, on the other, NGO and private organisations providing services only on behalf of those sectors, has blurred. It is increasingly accepted that services for which government is responsible, are delivered by other agencies. Private sector companies and not-for-profit organisations are providing services for which, it is accepted, government is ultimately accountable.

For this reason, distinguishing between responsibilities has never been more difficult for consumers. For the recipient of government services provided through a private sector organisation, for example, determining whether a service failure can be attributed to government's inadequacies in letting a workable contract, or whether it is the responsibility of the company for not fulfilling its contractual obligations, can be all but impossible.

As a result, while the public service may attempt to do less, through its growing funding and regulatory roles it is in practice perceived as being responsible for more.

Pressure number 3: restructuring the machinery of government to increase efficiency

The pressures on government to increase efficiency are clear. They stem, as with all major developments, from a combination of *motive*, *opportunity* and *means*.

The *motive* stems from concern both about costs and about effectiveness. In the context of the dramatic globalisation of trade, national economies are exposed to harsh external judgements as never before. In developing countries, the dramatic growth in the public sector in the 1970s was based on a seemingly unbreakable chain of reasoning. More or less socialist principles inter-linked with economic nationalism, a limited private sector and an understandable need to guarantee employment for the newly educated, to produce an argument for national development powered by a growing public sector.[9] In developed countries, the chain was formed from similar political assumptions, and a faith in the ability of the state to provide health and other social services at a level that felt comfortable to the contributing taxpayer.

In both settings, although to very different degrees, the harsher economic climate weakened these arguments at key points. The links between the larger public sector and enhanced development were very particularly challenged. In the 1980s, considerable attention focussed on public enterprises in particular. They seemed to typify the newly exposed errors of this thinking, as economic realities emphasised that public capital should, at the very least, not produce a negative return when invested.[10]

Despite the budget pressures, if a high growth strategy for the public sector had delivered the socio-economic goods, it is possible that the pressure for change would not have mounted so quickly. However, concern about the costs of this strategy coincided with increasing doubts about the effectiveness of the public service to deliver required policy outcomes. An expensive machine is one thing, an expensive machine that does not work is another. The overall pressure has been well summarised in the maxim that "the state should manage less, but manage better".[11]

Surveying the international scene, the *motive*, the push for public sector improvement, has been increasingly evident since the early 1980s. To graduate into a fully developed public sector improvement movement, however, *motives* require both *opportunity* and *means*.

Opportunities have been spotted in most settings, most generally when the political nerve to label structures and practices as wasteful coincides with the political and administrative ability to identify a coherent change agent.[12] At the same time, public sector reformers have been equipped with a seemingly ever-diversifying array of *means*. These are the organisational forms available for use in the public sector which, simply by increasingly common usage, have entered the mainstream.

Organisational forms which were until recently considered radical for the public sector have now become real options on a dauntingly large menu for public sector planners.

Highlighting reorganisation as a key means of improving the public sector is not to argue that managerial practices and support systems are not equally significant. Whether public sector improvement is seen as the successful permeation of key values, a significant movement towards customer empowerment, or the selection of a more efficient organisational form, changes in strategic planning systems, performance management practices, strategies for the management of human and financial resources and capital assets, and in information technology support are all part and parcel of the development. Emphasising organisational forms is, however, very definitely intended to note that reorganisation has been the wedge which has introduced change into many public sector organisations.[13]

Reorganisations within the public sector can be characterised in many different ways. The six components of reorganisation generally employed within the public service are set out below. They are not mutually exclusive.

(i) *Consolidation*
associated changes:
downsizing – reducing the size of the workforce;
reducing – reducing the size and scope of the organisation;
de-layering – reducing the size of the workforce by increased delegation, increased spans of control, and the removal of management layers; and
centralisation – pulling back from decentralised or devolved organisational forms.

(ii) *Decentralisation*
associated changes:
deconcentration – the geographical relocation of parts of the organisation; and
horizontal restructuring – the creation of locally-based organisational units, each capable of providing a broad range of services.

(iii) *Devolution*

associated changes:

delegation of financial management and/or of personnel management – providing greater autonomy to managers at lower levels, within overall guidelines;

establishment of agencies – general delegation of authorities to cost and profit centres, with flexibility to achieve agreed goals within an agreed framework of accountability; and

establishment of internal markets – designation of cost centres with sufficient overlap of functions to enable budget holders to exercise some choices in "purchasing" from these internal suppliers.

(iv) *Corporatisation*

associated changes:

transparent funding – financial "ring-fencing" to identify all funding inputs, including government subsidies, allowing sub-sidised and unsubsidised prices to be established for all outputs;

change of legal entity – establishment of an organisation capable of addressing commercial objectives; and

vertical restructuring – the separation of interdependent activities previously undertaken within the same organisation.

(v) *Contracting out*[14]

associated changes:

contracting services out – pass responsibility for the provision of a specified level and quality of services to a private or NGO sector organisation;

contracting management out – retain ownership in the public sector while contracting out management of the organisation to the private sector for a specified period for a fixed fee or on a profit-sharing basis; and

leasing assets – the leasing of facilities or a brand name owned by the government to a private or NGO sector organisation for a specified period for a fixed fee.

(vi) *Divestiture*

associated changes:

selling unchanged – change ownership only;

restructuring;

selling as single entity;

disaggregating and selling – privatise constituent parts; and

selling the core – sell the profitable core following its separation from the less profitable or less strategic activities.

Broadly speaking, the use of these components of reorganisation as a means to achieve efficiency savings has been driven by two convictions which are recognisable in the elements of the new paradigm described by Professor Borins in his overview paper in this publication:

(i) that increased managerial autonomy frees up managers to develop imaginative solutions for business problems; and

(ii) that establishing some degree of private ownership provides the basis for incentives for performance improvements – particularly when it is associated with strong market competition.

It should be emphasised that much of the supporting evidence behind these convictions is anecdotal rather than substantial. However, they represent very strong assumptions within public sector improvement programmes.

The results from applying these reorganisation components to the public sector have been remarkable. Previously uniform structures have evolved and diversified into a complex patchwork of organisational forms. Boards, trading enterprises, NGO contractors, one-stop multi-function services have added increasing variety to the public sector scene.

The challenge of that new and more diverse scene is that the boundaries are no longer as clear as once they appeared. With increasing corporatisation and greater contracting out, the line between the public sector and the private and NGO sectors is somewhat more elusive. Similarly, at the core of the public sector, with the arrival of increasing varieties of operating or executive agencies within government, the traditional line between the public service and the public sector described above is now somewhat harder to trace.

The most challenging aspect of this shift concerns accountability. To its critics the public service is characterised as process-driven, overconcerned with regulatory compliance and insufficiently attentive to results. That preoccupation with process has certainly not rendered it immune to impropriety – but, successful or otherwise, it did represent a coherent attempt to emphasise consistency and to remove any distractions from the ultimate accountability of politicians for the policies they select.

In that increasingly uncertain territory between the public service and the private sector where the regulatory and process controls have been reduced, it is not yet clear what the new accountability approach should be. It is not always clear that coherent distinctions can be made between public and private interests or between managerial drive towards organisational survival and achieving public policy outcomes.

In consequence, the many moves to restructure the public sector for efficiency have focused attention on the public service because of a new uncertainty that surrounds it. In terms of systems for accountability, it is more clear what the public service is moving away from than where it is headed.[15]

The problem of change in the public service

Stability and resistance

Self-evidently, the public service is remarkably resistant to productive change. This resistance takes two guises – old and new. The well-established concern with the public service is that in its focus on process rather than product, it remains aloof from the disappointments of both its funders and its consumers, seeing any proposals for change as attacks on the integrity of integrated systems and careful precedent.

This form of resistance to change can be unpacked to reveal some more concerning dimensions. The presumption behind the traditional model is that the formalism of rules and procedures serve to insulate the service from the heat of short term political or other partisan pressures. If, however, partisan interests have entered the system through other means, that same insulation keeps the heat in rather than out. In the most extreme cases, the formalism provides cover for patronage through job-creation and erratic recruitment criteria, personalised patterns of loyalty, and organisational growth reflecting the role of the public service as a welfare employer rather than as a policy goals achiever.[16]

The degree to which the public service can be removed from the economic realities of its context are equally concerning. In relation to remuneration, a system which pays staff at a level which must require moonlighting for survival, while notionally relying on loyalty to the public service as a motivator, is clearly not concerned with achievement. Equally, a system which pays excessively well for poor results through intricately constructed benefit packages is little concerned with its reputation.

In relation to budgets, a system which encourages annual incremental increases to watertight budget allocations, regardless of national needs or economic growth, is less than well connected with the wider realities.

Emphasising these points comes close to caricature. The point to be made is simply that the resistance to change in the public service, in the traditional guise of addiction to process, is based both on loyalty to an idea – protection from interference – and on rather more self-interested loyalties to patrons and to

personal position. Both sets of loyalties have encouraged the development of constituencies which do not recognise change as in their interest.

The Public Service Commissions established in all Commonwealth countries offer a particular example of an institutional design which is intended to be resistant to change – and which has proved to be remarkably successful in this endeavour. This resistance to change also symbolises the positive and negative aspects of that stability. At their best, they have acted as bulwarks against undue political interference in recruitment, promotion and disciplinary activities. At their worst, they have locked into the service a perspective which barely recognises merit or initiative.[17]

The newer guise of resistance to productive change is more subtle and clearly not unique to the public service. Refocusing managerial attention on the change process provides a continued reason for avoiding the thorny issue of outputs and organisational effectiveness. Change itself rather than organisational improvement becomes the agenda.[18]

Again, this verges on caricature and risks placing the public service in a position where it is criticised for either change or for stability. The point at issue is that the public service is seen as an intrinsically stable system, prone to long term decline, but resistant to shorter term productive improvement.

Some change trajectories for the public service

In the face of this intrinsic stability, change is possible. As this conference has indicated, in some settings profound reforms of the public service have been undertaken with resulting performance improvements claimed and, perhaps less frequently, demonstrated.

If change really is the only certainty for the future, then it is important that the types of change are characterised. If there are to be no more pauses in which the public service might catch its organisational breath, then there is little time to review the assumptions implicit within any particular change strategy. Having started along one change trajectory, it will be difficult to switch to another.

Looking across the Commonwealth, change trajectories for the public service can be characterised along two dimensions according to the source of pressure for performance improvements, and to the way in which a successful change is defined.

Along the first dimension, the pressure for improvements can result from stimulating external expectations to provide a *push* to public service standards, or from ratcheting up internal expectations a *pull* towards improvement. A strong and current example of push acting on the public service is provided by the moves

towards empowering consumers by such devices as the charters or other service guarantees which provide the consumer with a lever for enforcing improved service (e.g. UK and to a lesser extent, Malaysia). An example of pull is the requirement to deliver year-on-year efficiency savings with no loss of output (e.g. Singapore).

Along the second dimension, success in improving the public service can be interpreted as the attainment of a specific and predictable result, a move from position A to position B. At the other extreme, improvement programmes can be intended to initiate a process in which constant change is envisaged – with no intention of stopping or perhaps with no belief that stopping is possible.[19]

In summary, the location of change along the two dimensions is determined by whether:

(i) the source of pressure for performance improvements arises from increased internal expectations originating within the service, or increased expectations from external consumers; and

(ii) the movement intended for the public service consists of well-defined, measurable improvements, or an open-ended process of continuing improvement.

These two dimensions intersect to produce four broad trajectories with differing characteristics:

- *Change trajectory 1* results from increased external pressure for improvement (increasing the power of consumers etc.) and defines success as implementing some specific improvements. It might be characterised as *predictable consumer gain*. Elements of the Malaysian Public Service improvements could be located under this heading.[20]

RISKS. Increasing the external pressure is intrinsically risky in that it inevitably opens up the possibility that raised public expectations will not be met. The exposure is higher in a situation where specific anticipated improvements have been set out.

OPPORTUNITIES. To change the public perception of the public service by delivering on two definite promises: that reforms will be in place; and that the reforms will lead to service improvements which will be experienced by consumers.

- *Change trajectory 2* might be called *continuous service improvement* and results from the push of increasing external pressures with success defined as the commencement of an unstoppable process of continuing change. Arguably, the process underway in the UK is following this change path.

RISKS. The key dynamic in seeking this objective is the careful use of "mistrust" - an emphasis on the public's need to have ammunition to use against a public service which might not, of itself, deliver quality goods. This strategic use of mistrust can be seen in the growing range of charters and service guarantees, and more broadly, in the drift towards a "contract culture" in which careful service specification is seen as the key instrument for improving quality.[21]

The risk emerging from the use of this dynamic is that it may build in a permanent scepticism about the quality of public services – with implications for the perceived worth of government provided services. Equally, it might be argued that different sections of society are more or less able to use the consumerist model to full advantage, with a consequent risk of divisiveness.

A further risk is that government may not have the capacity to manage a high level of permanent change.

OPPORTUNITIES. The strategy provides the possibility that customer needs will determine the nature of public services in a way that could not be matched by internal planning. It allows for the possibility of a highly responsive service, in which emerging need and as yet unrecognised demand is translated into service provision more rapidly than would follow from bureaucratic prediction.

- *Change trajectory 3* results from the pull of increased internal pressures including higher managerially imposed standards, and embodies a reasonably clear picture of the desired improvements. This trajectory might be termed *predictable performance improvement.* Arguably, New Zealand's major reforms of the Public Service could be located here along with, less dramatically, the reforms in Trinidad and Tobago and in Malta.

RISKS. The principal risk is that of over-prescription based on ideology or internal planning. If the intended model is relatively clear, and if that model has been generated by change drivers with a focus internal to government, the resulting position might, in the extreme, owe more to administrative rigour and theoretical coherence than to customer need.

OPPORTUNITIES. The objective provides the opportunity for developing a model of public service which is clear, carefully structured, comprehensively planned, and tailored to meet national needs over a long time horizon – in particular economic and planning needs which government can see but which might not be clear to public service recipients.

- *Change trajectory 4* represents continuous performance improvement and is defined by an emphasis on internal pulls for service improvements, and by the very open-ended nature of the intended reforms. Elements of the Public Service changes in Singapore might be located here.

RISKS. This strategy fits with strong government leadership. It makes two key assumptions: that government can see emerging need more coherently than service recipients; and that government has the capacity to manage continuous change. In the absence of either of these foundations, there is scope for strategic and expensive misdirection of administrative effort.

OPPORTUNITIES. This strategy offers both the greatest risk and the highest potential gain. It provides a model in which government can develop a public service machine able to respond to strategic national needs as they are identified. One particular strength is that it allows government a full and pragmatic choice of strategies. Market testing and tightly defined contractual relationships between units within the public service and between the public and other sectors are a possibility to be used if necessary – but are not a requirement.

Making change happen

Since 1975, the Management and Training Services Division of the Commonwealth Secretariat, and its predecessor the Management Development Programme, have been providing extensive assistance to Commonwealth governments confronting the challenge of securing administrative and managerial improvements in the public sector. The Division's analyses of major trends and opportunities for public sector improvement are complemented by its tailored consultancy and training packages designed in response to national and regional needs.

In undertaking this work, a picture has emerged which offers some insights into the mechanisms for achieving change within the public service. Improvements, Commonwealth experience suggests, can be seen to be the result of *controlled destabilisation* of this resistant system employing some very particular tools which are generally used as the destabilising devices.

Each tool represents a possible point of entry into the process of improving the public service. As a tightly connected system, improvements in one area of the public service provide the springboard for improvements in others.

As will be explained below, disaggregating major public service improvement programmes into tools for destabilisation or constituent parts is not to diminish the need for an over-arching vision and high-level determination. It is however intended to capture the reality that not all public service improvements are defined within a large-scale public service improvement programme. Donor-driven pressure for such programmes has had the disturbing effect of devaluing small scale opportunistic improvements – with the consequence that, in caricature, poor services and bad practices must continue for some more years until every critical

path diagram in every printed volume of the integrated improvement programme has been agreed by all the key national and international players.

The individual tools employed follow a somewhat standard pattern across the Commonwealth. The mix, the selection from that broadly standard menu, varies considerably.

Taking as an example the need to *change the working culture*, a remarkably consistent set of devices are being employed to deliver change in the public service in some very diverse settings. The tools can be grouped into three principal areas:

(i) Tools for the development of a mission orientation for staff

- ensure that all units/Ministries have and own achievable and measurable operational goals (e.g. mission statements worked up from the bottom, steered by the top);
- publicise operational plans (e.g. business plans);
- publicise achievement (e.g. annual reports); and
- disaggregate funding, ensure that staff understand the costs of failure (e.g. identification of costs of specific activities, highlight wastage).

(ii) Tools for emphasising business needs in recruitment and retention practices

- set budget control totals for wages/salaries – allow flexibility within the total (e.g. set budget for all running costs, allow flexibility between wage bill and work contracted out);
- devolve recruitment to Ministries – under general guidelines set by the Public Service Commission (e.g. distinguish between the Commission's role in setting the rules for recruitment and in recruitment itself – the latter function may be moved);
- establish the principle of differential pay-scales according to recruitment difficulties (e.g. gradually introduce delegated pay and grading systems for larger Ministries within a framework of centrally-determined rules);
- encourage open recruitment for all senior positions (e.g. open competition for all but the most sensitive positions).

(iii) Tools for emphasising merit in performance management

- introduce performance review (e.g. modernise staff appraisal approaches);
- develop performance incentives – financial and non-financial (e.g. Prime Minister's awards for excellence, performance-related salary enhancements); and
- monitor performance improvements of units - develop shared strategies for improvement (e.g. regular briefings of all staff on achievements and shortcomings of the unit – within the context of collective responsibility, staff and management – and explain the proposed strategies for improvement); and

- train for identified business needs, counsel for failures (e.g. treat training investment as any other capital investment – appraise in terms of service gains achieved).

Tools to change the working culture, grouped into the above three "toolboxes", sit alongside other groupings of tools which are also used to *improve human resource management* within the public service. Tools for improving human resource management have been identified in the following categories.[22]

(i) Tools for changing the working culture
- the development of a mission orientation for staff;
- emphasising business needs in recruitment and retention practices; and
- emphasising merit in performance management.

(ii) Tools for changing the way in which staff are acquired
- emphasising merit in recruitment and retention practices;
- ensuring non-discrimination in recruitment; and
- devolving responsibility for recruitment.

(iii) Tools for managing the workforce as a flexible resource
- using contractual employment;
- developing redundancy management schemes; and
- strengthening human resource information and planning systems.

(iv) Tools for maximising the contribution of staff
- enhancing staff training and development;
- developing locally relevant codes of conduct; and
- introducing career management.

Observations suggest that change happens through the use of tools chosen from this selection, only when commitment and ownership are present in a particular form.

Sustainable change is built on commitment and ownership from the most senior levels within government to a strategy for change and to the use of selected tools for achieving movement within it. With no commitment, the public service does not know what is expected of it. With no ownership, there is no incentive to maintain a difficult course. Above all, without both commitment and ownership, there can be no choice of strategy, and consequently no guiding principles.

Commitment from the top is referred to so frequently as a fundamental requirement for public service improvement that, through overuse, the phrase has now been very largely drained of meaning.[23] Experience suggests that if change is

to be achieved, then three components of commitment must be present managerially, and in the case of major programmes, politically.

First, commitment to change involves a willingness to indicate a clear preference for the future – to say what an improved public service would look like, and what it is in the past that must be left behind.

Second, it entails a willingness to take responsibility for, to own and to accept praise and blame, for the process that will lead to that future.

Third, commitment requires a preparedness to describe and repeat, as often as possible, both that preference for the future and the process for getting there.

A Commonwealth perspective on public service improvement

A concern for choice

The observation in this paper is that positive change within the public service is a priority, and is achieved by a controlled destabilisation employing a series of tools to generate movement along one or more of four change trajectories. This is not a recommendation. This is an observation – a recognition of the reality of change.

The intention of setting out this observation is to highlight choice in improvement programme design and to empower those who wish to improve the public service by providing a framework within which different improvement programme patterns may be selected.

This choice is not just for senior policy makers within the public service. This choice is also for those who seek to improve it from without, including special interest groups and those private and NGO sector organisations working in partnership with government, who wish to urge for particular improvement strategies.

Choices are made in the real world of multiple constraints. Highlighting choice does not deny the limitations imposed by budgetary constraints and donor conditionalities. The room for manoeuvre is small – but highlighting choice does seek to emphasise that it is there.

A concern for values

The public service is intrinsically value-driven. The values which are traditionally emphasised concern merit, equity, probity, integrity, ethical conduct, and political independence.[24] Public service improvement programmes recognise that there are other values which must intersect if the public service is to develop into an

achieving organisation. These concern leadership, a concern for quality, a loyalty to productivity, and a belief in the potential of employees to serve well.

The Commonwealth values, which inform the wider debate concerning national expectations of political representation and accountability, transparency of government processes, and mechanisms for achieving redress from government, also have their part to play in shaping the processes of the public service.

There is a common core – the Commonwealth approach in the design of public service improvement programmes is to encourage choices which lie at the centre of these three value sets. This common core has relevance for overall strategy, and for the selection of tools. Put starkly, in introducing any changes, are the gains in one value set offset by losses in another?

A concern for the best

The observations described in this paper suggests that there relatively few novelties in public service improvement programmes. The elements of reform emerge from a common portfolio of options.

Having identified potential levers for change, there is every reason to assume that they will have been pulled somewhere else first. There are increasingly many routes for examining best practices and new developments in other comparable public service settings.[25] The best of existing best practice is a sound starting point for a detailed consideration of change levers.

A concern for practical action

The similarity of public service structures across the Commonwealth provides an opportunity for developing these concerns for choice, core values, and best practice into practical programmes of action.

The support for the establishment of the Commonwealth Association for Public Administration and Management forms a key component of that action. CAPAM provides the framework for a professional debate about the public service, the pressures it faces, the values it represents and the practical possibilities for improvement. Uniquely, it provides a mechanism through which innovations and best practices developments can be shared between practitioners, between practitioners and politicians, and between practitioners and academics.

Those emphases on choice, core values, and learning from the best of best practices are being developed in other ways. In current work, innovations and best practices are being explored in seven key areas:

1. *Improving human resource management approaches.* As already indicated, this area includes the methods used: to change the working culture; to change methods of staff acquisition and exit; for the flexible use of the workforce; and to enhance skills and motivation.

2. R*estructuring for efficiency,* including the development of more efficient organisational forms and functions.

3. *Emphasising customer service*, including the methods employed for improving service quality.

4. *Improving organisational partnerships* between the public service and the private sector, parastatals, NGOs, and academic and other institutions; including the development of an appropriate regulatory environment and the management of economic structures and conditions which facilitate the development and diversity of these sectors.

5. *Improving managerial effectiveness*, including the development of managerial capability, improvements in information systems and the effective utilisation of advisory and consultancy resources.

6. *Modernising financial management* from overarching frameworks for financial management reforms to improvements in estate management, procurement and accountancy systems.

7. *Strengthening policy coordination and review*, including enhancing policy analysis capacity, policy co-ordination and presentation.

The results of the exploration of these areas at country level is emerging in the publication of the Public Service Country Profile Series. These publications provide insights under each of these seven headings into the recent developments and best practices in a broad range of Commonwealth countries.

The Commonwealth Portfolio is being developed which distils and analyses innovations and best public service management practices from across the Commonwealth to provide practical guidance for all involved in managing and improving the public service.

In summary, these initiatives are intended to assist officials, elected and appointed, extract the maximum value from the eight key lessons for public service improvement identified from Commonwealth experiences:

1. Public service improvements are one element of a larger concern to align the need for personal freedoms and democratic accountability with the need to achieve a globally competitive position for the nation.

2. Public service improvements are driven by three forces: a renewed emphasis on the legitimacy of government; a concern for the citizen as consumer; and the increased range of organisational forms available to the public sector.

3. Public service improvements are made possible by senior managers and policy-makers who feel empowered by focusing on the choices which they do have as well as the constraints which they must work within.

4. Public service improvements follow four broad trajectories, each with its own risks and opportunities.

5. Public service improvements are achieved by selecting specific tools for achieving change – and are best achieved by learning from the impact of those tools in other settings.

6. Public service improvements are sustainable only if there is a particular form of commitment from the highest levels within government.

7. Public service improvements and the tools used to deliver them can be assessed according to the degree to which they impact on "traditional", "achievement" and Commonwealth values.

8. Public service improvements are circular: sustainability of performance improvements is synonymous with a recognition of the need for further reform.

Notes

1. The debate has been well explored in *The Changing Role of Government: Management of Social and Economic Activities* (Commonwealth Secretariat, London, 1991) and *The Changing Role of Government: Administrative Structures and Reforms* (Commonwealth Secretariat, London, 1992).

2. The New Zealand Government refers to an intermediate organisational grouping - the state sector - comprising the public service and state-owned enterprises etc., but excluding local government.

3. See for example: *Development, democracy and human rights: an issues paper* (Commonwealth Secretariat, London, 1994, unpublished), and *Governance: The World Bank's Experience* (World Bank, Washington, 1994).

4. Commonwealth Declaration, Harare, October 1991.

5. ditto.

6. The Cyprus Communique, Commonwealth Heads of Government, October 1993.

7. This conceptualisation owes substantially to the framework developed in *Projectizing the Governance Approach to Civil Service Reform* (Pinto R., World Bank, Washington, 1994).

8. See, for example, the strategies described to improve the quality of services in Malaysia, the UK, and Singapore in the *Public Service Management: Country Profile Series* (Commonwealth Secretariat, London, forthcoming) and in the conference papers in this publication. "Customer-driven government" is a major theme in *Reinventing Government* (Osborne and Gaebler, Addison Wesley, Reading MA, USA, 1992).

9. See *Managing Organisations in Africa* (Blunt P., Jones M., de Gruyter, Berlin, 1992).

10. See, for example, *Adjustment in Africa: Reforms, Results and the Road Ahead* (World Bank, Washington, 1994).

11. *The Reform of Public Sector Management: Lessons from Experience* (Country Economics Department. World Bank, Washington, 1991).

12. This characterisation owes very considerably to Christopher Hood's more detailed analysis"Public Management Baseline Styles and Propensity to Shift NPM-wards: a tentative hypothesis" in *The New Public Management Model and its Conceptions of Performance Engineering* (Hood C., in The Public Sector Challenge: defining, delivering and reporting performance, New Zealand Society of Accountants, Wellington, 1992).

13. The need to distinguish between organisations as a whole, and their structure as one component of that whole, is well argued in *Beyond the Bottom Line* (Plumptre T., Institute for Research on Public Policy, Halifax, Nova Scotia, 1989) p240.

14. *Contracting out* and *divestiture* are frequently located together under the heading of *privatisation*. In this typology a distinction is being made between *the use of external markets for the supply of specific services* (contracting out) and *a change of ownership of the core business* (divestiture). Fuller details of privatisation are provided in *Management of the Privatisation Process* (Commonwealth Secretariat, London, 1994).

15. See *The Proper Conduct of Public Business* (Committee of Public Accounts, HMSO, London, 1994) for an interesting summary of recent concerns within the UK arising from excessive zeal in the interpretation of delegated authority.

16. See, for example, *A Governance Approach to Civil Service Reform in Sub-Saharan Africa* (Mamadou Dia, World Bank, Washington, 1993).

17. For an interesting discussion of the possible approaches to modernising the role of Public Service Commissions, see *The Report on the Role of the Public Service Commission in the Management of Human Resources* (Burton C., Caribbean Centre for Development Administration, Barbados, 1992).

18. Flynn captures this well when he refers to organisations "which have gone through major changes in the name of efficiency (and then) lose sight of their purpose and spend all their time meeting each other, rather than finding better ways of serving the users". See *Public Sector Management* (Flynn N., Harvester Wheatsheaf, Hemel Hempstead, UK, 1993).

19. This has resonance with the"managing in chaos" literature - for example: *Managing on the Edge* (Pascale R., Simon and Schuster, New York, 1990); *Thriving on Chaos* (Peters T., MacMillan, London, 1988); *The Age of Unreason* (Handy C., Arrow, London, 1990).

20. Supporting evidence for this and the subsequent very approximate positioning of public service reform strategies can be found in the *Public Service Management: Country Profile Series* (Commonwealth Secretariat, London, forthcoming) and in the conference papers in this publication.

21. This question of the use of trust/mistrust as dynamics in forcing service improvements within government is explored in relation to a developing country situation in *Trust in a Rent-seeking World* (Tendler J., and Freedheim S., in World Development vol. 22, no. 12, December 1994).

22. Support for this observation can be found within the *Public Service Management: Country Profile Series* (Commonwealth Secretariat, London, forthcoming).

23. "High-level political support, encompassing both the prime minister and cabinet, is required. Political support does not mean mouthing slogans, but rather includes an active understanding of the initiative and its logic." (See the paper from Professor Sandford Borins in this publication).

24. These values are eloquently identified by Denis Ives, Australian Public Service Commissioner, in his paper provided earlier in this publication. Similar values are also set out in *Changing Concepts of Power and Responsibility in the Canadian Public Service* (Kernaghan K., Canadian Public Administration, vol. 21, Fall 1978).

25. See Appendix for details of some relevant Commonwealth Secretariat publications.

Appendix

Relevant Commonwealth Secretariat publications

Current Good Practices and New Developments in Public Service Management: a Commonwealth Secretariat publication series. This major publication series provides practical guidance to managers at all levels within the public service.

The Commonwealth Portfolio leads the series. In loose leaf format for easy updating it distils and analyses innovations and best public service management practice from across the Commonwealth. Its 65 entries will be published in stages and cover the following key areas:

a. making the most of staff;
b. making government more efficient;
c. improving the quality of services;
d. improving partnerships with organisations and agencies outside of central government;
e. making management more effective;
f. improving the management of finance; and
g. improving policy-making.

An overview of Commonwealth best practices and the management of change, and the entries in sections a and e will be published in late 1994. The remaining sections will be published in early 1995. Registered holders of the Portfolio will receive regular updates and new entries.

The Portfolio is complemented by *The Public Service Country Profile Series* which provides a unique insight into recent developments and best public service management practices in a broad range of Commonwealth countries. Profiles of the Public Service of the following countries are in print or forthcoming:

- Canada
- UK
- Malaysia
- Trinidad and Tobago
- Zimbabwe
- New Zealand
- Malta
- Key features from selected countries, including Botswana and Grenada
- Profiles of the Public Services of Australia, Ghana and Singapore are planned.

Other relevant current Commonwealth Secretariat publications include:

Management of the Privatisation Process: A Guide to Policy-making and Implementation (Commonwealth Secretariat, 1994).

Choices in Decentralisation (Smith B., Commonwealth Secretariat, London, 1993): An overview and curriculum for central government officials responsible for the reorganisation of administration at the local level.

Government Information Technology Policies and Systems (Han C., Walsham G., Commonwealth Secretariat, London, 1993).

The Changing Role of Government: Administrative Structures and Reforms (Commonwealth Secretariat, London, 1993): Proceedings of a Commonwealth Roundtable held in Sydney, February 1992.

Public Administration in Small Island States (Baker R., Kumarian Press, Connecticut, 1992).

Successful Decentralisation (Commonwealth Secretariat, London, 1992): Proceedings of a Roundtable held in Male, December 1992.

The following publications will be available shortly from the Management and Training Services Division:

Performance Contracts: A Handbook for Practitioners.

Organisational Structure in the Public Sector: Choosing Options for Change.

Cabinet profiles of selected Commonwealth countries.