

Public Sector Reform-Challenges for an incoming Government

Declan Kearney

INTRODUCTION

The Public Service Reform Plan 2014 – 2016 and the Civil Service Renewal Plan are part of a series of reform plans dating back to the SMI (Strategic Management Initiative) of 1994. The reforms are based on introducing change based on private sector ideas and are referred to as public management or new public management initiatives. Typical of such reforms are initiatives like shared services, outsourcing services, customer focus and better use of information technology.

The current plans are very positive from a number of perspectives. They are easy to read and understand and have clearly articulated the goals to be achieved. They also include detailed implementation plans and regular updates on progress on implementation. One of the striking aspects of the current plans is the introduction of new, innovative and different ideas from earlier plans. For example coaching is being provided for senior managers by external executive coaches, there is talk of development centres and assessment and a strong focus on setting performance standards and measures at the most senior levels.

The objectives of the Public Service Reform Plan cover –

- delivery of improved outcomes,
- capitalising on the reform dividend,
- digitalisation and open data, and
- openness and accountability.

The four cross cutting initiatives are-

- a focus on service users,
- a focus on efficiency,
- a focus on openness and
- a focus on leadership and capacity.

The overall aim is to

” develop a high performing workforce that possesses the range of competencies required to function more effectively in the more complex policy environment.” Specifically the plan states that “there is a need to strengthen the culture of driving, measuring and supporting high performance at senior levels in the Public Service” and

“As a consequence we need to develop a strong and systematic approach to defining clear expectations of performance and to measuring performance among the leadership cohort.”

As well as the plan for the reform of the public service there is also a plan for Civil Service Renewal which describes the vision for the civil service as being –

“ to provide a world class service to the State and to the people of Ireland”

This paper will examine the focus of both plans on developing a high performance workforce across the public service and will argue that, while there is much to commend the plans, a more rigorous approach is required if the objectives are to be achieved.

THE FOCUS ON HIGH PERFORMANCE

The key initiatives to achieve high performance are as follows –

- A focus on developing members of the Senior Public Service.
- A review of the performance management and development system in the civil service which will have implications for the public service as a whole.
- A new learning and development strategy.
- A focus on improving the capacity of line management.
- The further professionalisation of the Human Resources function.
- The introduction of a yearly staff engagement survey for the civil service.
- New HR initiatives – for example on examining grading structures and on removing restrictive recruitment practices.

As will be shown in the following paragraphs, these initiatives are central to promoting high performance and show that the plans take account of the issues facing the public service in raising performance standards and are in line with best practice.

CHARACTERISTICS OF HIGH PERFORMING ORGANISATIONS

High performance organisations have been studied and their characteristics have been well documented. For example, the Boston Consulting Group describe the characteristics of high performing organisations as including –

- Shared leadership that drives direction and urgency.
- A structure that is aligned to strategy.
- People that are empowered with crystal clear goals.
- Change that is disciplined
- Culture that is performance focused.
- Engagement that is measured and cultivated to generate discretionary effort.

More specifically they include a focus on high performing teams, a strong leadership pipeline, few layers between the CEO and the frontline, wide spans of control and matching capabilities to role requirements.

Generally speaking, people working in high performing organisations are clear on what is expected of them, have the skills to do the job and are empowered to work with minimal supervision.

A case study on how an energising and motivational climate was created and maintained in the All Blacks is instructive. The study showed that to create a sustained energising and motivational climate, the following changes were made-

- A change from a command and control leadership style to more inclusive styles including participative, coaching and visionary.
- The introduction of shared leadership between managers, coaches and senior players.
- The introduction of one to one performance discussions.
- The better use of feedback and development plans.
- The promotion of empowerment, accountability and responsibility.
- The shared vision of an expectation of excellence – to be the best in the world.

The results achieved by creating this type of climate were 49 wins in 52 matches.

HIGH PERFORMING ORGANISATIONS AND LEADERSHIP STYLES

There is a direct link between leadership styles and the climate created in an organisation or unit. What leaders and managers do and say really matters. Through adapting leadership styles the All Blacks created a highly motivational climate which has resulted in world class performance. The most used leadership styles were – visionary, participative, affiliative and coaching –the least used were directive and pacesetting. Other studies show that these styles of leadership create a highly engaged and motivational climate which creates a high performing workforce. Every good manager has a repertoire of styles and can pick the appropriate behaviour to suit the particular situation. Good managers and good people managers are emotionally mature enough to realise that they have to adapt their behaviours to suit every given situation and cannot use the same approach at all times in all situations. The All Blacks realised that the command and control style was not sufficient to create an energising and motivational climate.

Research on management and leadership referred to by Daniel Goleman in his Harvard Business Review Article – Leadership that gets results - has identified six types of behaviour or styles used by managers –

- The directive style which entails strong sometimes even coercive behaviour, the primary objective being to gain immediate compliance.
- The visionary style which focuses on clarity and communication, the primary objective being to provide long-term direction and context and to gain buy-in and support.
- The affiliative style which emphasises harmony and relationships, the primary objective being to create trust and harmony.
- The participative style which is collaborative and democratic, the primary objective being to build consensus and commitment and to generate new ideas.
- The pacesetting style which is characterised by personal heroics, the primary objective being to accomplish tasks to a high standard of excellence.
- The coaching style which focuses on learning and development, the primary objective being the long term development of staff.

Each style is appropriate in certain situations and not in others. The most effective managers are adept at all six types of behaviour and use each when appropriate. Typically, however, managers default to the behaviours he or she is most comfortable using.

So, seeing that most commentators would describe the public service as command and control type organisations, what are the behaviours of a command and control type leader or manager? The most obvious is somebody who uses the directive style and only the directive style all the time and in every situation – “Do it now or else” Such a manager can be like a bull (bully?) in a china shop, and it can be difficult to talk to them in a relaxed manner. This type of manager can make you babble and grovel as you speak. The sort of person who appears not to listen and, in fact, probably doesn’t. They certainly do not encourage open dialogue and it is very hard to tell such people that they might be wrong.

Benjamin Zander, the leader of the Boston philharmonic orchestra tells the story of a cello player fired by the conductor for missing a note at rehearsal (obviously in a time before unfair dismissals legislation) who said to the conductor, as he headed to the door with his cello in the case, “you son of a b*****” to which the conductor replied “its too late for apologies “so much was he engrossed in his own world.. Did the conductor know he was a command and control type manager? Everybody around him knew! Or the story from my own experience of the senior engineer, irked by a question from headquarters as to why a certain production line was not producing fast enough, literally runs to the line in question, finds a process technician working on the problem and shouts “leave the (expletive deleted) line alone, you don’t know what you’re (expletive deleted) doing”. That company wondered why they had a staff turnover problem, particularly for process technicians. We know of anecdotal evidence of certain professions where this type of behaviour is rife but because of dependence on senior people for references nothing is said. People experiencing this type of behaviour often suffer in silence.

Sometimes the directive and pacesetting styles are used together , a toxic combination – “what do you mean it’s not done yet, give it to me I’ll do it, can nobody do anything around here? You won’t last long in this business. The calibre of staff around here is not what it used to be”. The sort of person who thinks that they are the font of all knowledge on how things should be done – and nobody but nobody is as good as them. They can even convey this message just by the way they look at you. The ego has landed type. These type of people are usually driven by an over active and often uncontrolled need to achieve which is not balanced by a similar need to treat people in a dignified way.

Being driven by achievement is not a bad thing in itself. In fact, managed properly it is very effective and drives innovation and entrepreneurial success. Unfortunately, if uncontrolled it can be very destructive and stifle initiative and innovation. And the interesting thing is that if you ask those with an unbalanced high need to achieve do they value dignity, integrity, respect and caring they would

answer yes. Too often what we say we value is not demonstrated by what we do. Self deception is very popular.

The climate which can be created by the use of appropriate leadership styles is defined by Daniel Goleman as having the following six dimensions –

- Flexibility which concerns eliminating unnecessary bureaucracy and promoting innovation.
- Responsibility which concerns promoting autonomy and appropriate risk taking.
- Standards which concerns promoting continuous improvement and excellence.
- Rewards which concerns recognising achievements and dealing with underperformance.
- Clarity which concerns being clear on the objectives of the organisation and the objectives of the particular job.
- Team commitment which concerns cooperation, dedication, pride and congeniality.

A positive and motivating climate would be one where staff would say that they experienced each of the dimensions as a positive contribution to carrying out their work. A negative or de-motivating climate would be one where staff would say that each (or some) of the dimensions is a negative contribution to carrying out their work

Research shows that the use of the directive and pacesetting styles of management creates a de-motivating climate because they promote a compliant rather than a committed workforce and do nothing to ensure that the dimensions mentioned above are perceived positively by staff. On the other hand, the use of the visionary, affiliative, participative and coaching styles creates a positive and energising climate by having a direct impact on ensuring the dimensions are perceived positively by staff.

HOW CLOSE IS THE PUBLIC SERVICE TO A HIGH PERFORMING ORGANISATION?

On the positive side it is worth mentioning that -

- AJ Chopra of the IMF stated that public service capabilities were uniformly superb and this was endorsed recently by the Minister for Public Expenditure and Reform.
- Our last Presidency was very successful and we exited the Troika in spite of resource constraints.
- Ireland's governance effectiveness rating increased from 1.34 in 2010 to 1.53 in 2012, above the OECD average of 1.29.

- In terms of public administration, the quality of Irish public administration is seen as above the European average with Ireland ranking 5th compared to the EU28 in 2013. This represents both an absolute and comparative improvement since 2010

The Public Service – some negative feedback

Five pieces of data are used to draw conclusions on the issues facing the public service. These are the results of the last survey on PMDS in the civil service, a recent survey of HR managers, a recent survey of staff engagement, the most recent report on public service absenteeism and the findings of the Toland Report of the Department of Justice and Equality.

A survey of PMDS in the civil service in 2010 contained some interesting results. On Planning and Monitoring the survey found that –

- 75% of staff said they agreed their objectives and key deliverables with their manager.
- 73% said they had a good sense of how well they have been performing throughout the year

On Performance the survey found that-

- 16% of staff said that their Department/Office tackles underperformance appropriately – 84% say they do not.

On Motivation and Development the survey found that-

- 27% say that they talk with their manager about motivation and development
- 28% say that they were getting development assignments.

On senior management support the survey found that-

- 39% of managers agree that senior management are giving support, leadership and commitment to the PMDS. This means that 61% say they do not.

A recent survey of public service HR managers carried out by Public Affairs Ireland listed the following as the top five issues for HR managers -

1. Sustaining employee morale and engagement – 62%
2. Securing resources to deliver effective services – 57%
3. Attracting and retaining qualified staff – 54%
4. Developing talent management strategy and practice – 53%
5. Developing a positive industrial relations climate – 50%

This survey captures the aftermath of the recent crisis and points to morale, engagement and resource issues as being the most critical.

A survey on engagement carried out as part of the civil service renewal programme asked –if you could change one thing to make the civil service more effective what would it be? The top five answers were –

- Performance and PMDS.
- Promotion Process.
- Training and Development
- Skills match.
- Mobility.

This survey points to dissatisfaction with the current system for managing performance with suggestions that it should be scrapped or at least simplified. Suggestions were made for mandatory training for managers because of a perceived lack of engagement, disenfranchisement of some staff and absence of visible management. The possibility of a staff college was also put forward as a suggestion.

The latest absenteeism statistics show that-

- Average days lost in the Public Service in 2014 is 8.7 compared to 9.5 in 2013.
- Average days lost in private sector is 6.
- Civil Service in general – absenteeism more prevalent the more junior the grade.
- More evidence of lack of employee engagement?

THE TOLAND REPORT

The key recommendations of the Toland Report on the Department of Justice and Equality included

- The strengthening of leadership and management.
- The implementation of performance management.
- 360 degree feedback for Secretary General and Assistant Secretaries.
- The clarification of the remit of Department and its Agencies, and
- Mandatory meetings at senior levels and regular division/agency reviews.

Perhaps this is another example of the aftermath of the financial crisis. The recommendations are firmly in line with the thrust of the reform programmes and point to serious leadership and management challenge for the Department.

CONCLUSIONS

The conclusions are that we have a public service that is positively regarded internationally but has some recurring problems in regard to leadership and management back at home. The recent crisis has had a serious impact on morale, service delivery and image. The leadership styles which seem most prevalent are the pacesetter and the directive styles with little emphasis on the visionary, affiliative, participative or coaching styles. The initiatives contained in the reform plans attempt to address these issues but need much more rigor if they are to succeed.

OLD PROBLEMS NEED INNOVATIVE SOLUTIONS

To understand the type of initiatives required for the future some further analysis of the PMDS is necessary. The survey results on PMDS mentioned above show that the system as experienced in the civil service has moved a long way from what it was intended to achieve. Originally introduced as part of the changes that came about when Human Resource Management was introduced, Performance Management was intended to be a system which motivated and challenged staff to give of their best and which saw continuous improvement as a cornerstone. Motivation, challenge and improvement were the key words. Getting it right meant that staff were proud of their work and proud of their organisation.

The types of theories on which performance management systems are supposed to be based are goal setting theories, motivation theories and theories of positive psychology. The evidence suggests that the system has degenerated into a form filling exercise with little or no attention given by managers to the underlying reasons for its introduction.

To illustrate the point, the ratings given under the PMDS over the past number of years (available on the DPER website) are set out in the table below.

Rating	2008	2009	2010	2011
Normal Distribution%	% of staff	% of staff	% of staff	% of staff
5 (0-10)	7	8	9	8
4 (20-30)	49	55	56	56
3 (40-60)	42	36	34	35
2 (10-20)	2	1.3	0.95	0.90
1 (0-10)	0.28	0.08	0.05	0.13

Understandably, these results caused some concern. Just to be clear a 3 rating means fully achieved expectations, a 1 is for unsatisfactory, 2 is needs to improve, 4 is for achieving a high standard and a 5 is for exceptional performance. Questions were raised about why the ratings were not closer to the normal distribution percentages and about how there can be so few needing to improve. And looking at category 4 – which means achieving a high standard - why is the number so high?

It would have been interesting if more research was carried out to understand the thinking of managers when giving end of year ratings. Anecdotal evidence suggests that the thinking is that

- To give less than a 3 would cause de-motivation to the staff concerned particularly in the current climate of pay cuts and additional hours.
- Giving a 3 to staff who should be rated lower causes less hassle in that performance improvement plans do not have to be prepared,
- A 3 is not a real motivator in that it is only the middle of a five point scale so I therefore have to give my good performers a 4 or a 5 in order to motivate them.

Of course this type of thinking ignores the negative impact on the motivation of good performers of not rating those who are unsatisfactory appropriately. It also places very high importance on ratings as a motivator when research shows that other things like achievements, the work itself, additional responsibility and learning and development discussions and opportunities are equally if not more

important. However, the research shows that these elements are not widely discussed as part of the process.

The radical answer to the ratings dilemma is to introduce a forced distribution system. This means that all managers would have to use the normal distribution percentages. So if you had ten staff, one would be rated 5, three rated 4 etc..down to one rated 1. Seen as a divisive system it has recently been abandoned in some large corporations.

Some have suggested that there should be only three ratings – above target, on target and below target. Others have suggested that the system would be better with no ratings at all on the argument that this would promote real discussion between a manager and his or her staff on performance issues.

The big issue which is behind these suggestions is how to ensure that managers are better equipped to motivate and challenge staff to give of their best so that high performance and continuous improvement is achieved and maintained while at the same time ensuring that unsatisfactory performance is dealt with appropriately.

To address these issues DPER have introduced -

- More streamlined processes to encourage managers and staff to have a more meaningful engagement about standards of performance
- Grade based competencies to ensure that people who are paid the same salary will be assessed against a common set of behaviours and will be expected to reach a similar standard of performance in relation to 'how' they do their jobs.
- A revised Ratings Scale with improved descriptions of performance which spell out in much more detail what good and excellent performance looks like.
- A rating of 3 or 'Fully Achieved Expectations' will be required for the granting of an increment.
- A condition that managers should only receive a rating of 3 or above where they have been managing their staff throughout the year.
- Procedures whereby ratings will be decided by meetings of managers. This idea to be introduced on a phased basis, commencing with senior grades is intended to create a more honest evaluation of the work of the staff of each of the managers at the meeting.
- Guidelines on dealing with underperformance which outline very clearly the steps to be followed when managing underperformance.

These ideas are very useful, however, there seems to be an undue focus on making improvements in the rating of performance and much less focus on making improvements in how performance is managed and improved. While it is important that staff are aware of where they stand in terms of performance it is also important that managers understand the critical role they have in creating a motivating and challenging work environment. The survey showed that motivating and developing staff was not seen as a strength of managers.

In summary the operation of the PMDS has not resulted in any changes in the dominant leadership styles and for this reason it needs to be radically over-hauled. Getting PMDS to work means introducing more coaching, mentoring and development opportunities for both managers and staff so that the focus is firmly on motivation, challenge and continuous improvement.

MORE RIGOR REQUIRED

There is a very narrow approach to managing performance at present which could be said to be concentrated solely on managing underperformance. As a manager you will find guidelines on how to deal with underperformance on the website of DPER. Instead of guidelines on managing underperformance what about a handbook on successful management? Instead of an explanation of PMDS what about an explanation of how to improve engagement? As an example of what is required, The Scottish Civil Service Instead of three meetings a year as we have, have one every month.

Every month each manager meets each direct report for a one to one discussions on –

What have you achieved in the last month?

What are you learning?

What issues do you have?

What support do you need for next month? And its mandatory

A real focus on performance requires frequent conversations.

To ensure that the appropriate leadership styles are used is it not now time for mandatory accreditation for public service managers with continuous professional development and continuous assessment? This would mean viewing management as a profession just like other professions. You would not attend an unqualified doctor so why do we have unqualified leaders and managers? It is interesting that staff see the need for accreditation.

In addition to accredited training, staff who attend must be encouraged to use what they have learned by their own managers – and this applies right o the top of organisations. This is the only way to ensure that change will occur. The coaching initiative being rolled out to members of the SPS is a good start but, for real performance improvement, the numbers attending will need to be substantially increased.

Similarly, is it not now time for mandatory staff engagement initiatives – a large body of research in the UK suggests that successful engagement leads to high performance.

For success, research has shown that engagement initiatives require -

- Visible, empowering leadership providing a strong strategic narrative about the organisation, where it's come from and where it's going.
- Engaging managers who focus their staff and give them scope, treat their staff as individuals and coach and stretch them to reach their full potential.
- There is employee voice throughout the organisations, for reinforcing and challenging views, between functions and externally, staff are seen as central to the solution.
- There is organisational integrity – the values on the wall are reflected in day to day behaviours. There is no 'gap between what people say and what they do.

These ideas will become more relevant when the results of the first civil service wide engagement survey are known. Based on the conclusions of this paper it is to be expected that leadership and management challenges will be raised in the survey.

And, continuing on the mandatory theme, instead of promoting mobility why not make it mandatory? Other countries do. As recommended by the OECD back in 2008, we should make better use of the public service as a whole for development and learning through opening up opportunities for mobility.

The role of HR

The HR function can be a real support in bringing about the changes required. Possible functions and expertise could include–

Business partners to line managers, staff engagement experts, business process experts, change management experts and experts on promoting high performance.

CONCLUDING COMMENTS

- There are very positive initiatives in the reform plans.
- However, promoting high performance requires different ways of managing and leading.
- To be taken seriously more rigour is required and mandatory systems for implementation need to be introduced.

REFERENCES

1. The Public Service Reform Plan 2014-2016, DPER.
2. Civil Service Renewal, DPER.
3. Boston Consulting Group, High Performing Organisations, 2011.
4. A case study of excellence in elite sport: Motivational climate in a world champion team, *The Sports Psychologist*, 2014, 28, 60-74.
5. Leadership that gets results, Daniel Goleman, *Harvard Business Review*, March/April 2000.
6. Aj Chopra, *Irish Times*, September 14th, 2015.
7. International effectiveness, DPER.
8. PMDS Survey, 2010, DPER.
9. HR Managers survey, Public Affairs Ireland HR Conference, 14th October, 2015.
10. Civil Service engagement survey, DPER.
11. Absenteeism statistics, DPER.
12. The Toland Report, Department of Justice and Equality.

