

Better Public Services

A Window of Opportunity

Led by an advisory group, Better Public Services is the government's programme to reform the state sector to provide high-quality, flexible and cost-effective public services. The advisory group was established May 2011 and reported December 2011, with the report released March 2012 (Better Public Services Advisory Group (BPSAG), 2011). It comprised eight members:

- (then) Department of the Prime Minister and Cabinet chief executive, Maarten Wevers (chair);
- Watercare Services Ltd (Auckland) chief executive Mark Ford;
- Air New Zealand group general manager, people and technical operations, Vanessa Stoddart;
- Wise Group chief executive Jacqui Graham;
- the state services commissioner, Iain Rennie;
- State Services Commission deputy commissioner Sandi Beatie;
- secretary to the Treasury Gabriel Makhoul;
- Victoria University School of Government professor Peter Hughes

Bill Ryan is an Associate Professor in the School of Government at Victoria University. He has written about public sector reform in Australia and New Zealand for more than two decades.

The BPS process includes more than just the report itself. Several background documents were also prepared, and most of them plus several additional documents are now available on the BPS website.¹ The advisory group members met on several occasions with particular ministers. Its secretariat comprised individuals from Treasury, the State Services Commission

and the Department of the Prime Minister and Cabinet. A significant number of chief executives were involved in working through ideas at various points in the process.

This article² applauds several aspects of the report and sees it as a significant window of opportunity for pursuing long-awaited changes to the conduct of public management in New Zealand. That said, gaps in the report are a sign that some ideas still await elaboration and present major challenges for those who must take responsibility for realising these changes.

The Better Public Services Advisory Group report

A brief summary of the report is in order.

The first chapter, 'New Zealand's current state services', notes that 'there is much that works well' but that 'reasonable foundations and worthwhile results are no longer good enough'. Noting the tight fiscal context, the report continues:

The Advisory Group's clear judgement is the New Zealand state services need to perform much better in securing outcomes that matter to New Zealanders' wellbeing ... The state services need to be reshaped so that they are fit-for-purpose – not just for the present, but for the next decade or more. (BPSAG, 2011, p.14)

The tough talk is noteworthy. For the first time since the Review of the Centre (Advisory Group on the Review of the Centre, 2001) a major government review of public management³ has openly acknowledged some significant problems in the fundamentals of the system and recommended that they be eliminated or fixed. What is needed is a 'step change' (pp.8, 22).

The significance of this for the task ahead should not be underestimated; many years ago Kurt Lewin (1947) first identified the importance of 'unfreezing' as a necessary condition for successfully achieving change. Comfort zones have to be shaken before real change can occur. Continued reassertion in recent years by senior officials that 'the system is basically sound, all that is needed is tweaking' (e.g. Whitehead, 2008) has hampered

significant adaptation and development in this country. The bluntness of the BPS report is welcome and long overdue.

Evidence the second chapter, 'Current problems and future challenges', where the report pulls no punches on several important issues (others also appear throughout the document). It speaks of:

- a weak customer focus: state services in New Zealand do not listen well or respond to citizens and businesses, nor adapt design and delivery to their needs;⁴
- lack of coordination resulting from an excessive number of agencies and fragmentation across the state sector

- leadership, particularly in relation to horizontal leadership. The existing system is predicated on siloed vertical (single organisation) leadership which gets in the way of flexibility and effectiveness across the state services. Weaknesses in leadership highlighted by the report include more focus on business than on governance, inadequate provision of strategic advice as opposed to responding to ministers' immediate concerns, and inadequacies in leading work across organisational boundaries, in managing people and change, and in the purposive use of

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– a by-product of past attempts to clarify accountability by creating multiple small agencies with non-conflicting objectives. The major social and economic policy challenges need action across organisational boundaries and, short of mergers, new organisational forms need to be created;

- low incentives to capture economies of scale in matters such as accommodation, information and communication technologies (ICT) and procurement;
- slow pace (of change) and little innovation, which is 'stifled by a lack of capability, an undue degree of risk aversion on the part of chief executives, boards and Ministers and little consideration of how to manage risk in this context' (p.20). Barriers provided by the Public Finance Act to multi-agency expenditure in the search for results – and elsewhere by the State Sector Act in relation to organisational adaptations – are also noted; and

information and metrics to drive effectiveness and efficiency. This chapter ends by saying:

the Advisory Group has concluded that a step change is needed in how New Zealand's state services are run. New Zealanders deserve better results and support from the state services. And those state services are capable of delivering more. This paper provides proposals for making this change. (p.22)

Chapters 3, 4 and 5 outline the ways forward proposed by the group. Chapter 3, 'Better results', elaborates on the observation in the executive summary that state services in this country 'have struggled to deliver collectively' on results. If government priorities are clear, 'state agencies ... can do a much better job of delivering them' (ibid., p.6). On the one hand, it tells ministers they must set overall goals and objectives – something that Westminster governments have been notoriously reluctant to do – and, on the

other, commits the public sector to across-the-board results-oriented management.

To overcome existing system barriers, the report proposes a new organisational framework: no longer single, vertical, bounded organisations but loosely-defined 'sectors' mobilised around specified results. New organisational forms are proposed to handle coordination arrangements (e.g. for budgets and other resources) between participating organisations. Examples are joint ventures, or 'soft-' or 'hard-wired' sector boards. Sector partners would include relevant departments and community groups.

Whilst not saying so directly, but as apparent in the background paper on 'leadership issues' (Secretariat for State Sector Reform, 2011), 'leadership' is strongly differentiated here from mere 'management'.

Changes to the Public Finance Act and the State Sector Act will be required to enable such developments and the necessary financial flexibility. Suggested changes include a reduction in the number of votes, multi-year appropriations, carry-over provisions and so on. Examples of such sectoral groupings discussed in the document are natural resources, social services, labour market and skills, justice, and business-facing services, derived partly from developments already underway and from discussions undertaken with chief executives in the course of the process.

It is clear that the advisory group gives a results focus its highest priority, endorsed by government's subsequent decision to identify ten result areas (discussed shortly). The overall message for the future is unambiguous: from now on across the state sector, across all policy arenas and organisations, the focus of public management is on achievement of 'results'.⁵

Chapter 4, 'Better services and value for money', highlights a collection of

interconnected but otherwise separate issues. The advisory group argues that '[g]etting better outcomes' is 'the highest calling' but '[i]mproving the quality, responsiveness and value-for-money of state services comes not far behind' (p.7). Several principles are enunciated, each and all of which would make an important contribution to economy and efficiency, if not effectiveness. They include:

- the importance of listening to clients and exchanging information with them so that co-production can be enabled: a lack of agency capability and a reluctance to open up areas

of information and decision making have been barriers to increasing the extent and quality of engagement with clients;

- greater use of ICTs and social media, not just in rationalising back-office and routine functions but particularly in service delivery approaches, resources and channels – especially in delivering transactional services;
- a focus on 'best-sourcing', partly because of fiscal pressures but also to get better at contracting in innovative ways. The report notes capability gaps in contracting skills and the need for regular testing of the providers and arrangements that are best able to achieve results;
- searching for ongoing innovations and continuous improvement, and ways of reducing duplication and achieving consolidation (e.g. in accommodation, procurement and back-office functions, through to 'policy hubs', monitoring and reporting methods and regional and front-line offices).⁶

Like chapter 3 and for much the same reasons, chapter 5 focuses on a major advisory group concern, namely 'Stronger leadership, the right culture and capability'. Leadership, it says, is the most crucial driver of successful change and will be an essential ingredient in creating the 'better public services' it envisages.

Whilst not saying so directly, but as apparent in the background paper on 'leadership issues' (Secretariat for State Sector Reform, 2011), 'leadership' is strongly differentiated here from mere 'management'. Unfortunately, beyond making reference to the need for strategic, horizontal and integrative leadership, the approach envisaged is not discussed. Most of this chapter deals instead with the purpose, position and development of the leaders needed for the future rather than their behavioural characteristics. Leadership, it says, must be shifted away from its agency and production orientation within a single, vertical organisation and given a horizontal, sector-wide orientation, a multi-agency setting and be focused on results. Based on these expectations, the approach needed would be '(collaborative) transformational' or perhaps 'post-transformational' leadership rather than transactional, command, entrepreneurial or 'hero' leadership. However, this sits uneasily with the apparent assumption that such leadership must be located – and only located – high in the authority structures (as if this is both a necessary and sufficient condition for success).

These new types of positions, authorities and accountabilities will be backed by amendments to the State Sector Act. These new types of leaders – notably, tier two and tier three officials as well as chief executives – will be appointed by the State Services Commissioner and given authority to make sector-wide decisions, including having direct say over budgeting and expenditure. In relation to leadership across the sector as a whole, the Commissioner will be – and now has been – designated as the 'head of the state services', responsible for its overall performance and with powers to appoint not just chief executives but also tier two and three leaders to cross-agency and sectoral bodies. The Commissioner

is also charged with leading a 'culture-build' process across the state services, including articulating the changing expectations and behaviours of this new form of leadership.

Central agencies too are expected to be more collaborative in playing the role of 'corporate head office' for state services, with pointed remarks in the report directed at each about the contribution they should make towards the collective effort. It proposes, for example that the State Services Commission have a sharper focus on results, talent management and development, performance improvement and ongoing system design, all of which will require a shift in the SSC direction and capability.

The final chapter of the report focuses on 'Capturing the gains'. It discusses how many of the report's proposals are expected to produce cost savings through rationalisation of back-office functions, continuous improvement and innovation, and how these savings might be redeployed. However, it also notes that the savings will be marginal compared with those achievable through expenditure reductions in policy and programmes, should government choose to do this.

Before examining certain issues arising from the content of the report itself, brief comments regarding the process underpinning Better Public Services are worth making.

As already noted, the advisory group was assisted by a secretariat drawn from the central agencies which provided several background and discussion documents focused on the state of public management play and issues to be confronted in New Zealand.⁷ Without knowing the circumstances under which they were produced or their degree of influence on the advisory group, on the surface at least, in terms of substance, scope and rigour they are mostly of middling quality. They are not fresh, systematic, sharp or well-supported, and mainly refer to work previously done in the central agencies. This is despite the advisory group coming to the view that a 'step change' was needed.

Generally, the background documents contain no clear framework of what a

21st-century public management system in a jurisdiction such as New Zealand might or should be, as opposed to the past. Instead the concerns are pragmatic and instrumental, mostly discussed from within the same agenda and using the same language that has dominated central agency thinking for several years. Even a paper titled 'A Greenfields New Zealand State Sector'⁸ which draws on a visit by secretariat officials to Britain, Ireland, Scotland, Canada and Singapore, lacks any sense of a changing vista. By comparison, for example, the Scottish Commission on the Future Delivery of Public Services (2011) and the Advisory Group on Reform of Australian Government Administration (2010) contextualise their practical and

public management. This includes local research funded by the chief executives and conducted through the Victoria University School of Government – the work done on performance management and the 'future state' stand out in this regard – of which there is only limited recognition. Review by external experts during preparation would have identified these weaknesses but, for some reason, the documents were not circulated outside the restricted circle of those involved in the BPS process. Contrast this with, for example, the academic reference group, circulation of discussion papers and a public forum used in the Australian process.

Inclusion and engagement with wider circles would also have improved the

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technical recommendations in a discussion of new and more engaged relationships between government, society and citizens and new, emerging approaches to public management. A secretariat document titled 'Public Sector Innovation: barriers and "buttons"' does hint at a larger context and the need for step change but is only a one-page collection of assorted thoughts, as if the product of a brainstorm, not a systematic analysis. Otherwise, the documents are more about the mechanics of assorted issues – focused, so-to-speak, on parts of the machine, discussed without reference to the changing social purpose of the machine itself, and discussed in the old familiar terms, through the same familiar lens.

Nor is there much reference in these papers to the large international (English-language) public management literature that is presently challenging the purposes, direction and methods of 1980s and 1990s

analysis in other respects. By comparison with the Scottish and Australian equivalents, the BPS process was closed, restricted to ministers, the advisory group members and chief executives, with little input from lower-level managers and staff, stakeholders or external experts. Broader input would have led to a sharper understanding of current problems and possible solutions. It would also have led to collective ownership up, down and across the state sector of the step change called for by the BPS report. At present, some months after the release of the report, ownership is still weak and puts the implementation of the initiative at risk.

Noteworthy matters

The 'results' focus and the government's ten result areas

The ultimate goal of public management is not merely the lower-level 'economical and efficient management of the machinery

of government', but the 'efficient and effective management of public resources in achieving the policy goals and objectives of the government of the day' (Ryan, 2004). The former is important but is only one means of achieving the latter – the former is, so to speak, the output required to achieve the latter, the desired outcome. The failure of 'managing for outcomes' (MFO) in New Zealand in 2001 onwards⁹ means the renewed demand for a 'results' focus is very welcome. 'Results' is a more ambiguous term than 'outcomes' – the report notes that it includes outcomes (footnote 16, page 23) – but the recognised and long-standing literature on 'results-based management' (e.g. Keating, 1990;

In the course of ongoing discussions between the advisory group members and key ministers during the BPS process, Cabinet has accepted the advice that it should embrace this results focus and nominate a set of policy goals and objectives that it wants the public sector to achieve – something that, as widely noted, governments in Westminster parliaments are usually motivated not to do. Accordingly, with some considerable fanfare, in March the prime minister announced the '10 result areas' and the attendant reporting framework.¹⁰ Two examples of these result areas are:

[part of] Supporting vulnerable children

[part of] Boosting skills and employment

Result 5: Increase the proportion of 18-year-olds with NCEA level 2 or equivalent qualification

Lead Minister: Hekia Parata

Lead CEO: Ministry of Education

Chief Executive Lesley Longstone

Why this is important for New Zealand

- Success in education is essential to the Government's goal of building a productive and competitive economy. It also helps New Zealanders develop the skills needed to reach their full potential and contribute to the economy and society.
- A level 2 qualification gives people opportunities in terms of further education, employment, health outcomes and better quality of life.
- What we want to achieve in five years
- 85 per cent of 18-year-olds will have NCEA level 2 or equivalent through school or a tertiary institution – up from the current figure of around 68 per cent.¹¹

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Treasury Board of Canada Secretariat, 2000) privileges outcomes over other kinds of results. In any case, the frequency with which the term 'outcomes' is used throughout the report leaves little doubt of the advisory group's intentions.

Results and leadership are the advisory group's major concerns. The challenge in relation to results-based management will be to elaborate the idea and embed the approach fully, including each of the four components of the management cycle, strategising, budgeting, implementation and evaluation, some of which have never been properly developed in public management in New Zealand. It demands whole-of-organisation and whole-of-sector adoption of all four forms of practice, as the earlier MFO documentation pointed out. The BPS report should therefore be read as signalling a large amount of work yet to be done not just in planning and budgeting for results but, in particular, in implementing for results and monitoring and evaluating their progressive achievement – or not – for learning and continuous improvement (e.g. Ryan, 2004).

Result 4: Reduce the number of assaults on children

Lead Ministers: Tony Ryall and Paula Bennett

Lead CEO: Ministry of Social Development
Chief Executive
Brendan Boyle

Why this is important for New Zealand

- Current measures are imperfect, but as just one indicator of the size of the wider issue, the Health Minister identified 209 cases of hospitalisation related to assault for 0–14 year olds in 2010. We suspect this understates the prevalence of the issue.
- The cost of not facing up to this challenge is too high – for the children concerned, their families, and also for taxpayers who are required to fund the health and justice systems.

For the moment I will ignore issues of whether all of the ten 'results for New Zealanders'¹² truly represent appropriate strategic goals and objectives or whether some of them are better described as operational 'targets'; these are not the same thing – compare the New Zealand attempt with the national outcomes specified in 'Scotland Performs'¹³ and the kinds of 'gaming in targetworld' (Hood, 2006) that can be induced. I will also ignore whether these 'results' are realistic or aspirational, or whether the indicators are the most valid and direct that might be used. In fact, several of them are process and/or output targets and some of them, unfortunately, are highly partisan and unlikely to survive any change of government. I am equally putting to one side whether ministers and officials might slip-slide away over time when confronted with the difficulties of actually achieving these goals, the games that opposition (and government) parties might play with them, the manner in which the media will report them or the attitudes

that weary and cynical citizens might have towards them, especially if they are clients. These matters need a different paper.

Instead, I want to highlight the welcome fact that named ministers have accepted political accountability and that particular chief executives (in some result areas, more than one) have been identified as result leaders. Some degree of goal specification has been sought of ministers by the public sector for many years to provide clear, committed guidance for their management work. I would argue that this represents potentially a significant step forward in the constitution of public management in this country.

There is, however, at least one significant risk that needs to be anticipated and mitigated. It is that agency managers and ministers will focus only on lining up behind one or another of the nominated result areas, becoming preoccupied with aligning their existing activities under them, ignoring other activities that do not apparently fit and focusing only on ensuring the numbers look good for the upcoming reporting period, without engaging in the larger effort required to build results-oriented management into the structures, processes, practices and cultures of the whole organisation and sector. These kinds of displacement effects have already been observed in New Zealand. From 2004 onwards under MFO, most (although not all) agencies focused their attention on producing a compliant statement of intent without making any real, systematic attempt to embed the four phases of the management cycle into their practice. There must not be a repeat. Those charged with overseeing the progress of Better Public Services will need to maintain a watching brief in the months and years ahead on whether the state sector is adopting a genuine and wide-ranging results-based approach to management applied across all policy fields.

Sector groupings

The extent of fragmentation of the New Zealand state sector and the attendant problems of coordination, especially in the face of complex policy issues that cross organisational and even sectoral boundaries, are well known. These

problems are recognised in the report itself and in the background documentation. How to solve them is the issue.

One obvious candidate is widespread mergers, but the BPS report is sceptical regarding the costs and benefits. As others have noted (e.g. Norman and Gill, 2011), restructuring has been used as a solution far too widely and ineffectively in this country, the costs can be considerable and the benefits are often minimal. Moreover, merging organisations that previously were unable to communicate, coordinate or collaborate might only internalise those differences; many multi-divisional corporations are known for evidencing this behaviour.

management literature is that, in many parts of the public sector of the future, the main organisational form will be not self-contained, bounded, closed or even flexible bureaucracies, but networks. Signs of this powerful and important trend are already evident in this country (Ryan and Gill, 2011b) and the sectors identified in the report seem likely candidates for the future. Given that the report also notes that 'sectors' might include partnerships with community sector organisations, the clear implication is that of a networked future, very much in the mode of networked, collaborative governance (e.g. Kickert, 1997; Lindquist, 2010; Ryan and Gill, 2011b). In that respect, rather than

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The advisory group prefers other options for achieving horizontal coordination. Sectoral grouping such as the already existing Social Policy Forum, and the creation of new organisational forms to look after corporate governance are discussed at length. Even so, many questions remain. Are 'sectoral groupings' a sustainable organisational form or are they only a transitional phase in an inevitable shift towards mergers? If the former, how then to make them work? Will organisations be able to overcome the powerful turf protection that bedevils present attempts at coordination and collaboration? Do the individual managers who must be involved have the 'boundary-spanning' (Williams, 2002; see also Huxham, 2003) skills and capabilities required? What will be the transaction and other costs in creating and sustaining them?

Scepticism may be justified but if this solution seems adventurous, it has a ring of the 21st century about it. The clear view in the international public

looking backwards to solve problems of fragmentation, the advisory group is looking forwards to the emerging world. Here, as elsewhere in this report, it can be argued that whatever the gaps in the detail and uncertainties about how to make the proposals work, the directions being flagged are promising, not because collaborative and networked governance is a system goal in itself but because this way of working is believed to maximise the possibility of effectiveness in realising government's policy goals and objectives.

Leadership, practice and culture

Another important shift in thinking in the report particularly explicit in chapter 5 is worth noting. Reform and ongoing development in New Zealand has notoriously favoured structural and systems solutions to every problem. At long last it seems that leadership, practice and culture – described in *Future State* (Ryan and Gill, 2011a) as 'soft' factors that need to be worked on (the 'software' rather than the 'hardware'; Gill et

al., 2011) – are being recognised as essential elements of the step change required to bring public management into the 21st century in this country.

Successful change of this order of magnitude cannot occur without careful and detailed attention to practice and culture within and between organisations, a task which falls to not just senior management but middle management and site and team leaders from head office down to the front line – the ‘change agents’ (Ottaway, 1983; see also Balogun et al., 2005) who are so critical in embedding real and sustained change.

This demands transformational and post-transformational approaches to

shift to collaboration, reciprocity and co-production or whatever else is sought, for which structure and system change will be necessary but entirely insufficient conditions for success. Implicitly, the advisory group seems to recognise that something like it is essential if a new era of public management in New Zealand is to be realised.

It is therefore slightly disconcerting to see considerable attention paid in the report and background documents to reorganising at the top and centre of the state sector. The preoccupation with a head of the state services, the new expectations of chief executives, the responsibilities of the central agencies,

for how to get there. An earlier cabinet document [CAB (12) 8]¹⁴ does focus on implementation and change management but is primarily about nuts and bolts. For example, ‘Annex C: Better Public Services – Indicative Change Implementation Roadmap 2012–2014’ is mainly concerned with organisational and operational aspects of central agency work to be completed and/or high-level statements of what line agencies will need to do or have done, and what will be reported to ministers and Cabinet.

That work is already proceeding and the state services commissioner has assumed responsibility for overall implementation. In the central and ‘results’ agencies, already work streams arising out of the report and subsequent government announcements are under way. There is already a State Services Reform Ministerial Group, comprising the Minister of Finance and Deputy Prime Minister, Bill English, the Minister for State Services, Jonathan Coleman, and the Minister for Business, Innovation and Employment, Steven Joyce. The advisory group will continue for the foreseeable future, advising government on ongoing implementation. An implementation unit has been created involving the State Services Commissioner, the chief executives involved in the result areas and the three chief executives leading the functional areas (ICT, property and procurement), plus a programme director, a programme manager and selected secondees with responsibility for progressing various aspects of that work.

However, the work of these groups will be largely focused on coordinating and formalising developments as they occur, particularly in relation to legislation, structure and systems. The decisive work of leadership, practice and culture change will need to occur elsewhere, through different means. It will need to be ‘hearts and minds’ stuff combined with intra- and inter-organisational practice and development. It will need to be a massive, transformative change-management process created across the top layers of the state sector, down into the middle and bottom levels of each organisation and laterally between *all* of them, work in which chief executives and senior, middle and front-line managers in each organisation must be heavily and

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leadership and followership (whether formal or informal) that, depending on the context, enables, facilitates, mentors, inspires, motivates and collaborates, including modelling behaviour and sharing power (e.g. Jackson and Parry, 2008). Equally the focus is on the mindsets, beliefs, doubts, values, symbols and meanings, subjectivities, commitments, resistance and passions that constitute a workplace culture or sub-culture (e.g. Alvesson and Sveningsson, 2008). Practices include what ministers, managers and staff do and say, their patterns of interaction, the professional and other norms and mores, the routine organisational rules that are enacted and reproduced, and the ways in which resources are used (Giddens, 1984) when public sector employees – ministers included – do the normal everyday work of governing. If leadership, practice and culture in organisations is based on hierarchy, command and control or on transaction, calculation and exchange, then a massive change management effort involving everyone is required to

changes to the Public Finance Act and the State Sector Act and so on are all examples. Changes in these respects are certainly needed, but the impression created by the report is that no more is needed. Much more besides is required.

Implementation

That leads to the biggest question regarding the Better Public Services report; namely, how is it to be implemented? Government has accepted the general directions of the report, but how exactly will it be made to happen?

For the sake of convenience I will use the word ‘implement’. In truth, however, BPS proposes a set of realities that will have to be constructed in time ahead, during which new practices and cultures will have to be created through an enormous sector-wide change management process. This will not be simple, linear execution of an existing and detailed plan. There is no grand plan in the BPS report, no visionary description of what the state sector might look like in year X, much less proposals

actively engaged. Moreover, it will need to run for several years, seeking improvement upon improvement. The results-area agencies could be regarded as the front runners, as sites of experimentation, but that would also need determined attempts to spread their learnings across the public sector as a whole,³⁵ as one of several implementation strategies. Running through all these activities must be a wide-ranging and widespread collective dialogue (hosted by an independent or associated organisation that has not yet been identified, or perhaps created) that not only celebrates successes but also admits to failure and collectively and openly puzzles out what might be learned from it so that others too can understand.

The complexity and difficulty of this task will be enormous, the dimensions of which become apparent the moment models of effective change management are explored. For example, a typical framework includes matters such as:

- clear vision, a plan to get there and indicators of success;
- a governance group, sponsor, change agents and explicit work streams;
- committed leadership, modelling and continuous engagement;
- informed participants (staff), open and frequent communication, mutual understanding (turning caution and resistance into enthusiasm and commitment);
- aligned workforce (and job redesign), awareness of people impacts, motives and concerns (resistance), development requirements. (Queensland Government, 2009)

The last two bullet points of this list reinforce the points I have already made concerning the importance of widespread and open engagement across the state sector and out into other participants in the economy and civil society. Some parts of this lesson may have already been learned. An earlier SSC document (2004) focused on lessons drawn from cases of organisational change (establishing the Ministry of Social Development) listed:

- analyse the context of change;
- tackle the people issues;
- maintain open lines of communication;
- set clear vision for people to follow;

- recognise cultural issues;
- manage stakeholder relationships;
- maintain the momentum of change.

Both these lists reflect aspects of Kotter's famous framework (derived from eight reasons why transformations often fail) for effective change management (Kotter, 1995):

- establishing a sense of urgency;
- forming a powerful guiding coalition;
- creating a vision;
- communicating (and modelling) the vision;
- empowering others to act on the vision;
- institutionalising new approaches;
- planning for and creating short-term wins;

and effectively and to sustain it over a considerable period of time. The scope and scale of the effort required will be very considerable. The barriers are significant. There are too many anecdotal cases of hierarchical structures, command and control cultures, compliance with a deeply-embedded production model of organisation, management and performance, and old-fashioned management styles. There is also evidence of turf protection, risk aversion, criticism and blame, fear of experimentation and innovation, separation and lack of dialogue within and between organisational silos. On the other hand, there are known pockets of management and practice that are transformational, networked and

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- consolidating improvements and producing still more change.

Moreover, these are models of organisational change to be applied in a single organisation. What will be required for change to be achieved across the whole state sector? Will it be the same things scaled up, done in horizontal as well as vertical ways? What needs to be done to ensure success in this case? These are significant questions but are only superficial, based on known models of change constructed ex post out of practice in conventional settings. If organisations and sectors now face new levels of complexity, what will be necessary for implementation to succeed and to be effective? (Eppel, Turner and Wolf, 2011; see also Eppel and Wolf in this issue).

Is the state sector as a whole up to the challenge? Based on past efforts, such as the implementation of MFO in the early 2000s, doubts might be expressed as to the capability of the New Zealand public service, and particularly the central agencies, to manage deep, large-scale, multi-agency change strategically

collaborative, focused on learning-by-doing, risk-managing, enabling and positive. Whether these moments of innovation and enterprise are brought to the surface, celebrated and identified as harbingers of the future whilst simultaneously minimising those constraining, negative forms of management may determine the ultimate success or otherwise of this whole initiative. What is certain is that bringing Better Public Services to fruition will be a huge test for the centre of the public sector and all chief executives and senior and middle managers.

Conclusion

To date the Better Public Services work is a promising interpolation, albeit with much left unsaid and even more left to do. Overall, however, the report and everything surrounding it should be welcomed, since it seems to point in directions that public management must go in the 21st century. In that respect it should be seen as a window of opportunity.

A positive response is also justified for another reason. The tendency in public sector reform is to design new models from theoretical, disciplinary foundations, as was the case in the 1980s reforms. The BPS report itself – though not, perhaps, the background documents – is the product of on-the-ground practitioner learning, brought to the deliberations by the advisory group members. Front-line agencies have had to adapt to new circumstances confronting them daily, arising out of not only the economy but also civil society, especially in demands from citizens and clients for greater engagement at both the macro and micro levels. In doing so, pressures are being fed back up through organisations and sectors for new forms of practice, of which an outcome focus, coordination and collaboration, as identified in the BPS report, are only some. System and structural barriers to these developments have been identified (e.g. legislation), as have other conditions (e.g. strategic leadership) required to enable them to progress. In this sense, the BPS report represents practical theorising (Giddens, 1984) by a group of high-level practitioners, a codified set of learnings derived from practice (Senge, 2006) from which the next, necessary, significant phase of reform must be created.

As a product of practical learning, the thinking in the advisory group report therefore has much to recommend it. However, this learning should not be

interpreted as simple ‘evolution’. Part of the learning is that a step change is needed – a moment of what Charles Handy (1990)¹⁶ referred to as ‘discontinuous change’ – so the direction, significance and extent of the changes required should not be underestimated.

Clearly the challenges ahead are considerable, and will extend across the state sector and will take months and years. I have already noted the huge public sector-wide effort that will be required; and required starting now. Further, if chief executives, senior managers and middle managers in the line agencies sit back and wait for the centre to tell them what to do – or think that these developments relate only to the results agencies – then Better Public Services will fail. But if they adopt an active and not passive approach to creating a ‘better public service’, within their own organisations and with others with which they work jointly, the possibilities of system-wide success will improve. After all, results- and outcome-based management models – otherwise known as ‘strategic management’ and its attendant management cycle – have been established in the international public management literature for many years (e.g. Hughes, 2012; see also Ferlie, Lynn and Pollitt, 2005). The same can be said for change management and the nurturing of leadership. Every agency in the New Zealand state sector can start instilling these now, if they have not already done so. Rules, regulations and

guidelines are not required. The more those developments are driven from within and for their own sake, the more likely they will be successful.

- 1 <http://www.ssc.govt.nz/better-public-services>.
- 2 My thanks to Derek Gill for useful comments on an earlier draft.
- 3 Another recent review, the ‘Future State’ project (Ryan and Gill, 2011a), was funded by the public service chief executives but was conducted by independent researchers in and associated with the School of Government.
- 4 In passing, note the recognition of the customer/client as the end-user, thereby implying rejection of the proposition that ‘the minister is the client’ that is prevalent in Wellington.
- 5 The advisory group decided on the word ‘results’ because of concerns that ‘outcomes’ was a casualty of the ill-fated ‘managing for outcomes’ initiative of 2001, and because ‘results’ is a term that resonates with the present government. It is worth noting footnote 16 in the report where the group says: ‘The technically-minded will note this report uses the term “results” rather than the PFA [Public Finance Act] term “outcomes”. We have gone with the more open term as results can encompass outcomes, intermediate outcomes and outputs where necessary’ (BPSAG, 2011, p.23).
- 6 In this respect the BPS report draws upon the work of Benchmarking Administrative and Support Services (BASS), <http://www.treasury.govt.nz/statsector/performance/bass/>, and the Performance Improvement Framework (PIF), <http://www.ssc.govt.nz/pif>.
- 7 Published since the release of the report at <http://www.ssc.govt.nz/bps-background-material>.
- 8 <http://www.ssc.govt.nz/sites/all/files/bps-2113475.pdf>.
- 9 As noted in Ryan and Gill (2011a), the central agencies may have lost interest after about 2004, but some agencies which did not need convincing as to its importance kept developing an outcome-orientation in their work.
- 10 <http://www.beehive.govt.nz/release/govt-sharpens-focus-public-sector-results>. A fuller, more recent version can be found at <http://www.ssc.govt.nz/bps-results-for-nzers>.
- 11 http://www.beehive.govt.nz/sites/all/files/The_Prime_Minister_s_results_for_New_Zealanders.pdf.
- 12 <http://www.ssc.govt.nz/bps-results-for-nzers>.
- 13 <http://www.scotland.gov.uk/About/Performance/scotPerforms/outcomes>.
- 14 http://www.ssc.govt.nz/sites/all/files/bps-2256658_0.pdf.
- 15 This, of course, was the strategy behind Pathfinder, <http://io.ssc.govt.nz/pathfinder/>.
- 16 His words are worth recalling: ‘[T]he changes are different this time: they are discontinuous and not part of a pattern; such discontinuity happens from time to time in history, although it is confusing and disturbing, particularly to those in power’ (Handy, 1990, p.5).

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FUTURE STATE

Directions for Public Management in New Zealand

Edited by Bill Ryan & Derek Gill

New Zealand's public sector has consistently rated well internationally on a variety of measures of comparative government performance. In the 1980s New Zealand achieved a step change in public sector reform when it introduced a distinctive and widely applauded model of public management. Despite attempts at continuing improvement, however, New Zealand has struggled over the past decade to keep developing the frameworks and tools that public managers require to manage efficiently and effectively in the public sector. New Zealanders are becoming more diverse in their needs, ethnicities and lifestyles, and more demanding their expectations, and the weight of these expectations increasingly impacts on government. In the face of these changing circumstances, it is tempting to stick with the current model and continue to refine and adjust it. But tweaking is no longer enough – another step change is required.

In 2001 the chief executives of several public sector organisations commissioned

a group of researchers associated with the School of Government at Victoria University of Wellington to undertake a project looking at the 'future state' – to consider present trends that would impact on public management in coming years. *Future State* pulls together the results of the work, covering emerging trends in governance, from both New Zealand and international perspectives: issues, options and policy implications of shared accountability; experimentation and learning in policy implementation; agency restructuring; skills and capability; the authorising environment; and e-government. It contains valuable insights into how New Zealand's public sector currently operates, and how it might operate in the future.

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