

CHAPTER 5

PROCESS DIMENSION AND ROLE OF HUMAN RESOURCES IN ADMINISTRATIVE REFORM

1. INTRODUCTION

This chapter describes and explains firstly the process dimension and secondly the role of human nature and attitudinal changes of administrative reform. These two issues are the third and fourth of the four modalities which are incorporated into the definition of administrative reform.

The first half of the chapter will describe the process dimension of reform. It will indicate how the principal reform countries, namely the United Kingdom, New Zealand and Australia implemented their reform. Specific dimensions and characteristics of administrative reform are generic to all countries, but their nature and contents are unique to each country.

Reform activities are by nature time consuming processes. The time dimension of reform processes will indicate how governments continue with their reform. Particular characteristics of reform in the principal reform countries are the incremental process mode and the use of white papers and legislation to implement reform. These characteristics will be described. During the reform process, the governments of the principal reform countries designed their interventions in an incremental manner. This phenomenon, vis-à-vis a rational blueprint planning method will be described to indicate that reform in the principal reform countries unfolded over extended periods. The principal reform countries did not rely on a pre-determined framework as the basis for long-term reform programs.

The second half of the chapter describes the effect of human behaviour on public management and administration. Most comprehensive reform actions focus on the behaviour of officials in charge of governmental programs and resources. Behaviour and attitudes of personnel forms a component of public service culture.

Some countries, such as the principal reform countries addressed human behaviour indirectly by creating organisational structures, which are conducive to a cost effective production of quality services. Countries such as Malaysia motivate employees through directly promoting particular values and through incentives (Ahmad, 1997).

2. THE PROCESS DIMENSION OF REFORM PROGRAMS

This section will describe the process dimension, which refers to the *pace* at which reform interventions are implemented and the *measures* that are used to ensure that they are implemented. Retrospectively, the reform process consists of a chronological series of events, which, at the time when they are planned and introduced do not form part of a coherent whole.

After the initial decision to commence with reform, the process dimension reflects the course of action which reformers have selected. Their choices of how the process is steered and what interventions are selected determine if the reform goals are attained. It reflects the actions of reformers, and indicates the actions taken to continue with the reforms, or to complete it.

The reform process is time related. Its continuation depends on what action reformers take to maintain the initiative. The reform process will be known as such as long as the reformers relate the action they take, to the initial motivation for reform. Reformers may select to build on former initiatives or introduce new interventions.

This section focuses on the way reformers selected interventions to reform in the United Kingdom, New Zealand and Australia. It would be indicated that the way in which reformers went about to select interventions in the principal reform countries, show specific characteristics. Two salient characteristics will be described. The first is the carefully paced method, which would be referred to as incrementalism. The

second is the measures, which the countries selected to ensure the continuation and the implementation of interventions.

Uncertainty about the future could force reformers to follow a linear process of reform interventions. The principal reform countries proved that this is not necessary in most cases. The experience of the principal reform countries could be of value for South Africa in this regard as it demonstrates that flexibility in implementation could assist in reaching the reform goal.

2.1 The process and time dimension

Writers such as Leemans (1976:43) identify the process dimension of reform and propose that reformers must be flexible during the process and not follow rigid reform strategies. He writes that reform programs fail “due to excessive reliance on formal measures and neglect of the process aspects, including preparation of the ground for the formal decision and its effective implementation” (Leemans (1976:43).

Cohen (1976:172-173) is of the opinion that the way the reformer effects changes during the reform process, is at least as important as the specific changes. “Since reform is a process, the relationship between reformer, or institutional driver and target system becomes a central issue, not only for the initial structuring of the relationship, but also for the way in which the reformer goes about studying the problem, gathering information, coming to conclusions and making recommendations”. Thus it could be argued that the reform managers must constantly monitor the results and outcomes of every reform intervention to ensure that goals are attained. Because of the lengthy process of reform, reformers could study the effects of a particular intervention and contemplate the next reform intervention, without being unduly pressurised by a predetermined reform strategy. It could be concluded that a critical success factor of reform is the *appropriateness* of recommendations and solutions to address reform issues.

A central hypothesis of public service reform as espoused in this thesis is that reform consists of processes, which take a considerable time to design and implement. Parliaments have to endorse reform programs and reform legislation has to be promulgated. Reform could last for at least one election period, after which the political party who initiated the process continues with it, or where a newly elected governing party could change the direction of the reform program. The component of continuity is therefore an integral part of the reform process. In the United Kingdom, the Conservative Party of Margaret Thatcher started with reform in 1979, which were implemented over several terms and continued with new initiatives such as the Citizens Charter when Mr. John Major took over as new leader in 1990. The Charter was fully implemented after the party was re-elected in April 1992. (Doern, 1992:3).

Scholars such as Stewart and Walsh, (1992: 508) and Dunsire (1995: 29) argue that the agenda for change was not premeditated, but developed in the United Kingdom. Privatisation was not mentioned in the 1979 Party manifesto and the “next steps” agencies were a sudden idea, rapidly adopted within the Party. At the start, neither politicians, commentators, nor officials had any idea of the agenda, or how the campaign would unfold. Dunsire (1995: 29) writes that: “...the campaign may derive its apparent coherence and agenda mainly from hindsight”. It could be argued therefore, that because continuity is part of a reform process, that reformers would have sufficient time to reflect on the outcomes and impact of particular reform interventions, to decide what further actions are needed.

In Australia, the Labour Government first gained office in March 1983 and was re-elected for four more terms. Bob Hawke was Prime Minister from 1983 – 1991 and was succeeded by the treasurer for that period, Paul Keating. The continuity in office of Prime Minister Hawke was a major factor in allowing reform to advance and to be sustained (Halligan 1996). According to Polidano (1995: 466) the reform was “messier in sequence and less radical” than those in Britain or New Zealand. Some reform measures have worked at cross-purposes, such as the program budgeting system, which was impeded by the grouping together of running costs, and the devolution of central control which were not supported by the delegation of functions to senior officials within departments (Polidano 1995: 466).

Political continuity is essential when fundamental changes are necessary, such as was the case when New Zealand faced a serious economic crisis and the Labour Party won the election under the leadership of Sir David Lange in 1984. A reform process was started, which focused on the transfer of most commercial activities of government to newly created state-owned enterprises. The reform slowed somehow in anticipation of the election in 1987. When the Lange Government was re-elected, the reform entered a second phase, where the focus was on public management. Legislation provided for contract appointments, performance monitoring, central recruiting, while pay and grading made way for salaries which were based on value for the organisation and performance. New accounting systems were introduced and the full cost of resources had to be budgeted for (Polidano, 1995:464).

In the 1990 election, the Labour Party could not obtain a majority, A coalition government was formed under Prime Minister Bolger. The reform thrust was continued, although new initiatives, which were not originally part of the reform plan, were introduced in several areas (Walker 1996:335) (Matheson, 1998: 350). Thus it could be argued that the opposition party acknowledged the value of the reform program as pursued by the governing party and obviously witnessed positive outcomes. They therefore, regarded it as essential to continue with the reform thrust, and it could therefore be deduced that if the opposition party agrees with a reform program, they most likely will continue with it.

Mr Simon Murdoch, (1997) the Chief Executive Officer of the Prime Minister and Cabinet in New Zealand stated in 1997 that none of their reform interventions were neat or ordered or sequenced. He said in retrospect it was possible to pigeon hole them, but at the time it was not neat or tidy. He argued that the politics of reform was fierce and, at times, divisive in New Zealand. However, over a period of 10 years, thorough reform and a transformation of the role of the state in the life of the nation were undertaken. The reform results indicate that the original motivation to reform no longer existed and that the pressure from the electorate on the politicians to change the *status quo*, had been terminated.

2.2 Incrementalism as part of a developing reform process

Contrary to writers such as Leemans, (1976:43) who emphasise that reformers must avoid excessive reliance on formal measures and embrace the process aspects, the United Nations (1983:1) identified one of the failures of reform as the lack of a strategy. According to them, the “adopted strategies and measures have tended to be inadequately planned at the stage of conceptualisation, formulation and implementation”. (United Nations, 1983:1) They reasoned that the reform process has to be *directed* by government and has to be integrated with socio-economic planning. Government has to exercise its authority to introduce an appropriate reform process. The United Nations (1983:1) brought the authoritative dimension of administrative reform into their definition defining it as “...the deliberate use of authority and influence to apply new measures to an administrative system so as to change its goals, structures, and procedures with a view to improving it for developmental purposes”.

Although political direction precedes managerial reform, there is no evidence that heads of government in the principal reform countries had worked out a rigid reform strategy before they initiated reform programs. Halligan (1994:135) confirms this by stating that reform in the principal reform countries comprised several stages during reform, which included major changes. After the changes have been implemented, they are evaluated and further reform interventions could then follow. What is required during a reform program, is political support, effective engagement of the bureaucracy and a focus on the reform program (Halligan, 1994: 135).

From the 1980's when the British Conservative Party started with its reform in the United Kingdom, the other principal reform countries, viz. New Zealand and Australia, also followed the trend to add incrementally on previous reform interventions which had successful outcomes (Jenkins 1993) (Halligan 1994) (Schick 1996). It could therefore be argued that administrative reform does not require a comprehensive strategy, which would last until the last predetermined intervention has been implemented. However, it could be stated a strategy which has initial successes, would be a precondition for a reform process to continue.

The British reform process was incremental in nature. Sir Derek Rayner's approach, who headed the Efficiency Unit and was responsible for the efficiency scrutinies, stated that his task was not to attempt to put every administrative process right at once, but to select targets and deal with matters thoroughly before moving on to new problems (Rayner, 1984). Sir Robin Ibbs, who followed him up in 1983, carried on with this approach. The Efficiency Unit's contribution during the reign of the Conservative Party consisted of three major interventions. The first was the introduction of government agencies (United Kingdom 1988), secondly the Citizens Charter in July 1991 (United Kingdom, 1991 (a)) and thirdly the drive to buy the best government services through 'market testing' programs in November 1991 (United Kingdom 1991 (b)).

From the British experience it seems that some reflection is needed on the proposals that were implemented and from thereon to determine the next intervention, which could add more value to the previous one, is implemented. This was the case in the United Kingdom, when the Citizens Charter, which aimed at making public services responding better to the wishes of their users, was followed by the White Paper on *Competing for Quality: Buying Better Services* (United Kingdom 1991). The White Paper made it clear that it followed on the Citizens Charter and that a further improvement of the services to the public required the expansion of competition, whereby some public services could be contracted out.

Prior to 1979, when the United Kingdom started with its reform program, reform programs were known for their failures. (Olsen and March 1989) (Caiden, 1991). In February 1993, when the leader of the Australian Labour Party, Mr. Bob Hawke, and the "shadow" Attorney-General, Mr. Gareth Evans, made a policy presentation to the Party on possible reforms, there was little evidence of the nature and content of the reform which eventually crystallised. The policy document stated the goals of the Party when it came to power. Of significance were recommendations on:

- Cabinet organisation and Cabinet-caucus relations;
- internal organisation of the public service;

- organisation and accountability of public authorities, and
- relations between the government, trade unions and business.

The preoccupation of the Hawke government with the strengthening of the management capacity, should they be elected, was neither reflected in their political manifesto's before they were elected, nor in the initial policy documents after the elections. (Australian Labour Party, 1983) (Government of Australia, 1983). One of the traits of the Australian reform was its focus on the public service to operate on business principles. Halligan (1991,350-351) writes that the managerial approach in the Australian government was finalised as consensus grew over the deficiencies in the public service. The Hawke government chose to accelerate the introduction of private sector business principles, or "managerialism"¹ because it complemented its political agenda. Managerialism offered both a new approach for directing the public service, a rationalisation and a mechanism for exerting greater ministerial control (Halligan,1991:50).

Halligan (1994: 135) is of the opinion that successful reform is usually not the result of a discrete activity or a single comprehensive plan, such as the Gore Report, (1993) in the USA, but is composed of a series of actions, which add up to a coherent program. From Halligan's observation and from the Australian and United Kingdom experiences, it could be concluded that the process of reform resulted in major changes, which were not contemplated or considered by the reformers as a single goal.

Most scholars reject the notion of a universal or one best strategy for the management of induced change. As main reason is cited the differences in countries in political and administrative cultures and patterns of behaviour, historic traditions and availability of resources. (Leemans, 1976: 46) (Dror, 1976: 127) (Thornhill, 1994:5). A reform program can therefore be expanded to make provision for contingencies, as the reform process develops.

¹ The concept of "managerialism" will be more fully described in chapter 6.

From the experience in especially the United Kingdom and Australia, it can be deduced that the reform programs covered stages of review, refinement and adding value by starting with new interventions based on what has transpired up to the stage of review. Conscious learning during review thus constitutes an essential element of reform during the process dimension.

2.3 Measures to ensure that reform is implemented

The principal reform countries used different methods to introduce reform measures during the reform process. The United Kingdom made little use of legislation to implement reform, while New Zealand and Australia had an extensive legislative program.

The results achieved for instance in the United Kingdom through the 1994 White Paper: *The Public Service: Continuity and Change* (United Kingdom, 1994) was achieved six years earlier in New Zealand through the State Sector Act, 1988. The White Paper in the United Kingdom, proposed *inter alia* that departments:

- are to develop broader efficiency plans and embrace privatisation;
- are to be responsible for their own management structures, and
- that responsibility for pay and grading below senior levels are to be delegated to all departments and agencies from 1 April 1996, and central pay bargaining terminated.

The New Zealand State Sector Act, 1988, *inter alia*, provided for positive actions and incentives by the private sector. Managers were permitted to make input decisions, such as appointments, pay, organisation structures and production systems. The Act made appointed public officials personally accountable for goods and services of their departments. This clearly indicates that the responsibility for the implementation of reform has to be accomplished by assigning responsibility to permanently employed officials.

Unlike the United Kingdom, most of the major reform interventions were done through legislation, over a period of about ten years (Schick: 1996). In Canada, fewer acts were passed than in the United Kingdom and New Zealand as a result of the reform process. Thomas (1993: 57) is of the opinion that the PS2000 reform program of the Canadian Federal Government involved about 10% legislative change, 20% systems change and 70% change to the culture of the bureaucracy. Most legislation was aimed at the human resources of the federal government. The Public Service Employment Act, 1993, dealt, *inter alia*, with the laying off of staff and redeployment. Employing fewer public servants reduced costs. This became evident after the restructuring of government, which was announced in June 1993 by Prime Minister Kim Campbell, and further restraints in the April 1993 budget, achieved a saving of \$3.0 billion (Canada, 1993(a):4) (Canada 1993(b)).

In the United Kingdom, the reform process was marked by continuous measures to reduce costs. Various interventions were introduced to cut costs. When the Conservative Party came to power in 1979, the staff of the central government in the United Kingdom was 766 600 (United Kingdom, 1995:43). After the reform interventions which produced the establishment of the Next Steps Agencies (United Kingdom 1988), the Citizens Charter (United Kingdom 1991) and market testing (United Kingdom, 1991), the central public service numbers were reduced to 558 700 in 1995. The reduction of 42,8% in staff numbers is a clear indication that the reform strategy was effective in reducing the number of officials. Positive actions by politicians are needed if the personnel establishment of the public service has to be reduced. However, the quality of the services rendered also has to be determined to establish the effectiveness of the reform.

The most significant legislation in the United Kingdom during its reform period from the early 1980's to the early 1990's was the Government Trading Act, 1990, which amended the Government Trading Funds Act, 1973. The 1990 amendments made provision for the establishment of trading funds for departments. This legislative change made it possible for government agencies to have a revenue fund which would consist principally of receipts for goods and services produced by a department (Section (1)). A person other than a minister may have the control over

such fund (Section (6). In 1995 (United Kingdom 1995: 29) twelve executive agencies in the United Kingdom had trading funds, e.g. the Royal Mint, the Vehicle Inspectorate, the Patent Office and the Fire Service College. The Act gave appointed public officials the right to have a revenue account for goods and services which was produced by the department. This clearly indicates that the effective management of public institutions requires the assignment of responsibility to permanently employed officials. Some reform measures therefore require legislation to change current practices.

In Australia, nine months after the Labour Party was elected as government, in December 1983, it published proposals how to reform the public service (Government of Australia, 1983). After this, three acts, which were passed in four consecutive years, guided the general direction of the reform. They were the Public Service Reform Act, 1984; the Federal Public Service Legislation (Streamlining) Act, 1986, and Administrative Arrangements Act, 1987 (Labour Research Centre, 1990: 4). Although the reform focus was on the federal level, some states also initiated reform measures. The passing of legislation in Australia indicates that the government found that the current practices could effectively be changed through legislation. The reform practice to make use of legislation is different from reform interventions in Malaysia.

In Malaysia, the government instructions to improve government services were obtained through a series of 20 circulars since the government started with its reform during February 1991, the Prime Minister unveiled his VISION 2020 program. These Circulars convey directives and guidelines on administrative improvement to all Government agencies. By 1997, 21 circulars were issued (Ahmad,1997). Some of the circulars typically reflect the influence of trends in the principal reform countries, some are innovative and one, concerned with morning prayers, reflects Eastern culture. The following are examples of the circulars:

- Development Administration Circular No. 3 of 1991 - "Public Services Innovation Award".

- Development Administration Circular No. 7 of 1991 - "Guidelines on Quality Control Circles (QCC).
- Development Administration Circular No. 10 of 1991 - "Guidelines For The Improvement Of The Quality Of Counter Services ".
- Development Administration Circular No. 1 of 1992 - "Guide On Total Quality Management In The Public Service ".
- Development Administration Circular No. 2 of 1992 - "Guidelines For Development Project Planning And Preparation ".
- Development Administration Circular No. 1 of 1993 - "Guidelines On Morning Prayers".
- Development Administration Circular No. 2 of 1993 - "Guidelines For The Award Of The Public Service Excellence Service Awards ".
- Development Administration Circular No. 3 of 1993 - "Guidelines on Client's Charter".
- Development Administration Circular No. 2 of 1996 - "Guidelines For Implementing MS ISO 9000 In The Public Service".

The main conclusions, which can be drawn from the reform circulars, are that the reform in Malaysia was mainly focused on the behaviour of officials. Whereas the major reform intervention in the United Kingdom created government agencies in which chief executive officers have more managerial freedom. The Malay government kept organisation structures intact, while prescribing the desired behaviour of officials.

From the above description of the methodologies applied in the principal reform countries it could be deduced that there is no one best methodology. The choice to

make use of white papers or legislation depends to a large extent on the culture and style of management, which is prevalent in a country, or the personal choice of the head of government. It may also be noted that although the methods used by countries to implement reform may differ, a precondition for effective reform is that government has to intervene with reform proposals, review what was achieved and continue with the reform process until the desirable state of affairs has been achieved.

3. ATTITUDINAL CHANGE

In this section the influence of human behaviour on public management and administration will be described, with an emphasis on governmental activities to change the quality of government programs and service to the public.

3.1 Human behaviour as a factor in administrative reform

To reform a public service requires more than organisational arrangements and appropriation. Schick, who has studied the New Zealand reform process, observes that it takes more to hold managers accountable than to negotiate contracts and to report on performance. He states that the all-important factor in public sector reform is the *behaviour* of those in charge of government programs and resources (own emphasis) (Schick, 1996: 2).

According to Thornhill, (1994:4) attitudinal change, which lies at the root of reform, is the most difficult to achieve. He relates the problem in part to the intangible attitudes and the personalities of individuals as well as the collective attitudes of individuals comprising the public service.

From the observations of Schick and Thornhill it could be concluded that reform programs have to take account of the behaviour and attitude of staff, which could influence the planning, budgeting and executing of government programs. To positively influence the behaviour and attitude of public servants, can not be an end

in itself. It is only when management and administrative practices no longer support the objectives of government, that the behaviour of officials need to be questioned.

The way in which public officials operate, creates an organisation culture, which has a positive or negative effect on the efficiency and effectiveness of the work processes of the public sector. It subsequently affects the quality and effect of the government programs and projects and how efficient public employees are, as perceived by the public. The strategies which governments follow to influence the behaviour and attitudes of public officials differ from country to country. In this section two methods which are used in countries which are reforming their public services will be elaborated upon. Firstly the practice to create an environment wherein officials begin to act differently, and secondly, where their behaviour is prescribed through directives and positive behaviour is rewarded.

3.2 Methods to positively influence the behaviour and attitudes of staff

No evidence exists that there is one best practice to deal with behaviour and attitudes of staff to make them caring and productive officials. In this section the creation of decentralised government units to promote a more “businesslike” management approach, will be explained, with particular reference to the British experience. Other practices to influence behaviour and attitudes, will be investigated, with reference to, *inter alia*, Malaysia.

3.2.1 Organisational change and culture

Davies (1998: 124-125) writes that in 1979, when the Labour Party was still in government in the United Kingdom, ministers relied heavily on the experience and advice of senior public servants. Their advice was often shaped by the internal culture of the department. A permanent secretary stated: “In effect, it was just a question of getting my ministers to take on board policies, that we had in hand anyway. Of the six ministers I worked with closely, it would be hard to say that any of them made even a minor contribution to policy” (Heady, 1994 quoted in Davies, 1998: 125).

One of the aims of Ms Margaret Thatcher, the leader of the Conservative Party, who won the elections in 1979, was to change the culture of the public service (Wilson 1991:338). (Davies, 1998:125) In 1980, some critics were still writing about “Britain’s ruling class”, but there was a genuine clash of cultures between the political leadership of the Conservative Party and the senior executives of Whitehall. Whilst Ms. Thatcher perceived the role of senior public servants to execute policy and manage their departments, they understood their job as to advise on policy and to support the minister politically (Dunsire, 1995: 26-27).

The term organisation in the public service tradition refers to the shared beliefs and assumptions which unconsciously underlie expected behaviour (Schein,1985 quoted in Dunsire, 1995:26). John Major, then a cabinet minister, stated in 1989 that the most important effect of a deregulated economy is to “re-shape the attitudes and expectations of the workforce” (Major, 1989:7, quoted in Stewart and Walsh, 1992:308).

The British government introduced fundamental changes in rules in order to have an effect on organisation culture (Stewart and Walsh 1992) (Dunsire, 1995: 30). Besides the introduction of government agencies wherein chief executives had to manage by contract, the impact of competitive tendering was introduced to stimulate the model of a private, commercial market. When John Major became Prime Minister he introduced the concept of “Citizen Charters” which contained notions such as “clients” and “quality services” – reaching not only executives, but also the middle managers and front office personnel (United Kingdom, 1991) (Dunsire, 1995:30).

According to Morley (1993:77) the structure and culture of the British public service had traditionally been a “bureaucratic management” model. By that he means a concentration of power and authority at the centre, uniform procedures and an emphasis on correctness of processes. Public sector systems were designed to minimise risks of managers, while private sector managers are concerned with progress and improvement. He writes that the agency model concept, which has been

accepted in the United Kingdom in 1988, introduced private sector practice and culture.

One of the events which had a major effect on the public service culture in the UK was the mandate of Ms Margaret Thatcher to the Efficiency Unit in 1987 (United Kingdom 1988) to conduct a scrutiny, with its terms of reference to, *inter alia*:

- identify what measures have been successful in changing *attitudes and practices*, and
- to identify the *institutional, administrative, political and attitudinal* obstacles to effective management (own emphasis).

In their report, *Improving Management in Government: The Next Steps* (United Kingdom 1988) the Unit claimed that:

- the public service was too large to manage as a single organisation;
- ministerial overload diverted attention from management matters;
- the freedom of middle managers was frustrated by hierarchical controls, and
- there was little emphasis on the achievement of results.

The Efficiency Unit recommended that the problems demand a radical change. Their principal proposal was the establishment of departmental executive agencies. Each was to be headed by a chief executive, with sufficient freedom to manage their “businesses”, within the policy frameworks of the departments.

After the first number of agencies were established, the progress report (United Kingdom, 1991:2-10) commented that the *Next Steps* agencies have generated renewed enthusiasm and increased commitment to improving value for money and quality of service. The Report found that many agencies have embarked on a range of imaginative initiatives including new patterns of management and staff development. Some of the new practices enhanced organisation culture, such as delegation of authority, new schemes for appraising and rewarding performance, and improved communications.

According to Finer (1991:29), 99% of the personnel in a newly established agency are the same people in the same jobs who used to work for a government department. Their attitudes and culture are changed through personnel development programs. Such programs must be owned by line managers, must be tied to the objectives of the business and include development issues such as communication, performance pay and related matters.

The Commonwealth Secretariat (1992:14-15) is of the opinion that attitudes underpins all concrete issues concerning possible structural reforms: “The increasing concern with the quality of service provided to “customers” has acted as a particular catalyst towards developing an organisational culture in which a concern for the finished product is a major preoccupation. Attitudes concerning commitment to the job, belief in equality and flexibility have been associated with many recent developments”.

Wilson (1991: 338) writes that in future a normal “high flyer” in the UK public service would include a significant time in an agency. In the agency the official will be exposed to commercial activities, while being divorced from the policy-making processes in Whitehall. To the extent that higher public servants are socialised by their first major responsibility into a style that will last for the remainder of their career, managing an agency could reshape the management style of the higher public service. The Next Steps agencies “will almost certainly promote a new type of public servant, one more used to think in terms of managing, and less involved in policy-advising” (Wilson, 1991: 338).

When New Zealand started its reform program, some radical changes were demanded in the government sector, which was operating a wide range of government services. In 1981 public enterprises contributed 12 % of gross domestic product and 20% of gross investment. By 1984, government spending constituted 40% of gross domestic product, and 31% of employment was in this sector (Duncan and Bollard, 1992: 7). Besides reasons to believe that changing ownership from state

to private sector leads to a difference in performance, it was realised that institutional factors themselves contributed to inefficient performance.

In 1985 the Minister of Finance published five general principles for the reorganisation of state trading activities. Of importance were some principles, which indicated that:

- managers would be required to run them as successful business enterprises, and
- managers would be responsible for using inputs for pricing and for marketing their products within performance objectives set by ministers.

The main vehicle for reforming the state corporation sector was the State Owned Enterprises Act, 1986, with an objective to promote improved performance in respect of government trading activities. Managers were awarded authority to manage within performance contracts and they are at liberty to make use of a system of managerial rewards and sanctions to reinforce the incentives for performance. According to Armstrong (1991:6) the New Zealand government established state-owned enterprises to gain greater freedom from bureaucratic controls, increase service to the public, enhance accountability and promote decentralisation and delegation.

The first Canadian special operating agencies were established in 1989 in the wake of the *Next Steps* agencies in the United Kingdom. Thomas (1993: 57) is of the opinion that special operating agencies were established to provide a platform for organisational change to develop a stronger customer focus, reduce procedural controls and to reinforce accountability. He is also convinced that the underlying rationale for the establishment of special operating agencies is the fact that: "Culture has replaced structure as the most popular variable in the organisational change process", and argues that cultural change is required to achieve renewal of public services (Thomas, 1993: 57)

Clark (1991:13) maintains that the Canadian special operating agencies (SOA's) were established because it is central to the government's management improvement strategy. He states that SOA's are intended to be "service delivery units with

management flexibility *in return for* agreed upon levels of performance” (own emphasis). He states further that SOA’s operate under business plans and management frameworks which cover performance and that central rules do not inhibit good management or the ability to perform actions that result in efficient and effective service rendering.

From the arguments which Armstrong (1991) and Clark (1991) put forward as the motivation for the establishment of government agencies, it could be deduced that in some cases, officials are the victims of the rigid rule driven systems in which they work. They are trapped in outmoded, centralised systems that add to the excessive costs of government services and inefficiency. Programs which hinder innovation, cumbersome accounting systems, personnel systems that measure the wrong outputs, lack of incentives and incentives to spend money rather than save money could lower the morale of officials and make them appear to be inefficient. Clark (1991:15) realised the inhibiting characteristics of bureaucratic systems when he mentioned that *the relief* from financial, personnel and administrative rules comes with the responsibility to operate in terms of a business plan and an agreed upon operational framework.

The reason why officials sometimes behave more positively in a different organisational setting, such as a government agency, can be found in the understanding that human behaviour and expression of attitudes are both subject to other influences (Meyers, 1988:38). Meyers, a psychologist, argues that if people’s expressions of attitude are affected by outside influences, their other behaviours are probably more so. Social influences, such as a destructive organisation culture, can induce people to violate their deepest convictions. He maintains that an employee’s career will determine what one does on the job, but also the attitudes and values which one is likely to develop: “New ... managers usually internalise their roles with significant effects on their attitudes and personalities”. Acting out new role requirements evokes stronger actions than intellectual indoctrination. The status of new occupations affect new attitudes towards self and individuals who act out higher status roles develop higher self esteem. Meyers, 1988: 47-48).

The explanation of Meyers provides the clue to why some managers in the public service, when confronted with a poor working environment, seem to resign themselves to the fact that “the system” is beyond them and that some higher authority would one day intervene to remedy the untenable situation. Reform interventions should therefore be aimed at, instead of trying to influence their attitude and behaviour through training and development programs, rather change the organisational setting, such as a government agency, to elicit a new response, based on new role expectations and a private sector organisation culture.

3.2.2 Promoting positive behaviour and attitudes through codes and incentives

Towards the second half of 1989, Malaysia launched a nation-wide program called the *Excellent Work Culture Movement*. This program became the mainstay of the Vision 2020 program, which the Prime Minister launched during February 1991. Vision 2020 embodies the national aspiration to attain a fully industrialised and developed nation-status within three decades. (Commonwealth, 1995: 1)

The *Excellent Work Culture Movement* emphasises meeting customers’ needs. The primary objective of the movement is to instil the concept of quality among the providers of public services and goods. Ahmad (1997) writes that quality requires a spectrum of changes in the organisation structure, system and procedures and most important of all, values and attitudes. According to Ahmad (1977) attitudes and values, which support service delivery is conducive to culture transforming process. It supports institutions to transform from a conventionally managed organisation to a quality institution that does not require rigorous management. Quality as a culture must be self-sustaining and self-motivating.

The government of Malaysia was convinced that service delivery could only be attained through a value system that is conducive to effective and efficient services. A set of positive work values and ethics as outlined were made available to all public servants. The values are (Ahmad, 1977):

- the value of time;

- the success of perseverance;
- the pleasure of working;
- the dignity of simplicity;
- the worth of character;
- the power of kindness;
- the influence of examples;
- the obligation of duty;
- the wisdom of economy;
- the virtue of patience;
- the improvement of talent, and
- the joy of originating.

Ahmad (1997) argues that with the above work values, Malaysia has contributed towards more positive thinking, innovation, and improved discipline among government employees. It has to be observed however, that most governments have codes of conduct, which prescribe the ethical behaviour of employees, yet no evidence exists that the prescribed behaviour guards against corruption or improves productivity. Evidence exists in the United Kingdom, that reform, which introduced government agencies, citizens charters and market testing, have indeed improved service delivery (United Kingdom, 1994).

3.2.3 The Singapore approach to influence attitudes

Singapore is a small country of 646 square km. It is completely urbanised, has a population of 3 million people, with no natural resources. Developing the people has therefore always been high on the agenda of the government, with primary emphasis on education and health. The OECD has classified Singapore as an “advanced developing nation”. (Guan, 1997)

The government of Singapore followed a direct approach to influence the attitudes of officials and to create an environment for change. A program, *Public Service for the*

21st Century (PS21) was introduced in May 1995 to prepare the public service for the challenges ahead (Guan,1997) The objectives of the PS21 program are twofold:

- to nurture an attitude of service excellence in meeting the needs of Singaporeans with high standards of quality and courtesy; and
- to foster an environment that induces and welcomes continuous change with continuous improvement, by employing modern management tools and techniques while paying attention to the morale and well-being of public officers.

To attain the objectives, PS21 makes use of two primary methods, namely Work Improvement Teams (WITs) and Staff Suggestions Schemes (SSS). WITs are generally referred to in management literature as Quality Control Circles and SSS is a staff suggestion scheme. The WITs teams meet regularly to discuss work- related situations, which could be improved. They are expected to use specific management tools to help define the problems, brainstorm solutions and measure results. Within one year the following results were achieved (Guan, 1997):

- Out of 16 ministries, 4 had 100% participation in WITs (meaning every officer is a member of a WIT), 6 others had participation rates beyond 85%, while the rest were above 60% except for one at 42%.
- An average of one project is completed during the year. The Ministry of Defence completes 2,95 projects per annum. This is regarded as a considerable achievement considering that most participants are national servicemen i.e. young men conscripted to serve in the military service for 2 or 2½ years.
- The total number of WIT projects completed in the 9 months was 13 759.
- As for the SSS, participation rates - meaning the percentage of officers who have put in at least one suggestion during the 9 month period - varied from a low of 23% to a high of 100%. 5 ministries scored more than 85%, another 5 more than

60% and 4 below 30%. The majority of ministries have set a target participation rate of 100%.

- The suggestion ratio, which is the number of suggestions per officer in the ministry within the 9 month period, varied from a high of 6,5 in the Ministry of Defence to a low of 0,4. Scores of other ministries ranged from 1 – 5. This seems to indicate that ministries encourage each official to contribute to suggestions to improve performance.
- The total number of suggestions received in the 9 months was 386 841.

3.3 Implications for South Africa: Experience in changing human behaviour from other countries

The experience of the United Kingdom, New Zealand and Canada to effect organisation culture change through organisational restructuring is valuable. The transferring of government services to government agencies and decentralising operational decision-making to chief executives and managers created an environment similar to the private sector. Government agencies are subjected to operational targets and have to meet quality standards, which are only possible, if public managers have freedom of choice and personal discretion. Their relationship with personnel is not prescribed by legislation and government regulations that assigns them the authority to make use of incentives and organise the agencies to perform effectively and efficiently. The agency model for delivering public services was deliberately designed to enhance the quality of government services and decrease expenditure. The agency model provides public managers with an opportunity to deploy the resources at their disposal free from the inhibiting rules applicable in traditional government departments.

The South African reformers have to acknowledge that the traditional public service model produced a public service culture, which is not conducive to innovation,

parsimony and development. The new public management style² interventions is only possible in an environment where managers have the freedom to act and are not limited through ministerial interference and government rules.

It can be concluded that the performance of government departments in South Africa could be related to the prevailing organisation culture. One way of changing the culture is to change the organisation, as has been the case in especially the principal reform countries. People's expressions of attitude are affected by environmental influences such as an organisation structure. Clear objectives and managerial freedoms, which are enshrined in an employment contract, create an environment, which departs fundamentally from the traditional public service. Managers internalise the duties expected of them and express it through their attitudes and personalities.

4. CONCLUSION

The process dimension of administrative reform, human behaviour and attitudes are modalities of comprehensive reform. Studies of reform in especially the United Kingdom, New Zealand and Australia indicate that the process dimension has specific characteristics and that the behaviour and attitudes of staff could be changed through assigning them to organisation structures which demand new behaviour patterns.

Reform by nature consists of time consuming processes. After the initial decision to proceed with reform, the process dimension becomes a retrospective instrument whereby progress is measured and continuation demanded. Reformers have to exercise choices during the reform process to ensure that specific goals are attained.

² The concept *new public management* will be described and explained in chapter 6.

Reformers may select to build on former initiatives or introduce new interventions. Characteristics of reform in the principal reform countries to implement reform are of an incremental process mode and the use of white papers and legislation. The principal reform countries do not rely on a pre-determined framework for long-term reform programs. They comprise several interventions during the reform process, which could include major changes. After the changes are implemented, they serve as the foundation for new initiatives.

Countries use various methods to introduce reform interventions. In countries such as the United Kingdom, and Canada, white papers were the prevalent way of introducing reform while a country such as New Zealand primarily made use of legislation to introduce reforms. Malaysia, made use of circulars to introduce a new work culture into government. The choice to make use of a variety or to choose only white papers, legislation or circulars depend to a large extent on the culture and style of management, which is prevalent in a country, or the personal choice of the head of government.

The second half of the chapter indicated that comprehensive reform in the principal reform countries include a modality to change behaviour and attitudes of staff. Some countries such as the United Kingdom, New Zealand and Canada created organisational structures, which are conducive to change the behaviour and attitudes of managers and staff. Managers were awarded the opportunity to manage within performance contracts, which granted them the discretion of reward or sanction the performance of employees. Freedom from bureaucratic controls enhanced service to the public, accountability and promoted decentralisation and delegation.

The creation of appropriate organisational structures is conducive to a positive public service culture. Countries such as the United Kingdom and Canada have created government service delivery agencies with management flexibility, which yielded levels of performance, which are superior to that of traditional government departments. They operate in terms of service contracts with government departments, which require business plans and management frameworks for

performance without being inhibited by rules, which prescribe management behaviour or initiatives.

Malaysia motivated employees by directly promoting specific values and through incentives. In Singapore, a program aimed at the attitude of public officials was introduced to induce an attitude of seeking continuous improvement in work processes. This had a positive effect on change because staff is encouraged to suggest and make changes. Because the officers are so actively involved in seeking such improvement, they became involved in processes of service improvement.

From the experiences of the principal reform countries and countries such as Malaysia and Singapore, it could be deduced that there is no set best practice to positively influence the behaviour and attitude of employees to be more productive and to foster an awareness for client satisfaction. However, the principal reform countries challenge past organisational assumptions and allowed more managerial latitude to enhance service to the public, while some Asian countries encouraged personnel to creatively participate and contribute to the work they do, and to award them.

Although the two practices, which are followed by the principal reform countries and Malaysia and Singapore, have provided the same results, South Africa could be at risk of failure if any of the two models are transplanted without adaptation. The models have evolved over time in the various countries, and were based on a country's specific culture. They were regarded as necessary interventions at the time to improve a situation, which was typical and unique to the circumstances at the time. What seems to be effective in countries, which have a history of reform, was an uncertain choice, at the time, it was introduced. There is merit in studying best practices in especially the principal reform countries, but culture, systems and resources in countries could be different. Therefore, best practices are not transferable without adapting them to the particular requirements for countries.