

# **Current Trends in Public Sector Modernization**

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# IIAS / IASIA/EGPA

- Berlin/Germany 2005:** Public Administration and Private Enterprise: Cooperation, Competition and Regulation
- Monterrey/Mexiko 2006:** Transparency for Better Governance
- Warsaw/Poland 2006:** In Search of the Best: Attracting, Developing and Retaining for Public Service
- Milan/Italy 2006:** Public Managers under Pressure between Politics, Professionalism and Civil Society

# OECD Public Governance Committee Rotterdam, Netherlands, 2005

- Trust in Government

Citizen's expectations that the government will protect and serve the public interest.

- Dialogue with Citizens

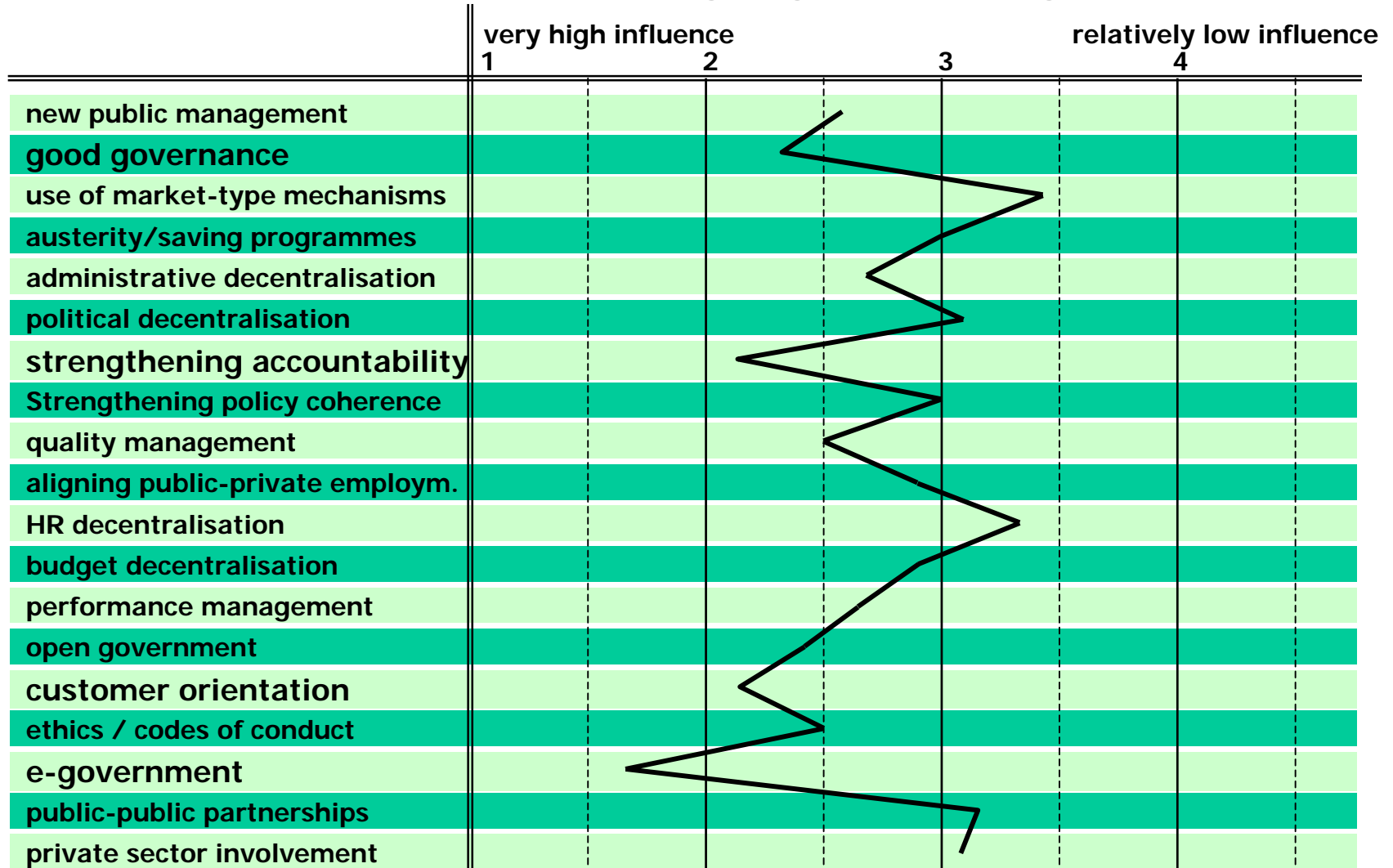
Transparency for better understanding of government. Public consultations are important, but can be captured by special interest groups.

- Delivering results

Public service delivery is increasingly being devolved, decentralised or contracted out. It may be difficult for citizens to determine who is responsible. Ensuring that all the decentralised actors are in conformity with overall government policy objectives.

# Relevance of Modernisation Topics

(Decentralisation and Accountability Study, Vienna University/EIPA 2006)



# **Finnish Presidency II/2006**

## **– The themes and topics –**

- The role of public governance in implementing the Lisbon strategy
- What is needed of administrations to back up the competitiveness of our nations ?
- Innovation, risk management, productivity and leadership

# Demographic Change

## Developments

- Decreasing birth rates, increasing life expectancy, more people with migration backgrounds, regional differences, growing dynamic

## Impacts on

- Recruitment and Structure of the civil service, state pension systems
- Lower tax income, increasing social budgets
- Infrastructure and state care for basic life conditions
- Business and Economics (reduced purchasing power, change of products and services)
- Society (Integration problems, changed housing forms and living conditions)

# Governance of the ageing workforce

- Coherent strategy
- Leadership/Executive training
- Managing diversity and collaboration
- Securing working capacities of older staff
- Creating/maintaining healthy working conditions
- Distribution of duties/ Using reliability and experience of older staff
- Knowledge management/Innovation readiness
- Performance pay
- Work-Life-Balance
- Cultivating a positive climate

# Barriers to Innovation I

- Delivery Pressures and administrative burdens
- Short-term budgets and planning horizons
- Poor skills in active risk or change management
- No rewards or incentives to innovate
- Technologies available, but constraining cultural or organizational arrangements
- Over-reliance on high performers
- Reluctance to close down failing programmes or organizations
- Culture of risk aversion

Innovation in the Public Sector  
October 2003, gov. uk

# Barriers to Innovation II

- Legal obligations and control
- Financial obligations and control
- Borders of jurisdiction (by division and hierarchy)
- Lack of incentives
- Traditional administrative culture  
(Regularity, continuity, foreseeability)
- Culture of avoiding failure and hazard

# Opportunities for Innovation

- Holistic Approach
- Process improvement
- New technologies
- Involvement of others
- Benchmarking, Complaints
- Idea Management, Staff suggestions
- Controlling, Evaluation
- Experimentation clauses

# Smart saving – Increasing productivity I

## – Combination of instruments –

### Expenditure cut

- Task assessment, Policy termination, Services cutback
- Merger of Agencies/Divisions
- Staff Reduction
- Reducing regulation inside government
- Privatization, outsourcing
- Public-Private-Partnerships
- Third-Sector-Engagements

### Return of Management

- Strategic Budgeting
- Risk management
- Accrual accounting
- Controlling
- Debt management
- Benchmarking
- Business Process Reengineering
- ICT/Knowledge Management
- E-procurement

# Smart saving – Increasing productivity II

## – Combination of instruments –

### Opening up new incomes

- Sale of properties
- New taxes/rates
- Private use of state resources
- Competition with private services (insourcing)
- Sponsoring/Fundraising

### Exploiting new potentials

- Business friendly environments, Reducing administrative burdens
- Housing policies, location policies
- Labour market policies
- Demographic development policies
- Sustainable development

# Business Process Reengineering

- Abolishing redundancies and repetitions
- Eliminating steps that don't add value
- Reducing the interfaces, bundle up
- Standardizing recurring tasks
- Parallelizing concurrent functions
- Delegating and incorporating steps that are not part of your core competency
- Reducing inspections
- Putting a process owner in charge

# **Pro-active capacity building**

## **– From lean to strong Public Services –**

- Health, Education, Public safety
- Terrorist attacks
- Immigration and integration problems
- Natural disasters (global warming, hurricanes, flood disasters)
- Pandemics, SARS, bird flu
- Bottleneck of resources (water, fuel)
- Global competition, location policies

# Characteristics of Publicness

**– Make the difference ! –**

- Working for the Common Good
- Within a legal framework (Rule of law, citizen rights, limited jurisdictions)
- Parliamentary and judicial control
- Conflicting targets and interests, political process of communication and negotiation
- Non eligible customers and products, commitment to provide infrastructure for basic life conditions
- Contextual influences on policy implementation
- Public Values (Integrity, Impartiality, Accountability)

# Performance/Quality Management

## – The Common Assessment Framework (CAF) –

- Leadership
- Strategy and planning
- People
- Partnership and resources
- Processes
- Citizen/customer-oriented results
- People results
- Society results
- Key Performance Results

In the 2006 version many examples illustrate the contribution of quality management towards good governance.

In the context of the Lisbon strategy more emphasis is placed on modernisation and innovation.

# Principles of Good Governance

1. Focusing on the organisation's purpose and on outcomes for citizens and service users
2. Performing effectively in clearly defined functions and roles
3. Promoting values for the whole organisation and demonstrating good governance through behaviour
4. Taking informed, transparent decisions and managing risk
5. Developing the capacity and capability of the governing body to be effective
6. Engaging stakeholders and making accountability real

The Independent Commission on  
Good Governance in Public Services,  
UK 2004

# From Good Governance to Public Leadership

1. State activities have to be stronger oriented to the outcomes for the Common Good (Public Value Management)
2. The State's Leadership-Role and –Responsibility must be further emphasized.

Hill, 2006

# Public Value Management

Covering outcomes, the means used to deliver them as well as trust and legitimacy. It addresses issues such as equity, ethos and accountability.

Kelly/Mulgan/Muers, UK 2002

Public Value at the crossroads of:

- Self-interest, Public-interest, Procedural-interest and
- Trust and Legitimacy focus, Resources focus, Processes focus, Services focus and Social results focus

Talbot, UK 2006

# Organizational trends

- Fragmentation, Decentralisation, Agentification, Outsourcing, Network governance
- Opportunities: Specialised knowledge, flexibility, productivity
- Threats: Optimizing single interests, drifting apart from legitimacy, control and accountability

## ... and countertrends

- Shared Services, Joined-up-government, horizontal government, holistic government, whole of government
- Benefit:
  - Coherent strategy and implementation
  - Top alignment of shopfloor management
  - Collaborative use of different core competencies
- Forced by complexity and sustainable development
  - Enabled by standardization, new ICT

# Transformation of Public Administration by e-Government

- User-centered presentation, easy access (life situation portals)
- User-centered organisation, needs based holism
- Reorganisation of back offices, shared services, value creation networks
- Redesign of processes (disintermediation, module-orientation, recombination)
- Better Knowledge management
- Citizen integration in policy-making, e-democracy
- E-governance, web of governance

# Public Administration in the Knowledge Society

- Early warning systems, screening and monitoring for community relevant signals
- Better decision making (Exploration of facts, evidence based decisions, decision support systems, rational decision making processes)
- Transparency of Decision Making Processes, Freedom of Information
- Information/Innovation Networks with other Public Administrations, enterprises and society
- Evaluation, Learning Cycles

# Smart Regulation

- Inclusion and Interaction instead of command
- Advice and support instead of enforcement
- Learning cycles instead of linear thinking

Lead to better outcomes and sustainable success

# Creating regulatory environments for innovation

Good reasons for regulation (i.e. public safety and social security, equity, fair competition, environment protection).

But all these obligations combined put heavy strains on those concerned (individuals, enterprises, organisations).

Therefore assess the impact of regulation, check interaction of single means, bring in the perspective of the affected, cut red tape, reduce administrative burdens, reuse information, reengineer and evaluate processes.

Create regulatory environments for innovation.

# Legitimacy of Reforms

Formal:	Rules, orders
Substantial:	Shared views of challenges Pressure to innovate Relating to interests Promoting benefits/better outcomes
Procedural:	Inclusion
Informal:	Adopting to and developing culture

# Sustainable Modernization Process

- Leadership
- Potentials
- Cultural Contexts
- Starting conditions  
path development
- Legal/organizational  
framework
- Vision/Strategy
- Process Control
- Outcome Orientation
- Reflexivity, Learning  
Cycle
- Transferability

# The Modernized Civil Servant

- Self-active, but accountable
- Self-responsible, but team oriented
- Leading the way, but integrated in networks
- Flexible, but with clear targets
- Professionalized, but open to new ideas
- Committed, but judging from a distance
- Resilient to new modernization waves
- Serving the common good

# Leadership-Programme

